



# Investor update

October 2019



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## Established and highly regarded industry leader

- VEEM is a Perth based high-technology specialist manufacturer of premium marine propulsion and gyro-stabilization systems
- Passionate about design and engineering excellence
- An industry leader with an outstanding brand and reputation, celebrating its 50<sup>th</sup> anniversary this year!
- 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
- Number of years of marketing and trials has materialised to sales with the global gyro-stabilisation market

# Company Overview



## The VEEM Board

**Brad Mioceвич**  
Chairman

**Mark Mioceвич**  
Managing Director & CEO

**Ian Barsden**  
Non Executive Director

**Mike Bailey**  
Independent Non Executive Director

**Peter Torre**  
Independent Non Executive Director

**David Rich** (to commence Nov 2019)  
Chief Financial Officer  
Co Company Secretary

## VEEM Key Management

**Bruce Bell**  
Commercial Manager

**Steven Vidakovic**  
Business Development Manager-

**Tracy Caudwell**  
Finance and Admin Manager  
Co Company Secretary

## VEE

ASX Code

## \$0.55

Share Price

## \$71.50 million

Market Capitalisation

## 130 million

Shares on Issue



# OUR BUSINESS

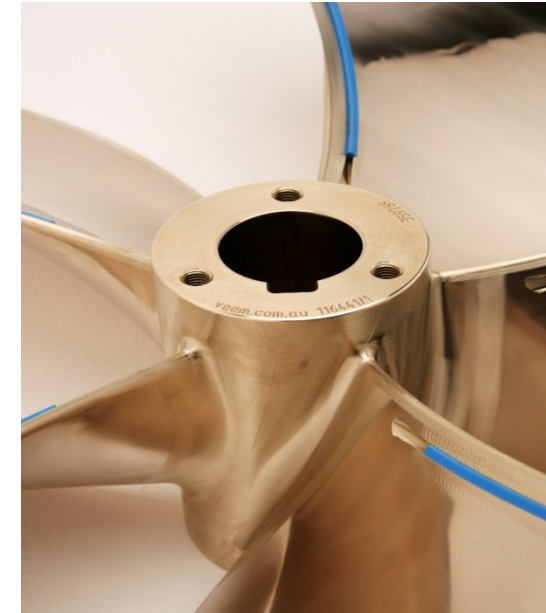




# VEEM Propellers



- World's most advanced CNC fixed pitch propellers able to operate at higher speeds - up to 54 knots.
- VEEM patented "Interceptor" pitch changing technology.
- World's most advanced fixed pitch propeller manufacturing facilities – now up to 4.6m in diameter. Robotically produced molds.
- Advanced CRM system linked to automated quoting, ordering, production programming and status tracking.
- Current production capacity 3,000 units/pa, capacity to easily grow to 6,000 units per annum with existing foundry and a modest increase in CNC machinery.



Fully CNC machined VEEMStar propeller with Patented Interceptor pitch adjustment system

# Conquest Propellers



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

- Since the release of Conquest in 2017, VEEM has been actively engaging propeller distributors around the world.
- Current number of dealers and stockists around the world: 61
- Number of Conquest propellers manufactured since inception May 2017: over 1000 units.
- Two new series introduced and diameters increased to 1.3m to meet demand.



# Propulsion Packages



Shaftlines packages now moving into commercial phase.

- New software to auto calculate, design and draw shaft lines completed and in use.
- Software provides minimal cost designs for shaft lines to all major surveying authorities.
- Working on new high efficiency drive system designs to compliment VEEM propellers.





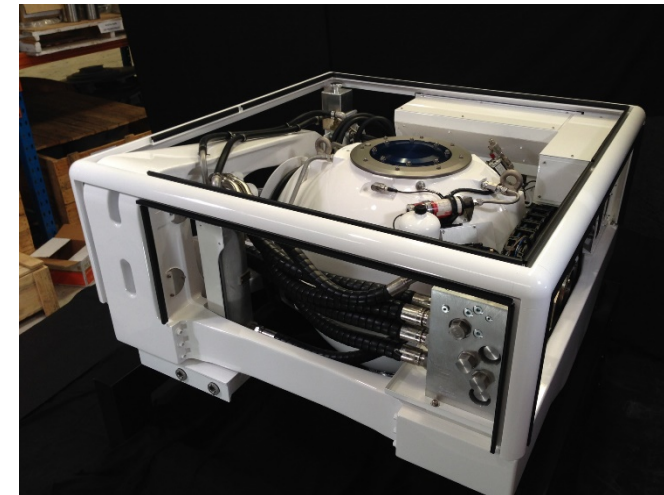
# Gyroscopic Stabilisers



VEEM Gyros are designed and packaged to reduce vessel roll which increases comfort and vessel operational performance in all sea conditions.

## VEEM Gyro Range

Size	Model	Torque	Boat size (approx. per 1 unit)
Small	VG120SD	120k Nm	25 to 30m
Small	VG145SD	145k Nm	30 to 35m
Medium	VG260SD	260k Nm	35 to 45m
Large	VG1000SD	1,000k	45 to 60m



- New “SD” or “Super Duty” series VEEM Gyros were introduced in January 2018 with larger stabilizing power.
- VEEM Gyros are designed for fatigue and long life using relevant international and European standards of design for materials endurance limit.
- Employs a global manufacturing model to ensure sustainability of product in a global market.



# FY19 FINANCIAL RESULT



# FY19 & FINANCIAL RESULT



## FY19 was another productive year for VEEM Ltd.

- Due to the cyclical nature of the submarine refit program, revenue for FY2019 was impacted by lower sales in this area, however other sales in the Company's traditional services resulted in total sales for the year being higher than 2018.
- 2019 results include approx \$950k in marketing, advertising and travel costs associated with the development of the VEEM gyro and the company's test vessel. The benefit of increasing the marketing spend can be seen by the increase in sales for 2020.
- Whilst revenue was higher in FY2019 against the prior year corresponding period, GP margins were lower due to the nature of some of the work undertaken.
- The continued operating success allowed the Board to maintain its dividend policy of declaring a final fully franked dividend in respect to FY19.
- Corporate ability enhanced by the appointment of David Rich as CFO to commence in November 2019.

	FY18	FY19
Operating Revenue	\$40.71m	\$44.9m
EBITDA	\$4.92m	\$4.39m
Statutory NPAT	\$2.76m	\$2.23m
EPS	2.12c	1.72c
Net Assets	\$29.4m	\$31.1





# MARKET UPDATE



## VEEM Gyros

- \$5,400,000 AUD orders currently in hand for delivery this financial year.
- First VG1000SD to Damen Ships to be delivered Jan 2020.
- Inquiries have change from what is it? To what size do I need and how much?
- Seeing repeat orders commencing - Van de Valk, West Port, Couach.
- VEEM sales strengthened with appointment of Dan Fisher as Marine Sales Manager and Jamie Robinson as Defence and Commercial BDM (consultant).



## **Defence**

- Full cycle submarine docking valve orders are due in the next 3 months.
- Pacific Patrol Boat shaft line won, tender process underway with OPV, Future Frigate and new Subs.
- Fin ride control work load is strong for FY2020.

## **Propulsion**

- Shaft line sales increasing, capital equipment program can commence.
- VEEM scan propeller scanning machine announced to dealer network to assist in marketing the accuracy of VEEM products. First unit delivered.

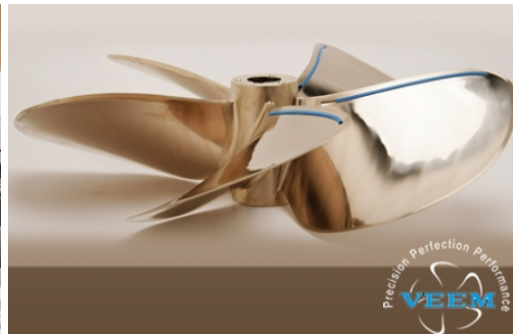


# Summary



## Total world domination for marine propulsion and gyro stabilization

- Market traction and engagement with key OEMs growing, Gyro orders at \$5.4M AUD FYTD and expected to increase.
- Defence component remains strong – PPB contract award, VEEM pre qualified and tendering on all projects. Future Frigate, submarine tendering, OPV.
- Propulsion and propellers continue to grow. Cross selling emphasized on marine sales.
- FY20 work load and pipeline looks very strong. ASC submarine refit, continued Austal, Gyro sales.





# APPENDICES



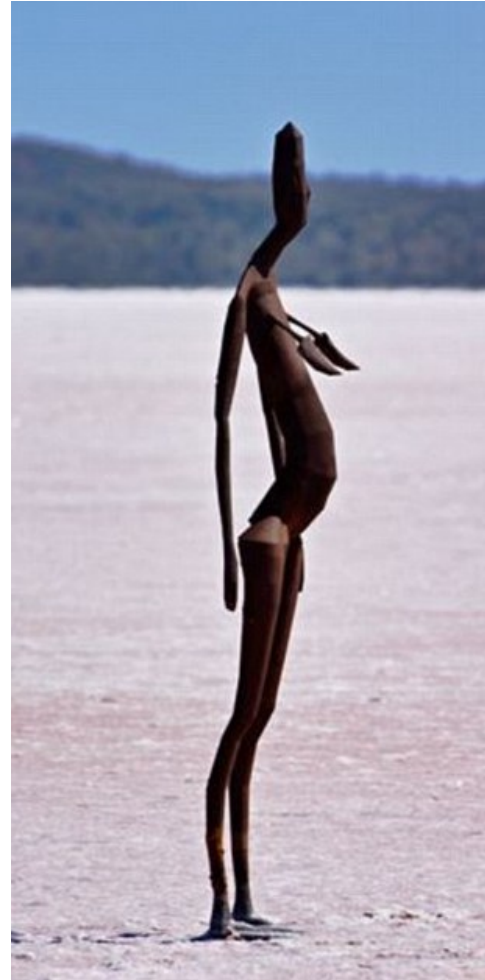


# Where we came from?

For a long time, partly due to our location and markets, VEEM was a manufacturer of anything and everything.

VEEM has supplied to:

- Boeing and Airbus (B737, A320 components)
- CERN Large Hadron Collider (radiation shields)
- precision hull valves to submarine builders
- ride control assemblies for defence and ferries
- propellers for pleasure craft to large ships
- statues of people on salt lakes
- bearings and wear components for mining companies
- pump and gas turbine assembly, and so on



Anthony Gormley statues at Lake Ballar  
Western Australia



VEEM supplies the ride control fins to Austal Ships for the  
US Navy's Littoral Combat Ship

As a result we had developed a wide capability and capacity of engineering skills including:

- Detail engineering design
- Hydrodynamics
- 3D modelling
- Programming
- Electronics
- High compliance casting - Produce over 250 types of alloys.
- CNC machining
- Robotics
- Dynamic balancing
- High compliance welding
- Electroless plating



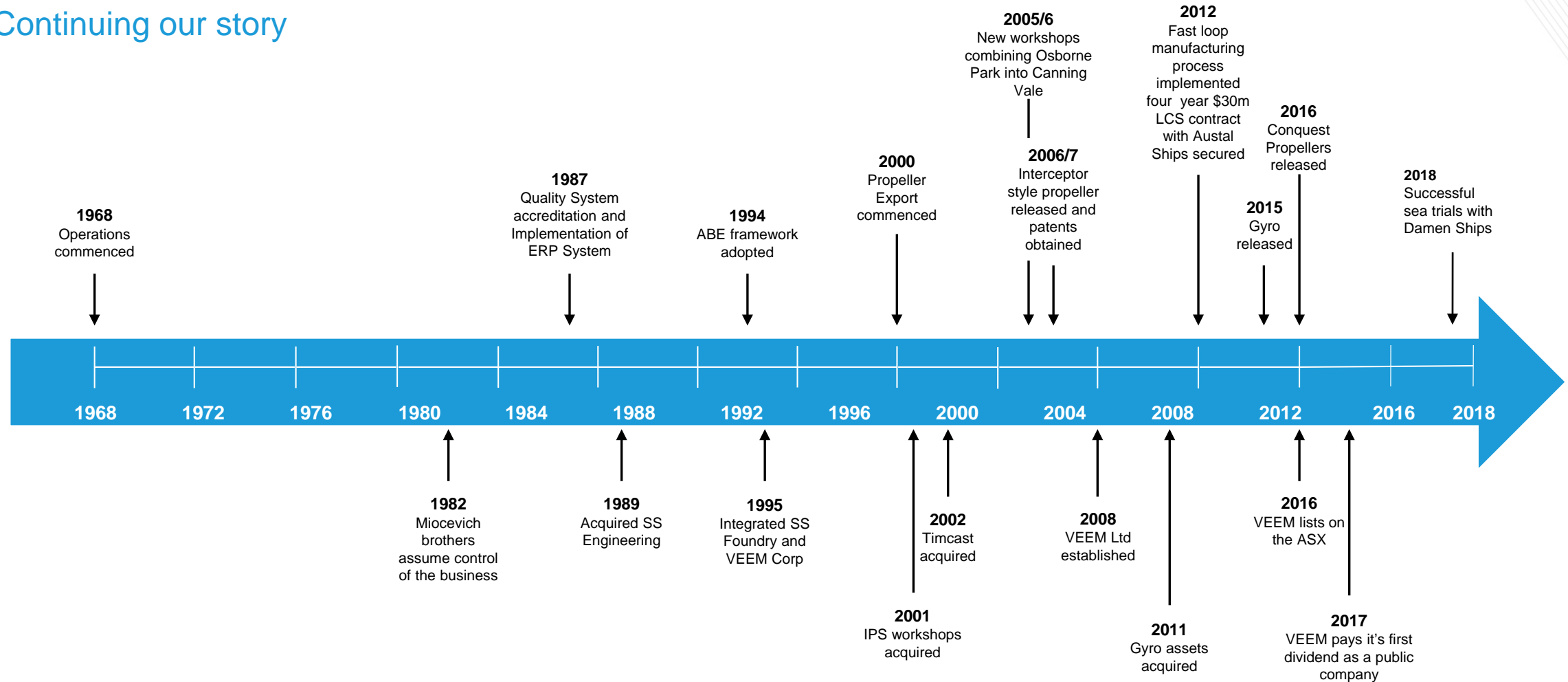
VEEM recently cast the biggest swinging bell in the southern hemisphere – 6.5 tonnes.



# Business History



## Continuing our story



# What and Who are we now?



Eventually we realised that we were a **Manufacturer of Sophisticated Marine Products** with one unique VEEM product that we were selling globally. This recognition led us to developing more marine products to build our future on. Products like VEEM gyros, Conquest, VEEM shaft lines and VEEM scan.

- Unique products that were:
  - Able to bring a new technology to the world.
  - High technology in design and manufacture.
  - Able to be patented or IP protected in some way.
  - Had significant potential sales and had a long product life.
  - Could be manufactured by VEEM using existing capability if desired.



VEEM high speed propellers fitted to the Armadale Class Patrol Vessels



# Continued Strategy and Drivers for Growth



## Strategy

VEEM has strong capability and sees specific growth opportunities in:

- VEEM's High-end marine propellers and shaft lines
- Conquest Propeller range for the traditional replacement propeller market
- VEEM Gyro marine gyroscopic stabilisers for monohulls from 70 to 3000 tonnes
- Continue to pursue local defence and mining opportunities as they arise

## 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 provide an effective currency hedge and to protect its intellectual property