



ASX ANNOUNCEMENT  
21 January 2019

## **VEEM REPORTS PRELIMINARY UNAUDITED-REVIEWED HALF YEAR RESULTS**

Marine propulsion and gyro stabilisation company, VEEM Ltd (ASX: VEE) ('VEEM' or 'the Company'), advises that based on its non-audit reviewed management accounts for the six months to 31 December 2018 (1H2019), Revenue for 1H2019 is expected to be in the range of \$20m to \$20.5M (1H2018: \$19.8m) and Net Profit Before Tax in the range of \$500k-\$700k (1H2018: \$1.7m).

The result includes approximately \$950,000 in marketing and travel costs mostly associated with the promotion of the Company's gyro stabiliser (Gyro's) range within the global ship building industry, including one-off costs associated with the Company's test vessel. The increase in marketing spend, which was previously flagged by the Company, is vindicated by the level of interest now being shown in the Company's Gyro's, which is now converting to receipt of purchase orders and sales to some of the world leading ship builders. Booked deliveries of Gyros during FY 2019 are \$2.8M year to date. The Company expects its marketing costs to significantly abate in the second half which is expected to see an increase in sales across all aspects of the business, with the pipeline of work for 2H2019 remaining strong.

Whilst revenue was slightly higher than the prior corresponding period, gross profit margins were lower due to the nature of some of the work undertaken during the period coupled with certain production inefficiencies which were identified and rectified. The company is adjusting work centres to match the upcoming styles of work. This matching has been occurring during the first half and margins should improve over the second half.

The Company continued to build inventory during the period with total inventory levels now sitting at approximately \$15m (Dec 17: \$13m). This occurred despite progress claims increasing and a reduction in stock through sales. This reflects an increase in activity in business generally and the associated increased in work in progress that this necessitates.

VEEM Managing Director Mr Mark Miocevic commented; *"The Company remains focused on establishing itself as a global leader in the engineering, production and supply of Gyro's. Whilst this effort may impact the short-term profitability of the Company, the Board's view is longer term, and we remain confident that sales and results will follow. Our traditional engineering and propeller business continue to underpin our operations, and will provide the basis upon which we will continue our push into the gyro stabilizer market. We believe we are on the cusp of a quantum step in this aspect of our business."*

The audited-reviewed results with definitive tax positions will be available towards the end of February 2019.

**ENDS**

**Further information:** Mr Mark Miocevich +61 8 9455 9355

### **About VEEM**

VEEM Ltd is a manufacturer of high-technology marine propulsion and stabilisation systems for the global luxury motor yacht, fast ferry, commercial workboat and defence industries. VEEM's market leading Gyrostabilisers reduce the rolling motion of vessels in waves, increasing on-sea time and improving personnel safety in a wide range of ocean conditions. VEEM is also a successful producer of propellers, fin systems and specialised components. Proudly headquartered in Perth, Western Australia, VEEM operates from a 10,500sqm purpose-built fabrication and manufacturing facility, including Australia's largest non-ferrous foundry. We employ 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 was listed on the Australian Securities Exchange in 2016.

[www.veem.com.au](http://www.veem.com.au)