



**ROADSHOW PRESENTATION**

**18 MARCH 2025**



PRINCESS YACHTS

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# Our products and markets

World's best technology with large target markets, using automation and robotics to manufacture efficiently in Australia

## Propulsion

- World's best performing propellers
- Export globally
- Key customers are the world's leading boat builders

Market: Estimated propeller market size of US\$2.6bn including US\$0.3bn of new vessels each year

Future:

- Facility expansion
- SHARROW by VEEM
- Shaftlines
- Other associated products

## Gyrostabilisers

- Only major supplier of large gyros
- Large barriers to entry
- Market exists for commercial, defence and recreational uses
- International network of technicians

Market: Estimated market size of US\$1.1bn for new builds and US\$13.5b for retrofits (current fleet)

Future:

- Mark III – Further improvements
- Deeper penetration into commercial market
- Adoption escalation similar to smaller recreational gyros

## Defence

- Defence supplier for over 30yrs
- Enhanced security rating in FY24
- Sticky reliable revenue
- Hunter qualification expected 2HFY25

Market: Defence spending accelerating across the western world

Future:

- Hunter Class Frigate opportunities
- Overseas T26 programs
- USA submarine potential – pre AUKUS
- AUKUS opportunities – Aus, US, UK
- General increase in sovereign defence capacity and capability

## Engineering

- Foundry led, precision-engineered products
- Over 250 Alloys available
- Highly accredited ISO9001; 14001; 450001; 27001; NATA and more

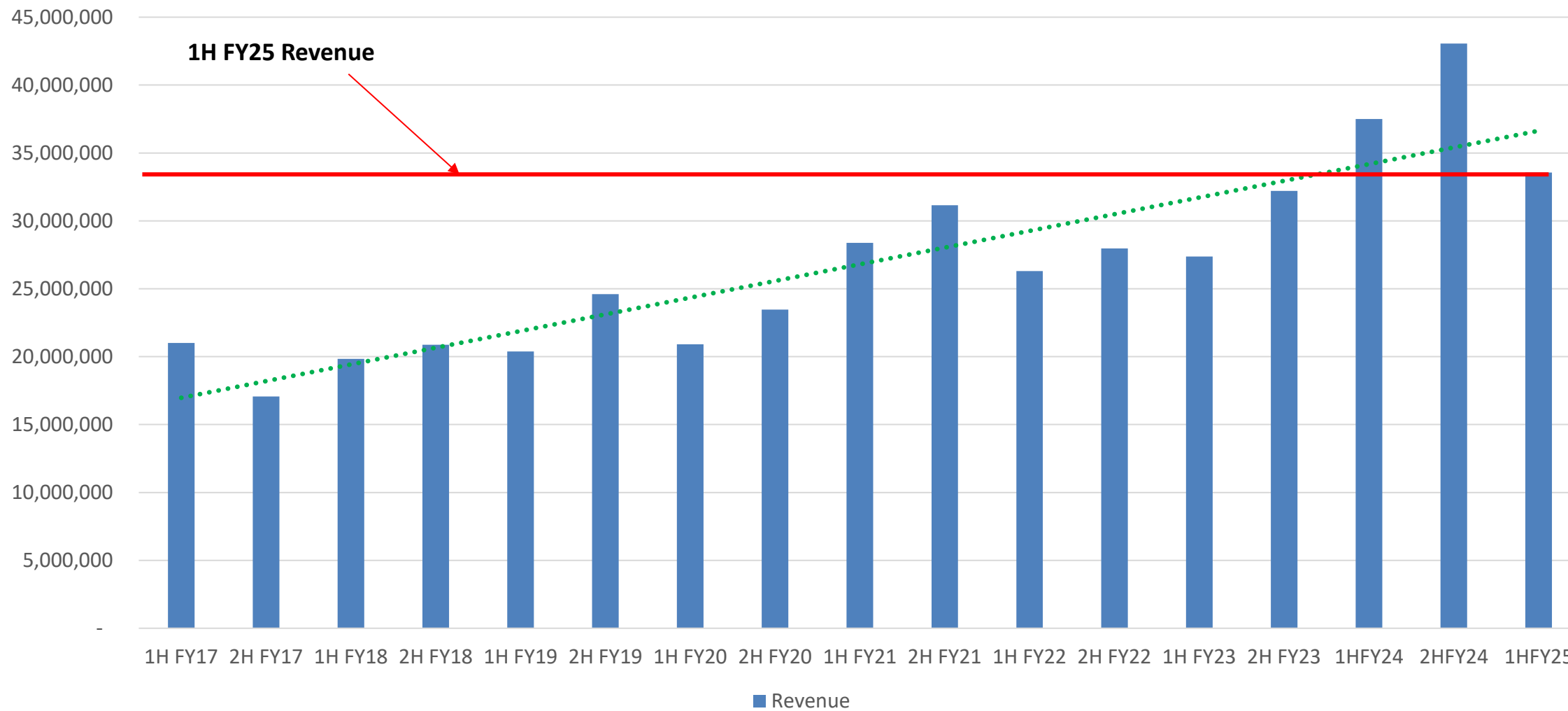
Market: Infrastructure, oil and gas, mining and commercial clients. Mostly domestic.

Future:

- VEEM products such as Hollow Bar pushing into new markets
- Increase in sovereign capacity and capability

# Demonstrated long-term growth, just not linear

## Half Yearly Revenue Trend Since Listing



# 1HFY25 Revenue

Gearing up for a busy second half

|                                 | <b>1HFY25<br/>Revenue<br/>A\$mil.</b> | 1HFY24<br>Revenue<br>A\$mil. | 1HFY25 comments.  |
|---------------------------------|---------------------------------------|------------------------------|---|
| Propulsion                      | <b>14.3</b>                           | 16.1                         | Big backlog in 1HFY24. Large contracts delayed to 2HFY25.   |
| Gyrostabilisers                 | <b>3.3</b>                            | 5.0                          | Strategic Marine orders pulled forward into FY24 – new clients won.   |
| Defence                         | <b>7.3</b>                            | 8.6                          | ASC cyclical orders due to submarine sustainment.   |
| Engineering Products & Services | <b>8.7</b>                            | 7.8                          | Increased work to fill capacity from defence cycle. Low margin on new complex jobs anticipated to recover on new repeat orders won. |
| <b>Total</b>                    | <b>33.6</b>                           | <b>37.5</b>                  | FY24 was a record year for revenue and profits.<br>FY25 an in-between year.   |

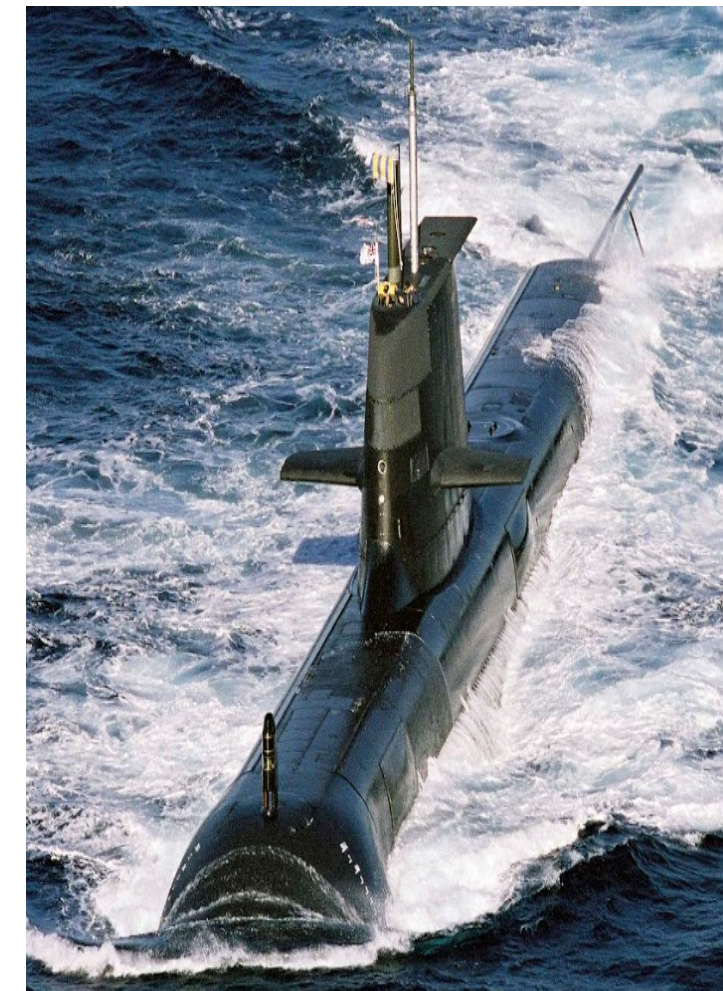
# Looking ahead

All products firing with strong long-term prospects

|                                 |   | 2HFY25 and beyond comments   |
|---------------------------------|---|--|
| Propulsion                      |    | High visibility with orders in hand well ahead of prior period.  |
| Sharrow Propellers              |    | Acceleration plan agreed. Sharrow target is 75 vessels in 12 months. Some revenue in FY25, mostly in FY26.                       |
| Gyrostabilisers                 |    | Orders in hand already higher than 1HFY25 sales with more anticipated. Impactful Mark II released. Mark III coming.              |
| Defence                         |    | USA defence looming. Type 26 (Hunter class) global potential. Next submarine refit in planning.                                  |
| Engineering Products & Services |  | Repeat orders received for low margin 1HFY25 projects expected to contribute higher margins in 2HFY25. Hollow bar still growing. |

# 1HFY25 Highlights

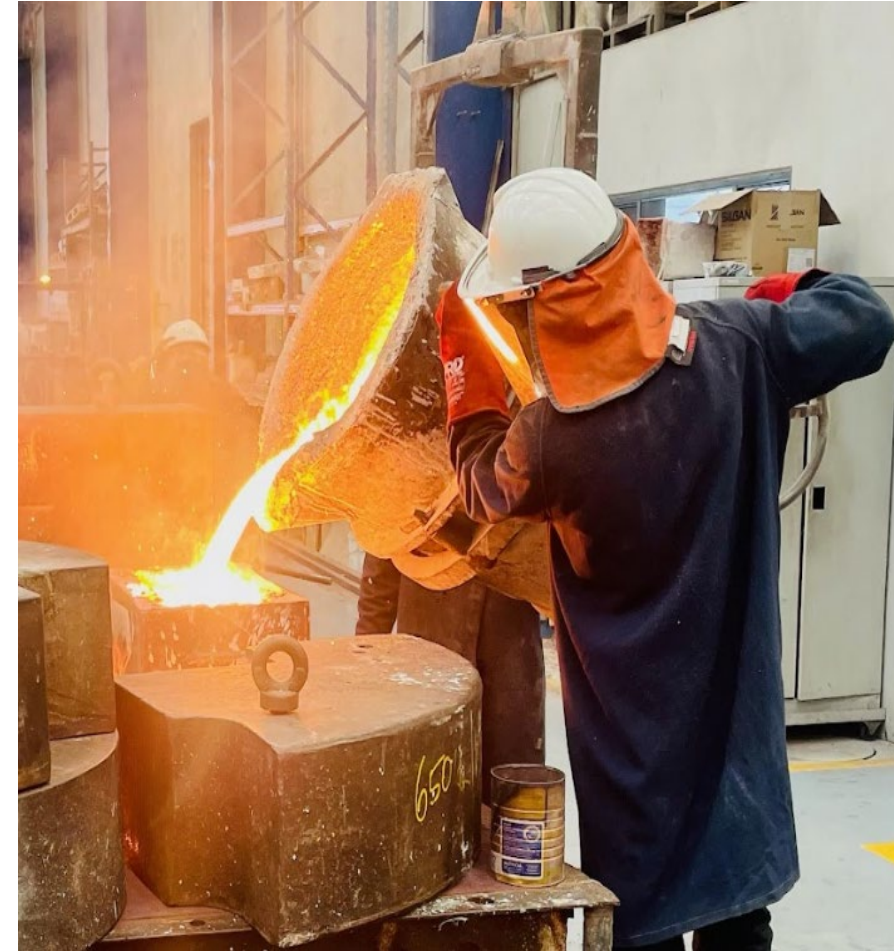
|  |   |  |
|--|---|--|
| <p>Revenue<br/> <b>\$33.6m</b><br/>           (Guidance \$33m-\$35m)</p> | <p>Total Activity<sup>1</sup><br/> <b>\$34.5m</b></p> | <p>EBITDA<br/> <b>\$3.9m</b><br/>           (Guidance \$3.4m-\$4m)</p> |
| <p>EBITDA Margin<br/> <b>11.7%</b></p>                                   | <p>EBIT<br/> <b>\$1.6m</b></p>                        | <p>NPAT<br/> <b>\$1.0m</b><br/>           (Guidance \$0.4m-\$1.2m)</p> |
| <p>Operating Cashflow<br/> <b>\$1.8m</b></p>                             | <p>EPS<br/> <b>0.75cps</b></p>                        | <p>Interim Dividend<br/> <b>0.23c</b></p>                              |



1. Total Activity = Sales + change in WIP

# Executive Summary

- VEEM 1HFY25 result at upper end of guidance released to the market in December.
- 2HFY25 is expected to have increased revenue and margins.
- Agreement signed with Sharrow Engineering for the acceleration of the rollout.
- Gyro sales for the half-year were \$3.3m with orders in hand of \$2.4m at 31 December 2024.
- New gyro orders received since 31 December 2024 are \$2m.
- Cashflow from operations was \$1.8m and expected to improve 2HFY25.
- Revenue from the submarine program was \$4.7m with total defence revenue of \$7.3m – in between submarine refits.
- VEEM awarded \$1m defence grant for multi-axis CNC machine and scanner. Ordered in Dec 2024.
- Management Succession implemented with appointment of CEO, CFO, COO and CIO.
- Positive outlook for propulsion means expansion of existing footprint of the propeller facility.







## FINANCIAL RESULTS



# 1HFY25 Profit

## Gearing up for a busy second half

- Work in Progress +\$0.9m for \$34.5m of activity for 1HFY25.
- ASC revenue –in between year for re-fits. FY24 was very high at \$16m.
- Engineering products and services revenue +22%. Margins expected to improve in 2HFY25.
- Propeller revenue solid:
  - 1) 1HFY24 benefited from working through the backlog.
  - 2) Delayed orders to be fulfilled in H2FY25.
- Gyro sales - \$3.3m. Accelerated Strategic Marine contract completed. Increased variety of customers in FY25.

|                                 | <b>1HFY25<br/>A\$mil.</b> | 1HFY24<br>A\$mil. |
|---------------------------------|---------------------------|-------------------|
| Revenue                         | <b>33.6</b>               | 37.5              |
| EBITDA*                         | <b>3.9</b>                | 6.9               |
| Profit before Tax               | <b>0.9</b>                | 3.9               |
| Net Profit after Tax (NPAT)     | <b>1.0</b>                | 3.5               |
| Earnings Per Share (EPS)(cents) | <b>0.75</b>               | 2.58              |

\*EBITDA is earnings before interest, tax, depreciation and amortisation.

# Balance Sheet

## Continued investment in product and process development

- Cash on hand of \$0.3m at 31 Dec 2024 (30 June 2024: \$0.2m)
- Bank facilities renewed on existing terms with overdraft increased to \$4m.
- Cash position expected to improve in 2HFY25 with increased EBITDA generation.
- Capex of \$1.0m consisted of equipment and tooling for propellers and \$1.1m in intangibles predominantly for gyro development.

|                          | <b>31 Dec 2024<br/>A\$mil.</b> | 30 June 2024<br>A\$mil. |
|--------------------------|--------------------------------|-------------------------|
| Current Assets           | <b>39.6</b>                    | 39.3                    |
| Non-Current Assets       | <b>54.5</b>                    | 54.7                    |
| <b>Total Assets</b>      | <b>94.1</b>                    | 94.4                    |
| Current Liabilities      | <b>18.5</b>                    | 16.6                    |
| Non-Current liabilities  | <b>23.5</b>                    | 25.1                    |
| <b>Total Liabilities</b> | <b>42.0</b>                    | 41.7                    |
| <b>Net Assets</b>        | <b>52.1</b>                    | 52.3                    |
| Retained earnings        | <b>46.6</b>                    | 46.6                    |
| <b>Total Equity</b>      | <b>52.1</b>                    | 52.3                    |

# Cash Flow

Solid cash flow in 1HFY25 expected to improve in 2HFY25

- Cashflow from operations was \$1.8m (1HFY24: \$3.6m) on lower revenue and margins in 1HFY25.
- Cashflow expected to improve in 2HFY5 due to improved EBITDA generation.
- \$0.4m received in relation to \$1m government grant awarded in December 2024.
- \$1m of HPs were repaid and there were \$0.3m of new HPs to fund asset additions.
- At 31 Dec 2024 total operating facilities of \$6.0m of which \$2.7m was unused.

|                                      | <b>1HFY25<br/>A\$mil.</b> | 1HFY24<br>A\$mil. |
|--------------------------------------|---------------------------|-------------------|
| Cash flow from operations            | <b>1.8</b>                | 3.6               |
| Cash flow from investing activities  | <b>(1.1)</b>              | (1.3)             |
| Cash flows from financing activities | <b>(0.9)</b>              | (4.1)             |
| Cash at end of period                | <b>0.3</b>                | 0.6               |

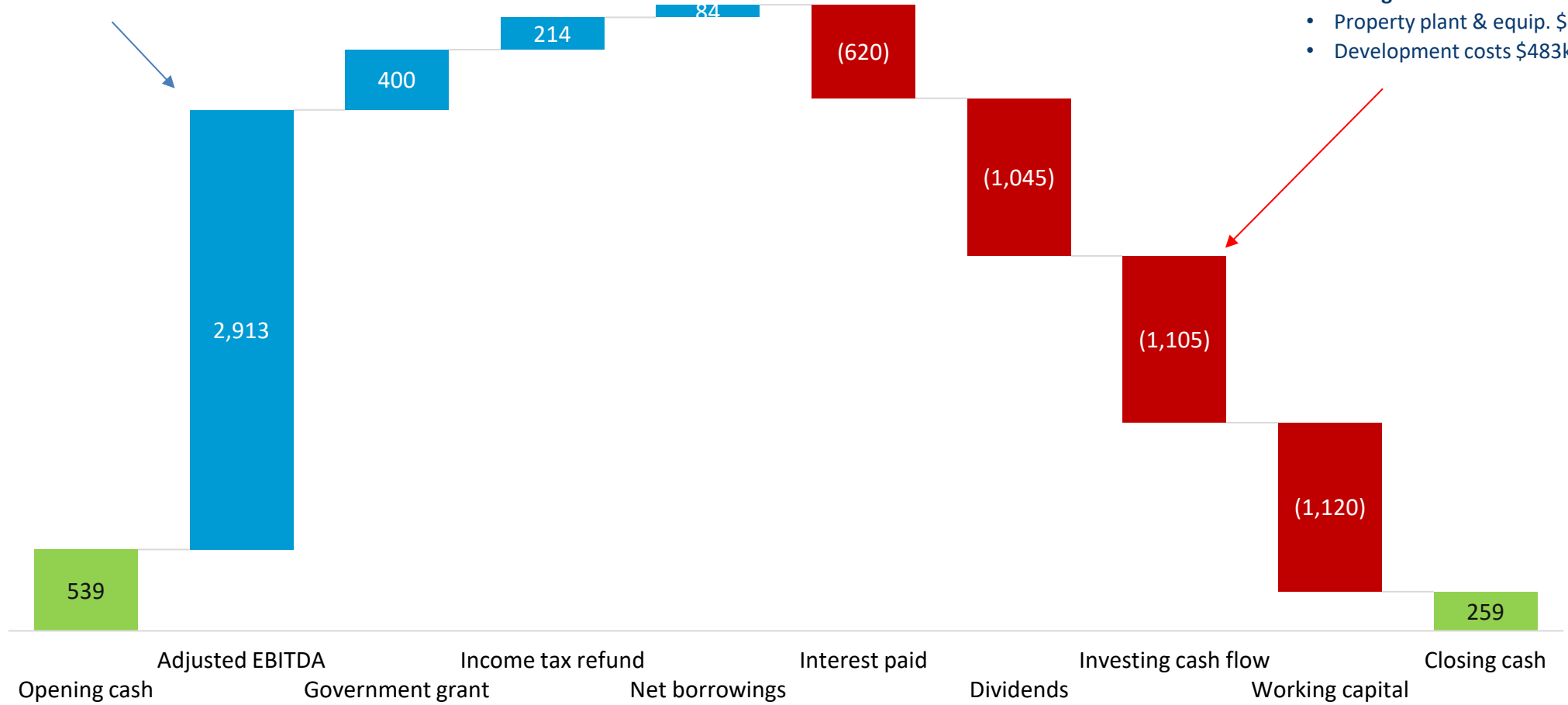


# Cash Flows

Statutory EBITDA \$3,932k  
 Less AASB 16 leases \$1,019k  
 Adjusted EBITDA \$2,913k

**Investing**

- Property plant & equip. \$622k
- Development costs \$483k



**VEEM**

**OUTLOOK**



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# Outlook

## Accelerating Growth: A Stronger 2HFY25 and Beyond

### Propulsion

- Momentum from FY24 to continue with increased orders on hand.
- Expansion of Volvo scope.
- New contracts with three large Italian superyacht builders.
- Expansion of offerings including shaftlines, flow-aligned rudders and brackets.
- Positive outlook with facility expansion and two new machines on order.
- Sharrow's accelerated development target is for 75 vessels to be installed with a SHARROW by VEEM in the next 12 months

### Gyrostabilisers

- Attendance during Europe and US boat show season and new agents have resulted in increased enquiries.
- Mark II released into the market with 5 year warranty will stimulate sales.
- Leads received highlight increased understanding of the benefits of a VEEM gyro.
- Revenue growth expected, supported by:
  - Increased global technical service support
  - further product improvements (Mark III)

### Defence

- New orders anticipated from ASC in H1FY26.
- Other defence work for prime contractors (including Austal) expected to continue.
- Qualification for T26 (Hunter Class Frigate) Program in 2HFY25 will provide leverage to pursue more opportunities.
- VEEM is positioned to take advantage of further opportunities that arise out of:
  - Pre- AUKUS USA submarine program.
  - AUKUS and other defence programs.

### Engineering

- Demand for the traditional engineering products and services is expected to continue.
- Hollow bar still growing.
- Benefiting from a shortage of sophisticated foundries in Australia.
- Margins expected to improve in 2HFY25 from repeat work.



This ASX announcement was authorised for release by the Managing Director of VEEM Limited.



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