



VEEM Ltd
Annual General Meeting
23 November 2022



Managing Director's Presentation

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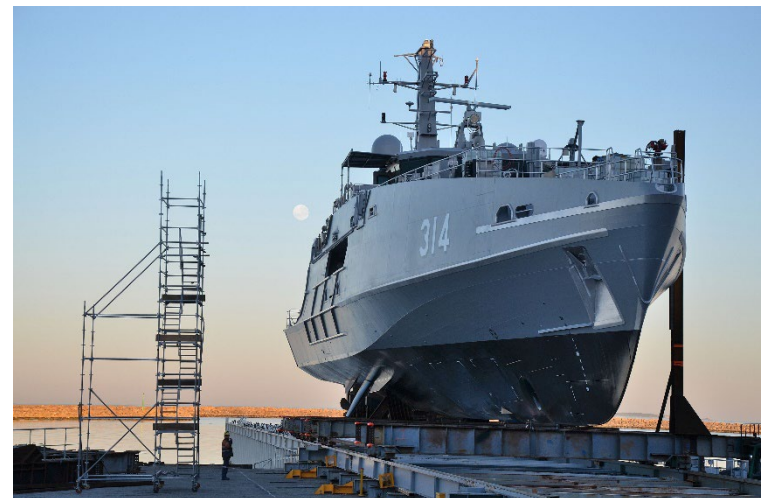
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1. FY22 Review
2. Engineering Products and Services
3. Defence
4. Propellers
5. Gyrostabilizers
6. Trading update
7. Outlook



FY22 Summary



- Cost increases, staff shortages and COVID impacted overall result.
- Strong Propulsion and Engineering Products and Services results.
- Defence revenue lower due to completed major contracts.
- Gyro unit numbers steady, but revenue less.
- Foundry issues experienced in Q2 addressed and rectified during Q3. Non conforming product now at historic low levels.
- Maintained dominant position as the only major supplier in the large marine gyrostabilizer market.
- Increased propeller capacity by over 25% with two new machines commissioned.
- Net assets increased \$7.0m to \$43.6m.
- Cash on hand of \$2.6m at 30 June 2022 plus an undrawn overdraft facility of \$3.4m and an undrawn commercial loan facility of \$2.0m.



FY22 Financial Results



	FY22 A\$mil.	FY21 (Excluding Jobkeeper*) A\$mil.	% Change
Revenue	54.2	59.5	-9%
EBITDA	6.1	8.7	-30%
Profit before Tax	1.4	4.4	-68%
Net Profit after Tax (NPAT)	1.3	3.8	-67%
Earnings Per Share (EPS)(cents)	0.93	2.95	-67%
Cash Flow From Operations	2.5	4.1	-38%
Net Assets	43.6	36.6	19%

*Refer to slide 13 of the ASX release dated 19 August 2022 entitled *Presentation - FY22 Results Update* for the reconciliation between the FY21 audited result and the above data which is shown excluding the JobKeeper subsidy received in FY21. Net assets are not adjusted for JobKeeper.

Engineering Products and Services



FY22 Highlights

- Revenue of \$8.4 million, up 20% on FY21 (includes hollow bar, excludes defence).
- Strong demand from mining sector.
- Several large orders for foundry-led precision engineering work.
- Hollow bar revenue (includes the Forever Pipe product) steady at \$5.6 million (strong 2H v 1H).
- Cost increases passed on to customers for new orders.

Outlook

- Increase in sales & marketing resources expected to drive mining sector sales higher in CY23.
- Demand to remain strong after closure of several foundries.
- Foundry and precision engineering capability to continue to support the marine and defence businesses.
- Recruiting skilled trades to remain challenging.



2022 Overview

- As expected, revenue fell following completion of major contracts.
- Deliveries for the next Collins Class FCD order (\$9m) commenced.
- Ongoing Austal ride control and propulsion work being won.
- Deliveries of the ECCPB and PPBR from Austal to the RAN.
- Successful Phase 1 of the qualification program for the manufacture of the Hunter Class Frigate propellers – becoming a supplier to Kongsberg Marine.

Outlook

- Complete deliveries of the current submarine full-cycle docking order along with normal levels of spares.
- Expected growth through BAE Systems Australia and others as part of Federal Government's increased drive for local content and sovereign capability generally and AUKUS specifically.
- \$1.7m order received from BAE Systems Australia for the next stage "demonstrator" program for the Hunter Class Frigate Program for delivery Q2 CY24. This has global potential for other Type 26 Frigate programs.
- Continued work from Austal.

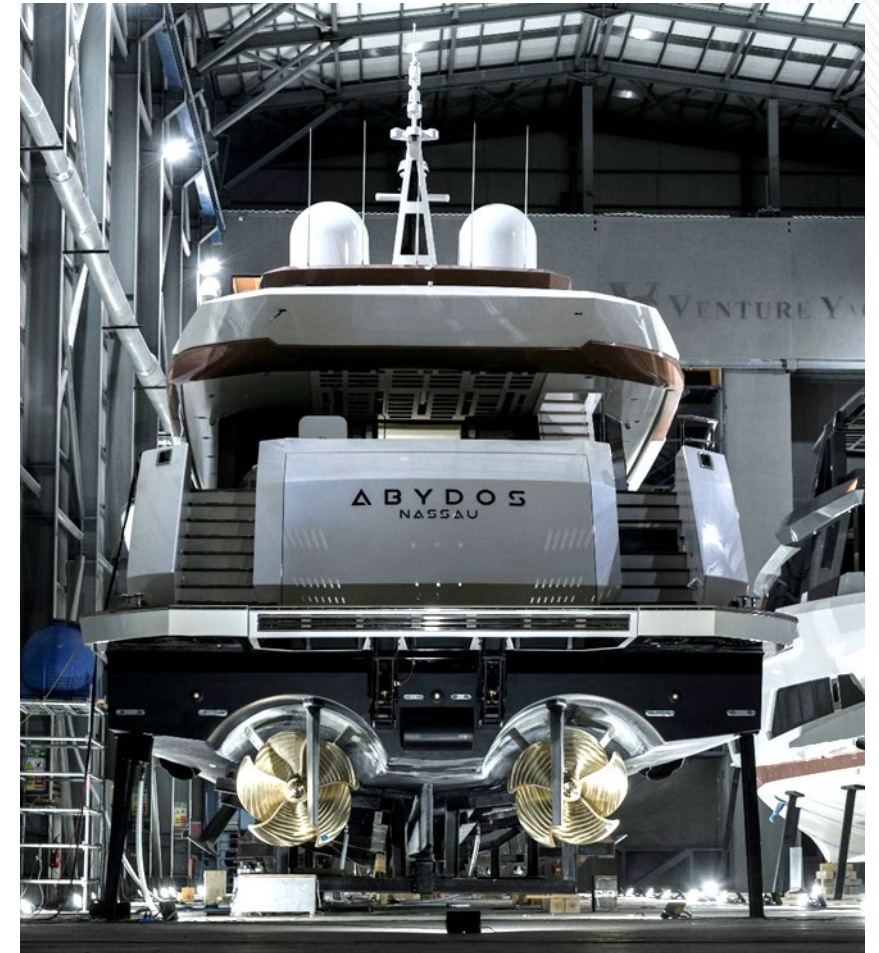


2022 Highlights

- Propeller and shaft line sales up 26%.
- New supplier contracts with key superyacht builders.
- Several price rises implemented to account for cost increases.
- Delivery and commissioning of two new propeller CNC machining centres.

Outlook

- Three smaller machines scheduled for delivery late '22 (increase capacity a further 25% early in CY23).
- Key global customers forecasting continued high production – many yards booked out to 2023-4.
- R&D focus is to continually increase the automation of the propeller process, reducing time and cost and the requirement for highly skilled labour as capacity expands.
- Cost increases have now been passed through to customers via pricing.



Gyrostabilizer FY22 Overview



- 12 gyros (in line with prior year) sold worth \$5.5m.
- Dominant position in the large marine gyrostabilizer market (est. US\$1.1bn for new builds and US\$13.5bn for retrofits*).
- Increased the volume and quality of leads and enquiries from European customers and shipyards since appointment of Head of Sales and Business Development – Europe.
- Development of an international service team brought forward to counteract impact COVID had on ability to provide after-sales support.
- Development program continued to improve the product and develop design concepts for the next size down.
- Successful launch of Damen's new walk to work vessel in early CY22 has seen significant enquiries for the VG520SD and VG750SD gyros.



*Refer to the ASX release of 12 May 2021.

Gyro Outlook

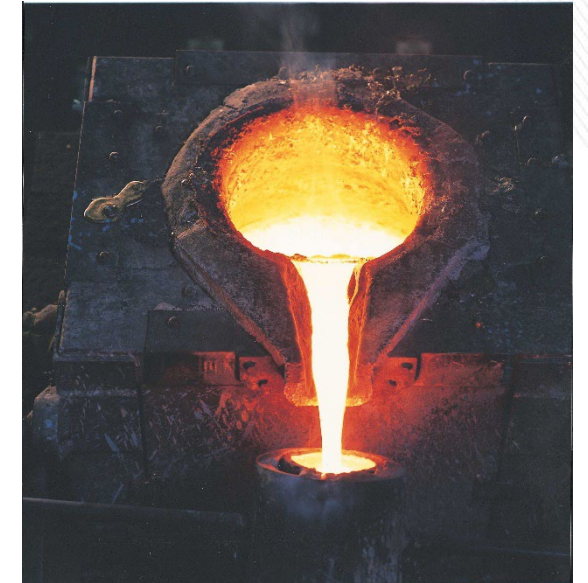
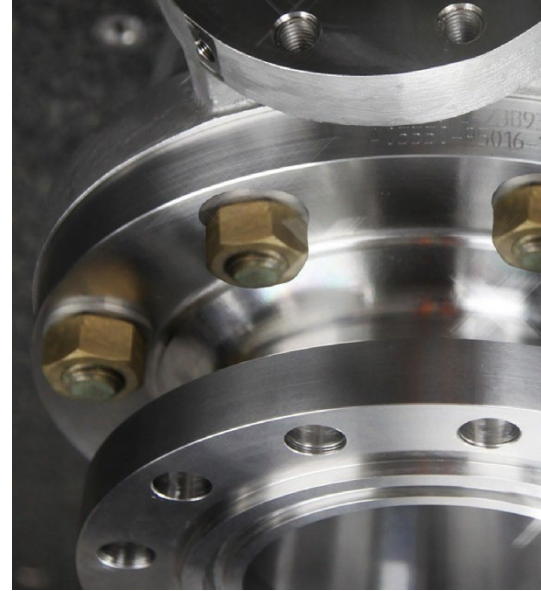


- Currently seeing strong renewed interest at key trade shows in the US and Europe (METS, FLIBS). First trade shows since COVID.
- Confidence of increased orders and sales in the near to medium term is supported by a strong level of quality leads and enquiries partly generated by the investment in a high-quality, direct sales person in Europe. Forecast sales for FY23 expected to exceed FY22.
- Commercial retrofit and luxury superyacht new build markets expected to be the major growth areas.
- In FY23 the engineering and design team will be releasing significant improvements through upgrades of the current range, completing the VG750SD and progressing a new smaller frame size.
- Small gyro development continues with great progress and encouragement from potential customers. Several patents have recently been applied for including regeneration.
- VEEM has also been working with some non-marine customers on other applications for VEEM's gyrostabilizer IP.



Trading Update

- Strong order book and work in progress for traditional engineering and defence work including ASC (full-cycle docking) and Austal.
- Non conforming product now at historic low levels.
- LTIFR at historic lows since accreditation to ISO 45001.
- Propeller sales averaging over \$1.8m per month with new machines operating and demand remaining strong.
- Gyro leads and enquiries growing on the back of increased awareness and exposure to global markets after COVID.
- Cost increases covered by price increases to customers and overheads have remained steady.
- Concerted effort to resolve issues created by tight labour market, particularly the ability to recruit more skilled trades. More apprentices employed for long term skill development.
- Continued investment in expanding capacity and improving product range, particularly in gyro.



Outlook

- Traditional engineering business to remain strong and highly profitable albeit with some constraints due to skilled labour availability.
- Defence work to continue, including ASC, Austal and for BAE on the Hunter Class demonstrator project.
- Propeller sales to increase significantly once three new machines and LGV arrive and are commissioned. This will flow through to higher profitability later in FY23.
- Expecting to receive orders for several VG520/VG750 gyros in the next six months. Overall gyro orders expected to increase significantly.
- Sales are expected to be slightly higher for the first half of FY23 dependent upon Work In Progress at the end of December, with EBITDA and NPAT returning to traditionally higher levels.



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Chairman

Mark Mioceвич
Managing Director & CEO

Ian Barsden
Non-Executive Director

Mike Bailey
Independent Non-Executive
Director

Peter Torre
Independent Non-Executive
Director

David Rich
Chief Financial Officer &
Company Secretary

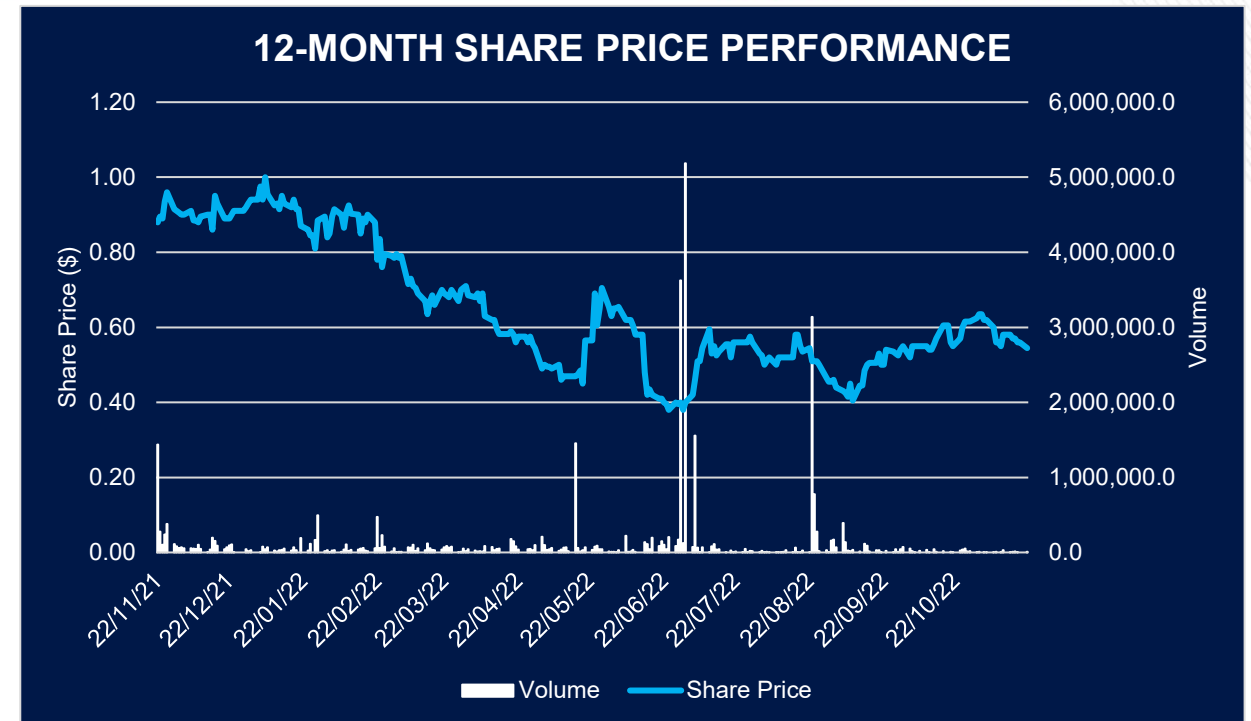


Corporate Summary



Corporate Snapshot	
ASX Code	VEE
Share Price (22 Nov 2022)	\$0.54
Market Capitalisation (22 Nov 2022)	\$73m
Shares on Issue	135.7m

Substantial Shareholders	
Miocevich Family	50.20%
Perennial Value Management	12.45%
Salter Brothers Emerging Companies Limited	7.74%



ASX : VEE

Contacts

Mark Mioceвич
Managing Director
+61 8 9455 9355

David Rich
CFO
+61 8 9455 9355

Ben Larsen
Investor & Media Relations
+61 439 789 842
benl@nwrcommunications.com.au



Q & A