



ASX ANNOUNCEMENT

24 February 2020

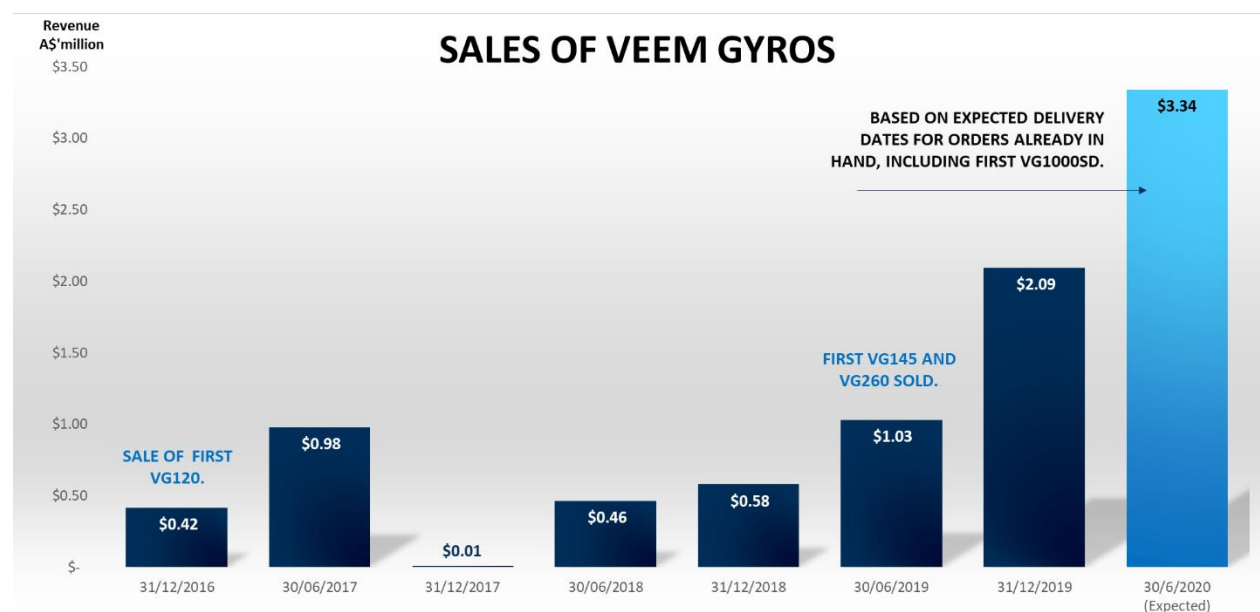
1H FY20 Financial Results

VEEM Ltd (ASX: VEE) ('VEEM' or 'the Company'), manufacturer of disruptive, high-technology marine propulsion and stabilization systems for the global luxury motor yacht, fast ferry, commercial workboat and defence industries has today released its 1H FY20 results. Profit and revenue delivered in the first half was in-line with the previous corresponding period, with improvement expected in the second half.

Highlights:

- **34% increase in profit after tax to \$0.9 million on previous corresponding period ("PCP")**
- **3% increase in revenue to \$20.9 million on PCP**
- **Gyrostabilizer ("gyro") sales of \$2.1 million - up 103% from the six months to 30 June 2019 and up 261% on PCP**
- **Gyro orders currently on hand as of 24 February 2020 are \$4.6 million, with \$3.4 million expected to be delivered in the six months to 30 June 2020**
- **Significantly reduced marketing costs as forecast in the 30 June 2019 operational review**

VEEM delivered a robust 1H FY20 profit following continued growth in sales of its revolutionary gyro product range.



The Company received increased enquiries and orders for the gyro range, with full year sales expected to be in the order of \$5.5 million.

Whilst revenue was in line with the prior comparative period, propeller sales were lower due to machine downtime toward the end of the half-year. However, the lower propeller sales were offset by an increase in the Company's specialised marine ride control work.

Mark Miocevich, Managing Director of VEEM, said: "We are pleased with the result, given some of the production challenges faced during the period which impacted revenue, particularly with propellers. Pleasingly, these have now been resolved and we expect a much improved second half.

"We are very upbeat on the continued acceleration of VEEM gyro sales and with the high level of quality leads and enquiries we are receiving, we are confident the trajectory of sales will continue. The VG1000SD gyro, which we believe will be the largest operational gyro in the world at 20 tonnes, is an extremely impressive piece of equipment which is expected to be dispatched to Damen ships this quarter."

Outlook for FY20

With a strong pipeline of potential orders for the gyro range, VEEM expects sales growth will continue to accelerate. We also expect the traditional engineering and propeller business to deliver steady growth and will continue to underpin the Company's operations. Workload from marine ride control is expected to remain strong for the remainder of the financial year.

The first build of VEEM's largest gyro offering, the VG1000SD, for Damen ships was largely completed at 31 December 2019 and is expected to be despatched later this quarter. Damen is Europe's 2nd largest shipbuilder with more than 200 new vessels annually. The VG1000SD gyro, which weighs 20 tonnes, will be one the largest gyros operating anywhere in the world.

As a result of the expected \$10 million submarine valve contract with the Australian Submarine Corporation (ASC) being awarded at a much later date than scheduled, this normally regular revenue did not occur in the half-year. The contract is expected to be awarded in the coming weeks. While significant work will likely be completed during the second half of the 2020 financial year and therefore contribute to FY20 profit, delivery and invoicing will not commence until early in FY21.

The Company will release a full presentation to the market to coincide with investor marketing in March 2020.

ENDS

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This ASX announcement was authorised for release by the Managing Director, Mark Miocevich.

About VEEM

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 Gyrostabilisers 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. We employ approximately 180 staff in Australia, including graduates and apprentices, and maintain a highly skilled research and development team in-house. Celebrating our 50th anniversary in business in 2018, VEEM listed on the Australian SecuritiesExchange in 2016. www.veem.com.au