



Euroz Investor Briefing

March 2017



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Company Overview



The VEEM Board

Brad Mioceovich
Chairman

Mark Mioceovich
Managing Director & CEO

Ian Barsden
Non Executive Director

Tracy Caudwell
Joint Company Secretary

Peter Torre
Joint Company Secretary

VEEM Key Management

Les Kay
General Manager

Paul Steinmann
Business & Development Manager –
Marine

Mike Coyle
Business & Development Manager-
Industrial and Defence

Tracy Caudwell
Finance and Admin Manager

Steven Vidakovic
Global Sales Manager –
Gyrostabilisers

VEE

ASX Code

\$0.63

Share Price

\$81.9 million

Market Capitalisation

130 million

Shares on Issue

Established and highly regarded industry leader

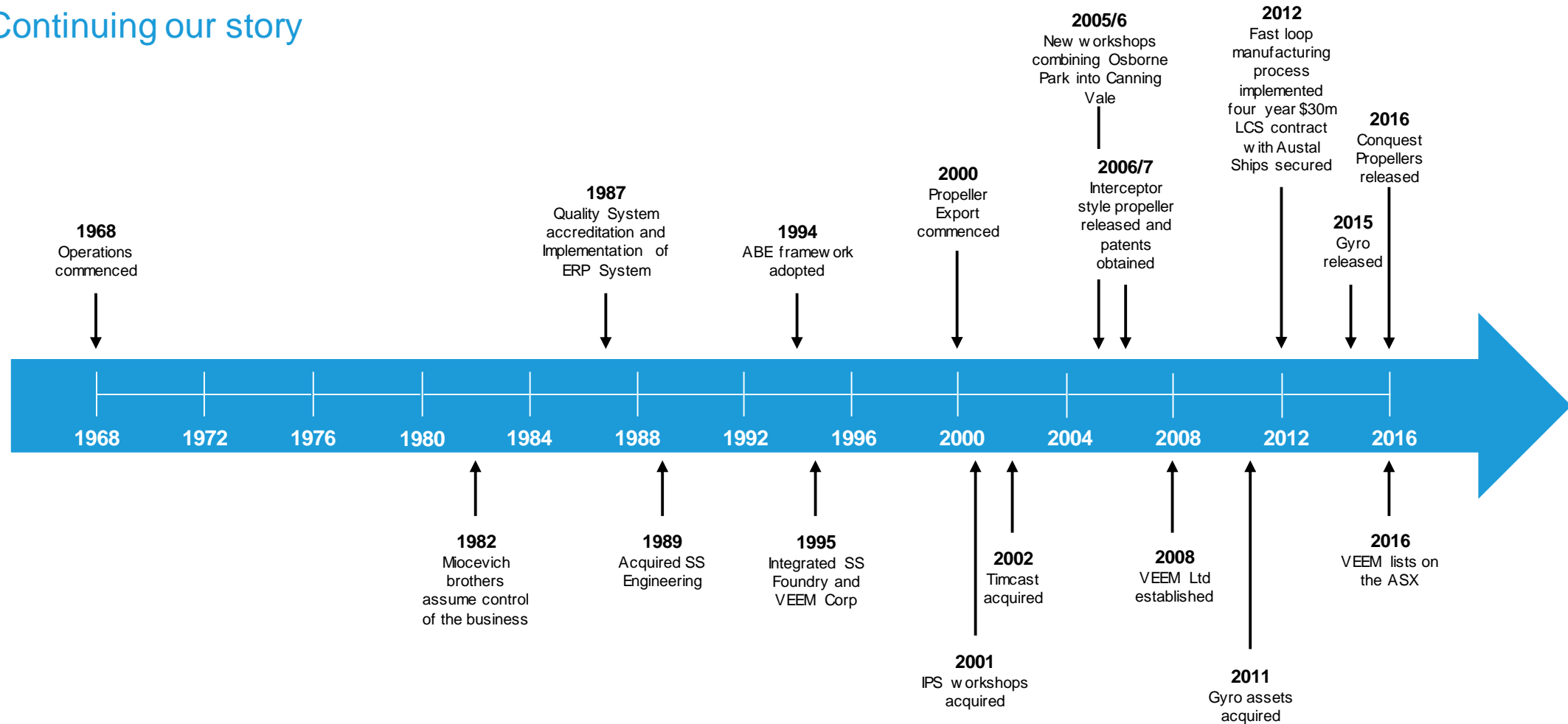
- VEEM is a Perth based high-technology specialist manufacturer of premium marine propulsion and gyro-stabilisation systems.
- Passionate about design and engineering excellence.
- An industry leader with an outstanding brand and reputation built over 48 years.
- Financially strong with a long history of profitability.
- A long term investor in R&D and technology, which has created significant intellectual property and barriers to entry.
- A computerised numerical control (**CNC**) manufacturer with world class facilities using global best practice and substantial automation.
- Embracing a step change in earnings, with an opportunity to increase sales within the global gyro-stabilisation market.
- Listed on the ASX on 26 October 2016 at a 22% premium to the IPO price.

OUR BUSINESS

Business History



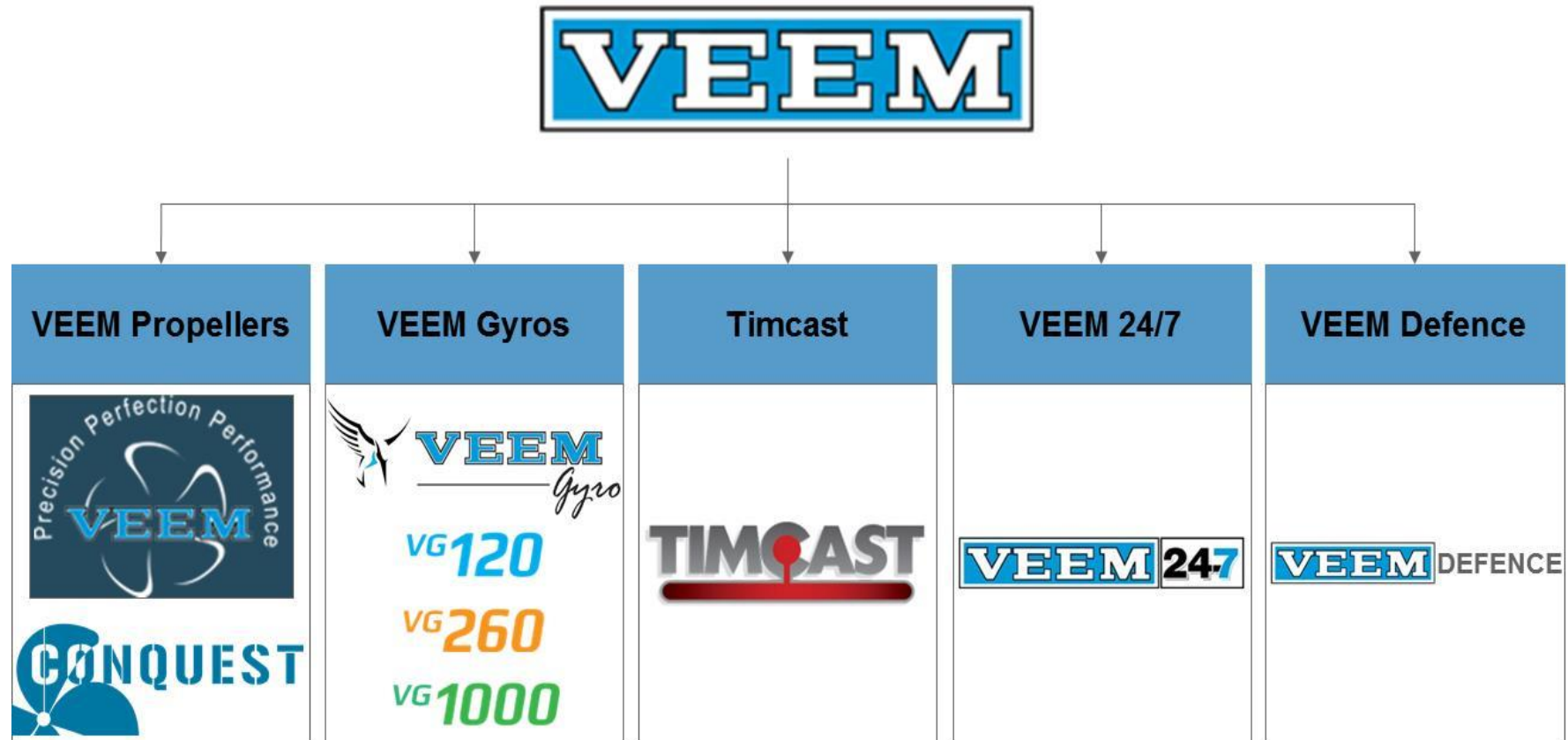
Continuing our story



Key Products and Services



Leading, high technology specialised supplier



Gyroscopic Stabilisers



Sales and Production update

- **Units Completed:** 7 x VG120¹
- **Units in Production this year:**
 - 7 x VG120
 - 6 x VG260
- **Units Sold:** 6 x VG120
- **Future vessels specified in:** 4
- **Future vessel lines specified in:** 5
- **Strong engagement with:** 6 manufacturers
- **Key targets:** 6 further manufacturers



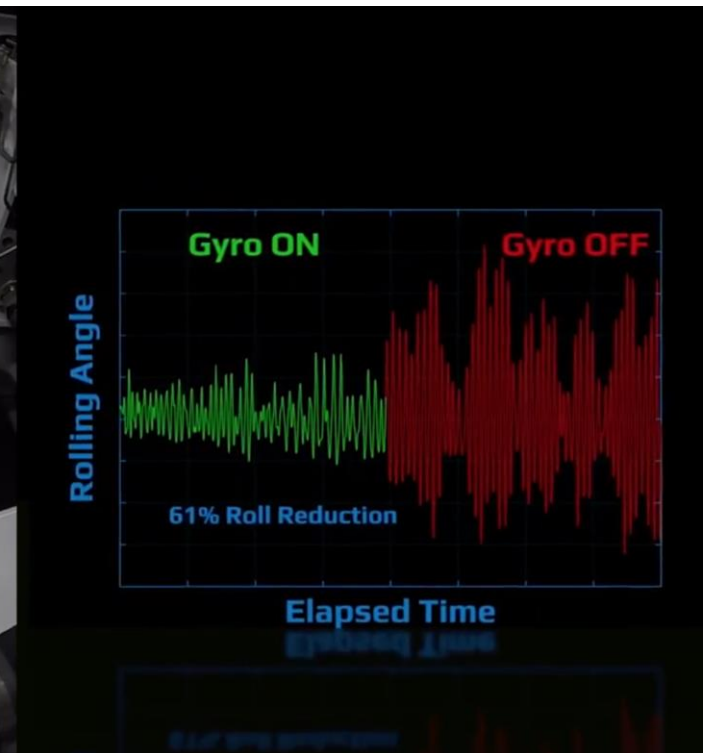
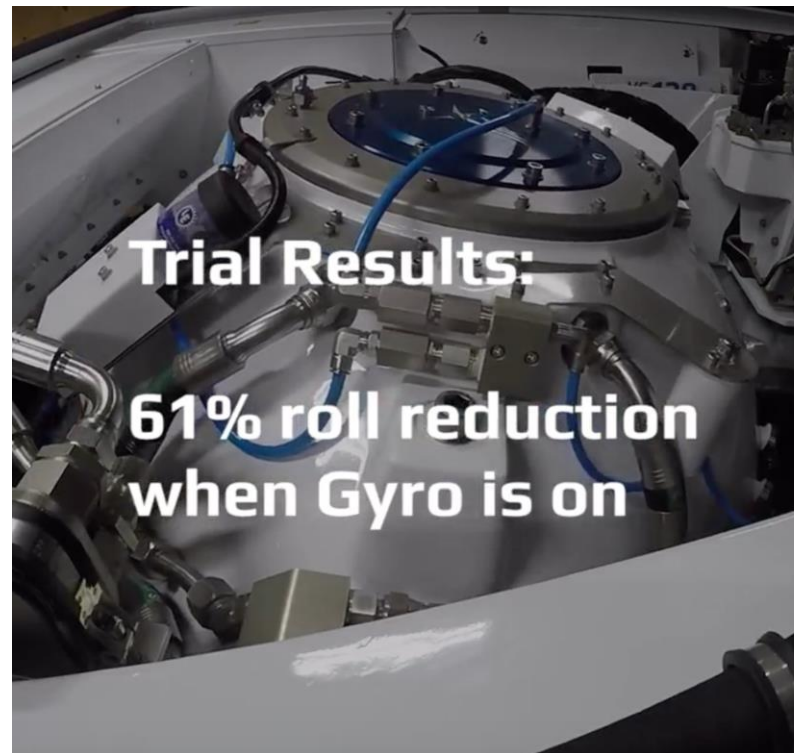
Note 1: Including the VEEM test vessel

Gyroscopic Stabilisers



VG120 sea trials on MY Tango after installation in November 2016

- 61% roll reduction was achieved with the VG120 was turned on.
- Wider operational area opened up for the MY Tango due to roll management.
- Guest transfer to and from the tender is faster, safer, and more comfortable.



Marine Propulsion



- New CNC machine increasing propeller production capacity to include 4.6m diameter propellers. Will be commissioned in the second half of the year.
- New European Business development manager Jonathan Shaw.
- Large amount of orders from Riva Yachts in Italy in the last 6 months.



New CNC machine currently being installed at VEEM

- Capability to machine items up to 4.5mtr in diameter x 1.9mtr turning capacity envelope, and a 7m long x 3.6m wide x 1.9m high milling envelope.
- Largest 6-axis CNC Machine of this type in the Southern Hemisphere.
- Will increase production efficiencies up to 30%
- The machine measures 20m long, 10m wide and 6.7m high, and weighs just over 86 tonnes.

Conquest Propellers



Conquest Propeller have been developed to specifically meet the demands of the replacement propeller market

- Since the release of Conquest late last year, VEEM has been actively engaging propeller distributors around the world
- Current number of dealers and stockists around the world: **51**
- Number of Conquest propellers sold this financial year: **132**
- Sales expected to increase with the summer season approaching in the Northern Hemisphere



Propulsion Packages



Sales update

- Completed 4 shaft line jobs to the value of \$240,000.
- Letter of intent for 19 vessels to the value of \$2.8 million with an option for an additional 2 vessels.
- Quoted on additional shaft line jobs to the value of \$3.2 million.



Continued Strategy and Drivers for Growth



Strategy

VEEM has strong capability and sees specific growth opportunities in:

- high-end marine propulsion equipment (propellers and shaft lines) for the Superyacht, Luxury and Sports Motor Yacht market;
- Conquest Propeller range for the replacement propeller market; and
- marine gyroscopic stabilisers for Superyachts and Luxury Sport Yachts.

Drivers for Growth

- Sales and Marketing via third party distributors and agents.
- Continuous research and development.
- VEEM has developed a global supply chain that allows the business to ramp up production without working capital restraints.
- VEEM creates a natural hedge for business operations by using a range of global suppliers to protect its intellectual property.

FINANCIALS

H1: FY17 Financial Summary



A'\$000,000	H1 FY 16	H1 FY 17	H1 FY17 (5)
			Prospectus Forecast
Operating Revenue	16.88	21.00	23.38
Normalised PBT (1)	2.15	2.87	2.93
Normalised PAT (2)	1.89	2.69	2.40
Pro Forma EBITDA (3)	3.31	3.68	3.92
Pro Forma EBITDA Margin	19.6	17.5%	16.8%
Pro Forma EBIT (4)	2.03	2.75	3.01
Statutory NPAT	1.89	1.23	2.00
Earnings Per Share (cents)	1.56	0.99	1.54

Normalised profit after tax (PAT)² was \$2.69 million compared to a forecast of \$2.4 million

Note 1: Defined as Profit Before Tax excluding once off IPO and share registry costs of \$1.5 million

Note 2: Defined as Profit After Tax excluding once off IPO and share registry costs of \$1.5 million

Note 3: Defined as EBITDA excluding once off IPO and share registry costs of \$1.5 million

Note 4: Defined as EBIT excluding Once off IPO and share registry costs of \$1.5 million

Note 5: FY17 Prospectus Forecasts assuming a 50/50 split between H1:17 and H2:17

H1: FY17 Financial Summary Cont..

Balance Sheet



	31 December 2016 \$	30 June 2016 \$
ASSETS		
Current Assets		
Cash and cash equivalents	848,619	646,970
Trade and other receivables	6,936,101	10,217,218
Inventories	7,536,481	5,976,840
Other assets	463,653	584,300
Total Current Assets	15,784,854	17,485,328
Non-Current Assets		
Property, plant and equipment	11,566,601	11,740,233
Intangible assets	7,454,839	6,958,710
Deferred tax assets	1,067,000	625,812
Total Non-Current Assets	20,088,440	19,324,755
Total Assets	35,873,294	36,810,083
LIABILITIES		
Current Liabilities		
Trade and other payables	4,293,585	4,481,960
Financial liabilities	3,004,175	4,868,818
Provisions	1,056,414	1,011,402
Tax liabilities	189,065	858,499
Total Current Liabilities	8,543,239	11,220,679
Non-Current Liabilities		
Financial liabilities	392,033	699,243
Deferred tax liabilities	750,556	673,099
Total Non-Current liabilities	1,142,589	1,372,342
Total Liabilities	9,685,828	12,593,021
Net Assets	26,187,466	24,217,062
EQUITY		
Issued capital	5,140,616	400,637
Retained earnings	21,046,850	23,816,425
Total Equity	26,187,466	24,217,062

- Strong Balance Sheet with limited debt
- Gyro Inventory build up during the six months to 31 Dec 2016
- Additional product development during the period.

Summary



Total world domination in the marine propulsion and gyro-stabilisation markets

- Business performed as expected.
- Gyro sales and production have commenced as planned.
- First installation of VG120 on MY Tango completed and successful.
- Successful installation of VG120 on VEEM Viking test vessel with single phase power.



VG120 installed on VEEM Viking Test Vessel

