



VEEM

VEEM LTD

FIRST HALF FY2021 RESULTS PRESENTATION

25 FEBRUARY 2021

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Half-Year FY2021 Highlights

- 01 Strong revenue and profit result
- 02 Three year supply agreement executed with Damen Shipyards for VEEM Gyros on Damen FCS vessels
- 03 The second ever VG1000SD VEEM Gyro was completed as well as other deliveries to prestige European yacht builders
- 04 Propeller demand is very strong on the back of global demand for leisure products - boats
- 05 Engineering products and services business remained strong and profitable with increased sales of Forever Pipe
- 06 Outlook is very exciting



Half-Year FY2021 Financial Highlights

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|----|--|----|--|
| 01 | Revenue of \$28.4m up 36% on PCP. | 06 | Interim dividend of 0.43 cps declared based on NPAT excluding JobKeeper |
| 02 | Sales of VEEM Gyros \$3.6m, up 73% on PCP and 33% on 6 months to 30 June 2020. Current orders in hand of \$4m with \$3m so far for delivery FY2021 | 07 | Net Assets up \$3.7m to \$35.2m, Healthy cash balance of \$4.1m at 31 December 2020 |
| 03 | EBITDA of \$5.7m, up 111% on PCP (up 56% on PCP if exclude \$1.5m JobKeeper) | 08 | Propeller revenue was up on PCP and orders remain high in a strong global market for leisure and boating in particular. New machining centres have been ordered. |
| 04 | NPAT up 233% on PCP to \$3.0m (up 111% if exclude JobKeeper) | 09 | Defence revenue was strong with deliveries commencing under the \$9m submarine component contract and continued sales of marine ride control fins |
| 05 | Cash Flow from Operations of \$3.7m | 10 | Engineering products and services business remained strong and profitable with increased sales of Forever Pipe |

1H FY2021 Financial Results Summary

	1H FY21 \$ Statutory Result	JobKeeper	FY20 \$ Normalised Result	1H FY20 \$*
Revenue	28.4	-	28.4	20.9
EBITDA	5.7	(1.5)	4.2	2.7
Profit before tax	3.5	(1.5)	2.0	0.6
NPAT	3.0	(1.1)	1.9	0.9
EPS (cents)	2.3	(0.8)	1.5	0.7
Cash Flow From Operations	3.7	(2.2)	1.5	(1.0)
Net Assets	35.2	(1.1)	34.1	31.5

* Certain amounts shown here do not correspond to the 2019 financial statements and reflect adjustments made – refer to Note 24 of the 2020 financial statements.

Gyrostabilizer 1H FY2021 Highlights

Sales of VEEM Gyros \$3.6m, up 73% on PCP and 33% on 6 months to 30 June 2020.

Three year supply agreement signed with Damen Shipyards, one of Europe's largest shipyards producing 175 vessels per annum (see next slide).

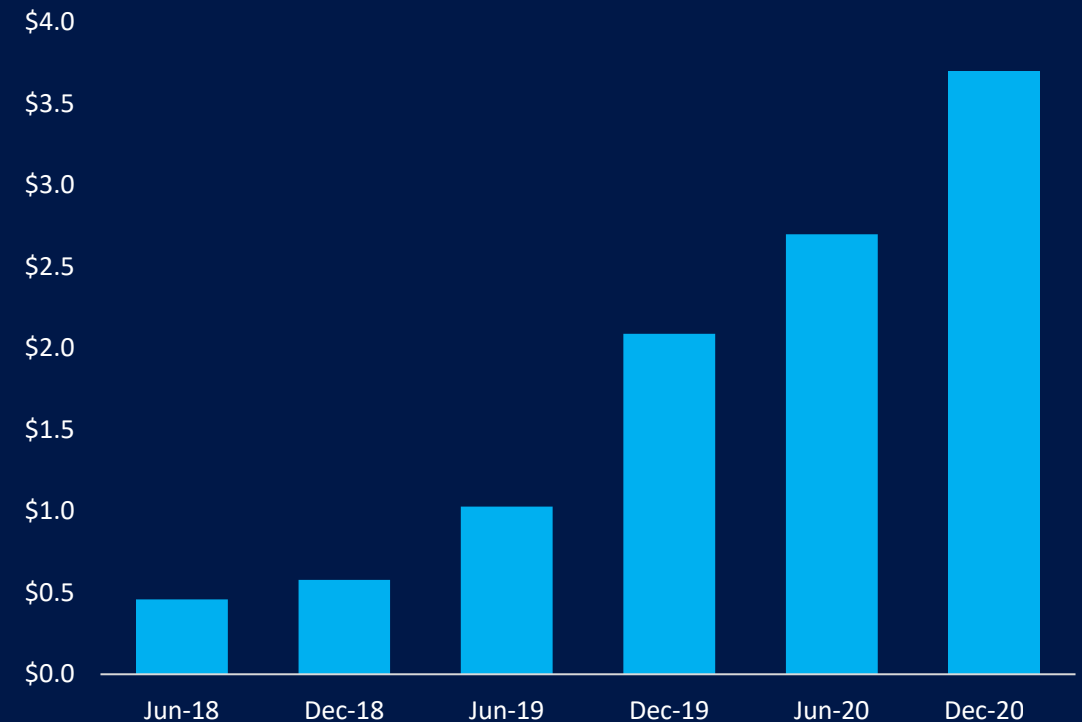
New gyro facility running as designed. Estimate can handle up to \$100m of orders per annum. Now building to plan and not order, to increase efficiencies.

Second VG1000SD VEEM Gyro (largest operating marine gyrostabilizer in the world) completed for Damen ships with the end-customer being Gulf of Mexico offshore oil field supply contractor Naviera Integral.

Third VG1000SD VEEM Gyro ordered with delivery in the next few weeks. This is for installation on a privately owned Damen FCS vessel in Western Australia.

Sales of the three VG1000SD VEEM Gyros for installation on Damen workboats has indicated the rate of takeup within the commercial workboat market will be more rapid than expected.

Sale of VEEM Gyros (\$m)



Significant Supply Agreement with Damen Shipyards

VEEM has signed a three-year frame agreement with Damen Shipyards for the supply of VEEM Gyros

One of the Europe's largest boatbuilders, Damen sells 175 vessels per year, including 20 FCS vessels, providing a major platform for increasing sales of VEEM Gyros

On top of new builds, retrofitting a VEEM Gyro to an FCS vessel is generally straightforward and there is a significant fleet of FCS vessels already in service. The retrofit market is huge.

Damen will offer the VEEM Gyro as an option on its FCS vessels and will continue to work with VEEM to incorporate VEEM Gyros into additional Damen platforms and vessels in the near term.

Damen's adoption of the VEEM Gyro technology is a major step in terms of acceptance in the large commercial market and follows Damen's initial two orders of VEEM's VG1000SD gyros in 2019 and 2020 which were for FCS vessels.

The addition of the VEEM Gyro to the FCS vessel is expected to increase the customer's commercial return due to the significantly increased number of operating days per annum and enhanced safety and efficiency



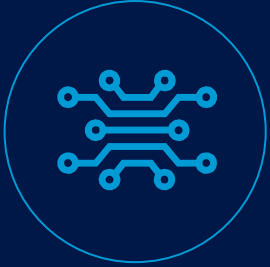
Damen FCS Vessel

"We have found through rigorous testing that VEEM Gyros are very complementary technology to our designs in terms of safety, comfort and performance. Now we have the frame agreement with VEEM, Damen will commence offering VEEM Gyros to customers as an option on our FCS range."

"Damen will continue to work with VEEM to incorporate the VEEM Gyros into additional Damen platforms and vessels in the near term."

Mr David Stibbe, Corporate Manager, Damen Shipyards

Gyrostabilizer Outlook – Sales Trend Expected to Continue



With the Damen supply agreement already in place, the rapid adoption of the technology on larger vessels is expected to continue with more shipbuilders offering a VEEM gyrostabilizer as an option and end-users increasing their demand for the enhanced experience that a more stable vessel provides.



Superyacht market take-up of the product is expected to increase rapidly as more vessels with gyrostabilizers join the global fleet and word spreads as to the effectiveness of the stabilization. Repeat orders from luxury yacht builders are being received.



Additional stabilization enhances the commercial argument for installing a gyrostabilizer through more operating days and safer, more efficient operation. We expect the take up of gyrostabilizers on commercial vessels to increase particularly after the upcoming sea trials of the VG1000SD VEEM Gyros.



Defence take-up is expected to mature over a longer period of time due to the conservative nature of this industry. VEEM will continue to educate the defence industry on the product with a longer-term view to wide-spread take-up.



Outlook – Traditional VEEM Core Businesses



PROPULSION

- Expected to grow due to increased demand globally.
- VEEM has ordered two new machine centres to increase capacity to meet demand.
- Increased sales of new propulsion products such as shaftlines.
- Propulsion is an area of innovation for VEEM with a focus on finding further ways to make the world-leading propellers more efficiently, hence continuing to offer the premium product at reasonable prices while maintaining gross margins.



DEFENCE

- FY2021 will be a solid year for defence with the bulk of the \$9 million submarine component contract with ASC being delivered.
- VEEM expects to continue to win defence-related contracts where casting and precision engineering is required.
- Federal government's increased drive for local content, on naval vessels in particular, is expected to drive growth.



ENGINEERING PRODUCTS & SERVICES

- Continuing to bid on work across the country where utilisation of the Company's foundry and precision machining capability enables VEEM to provide specialist solutions for customers.
- Forever pipe is expected to continue to increase its presence in overseas markets.
- Continued innovation to improve product offering in this area.
- Maintaining the engineering capability and expertise also supports the marine and defence businesses.

The outlook remains subject to the future impacts of the COVID-19 pandemic.

Corporate Overview

Corporate Snapshot

ASX Code	VEE
Share Price (24 Feb 2021)	\$0.95
Market Capitalisation (24 Feb 2021)	\$125.7m
Shares on Issue	130m

Substantial Shareholders

Miocevich Family	61.54%
Perennial Value Management	13.12%

12-MONTH SHARE PRICE PERFORMANCE





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