



Investor Presentation

October 2017



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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-stabilisation systems

Passionate about design and engineering excellence

An industry leader with an outstanding brand and reputation built over 49 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

Corporate Overview



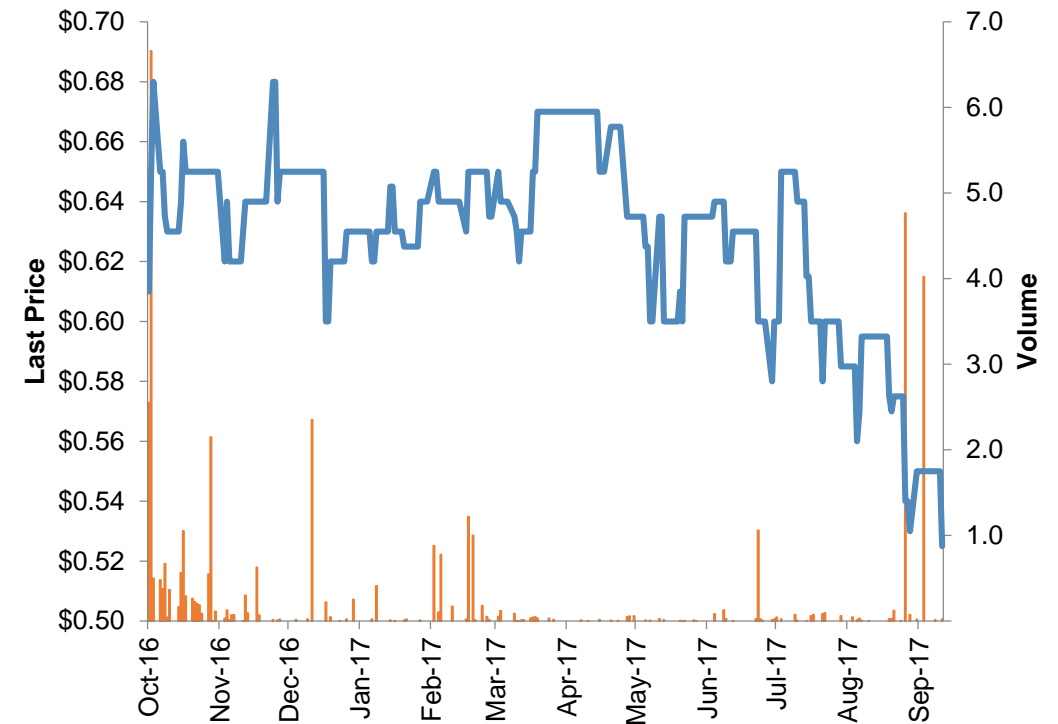
Capital Structure

ASX Code	VEE
Issued Capital	130.0m
Market Capitalisation at 52.5c	\$68.3m
Net Debt as 30 June 2017	\$7.4m
Enterprise Value	\$75.7m

Board

Brad Mioceвич	Chairman
Mark Mioceвич	Managing Director & CEO
Ian Barsden	Non Executive Director
Tracy Caudwell	Joint Company Secretary
Peter Torre	Joint Company Secretary

Share Price Chart



OUR BUSINESS

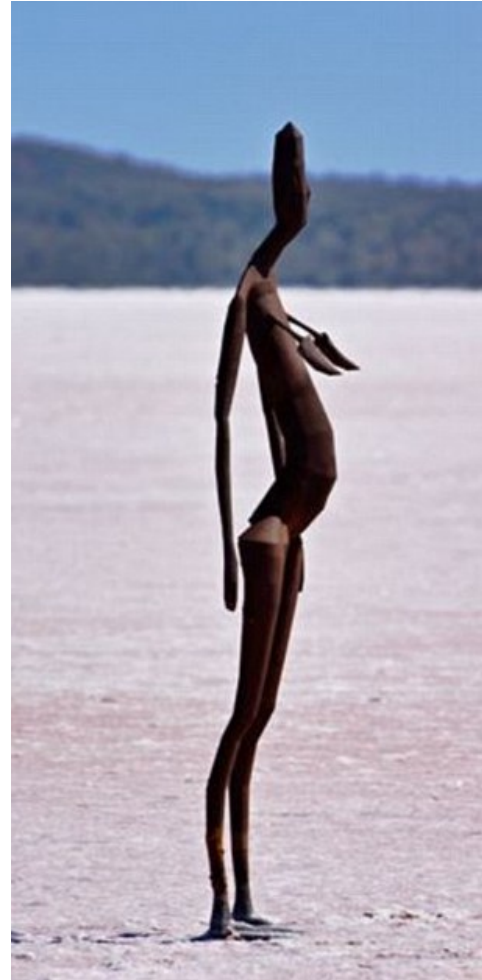
Where we came from?



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

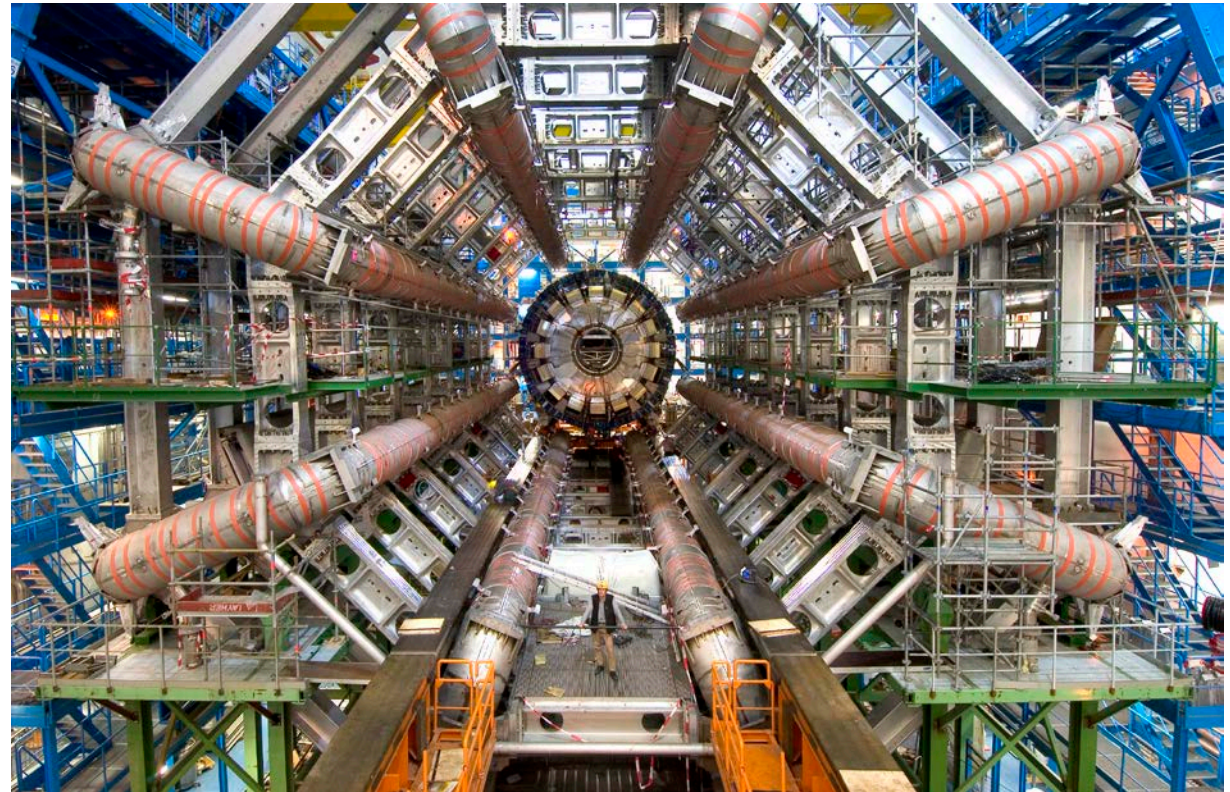


VEEM supplies the ride control fins to Austal Ships for the
US Navy's Littoral Combat Ship

Our skills

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

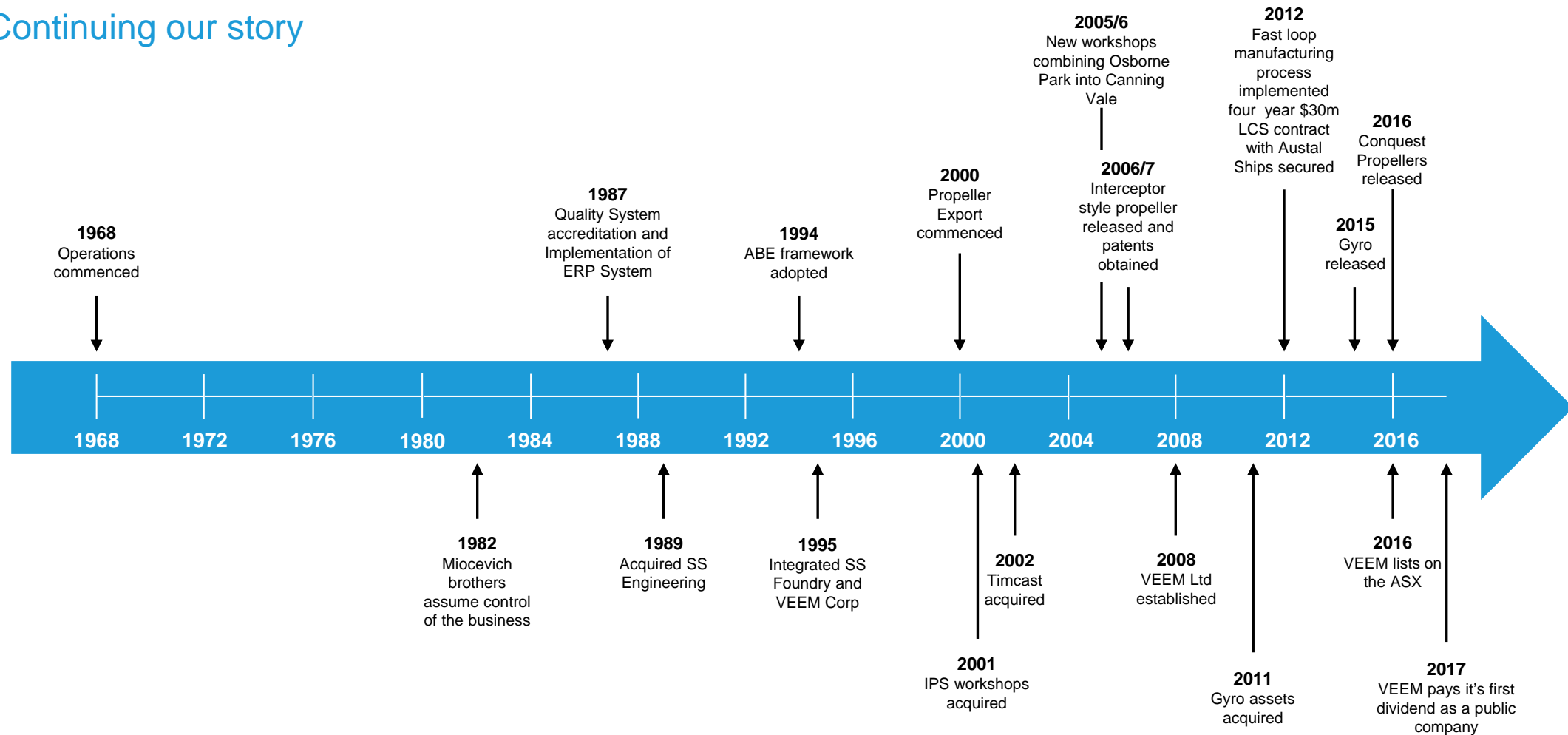


VEEM supplied the radiation shields for the Large Hadron Collider's Atlas Detector

Business History



Continuing our story



What and Who are we now?



Eventually we realised that we are really a **Manufacturer of Sophisticated Marine Products**. To build on that - we have taken a two-prong approach to meet the needs of the growing local and international superyacht, commercial, naval and recreational sectors:

1. Meeting the needs of the marine industry supply-chain by being a reliable supplier, specifically for high compliance requirement products.
 - Generally where there are stringent standards such as Class survey, DEF-STAN, NAVSEA, NES standards.
 - Unique products – Precision and high spec castings and components requiring flexible manufacturing.
 - Over years build capacity to handle up to 25 tonne assay, cast to 16 tonne.
2. Developing sophisticated marine products which have a high technical and capital barrier to entry.

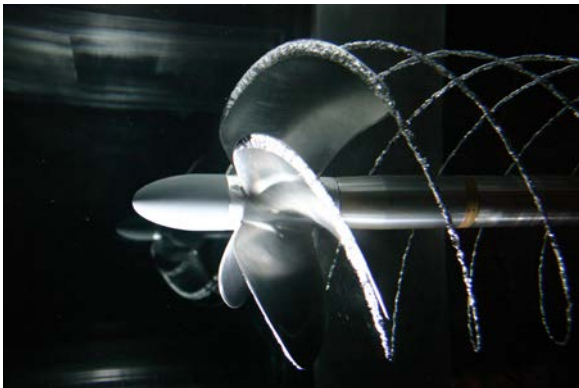


VEEM high speed propellers fitted to the Armadale Class Patrol Vessels

Marine Propellers



- Advanced parametric modeling system
- Robotically produced NiBrAl castings:
 - **1 or 100 at the same marginal cost**
- Fully CNC machined precision propellers
- From 0.5m to 4.6m diameter
- Current production 3,000 units pa, capacity for over 6,000 units pa.



Cavitation Tunnel testing of VEEMStar-C high speed propeller series



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 2016, VEEM has been actively engaging propeller distributors around the world
- Current number of dealers and stockists around the world: 54
- Number of Conquest propellers sold in the 12 months since inception : 280



Propulsion Packages



Sales update FY2018

- Completed \$700,000
- Won contracts won totalling \$3.5 million
- Tendered \$11.4 million shaft lines



Gyroscopic Stabilisers



VEEM Gyros are initially designed and packaged for the superyacht industry to reduce vessel roll which increases comfort and vessel operational

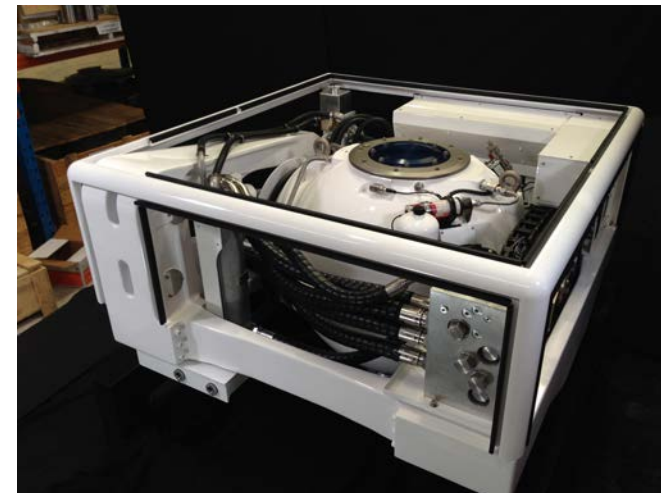
VEEM Gyro Range

Size	Model	Torque	Boat size (approx. per 1 unit)
Small	VG120	120k Nm up to 145k Nm	25 to 30m
Medium	VG260	260k Nm	30 to 40m
Large ¹	VG1000	1,000k	45 to 60m

- VEEM Gyros will target the superyacht industry first, however are also suitable for naval and commercial vessels such as:
 - Work boats
 - Patrol boats
 - Crew transfer vessels
 - While also suitable for larger recreational vessels
- VEEM's goal is to build a range of the most powerful stabilisers available off-the-shelf

Note 1: VG1000 completion of final design, completion of detail drafting and commencement of production in March 2018.

- VEEM Gyros are designed for fatigue and long life using relevant international and European standards of design for materials endurance limit
- Bearing life design, structure and serviceability makes VEEM Gyros valuable for commercial and naval requirements with the ability to produce over 100 units per year
- Recent deliveries to the Netherland, the United States , New Zealand, and Australia

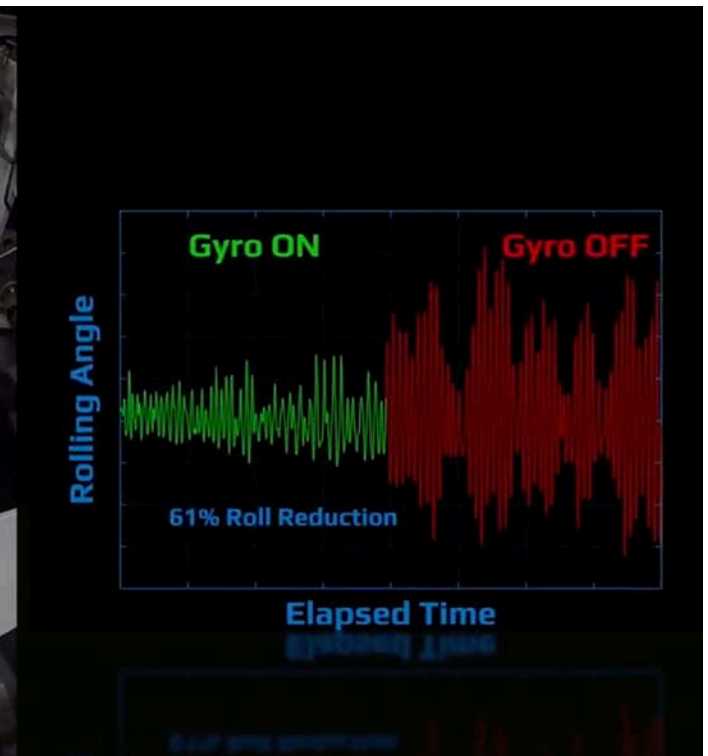


Gyroscopic Stabilisers



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
- Over 1300 hours of running time



FY17 FINANCIAL RESULT

FY17 FINANCIAL RESULT



FY17 was a very significant year for VEEM Ltd. This was the first financial year trading as an ASX listed public company.

- The operational performance underscores the consistent reporting of profits by VEEM historically, whilst it continues to develop ground breaking technology in new products with the view to deliver substantial future earnings to the company.
- Due to an increased emphasis on production productivity gains resulted in an gross profit margins increased for 2017.
- Resulting in a lower overhead costs, leading to an increase of normalised profit after tax of \$539,159 over prospectus forecast.
- A key milestone for the Company during the year was the commencement of sales in the VEEM gyro range of gyro stabilising for vessels and the full production commencement of the VEEM Gyro VG120 and VG260 production.
- The operating success provided the result in line with forecast and allowed the Board to maintain its dividend policy of declaring a dividend subsequent to year end of 30% of Normalised Net Profit after Tax, representing 1.23 cents per share, with a total dividend of approximately \$1.6 million.

	FY16	FY17	Prospectus Forecast FY17	Forecast Variance
Operating Revenue	\$41.37m	\$38.08m	\$46.77m	(18.6%)
EBITDA	\$8.45m	\$7.80m	\$7.84m	(0.5%)
Normalised PBT ¹	\$6.14m	\$6.14m	\$5.86m	4.8%
Normalised NPAT ¹	\$5.01m	\$5.35m	\$4.81m	11.2%
Statutory NPAT	\$5.01m	\$3.85m	\$4.01m	(4.0%)
EPS	-	3.21	-	



MARKET UPDATE – OCTOBER 2017

Solid progress made already in FY18

VEEM Gyros

- Traction and engagement with key OEMs:
 - Westport Yachts to be commissioned early 2018
 - Van de Valk Yachts VEEM
 - Gyro specified in next build
 - Damen Shipyards
 - Oil & gas industry supplier integrating Gyros into new walk to crew vessel
- Meeting technical expectations
 - 2500+ hours for VG120 installed in MY Tango and over 1500 hours in the VEEM test vessel
 - Van der Valk superyacht successfully commissioned with trials showing 60% roll reduction May 20th
 - Yachting Developments in New Zealand successfully commissioned last week with no issues
- As part of the Austal tender for the Offshore Patrol Vessels, VEEM Gyros listed as an option

Solid progress made already in FY18

Defence

- Final negotiations of three year ASC supply contract with component order for scheduled docking to occur before end of the financial year
- Awarded \$2.8m Pacific Patrol Boat shaft line contract over 5 years
- VEEM expects next LCS ride control fin contract in the near term

Propulsion

- Commissioned new 6 axis CNC machining centre
- Increases propeller capability from 2.2m in diameter to 4.6m
- Conquest has achieved over \$420,000 sales in its first year of production
- Negotiations underway to appoint a French distributors and a French dealer

Gyroscopic Stabilisers



Sales and Production update

- VG1000 - completion of final design, completion of detail drafting and commencement of production in March 2018
- VG 120 and VG 260 in production
- Engineering evaluation underway to create a heavy duty series and a superyacht series.
- VG 120 single phase solution developed
- Appointed a full time representative in Italy
- Relocated VEEM test vessel to the Mediterranean Sea to perform gyro trials
- New gyro production facility plans approved



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
- 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

Summary



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

- Traction and engagement with key OEMs and installed Gyros meeting technical expectation
- VEEM test vessel sent to Europe for 12 months to carry out trials for boat yards and trade shows.
- Defence component remains strong – PPB contract award, ASC, OPV tendering
- Over \$420,000 Conquest propellers sold in FY2017
- Commissioned new 6 axis CNC machining centre – 4.6m propeller capability

