

1H FY22 RESULTS PRESENTATION

VEEM Ltd (ASX: VEE) ('VEEM' or 'the Company'), manufacturer of disruptive, high-technology marine propulsion and stabilization systems is pleased to provide a copy of a presentation to be made by Managing Director Mark Miocevic and Chief Financial Officer David Rich at a webinar later today in relation to the Company's results for the half year to 31 December 2021.

The investor webinar is today at 2:00pm AEDT (11:00am AWST). Investors and interested parties can register for the investor webinar at the link below:

https://us02web.zoom.us/webinar/register/WN_0CnWnB2CQSmwRHOgj_egtQ

After registering, you will receive a confirmation email containing information about joining the webinar.

This ASX announcement was authorised for release by the Board of VEEM Limited.

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ABOUT VEEM LIMITED (ASX: VEE)

VEEM Ltd is a designer and manufacturer of disruptive, high-technology marine propulsion and stabilization systems for the global luxury motor yacht, fast ferry, commercial workboat and defence industries. VEEM's market leading Gyrostabilizers significantly reduce the rolling motion of vessels in waves, increasing on-sea time and improving personnel safety and efficiency in a wide range of ocean conditions.

VEEM is also a successful producer of high-performance propellers, fin systems and specialised components delivering consistent profits, cash flow and dividends while also reinvesting in research and development for new products and processes.

Proudly headquartered in Perth, Western Australia, VEEM operates from a 14,700sqm purpose-built fabrication and manufacturing facility, including Australia's largest non-ferrous foundry. VEEM employs approximately 180 staff in Australia, including graduates and apprentices, and maintains a highly skilled research and development team in-house. Celebrating its 50th anniversary in business in 2018, VEEM listed on the Australian Securities Exchange in 2016. www.veem.com.au

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VEEM LTD

1H FY22 RESULTS & OUTLOOK

22 FEBRUARY 2022

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1H FY22 Summary

- 01 Propulsion sales were higher than the prior comparative period and the previous six months as a result of the increased capacity generated through new machines and improved processes, and despite delays in the arrival and commissioning of the new machines.
- 02 Engineering products and services revenue was up on both the prior comparative period and the last six months, with strong demand expected to continue for foundry-led, precision engineered products.
- 03 Work commenced on the next submarine full-cycle docking program to commence delivery in April 2022.
- 04 As forecast in the trading update at the AGM in November, Revenue and EBITDA were down on the prior comparative period to \$26m and \$3m, respectively. NPAT was \$0.3m, despite the challenges during the period.
- 05 The tight labour market means lower capacity (hours) due to skills shortages and increased costs. Raw material price increases eroded margins, with price rises flowing through to 2H FY22. Rare casting defects issue had the dual impact of additional costs and reduced capacity for new orders.
- 06 VEEM is in a strong position going forward with an existing robust core business which has allowed it to invest in and support the focus on driving the growth of the disruptive VEEM Gyro product into the global marine market.



1H FY22 – Gyro Summary

01

Revenue from sales of gyrostabilizers was \$1.6m for the period. COVID has delayed decision making, particularly orders in the new build market, including the launch of the Damen FCS 7011 (delayed over 12 months).

02

Production continued at a steady rate, with the inventory value of complete gyros and work in progress increasing by \$3m to \$6m. As VEEM continues to build gyros to a plan, it is able to sell from inventory, which is proving popular with customers, particularly in the retrofit market.

03

The volume and quality of leads, combined with recent orders, provides confidence to expect 2H FY22 orders and sales to be up on FY21 and escalating into FY23.

04

Of the 44 gyros sold to date, there are 17 not yet commissioned, demonstrating the lead times that can occur between VEEM delivering the gyro and the owner experiencing the benefits and spreading the word or ordering another, in the case of commercial vessels.

05

Appointed a Senior Production Manager, Head of Sales and Business Development – Europe, as well as an after-sales and service supervisor in the US to drive the gyrostabilizer growth – this is already showing great progress.

06

VEEM's significant investment to date and ongoing development now provides major barriers to entry for potential competitors. R&D is focused on taking our robust technology into smaller frames where it can compete against the small recreational gyrostabilizers on the market.



1H FY22 Financial Results Summary

	1H FY22 A\$mil.	1H FY21 A\$mil.	1H FY21 Excl. Jobkeeper# A\$mil.	% Change Excl. Jobkeeper#
Revenue	26.3	28.4	28.4	-7%
EBITDA	2.9	5.7	4.2	-31%
Profit before Tax	0.3	3.5	2.0	-86%
Net Profit after Tax (NPAT)	0.3	3.0	1.9	-83%
Earnings Per Share (EPS)(cents)	0.2	2.3	1.5	-83%
Cash Flow From Operations	1.2	3.7	2.7	-57%
Net Assets	42.7	36.6*	35.5*	20.3%

#JobKeeper income for 1H FY21 is adjusted in EBITDA, PBT, NPAT, EPS, Cash Flow from Operations and Net Assets.

*30 June 2021

Outlook – Gyrostabilizers

VEEM holds the dominant position as the only major supplier in the large marine gyro stabilizer market, which is estimated at US\$1.1bn for new builds and US\$13.5bn for retrofits (current fleet).

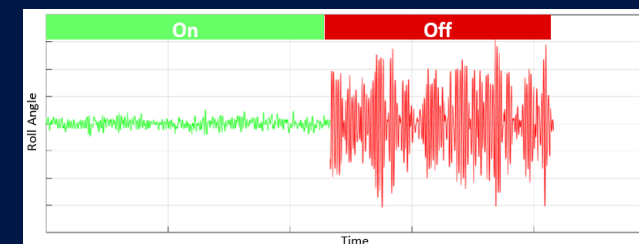
Significant investment to date and ongoing development now provides major barriers to entry. VEEM is seeking to exploit this by driving sales growth and taking its robust technology into smaller frames to compete against the recreational products.

The volume and quality of leads and recent orders provides confidence to expect 2H FY22 orders and sales to be up on FY21 and escalating into FY23. The ability to sell from inventory is attractive to customers, particularly in the retrofit market.

The addition of new key senior and customer-facing staff in the very large European market, in particular, is a key step forward in the drive to increase sales of VEEM gyro stabilisers.

Damen's new walk to work vessel, the FCS 7011 (the VEEM VG520SD is a key component), is expected to have its global gala launch in the Netherlands by the end of March. The vessel is designed to revolutionise offshore crew transfers.

With new senior staff on board, more customers experiencing the benefits of the gyro and the quality and quantity of leads from many areas of the marine industry, VEEM is confident that the gyro revenue will escalate significantly over the coming months and years.



Gyrostabilizers – All Set to Go ...



Sales and Marketing Team



Engineering & Product Design



Production Capability



Supply Chain and Procurement

Outlook – Propulsion & Defence



PROPULSION

- Demand expected to continue to grow due to increased demand globally. Many yards booked out to 2023-4.
- New key superyacht builders adding VEEM as primary supplier.
- Sales growth expected to be limited by capacity.
- One new machine received waiting to be commissioned. Three smaller machines ordered for late 2022 delivery.
- Rising raw materials costs and, to some extent, labour will require monitoring and price rises to ensure VEEM continues to offer its premium product at competitive prices while maintaining gross margins.



DEFENCE

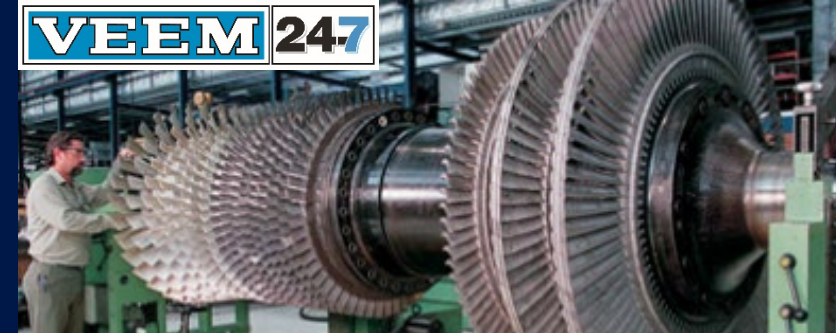
- 2H FY22 will see the initial deliveries of the next full-cycle docking (work already underway) along with normal levels of spares.
- Austal ride control and propulsion work is expected to be ongoing, with overall revenue lower due to completion of LCS contract.
- Federal government's increased drive for local content, on naval vessels in particular, is expected to drive growth through BAE Systems Australia and others.
- Completion and qualification of the pilot propeller blade as part of for the Hunter Class Frigate Program for BAE Systems Australia is expected in the coming months.

Outlook – Hollow Bar & Engineering On-Demand



HOLLOW BAR/FOREVER PIPE

- Sales of VEEM's hollow bar product are expected to remain steady with regular demand and reliable margins.
- Marketing of the Forever Pipe product and the expanded offering of bends and T-pieces will continue with an emphasis on significantly improved life-cycle and plant safety.



ENGINEERING ON-DEMAND

- Continuing to bid on, and win, work across the country where utilisation of the Company's foundry-led precision engineering capability enables VEEM to provide specialist solutions for customers.
- Maintaining the engineering capability and expertise also supports the marine and defence businesses.
- Local 24/7 Dynamic Balancing division is busy and this is expected to continue.

Summary

VEEM is a designer and manufacturer of disruptive, high-technology marine propulsion and stabilization systems for the global luxury motor yacht, fast ferry, commercial workboat and defence industries.

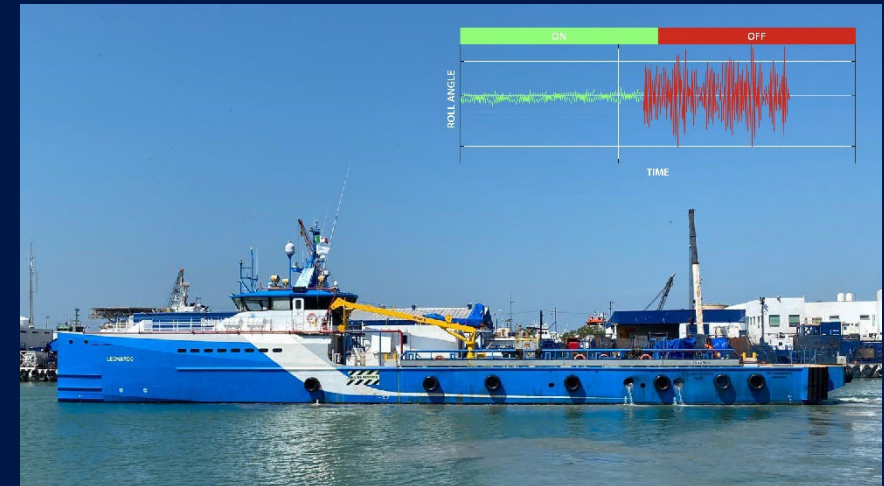
From a precision engineering background, over decades VEEM has developed its own range of products concentrating on disruptive, technology-led, high-margin products with large addressable markets and significant barriers to entry.

Every year VEEM invests significantly in research and development. This is directed at the creation and enhancement of new products as well as the reduction in time and cost of production in order to keep pricing competitive, increase margins and add capacity.

VEEM has a strong underlying precision engineering business which generates ongoing profitability and cashflow as well as providing a foundation of technical skills and resources for the evolving product range.

VEEM's marine propulsion and stabilization products are world leaders in their markets. The propulsion market is well established with very strong demand at present and into the future. VEEM's sales growth in propellers in the short term is limited by capacity constraints.

VEEM holds the dominant position as the only major supplier in the large marine gyro market, which is estimated at US\$1.1bn for new builds and US\$13.5bn for retrofits (current fleet).

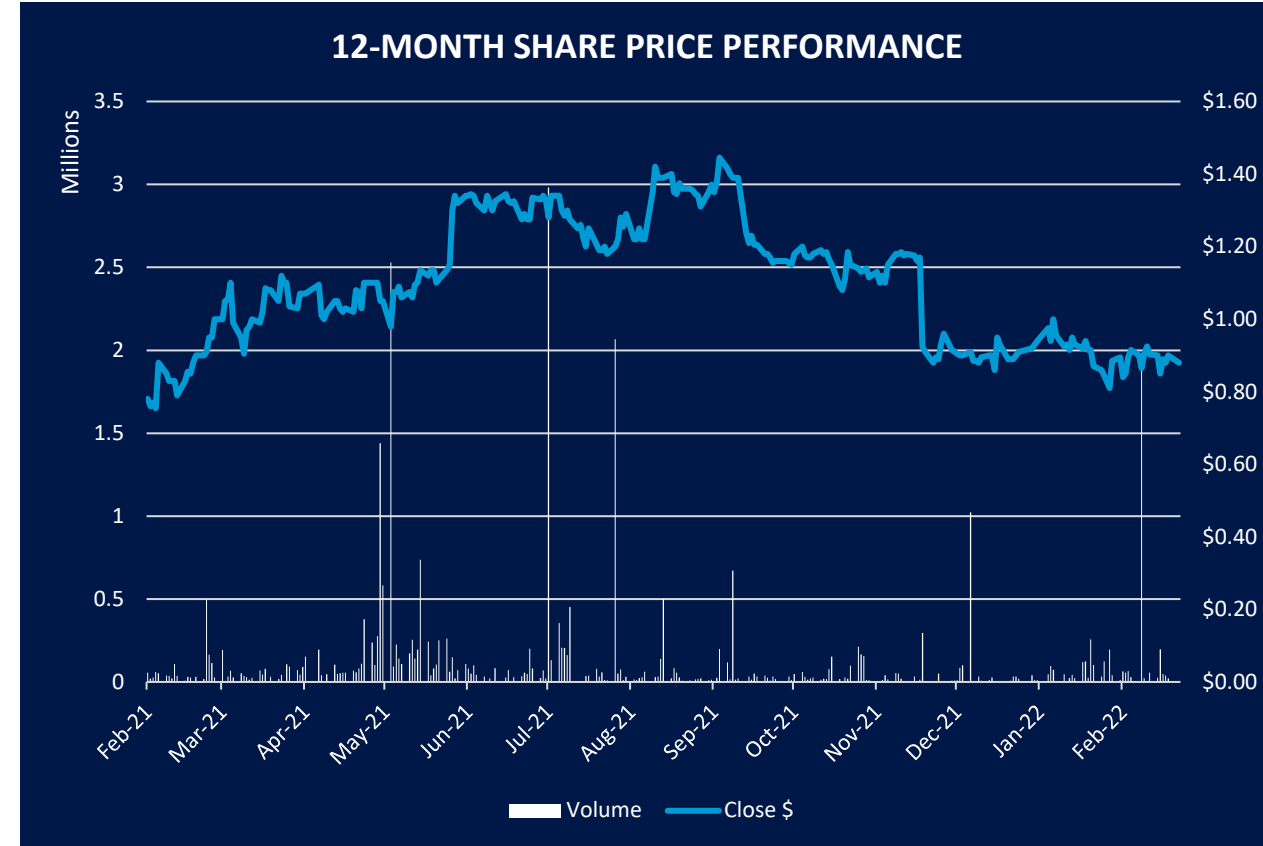




APPENDICES

Corporate Overview

Corporate Snapshot	
ASX Code	VEE
Share Price (21 Feb 2022)	\$0.88
Market Capitalisation (21 Feb 2022)	\$119m
Shares on Issue	136m
Substantial Shareholders	
Miocevich Family	50.20%
Perennial Value Management	11.82%



VEEM Gyro Potential Market Size \$14.6bn - by Segment

Commercial



Potential Market Size:
Order book – US\$0.7bn
Fleet – US\$9.6bn

Defence



Potential Market Size:
Order book – US\$0.1bn
Fleet – US\$1.4bn

Superyachts



Potential Market Size:
Order book – US\$0.3bn
Fleet – US\$2.5bn

Refer to VEEM's ASX Release of 12 May 2021 for details and assumptions.



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