



ASX ANNOUNCEMENT
31 August 2018

VEEM REPORTS AUDITED FY18 RESULTS & FULLY FRANKED DIVIDEND OF 0.26 CENT PER SHARE

Marine propulsion and gyro stabilization company, VEEM Ltd (ASX: VEE) ('VEEM' or 'the Company'), is pleased to report audited Statutory Net Profit after Tax ('NPAT') of \$2.756 million for the year ended 30 June 2018, on revenue of \$40.7 million.

The result includes an increase in sales and marketing costs of approximately \$489k resulting from the additional efforts on the promotion and sales for the Company's gyrostabilizer range.

Net Assets increased to \$29.5 million with a large build-up of inventory primarily associated with the preparation for future gyrostabilizer sales.

The financial results of the Company for FY18 demonstrate another consistent performance from the Company's operations. The results were underpinned by the Company's core engineering services which will provide a consistent base for the years to come.

The Company is pleased to advise that the Board has declared a final fully franked dividend of 0.26 cent (\$0.0026) per share. The total interim and final dividends represent a payout ratio of approximately 30% of NPAT in accordance with the Company's dividend policy.

Commenting on the result, Chairman Brad Miocevic said *"the most pleasing outcome of the financial year, while not yet reflected in the Company's financial performance, was the acceptance of the Company's gyrostabilizers by some of the world's leading shipyards. This acceptance followed a strong marketing push throughout the year, with the relocation of the VEEM Viking vessel to Europe, to allow the representatives of the leading shipyards to see first-hand the VEEM gyrostabilizer at work. As indicated above, the costs of this exercise were borne in this financial year, and the benefits will flow in the years to come"*.

The vindication of the performance of the VEEM gyrostabilizers by Damen Shipyards as previously announced together with orders by some of the world's leading superyacht builders marked a turning point in the drive to establish VEEM gyrostabilizers as the dominate player in the gyrostabilization market. This followed with news of VEEM gyrostabilizer orders by the world's leading superyacht builders. These, along with further marketing efforts will see VEEM gyrostabilizer sales improve in FY19 and beyond.

FY18 was expected to be a slower year than FY17 and delayed contracts exacerbated the position. These contracts are now in full swing and FY19 and FY20 are looking strong. The underlying traditional business of VEEM in propulsion, defence and ride control will provide growth in earnings with gyrostabilizers sales showing the potential for further increases in earnings as market penetration occurs.

ANNOUNCEMENT ENDS

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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.