

ASX ANNOUNCEMENT

11 January 2017



Market Update

Marine propulsion and gyrostabilisation company, VEEM Ltd (ASX: VEE) ('VEEM' or 'the Company'), advises that based on non-audit reviewed management accounts for the six months to 31 December 2016, Pro-Forma Net Profit After Tax (NPAT) for 1H2017 is expected to be in the range of \$2.25 million to \$2.45 million, which is in line with the Prospectus forecast of \$2.40 million.

Statutory NPAT (including one off IPO costs) is expected to be in the range of \$1.1 million to \$1.3 million (Prospectus forecast \$2.05 million) due to higher than expected IPO costs. VEE successfully listed on the ASX in October 2016.

The Company achieved a Gross Profit for the half year of \$10.42 million, in line with Prospectus forecast, with margins increasing from 44.5% to 50.2%. Revenue for the period was \$20.76 million, versus Prospectus forecast of \$23.39 million. The difference is partially attributable to an increase in work in progress and stock of approximately \$775,000 related to contracts not completed within the reporting period.

VEEM Non-Executive Chairman, Mr Brad Miocevic, said: "The first half result was pleasing for the Company and reflects the strong gross profit margins that can be achieved from our highly specialised propulsion and gyrostabilisation products, addressing a global marine market."

Gyrostabiliser Sales Update

At the end of the half year, the Company had sold four of its VEEM Gyro 120 (VG120) gyrostabilisation units and had successfully commissioned the first retrospective fitting of the VG120 unit on a 42.5 metre luxury super yacht in Australia.

In addition to the four units already sold, the Company has a further six VG120 units in varying stages of production and four of the larger VG260 units in early stage production. VEEM also has a VG120 unit in the final stages of installation on a 21 metre luxury motor yacht for customer demonstration purposes.

Key Appointments boost Global Sales Capability

Sales of VEEM's new ship gyrostabilisers will be assisted by the appointment of Dr Steven Vidakovic as Global Sales Manager – Gyrostabilisers, based in Perth. Steven, who has a PhD in Aerodynamics/ Fluid Mechanics and an MBA, has previously held the position of Global Sales Director for Naiad Dynamics, an international supplier of marine stabiliser and ride control systems.

VEEM has also secured the services of Mr Jonathan Shaw who will take up the position of European Business Development Manager – Propulsion. Jonathan, who holds a Bachelor of Science BSc (Eng) and an MBA, is the former Group Managing Director of Teignbridge Propellers (UK), bringing extensive global market knowledge to the VEEM business. He will be based in London.

Managing Director, Mr Mark Miocevic, said: "The Company's ability to attract senior employees the calibre of Steven and Jonathan is testament to the global recognition of VEEM's suite of leading marine propulsion and stabilising products."

“These key appointments underpin the future sales growth of our unique gyrostabiliser products and the acceleration of sales of our patented VEEM Interceptor propellers and VEEM's newly launched Conquest propellers.”

ENDS

About VEEM

VEEM is a Western Australian company established in 1968, and has become a world leader in the manufacture of bespoke marine propellers and assemblage for luxury and commercial marine craft. The Company has a strong track record of performance, having delivered stable and consistent earnings over many years, building its reputation for quality, efficiency and ability to deliver innovative products globally.

VEEM's patented gyrostabilisers have been developed over the past five years and eliminate most of the rolling motion of vessels at anchor, drifting, alongside or transiting. These products are now selling into the global marine market and are expected to generate significant sales growth for the Company in the future, displacing cumbersome and less effective stabilisation fins currently in use.

Further information: John Gardner
Citadel-MAGNUS, +61 413 355 997 / +61 8 6160 4900