



Managing Director & CEO Presentation

Annual General Meeting

14 November 2024

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FY24 Summary – An Exceptional Year



- VEEM's revenue for the year was \$80.6m (up 35% on FY23) with total activity (Sales + change in WIP) for FY24 of \$81.6m.
- EBITDA* and NPAT* were \$14.8m and \$7.0m, up 48% and 70% respectively on FY23.
- Cashflow from operations was \$8.4m, up 77% on FY23.
- Gyro sales for the year were \$12.3m up 146% on FY23.
- Agreement signed with Sharrow Engineering for the exclusive worldwide licence to manufacture and sell Sharrow designed propellers for inboard vessels for at least 17 years. The propellers will be branded SHARROW by VEEM.
- The increased propeller capacity drove revenue for the year up 30% to \$32m.
- Revenue from the submarine program was \$17m, up 35% on FY23 with total defence revenue of \$21m up 23% on FY23.
- VEEM invested over \$4.6m in capital and development expenditure during FY24 towards robotics for its Baile Rd facility, an automated guided vehicle and gyro engineering product improvement
- EPS of 5.15 cents per share*, up 70% on the prior period.

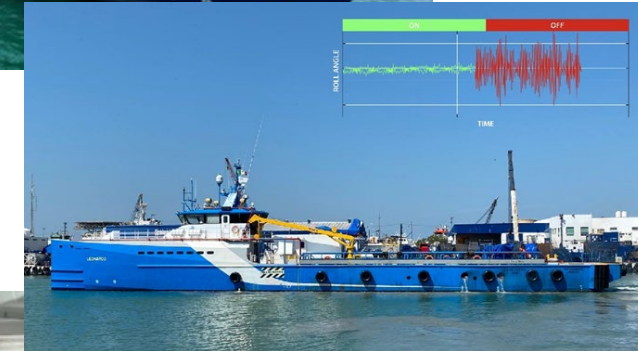
	FY24 A\$mil.	FY23 A\$mil.	Change
Revenue	80.6	59.6	+35%
EBITDA	14.8	10.0	+48%
Profit before Tax	8.1	4.9	+66%
Net Profit after Tax (NPAT)	7.0	4.1	+70%
Earnings Per Share (EPS) (cents)	5.15	3.03	+70%
Cash Flow From Operations	8.4	4.7	+77%
Net Assets	52.3	46.8	+12%

* Includes non-recurring costs: a) amortisation of Liver Cancer research project of \$0.5m (\$0.4m after tax); and b) Sharrow initial expenses of \$0.8m (\$0.7m after tax).

Gyrostabilisers - FY24 Overview & Outlook



- In FY24 VEEM sold 18 gyros (FY23: 7) generating revenue of \$12.3m (30 June 2023: \$5.0m). The growth was primarily driven by the acceleration of the Strategic Marine order announced in FY23.
- VEEM holds the dominant position as the only major supplier in the large marine gyrostabiliser market.
- Enquiries and orders show the commercial market for gyros is becoming better educated in the operational, HSE and other benefits of gyros for crew transfers and other workboats.
- VEEM continued to invest in the development of its gyrostabiliser product during FY24. Now providing a five-year warranty (previously 1 year). This confidence is further supported by the recent release of the Mark II.
- Five gyro technicians now operating around the world based in strategic locations.
- Increased marketing and sales efforts, particularly workboat, commercial and defence expected to generate continued sales growth.
- Current orders on hand amount to US\$2.3m (\$3.4m) with \$2m sold to 31 October 2024.



Propulsion – FY24 Review



- Three new propeller machining centres and associated equipment and tooling installed late FY23 and available all of FY24 led to increased revenue and reduced backlog.
- Propulsion revenue overall for the year was \$32m, an increase of 30% over FY23, with VEEM's propellers alone (excluding conquest and shaft lines) generating \$29m – up 24% on FY23.
- During the year VEEM acquired further robotics and tooling as it continues to optimise and automate the propeller process.
- VEEM has increased its propulsion marketing and sales team in FY25 with the aim of broadening its geographical spread and also increasing its offerings to include shaftlines, flow aligned rudders and associated equipment.
- VEEM continues to develop its processes and pursue new initiatives in relation to the propeller business where it can leverage its reputation and client base as the premium product in the market for high-speed, high-performance propellers.
- VEEM has agreed with the landlord to increase the propeller facility which should occur over the next 12 months. This has the capacity to house machines that could double VEEM's capacity.



Propulsion – SHARROW by VEEM



- October 2023 VEEM signed agreements for VEEM and Sharrow to partner together to design and then VEEM exclusively manufacture and sell Sharrow propellers worldwide up to 5 metres in diameter for inboard vessels.
- The award-winning Sharrow propeller design has made a significant impact on the outboard motor market with outstanding improvements in fuel efficiency, noise, vibration and handling.
- The roll out has begun and the first sale has occurred. The initial focus is on a small group of select customers with designs optimised and tested for each vessel.
- If the adoption rates follow the same patterns as the Sharrow outboard motor propellers, then VEEM expects to be building increased capacity in the next few years.
- The SHARROW by VEEM propellers will cost more to make in both raw materials and manufacturing time, leading to premium pricing which outboard motor customers have shown they are willing to embrace due to the tangible benefits realised.
- Underwater noise testing has been conducted with very encouraging results. This is an area of particular interest to the defence market and industry participants looking at the sustainability of boating and marine life.



Propulsion – Outlook



- Overall global demand for inboard powered marine vessels is expected to remain steady.
- The outlook for VEEM's propulsion business involves three growth areas:
 1. VEEM's traditional propeller business – growth in revenue from increased sales team and product innovation while new equipment and automation continues to drive efficiencies and protect margins.
 2. Shaftlines – VEEM's new shaftline range, and associated innovations such as flow-aligned rudders, are now being marketed with significant interest from potential customers. Significant cross selling opportunities with propeller business.
 3. SHARROW by VEEM propellers – rollout in progress now (first sale has occurred) with initial sales in FY25 as the series designs are developed with sales expected to increase into FY26.



Defence - FY24 Review & Outlook



- Overall defence revenue was \$21 million, up 23% on FY23.
- VEEM is developing demonstrator blades for BAE Systems Australia's Hunter Class Frigate Program under a \$1.7m contract. Successful completion will confirm VEEM as a qualified supplier, making it one of only two global companies capable of this level of precision.
- Success with this project and subsequent high-level defence supplier qualification is expected to lead to further Australian defence work as well as the potential to export equipment for other naval shipbuilding programs around the world, including other Type 26 frigate programs.
- VEEM also continues to be awarded contracts for numerous other defence projects including army vehicles and naval projects such as patrol boats (eg. Austal's Evolved Cape Class Patrol Boats, ANZAC Frigates).
- VEEM is active in the Defence space and is well positioned to take advantage of further defence work opportunities that are now emerging from Hunter, Austal, AUKUS, autonomous vessel and other weapons defence programs, especially as VEEM now has an enhanced security rating.



Engineering Products and Services FY24 & Outlook



- VEEM's hollow bar product revenue for FY24 was \$7.1m which is a 13% increase over FY23 due to strong demand and increased capacity.
- The balance of revenue from engineering products and services was \$8.7 million, up 20% from FY23 due primarily to improved recruitment and retention of staff which has facilitated additional hours being available to satisfy demand.
- VEEM's traditional engineering business focuses on foundry-led, precision-engineered products, including custom designs and its own hollow bar products (e.g., Forever Pipe). Demand for these products was strong throughout FY24 and this has continued into FY25.
- Demand for the traditional engineering products and services is expected to continue.
- VEEM will continue to focus on recruitment and maintenance of labour resources through a number of initiatives.



Corporate



- VEEM has accepted the landlord's offer to expand the facility at Baile Rd by ~1,000m². This allows room for expansion of propeller and other manufacturing (eg defence) capacity as required.
- Management succession implemented with Trevor Raman being promoted from Chief Operating Officer to Chief Executive Officer and Tino Kapfumo being promoted to Chief Financial Officer and Company Secretary.
- Managing Director, Mark Mioceovich, continues in that role and David Rich the previous Chief Financial Officer, has moved to the role of Head of Corporate Development and remains a Company Secretary.
- Mr Tony Elms appointed as Chief Technical Officer for marine products. Mr Elms is world renowned for his gyrostabiliser knowledge and experience and has also been working on the Sharrow development since commencing in October 2023.
- Board succession with Angus Murnaghan joining the Board in June 2024 and Ian Barsden retiring on 30 June 2024 after decades of service to VEEM.

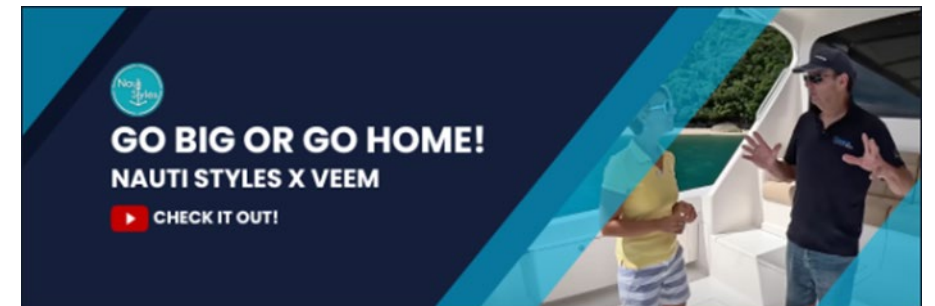


New CEO, Trevor Raman (far left) and new CTO, Tony Elms (far right rear) with visitors from General Dynamics Electric Boat and Defence West.

Trading Update



- FY24 was an exceptional year for VEEM. Revenues, EBITDA and NPAT grew 35%, 48% and 70% respectively.
- While 1HFY25 is not expected to reach the same profit levels as 1HFY24, 1HFY25 is still significantly higher than 1HFY23 thus continuing the overall upward trend in performance.
- VEEM expects to report revenues for 1HFY25 in the order of \$36 million with EBITDA in the range of \$5.0 to \$5.5 million and Net Profit After Tax in the range \$2.0 to \$2.3 million.
- The second half of FY25 is expected to be stronger than the first half (which is normal), with contributions from defence/ASC/Austal, orders for the new shaftlines and associated products as well as some additional propeller revenue. New defence opportunities are also potentially going to provide revenue as early as 2HFY25.
- Investments to drive long-term growth and performance through increased sales and marketing for marine products and defence (staff and international boat show attendance) and an expanded senior management team.
- Cash flows are expected to be adequate to fund requirements.



Trading Update - Products



- Propulsion revenues continuing in line with FY24 average of around \$2.5m/mth (\$30m. p.a.). Increased sales and marketing effort in the period should drive further growth.
- As forecast, Defence and ASC revenue and WIP are significantly lower due to no near term deliveries (ASC down 33%). ASC deliveries are cyclical with FY24 being very high at \$16m. New orders are expected to contribute to the 2HFY25 results. Broader defence potential is significant.
- Industrial products revenue is up significantly utilising the capacity previously taken by Defence/ASC. This work has not yielded the margins anticipated hence the slightly lower margin to date. Margins expected to improve in 2H.
- Gyro sales expected to be around \$4 mil. for 1HFY25 with the order book currently at \$3.4m. Gyro leads are strong and expected to improve following current boat show season in Europe and the US where VEEM is actively marketing all products.
- Hollow bar has grown 4% on the prior period with consistent margins. Expected to continue.



Summary



- Global leader in marine propulsion and stabilization.
- Strong record of profitability and cash flow generation. FY24 was an exceptional result (up 70%) with FY25 expected to generate a strong result, albeit potentially not as high as FY24 yet significantly stronger than FY23.
- Long term leverage to growth in key areas:
 - Large gyrostabilisers
 - Large global market.
 - Substantial barriers to entry.
 - Technology adoption is expected to continue to grow rapidly as occurred in small recreational gyrostabilisers.
 - VEEM manufactures the world's best propellers. New growth areas are:
 - Complimentary products like shaftlines, flow aligned rudders and brackets;
 - The innovative Sharrow designed propellers for inboard applications.
 - Revenue and margin increase through further automation and expansion (sales team already expanded).
 - Defence opportunities to leverage VEEM's security qualifications and decades as a reliable supplier including:
 - AUKUS supply chain opportunities in Australia and the US
 - Domestic naval shipbuilding – Hunter, Austal, Anduril etc



Q & A

ASX : VEE

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Appendices

Corporate Summary



Corporate Snapshot	
ASX Code	VEE
Share Price (13 Nov 2024)	\$1.43
Market Capitalisation (14 Nov 2024)	\$194m
Shares on Issue	135.8m
Substantial Shareholders	
Miocevich Family	50.20%
Perennial Value Management	14.97%

