

Codan Limited (ASX: CDA)

Initiating Coverage

December 2015

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Investment Profile

Share price (\$) as at 7 December 2015	0.71
Target Price (\$) per share	1.07
Issued capital:	
Ordinary shares (M)	177.1
Options (M)	0.0
Fully Diluted (M)	177.1
Market capitalisation (\$M)	125.7
12-month Share Price Low/High (\$)	0.675/1.27

Board and Management

David Simmons: Chairman
Donald McGurk: Managing Director & Chief Executive Officer
Peter Griffiths: Independent Director
Kathy Gramp: Independent Director
Lt-Gen Peter Leahy AC: Independent Director
Jim McDowell: Independent Director
Graeme Barclay: Independent Director

Major Shareholders

	%
Ian Wall	9.8
P. Wall	9.8
Brian Burns	7.0
Starform Pty Ltd	6.4
David Uhrig	5.0
Top 20 Shareholders	55.4

Source: IRESS

Share Price



A COMPANY OFFERING A NICHE GROUP OF TECHNOLOGY PRODUCTS

Codan Limited (ASX: CDA) was established over 50 years ago as a communications company. Over the years the company has expanded its business through acquisition to include metal detection devices and mine tracking technology. The company manufactures and distributes products and technology globally to niche markets and seeks to be a market leader in all these markets. After a significant decline in revenues in FY14, the company is working to turnaround the fortunes of the company, continuing with product development, protecting IP, and entering new markets to grow sales.

KEY POINTS

FY15 Results: FY15 proved to be a stabilising year after the poor FY14 results. Revenue was up 8.8% with net profit up 34.9%. The increased profit was largely a result of improved gross profit margin, which increased to 54.5% from 48.7% in FY14. The gross profit margin improved due to the sale of higher margin products. The company had a strong balance sheet at 30 June 2015, with a current ratio of 1.9x and a low gearing level with net debt to equity ratio of 27.5%.

HF & LMR Radio Developments to Drive Communications Sales: FY15 revenue for the Radio Communications division was up over 18% on FY14. The growth was due primarily to the release of the Envoy high frequency radio (HFR) product. The release of the Stratus land mobile radio (LMR) product expands the market opportunities available to the company and has resulted in a competitive advantage for the company in LMR. New LMR product releases are expected to drive growth for this division.

New Products to Drive Minelab Sales: During 2H'FY15, the company released two new metal detection products - the GPZ 7000 and GO-FIND series. The GPZ 7000 is a top of the range gold detector that can detect gold up to 40% deeper than the previous gold detection product series (GPX), while the GO-FIND series is an entry level metal detector seeking to introduce new participants to metal detection.

Market Share in Developing Markets for Minelab: In FY15, the company opened a retail and distribution centre in Dubai to distribute metal detectors to the African market. It was the African market that drove the significant sales in FY13, however counterfeit products and issues with the company's distribution model saw sales and the market share in Africa dramatically eroded in FY14. The company was able to steady the ship with the recent establishment of the Dubai distribution centre, however the company has had to lower some prices to compete and this has adversely impacted margins. To regain traction in the market the company will likely have to keep prices of older models reduced and possibly even lower prices further which will continue to negatively impact margins. Introduction of the GPZ 7000 may counter this.

Minetec Technology Ready For Use: Minetec has developed a suite of products that provide safety and productivity tools for underground and open pit mines. The company has completed a number of pilot projects and the product development has been completed with the products now ready for use on a commercial basis. Sales will be dependent on the recovery of capital expenditure budgets of mining companies. Capital expenditure has been cut as a result of weak commodity prices and there is no guarantee of when the market will turn.

Valuation: We have assigned CDA a target price of **\$1.07** per share. We have used a relative value approach to determine the target price due to the non-recurring nature of revenue. We have applied a 13.7x multiple to FY16 EPS to arrive at the target price. The multiple reflects a 35% discount to the average PE multiple of the S&P/ASX Small Industrials Index. While there are risks associated with the business we view the 11x multiple that the company is currently trading at to be low compared to the index and given the expected upside to earnings in FY16.

PROFIT & LOSS (\$M)			
Y/E June	2015A	2016F	2017F
Revenue	143.9	153.3	160.7
Cost of Sales	-65.5	-70.5	-73.9
Gross Profit	78.3	82.8	86.8
EBITDA	29.9	32.2	33.8
Depreciation & Amortisation	-10.6	-12.5	-14.1
Finance Cost	-2.5	-1.0	-0.8
Profit Before Tax	16.8	18.6	18.8
Tax Expense	-4.1	-4.7	-4.7
Net Profit	12.7	14.0	14.1

BALANCE SHEET (\$M)			
Y/E June	2015A	2016F	2017F
Cash and cash equivalent	7.2	12.3	17.8
Trade and other receivables	20.4	21.5	22.5
Inventories and work in progress	31.3	33.7	35.4
Current tax receivables	0.5	0.0	0.0
Other current assets	1.6	1.6	1.6
Total current assets	61.0	69.1	77.2
Property, plant and equipment	16.0	16.0	16.0
Intangible assets	89.3	89.3	89.3
Research and development	42.4	42.4	42.4
Total non-current assets	147.7	147.7	147.7
Total Assets	208.7	216.8	224.9
Trade and other payables	25.2	26.9	28.2
Borrowings	0.0	0.0	0.0
Current tax liabilities	0.1	0.1	0.1
Provisions	6.7	7.0	7.4
Total Current Liabilities	32.0	34.0	35.6
Trade and other payables	0.0	0.0	0.0
Borrowings	42.5	34.0	27.2
Deferred tax	5.2	5.2	5.2
Provisions	0.6	0.8	0.8
Total Non-Current Liabilities	48.3	40.0	33.2
Net Assets	128.4	142.8	156.1
Shareholders Equity	128.4	142.8	156.1

CASHFLOW (\$M)			
Y/E June	2015A	2016F	2017F
EBITDA	29.9	32.2	33.8
Interest & Tax Paid	-6.6	-5.7	-5.5
Change in Working Capital	3.7	1.0	-1.0
Other	3.7	5.2	4.8
Net Cash from Operation Activities	30.7	32.7	32.0
Payments for entities and businesses, net of cash acquired	0.0	0.0	0.0
Payments for property, plant and equipment	-3.5	0.0	0.0
Payments for intangible assets	-2.4	0.0	0.0
Payments for capitalised product development	-12.9	-12.9	-12.9
Proceeds on disposal of businesses and property, plant and equipment	5.4	0.0	0.0
Net Cash from Investing	-13.4	-12.9	-12.9
Proceeds from borrowings	0.0	0.0	0.0
Repayments of borrowings	-17.9	-8.5	-6.8
Dividends paid to ordinary shareholders	-5.3	-6.3	-6.2
Proceeds from share issue	0.0	0.0	0.0
Net Cash from Financing	-23.2	-14.8	-13.0
Cash at Beginning of the Year	13.0	7.2	10.1
FX Effect	0.1	0.0	0.0
Net Change in Cash	-6.0	2.9	4.2
Cash at End	7.2	12.3	17.8

SWOT ANALYSIS

STRENGTHS

- ◆ Establishing the Dubai retail and distribution centre for sales of Minelab products into Africa significantly reduces the risk of sales into this market.
- ◆ The introduction of the new Minelab products in FY15, particularly the GPZ 7000, resulted in Minelab revenue up 70% in 2H'FY15.
- ◆ The company has an in-house engineering team consisting of more than 100 engineers.
- ◆ The company has taken measures to turnaround the fortunes of the company after the Minelab division took a significant hit dragging down the FY14 profit.
- ◆ The company reported a turnaround in FY15, with a significant increase in net profit after a modest increase in revenue, largely as a result of the improved gross profit margin.
- ◆ Greater US government demand has and will provide opportunities for the LMR products.

WEAKNESSES

- ◆ Due to the volatility in earnings, dividends have been volatile.
- ◆ There is no recurring revenue in any division at present, resulting in lumpy and unpredictable revenue streams from year-to-year.
- ◆ The success of the Minetec division is dependent on the turnaround in the mining sector. There is no telling when this may occur and as such may lay dormant for a number of years.
- ◆ The HFR market is small and there is limited growth opportunity in this market. As such, we believe growth will be subdued in this market for the company.

OPPORTUNITIES

- ◆ After having difficulties in the African market due to counterfeit products being released to market, the company has set up a distribution centre in Dubai to service the African market. While there are a number of risks associated with this market, if successful in penetrating the market with its new gold detector, there lies significant growth prospects for this division.
- ◆ Legislation that came into effect in May 2015 from the Department of Mineral Resources in South Africa stipulating that a collision avoidance system must be installed on all underground and open-pit machinery opens up a significant market opportunity for the Minetec division. Further legislation similar to that introduced in South Africa will provide additional market opportunities.
- ◆ Minetec has successfully completed pilot programs with the products ready for use. The company has the potential to take a meaningful position in the market when the mining sector recovers and mining companies begin to expand mining operations.

THREATS

- ◆ The company may not be able to penetrate the African market to the same extent as it had in previous years, which may result in subdued sales in the Minelab division.
- ◆ The company may not be able to sustain the Minetec division and as a result may have to sell the business.
- ◆ Due to the over supply in the African market of metal detectors and counterfeit products, the company had to lower prices on its older gold detection models, which has affected margins. If the issue continues, the company may have to continue to keep prices low or further lower prices to compete, which may further erode margins in this division.

COMPANY OVERVIEW

- ◆ Codan Limited (ASX: CDA) was established over 50 years ago with the manufacture and distribution of high frequency radios (HFR) designed to meet the needs of schools in the Australian outback. Over the years the company has grown the radio communications business to be a global provider of HFR and land mobile radio (LMR) devices.
- ◆ The company's headquarters are located in Adelaide, South Australia. The company now has three divisions - (1) Radio Communications; (2) Minelab; and (3) Minetec.
- ◆ In February 2008, the company acquired Minelab Electronics Pty Ltd (Minelab) for \$70.5m. The acquisition was entirely debt funded. Since acquiring Minelab, the business has generated total revenues of \$664.7m to the company.
- ◆ In 1Q'12, the company acquired Minetec Pty Ltd for \$10m. As was the case with Minelab, the company fully funded the acquisition with debt.
- ◆ In August 2012, the company acquired Daniels Electronics Limited for \$24m. The acquisition expanded the Radio Communications product range and gained access to the US market. The acquisition was partially funded through a \$12.5m capital raising and a \$4.8m share purchase plan.
- ◆ The company currently sells its products into 150 countries with 10 offices around the world and manufacturing facilities in Canada and Australia, although most of the company's products are manufactured by third parties in Malaysia. The company has an in-house engineering team which consists of in excess of 100 engineers located throughout Perth, Adelaide and Canada.
- ◆ FY14 saw the company report an EBITDA significantly below that of FY13, largely as a result of difficulties that arose in the Minelab division with the distribution of metal detectors in Africa. The company experienced a significant decline in sales of gold detectors, which detracted greatly from the FY13 results. To turnaround the fortunes of the Minelab division, the company opened a retail and distribution centre in Dubai to distribute gold detectors to the African market and expanded the number of dealers with which it did business to reduce the distribution risk.
- ◆ The company continues to develop new products with two new metal detectors released in FY15 as well as new LMR products, providing customers with enhanced communication products.

FINANCIAL POSITION

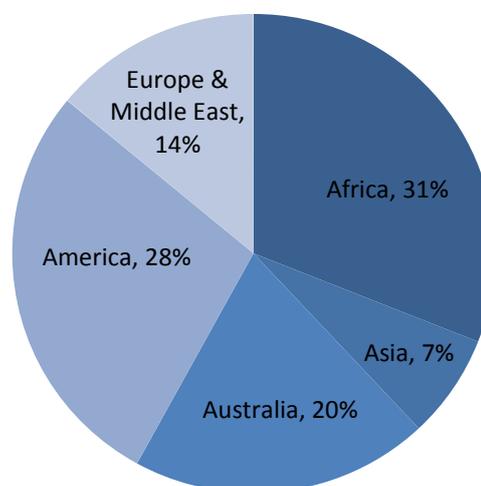
At 30 June 2015, the company had \$7.2m in cash and \$42.5m in long-term borrowings. The company reduced its net debt-to-equity ratio to 27.5% in FY15. The company has an \$85m debt facility with a weighted average interest rate of 3.0% in FY15.

BUSINESS DIVISIONS

- ◆ The company has three divisions - (1) **Radio Communications** - High frequency (HF) and Land Mobile radios (LMR); (2) **Minelab** - metal detectors and land mine detectors; and (3) **Minetec** - underground and open-pit mine tracking technology.
- ◆ The company operates in a number of countries. The three regions where revenue accounted for more than 10% of total revenue were Australia, North America, and the United Arab Emirates (UAE), as detailed below.

- ◆ Africa generated the greatest amount of sales in FY15 as was the case in FY14. However sales dropped 18% to Africa. Sales also dropped in Asia in FY15, and rose in the US, Australia and Europe and the Middle East.

FY15 Country Revenue Breakdown



RADIO COMMUNICATIONS DIVISION

- ◆ The Radio Communications division is the flagship division of the company.
- ◆ The division manufactures and distributes high frequency (HF) transceivers and land mobile radio (LMR) devices.
- ◆ The division services the military, humanitarian, public safety and commercial markets.
- ◆ In 2012, the company acquired Daniels Electronics Limited (Daniels) for CAD\$25m (~AUD\$24m). Daniels is a designer, manufacturer and supplier of LMR communication solutions in North America. The acquisition of Daniels provided the company with access to the North American market and synergies with its LMR product solutions. A big drawcard for Daniels is that it's "approved" on the US government agency list.
- ◆ The North American market has been difficult since the acquisition given the government gridlock, however this changed in 2015 with the government spend increasing and resulting in a major contract with a US government agency being secured in July 2015.
- ◆ The below table highlights the performance of the division over the past three financial years. We note that the results refer to the continuing operations.
- ◆ After a flat FY13, sales improved over both FY14 and FY15. In addition to the increased sales, the profitability of the division has increased year-on-year.
- ◆ Growth in FY15 was attributed primarily to demand for the recently released Envoy HF radio. The Envoy radio provides long range digital radio communications with software upgradability, IP capability, multi-language support and an embedded modem. The multiple language capability has enhanced the company's position in government, humanitarian and aid organisations in emerging markets.
- ◆ Growth in FY16 is expected to come from the Stratus LMR product that was released in the 2H'FY15. Stratus is a hybrid communications network solution providing secure mobile voice communications anywhere with cellular network coverage. Stratus is the first and only LMR solution that extends through cellular networks providing the company with a competitive advantage. Further LMR product releases are expected to provide further growth opportunities.

Historical Radio Communications Division Performance						
\$m	FY13	% Change	FY14	% Change	FY15	% Change
Revenue	47.6	-0.2	53.9	13.2	63.8	18.5
Profit	8.9	-19.1	11.4	29.1	15.2	32.6
Profit Margin	18.7%		21.2%		23.8%	

MINELAB DIVISION

- ◆ Minelab was acquired in February 2008 to expand the business into the metal and land mine detection markets.
- ◆ The company offers a range of metal detectors for hobbyists and prospectors. During FY15, the company released two new metal detection products, the GPZ 7000 and the GO-FIND. The introduction of these products means the company provides metal detectors across all price ranges.
- ◆ The GPZ 7000 is the latest metal detection technology released by the company and can detect gold up to depths of 40% more than the previous product line. The GPZ 7000 detectors incorporate military grade encryption that will make it very difficult to counterfeit the product.
- ◆ The GO-FIND product range is for children and beginners. The company hopes this product will attract new people to metal detection as a hobby, which will then transfer through to more expensive products as they look to upgrade as they become more experienced.
- ◆ Sales in this division have been volatile as shown in the below table. The company progressed into the African market in FY12 and FY13 through a sole distributor, which saw the company's sales increase significantly. However, there were problems experienced with the distribution model and counterfeit products in FY14 which resulted in sales declining 58%.
- ◆ The company established a retail presence in Dubai in January 2015 to distribute gold detectors to the African market. The office was established to regain traction in the African market after the issues experienced in FY14. The African market provides a significant growth opportunity for the company, however, the level of success will be dependent on the demand for the GPZ 7000 and the ability of the company to overcome the counterfeit threat.
- ◆ Countermine is the land mine detection business. Countermine products are used by humanitarian groups and governments to detect and remove land mines and explosive remnants from wars. In FY15, the Countermine business represented 16.5% of revenue.

Historical Minelab Division Performance						
\$m	FY13	% Change	FY14	% Change	FY15	% Change
Revenue	166.3	68.6	69.9	-58.0	73.3	4.8
Profit	78.6	91.3	16.0	-79.6	19.2	19.8
Profit Margin	47.3%		22.9%		26.2%	

MINETEC DIVISION

- ◆ Minetec is the latest addition to the business, acquired in 2012.
- ◆ Minetec has developed tracking and collision avoidance technology for use in underground and open pit mines. The technology seeks to improve mine safety and productivity.
- ◆ During FY15, the company completed a number of pilot programs, successfully demonstrating the tracking, safety and productivity solutions developed. As a result the product suite is ready to be rolled out to clientele.
- ◆ The product suite while ready to roll out will have to wait for capital expenditure budgets in the mining industry to turnaround. The steep fall in commodity prices has resulted in mining companies reducing capital expenditure and mine development and therefore at present there is little demand for the technology.

- ◆ The division is yet to commercialise its product suite and as such the division has operated at a loss since being acquired. The level of profitability for the division will be dependent on the turnaround of the mining industry.
- ◆ In FY15, the company established an office in South Africa. The move is to take advantage of the legislation introduced by the South African Department of Mineral Resources that a collision avoidance system must be installed on all underground and open pit machinery.
- ◆ Further legislation similar to that adopted by South Africa will be a key driver of the division.

Historical Minetec Division Performance						
\$m	FY13	% Change	FY14	% Change	FY15	% Change
Revenue	14.5	184.5	4.0	-72.3	4.8	18.6
Profit	-2.6	-502.7	-2.9	-13.2	-3.3	-13.8
Profit Margin	-		-		-	

COMPETITIVE LANDSCAPE

The company has competitors in each of its divisions, all of which are private companies or listed on other stock exchanges. The company has no direct ASX-listed competitors.

RADIO COMMUNICATIONS

- ◆ As detailed above, the Radio Communications division comprises both High Frequency Radio (HFR) and Land Mobile Radio (LMR).
- ◆ The HFR market competes on two tiers - organisations that are regulated by the International Traffic in Arms (ITAR) regulations, and those that are not. ITAR regulated organisations supply US military organisations.
- ◆ CDA operates in the second tier market, typically non-US government/NATO organisations. There are five competitors in this space (tabled below).
- ◆ The second tier HFR market is small at an estimated \$200m. As such, there are limited growth prospects in this market.

Company	Listed/Private Company	Country Based
Elbit Systems	Listed on Tel Aviv stock exchange	Israel
Datron World Communications	Private	USA
Icom Incorporated	Listed on Tokyo stock exchange	Japan
Barrett Communications	Private	Australia
Saab Grintek	Private	South Africa

- ◆ CDA's LMR products are used in the developed world (USA and Australia) and are subject to a much bigger market. The company estimates an addressable market size of approximately \$1b.

Company	Listed/Private Company	Country Based
Tait Ltd	Private	New Zealand
Team Telecom Group	Private	UK
Relm Wireless Corporation	Listed on AMEX	USA
JVC Kenwood Corporation	Listed on Tokyo Stock Exchange	Japan
ICOM Inc	Listed on Tokyo Stock Exchange	Japan

MINELAB

- ◆ Minelab operates in a niche market selling metal detectors and landmine detectors.
- ◆ There are three other companies that manufacture and sell metal detectors (White's Electronics, Garrett Metal Detectors and First Texas Products) and one other company that manufactures and sells landmine detectors (Vallon GmbH).
- ◆ From a metal detector standpoint, Minelab provide the greatest range of metal detectors and the highest quality for those that are serious about the trade. This is highlighted by the price range of the metal detectors offered.

Company	Listed/Private Company	Price Range of Products (\$)
Metal Detectors		
White's Electronics	Private	159.95 - 1,799.95
Garrett Metal Detectors	Private	199.95 - 749.95
First Texas Products - Bounty Hunter Metal Detectors	Private	69.00 - 1,049.00
Minelab (CDA)	Listed on ASX	130.00 - 10,000.00

MINETEC

- ◆ Minetec has four competitors, detailed in the below table. All of the companies are private companies and are located throughout the world.
- ◆ The market is only small with four companies offering competing products. This provides Minetec the opportunity to gain a meaningful position in the market with their technology.

Company	Listed/Private Company	Country Based
PBE Group	Private	USA
Innovative Wireless Technologies	Private	USA
Mine Site Technologies	Private	Australia
Becker Mining Systems	Private	Germany

VALUATION

- ◆ Due to the non-recurring nature of the company's revenue stream, we have used a relative value approach to value the company.
- ◆ We have applied a multiple of 13.7x to the FY16 EPS to arrive at a target price of **\$1.07**, a 50.7% premium to the share price at 7 December 2015. The company is currently trading at a PE multiple of 11x, which we view as low given the average PE multiple of the S&P/ASX Small Industrials Index of 21.1x on 2015 earnings. We have applied a 35% discount to the index PE multiple to arrive at 13.7x, given the risks still associated with future revenue.
- ◆ We note we have not applied a value to the Minetec division for FY16 as we do not expect the division to contribute to FY16 revenues.

Valuation Assumptions	
	FY16
Divisional Revenue Growth	
Radio Communications	10.0%
Minelab	7.0%
Minetec	na
Company Assumptions	
Revenue Growth	6.6%
COGS	46.0%
EBITDA Margin	21.0%
Dividend Payout Ratio	49.9%
DPS	3.5 cents

INVESTMENT CASE

- ◆ After revenues and profit fell dramatically in FY14, the company is seeking to turn its fortunes around. FY15 was a good starting point with the company generating revenue growth across the Communications and Minelab divisions and completion of the pilot programs for the Minetec products.
- ◆ The company has stabilised the Minelab business. The establishment of the Dubai office to distribute gold detectors to the African market has been successful to date with the level of risk reduced through dealing with a number of dealers as opposed to a single dealer, which was the case in FY13. Growth in this division will largely result in the ability of the company to regain traction in Africa, however given the current state of the market we do not expect dramatic growth in FY16.
- ◆ The company has released a number of new products which will drive sales growth in FY16 and FY17.
- ◆ The Radio Communications division has consistently grown profit margins over the last three financial years. We expect the company to continue to improve margins in this division.
- ◆ The Minetec division offers risk given the current environment in the mining sector, however also offers upside value if the sector turns in a favourable direction. With the pilot programs successfully completed, Minetec products are ready for use. The automation of vehicles used in mining and safety concerns provide a niche but potentially significant market for the Minetec division. If other countries follow South Africa from a regulatory standpoint, the company will have the opportunity to gain a meaningful foothold in the market.

CAPITAL STRUCTURE

- ◆ At 7 December 2015, the company had 177.1m fully paid ordinary shares on issue. There were no options on issue and the company had a net debt-to-equity ratio of 27.5%.
- ◆ The major shareholders are tabled below. The top 20 shareholders account for 55.4% of the ordinary shares on issue.

Shareholder	%
Ian Wall	9.8
P. Wall	9.8
Brian Burns	7.0
Starform Pty Ltd	6.4
David Uhrig	5.0

Source: IRESS

RISKS

- ◆ **Revenue Risk:** Revenue across all divisions is dependent on sales for that particular year with the company having no recurring revenue stream. As such, forecasting revenue is difficult and sales may not meet expectations.
- ◆ **Counterfeit Product Risk:** One of the issues in developing countries for the metal detection business has been counterfeit products taking market share due to the products being sold at a significant discount to Minelab's products. This has made it difficult to compete in some markets and may continue to erode market share and sales going forward.

- ◆ **Minelab Margin Risk:** To compete in the developing market of Africa, the company has had to lower its prices, which has impacted margins. The company may have to maintain the low prices in these markets or further cut prices to compete which would put further pressure on margins.
- ◆ **Minetec Lays Dormant:** If the mining sector does not recover in a timely manner, the Minetec division may lay dormant and continue to cost the company. This may result in the company having to sell the division, which would adversely impact the growth prospects of the company.

BOARD AND MANAGEMENT

David Simmons - Independent Chairman: Mr. Simmons was appointed Chairman in February 2015, after being a Director of CDA since 2008. Mr. Simmons has worked in the manufacturing industry throughout his career and has extensive financial and general management experience. Mr. Simmons joined Hills Industries Limited in 1984, where he was appointed Finance Director and then Managing Director in 1992. Mr. Simmons retired from Hills Industries in 2008. Mr. Simmons is currently the Chairman of Commercial Motor Vehicles Group and a Director of Lighting Investments Australia Holdings Pty Ltd and Detmold Group.

Donald McGurk - Managing Director & CEO: Mr. McGurk joined CDA in December 2000 and was appointed as CEO and Managing Director in November 2010. Mr. McGurk has a background in change management applied to manufacturing operations and held senior management positions in the manufacturing industry.

Peter Griffiths - Independent Director: Mr. Griffiths was appointed to the Board in July 2010. Mr. Griffiths was a senior executive at Coca-Cola Amatil Limited, with 10 years experience working throughout Europe and Asia. Mr. Griffiths has held the positions of Company Secretary, CFO and Managing Director of C-C Bottlers Limited. Mr. Griffiths has been a Director of several not-for-profit organisations.

Kathy Gramp - Independent Director: Ms. Gramp is the newest addition to the Board, appointed to the Board in November 2015. Ms. Gramp has had board experience across a diverse range of Australian organisations and industry sectors. Ms. Gramp worked at Austereo for 22 years, where she was appointed CFO and a member of the Executive Committee. Ms. Gramp was involved in the company's expansion and its move to digital and online radio. Ms. Gramp is currently on a number of boards.

Lt-Gen Peter Leahy AC - Independent Director: Lt-Gen Leahy retired from the Army in July 2008 after 37 years, 6 of which he was Chief of Army. Lt-Gen Leahy was appointed to the Board in 2008. Since leaving the Army, Lt-Gen Leahy has been appointed Professor and Education Director of the National Security Institute at the University of Canberra. Lt-Gen Leahy is a member of the Defence South Australia Advisory Board, a Director of Citadel Group Limited and Electro Optic Systems Holdings Limited. Lt-Gen Leahy has been appointed to the Australian Federal Government First Principles Review Team.

Jim McDowell - Independent Director: Mr. McDowell was appointed to the Board in September 2014. Mr. McDowell joined British Aerospace in 1996 and during his time there he served as the Managing Director of Asia and CEO of BAE Systems Australia Limited. Mr. McDowell also served as CEO of BAE Systems Saudi Arabia from 2011 to 2013. Mr. McDowell is Chair of Australian Nuclear Science & Technology Organisation and has been appointed to the Australian Federal Government First Principles Review Team. Mr. McDowell is Chairman of Total Construction and a Director of Austral Limited.

Graeme Barclay - Independent Director: Mr. Barclay was appointed to the Board in February 2015. Mr. Barclay has over 30 years experience in professional services, broadcast and telecommunications and extensive knowledge of communications services, technology and infrastructure markets. Mr. Barclay was Group CEO of the Broadcast Australia Group, following his position as CFO and COO. Mr. Barclay was previously a Chairman of Transit Wireless LLP and an Executive Director in Macquarie Group's Infrastructure team. Mr. Barclay is currently Chairman of Nextgen Group Holdings Pty Ltd, a Director of BSA Limited and First Horizon Advisory.

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