VEEM

EUROZ HARTLEYS INDUSTRIALS FORUM

21 NOVEMBER 2024

PRINCESS YACHTS

This presentation has been approved for release to ASX by Managing Director, Mark Miocevich.

Disclaimer

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER OR ADVERTISEMENT

This document, including the information contained in this disclaimer, is not a prospectus, product disclosure statement or other disclosure document and does not constitute, or form any part of, an offer to sell, or a solicitation of an offer to buy, the Shares. This document does not constitute an invitation, offer or recommendation to apply for or purchase the Shares and does not contain any application form for the Shares. This document does not constitute an advertisement for an offer or proposed offer of the Shares. Neither this document nor anything contained in it shall form the basis of any contract or commitment and it is not intended to induce or solicit any person to engage in, or refrain from engaging in, any transaction. No person is authorised to give information or make any representation in connection with any Public Offer which is not contained in this document. Any information or representation not so contained may not be relied on as being authorised by the Company, the Lead Manager or any person associated with them.

This document does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. The Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (Securities Act) or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States absent registration under the Securities Act or in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and any other applicable U.S. state securities laws.

DISTRIBUTION

Distribution of this document outside Australia may be restricted by law. Persons who come into possession of this document who are not in Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

NO LIABILITY

The Company has prepared this document based on information available to it at the time of preparation, from sources believed to be reliable and subject to the qualifications in this document. To the maximum extent permitted by law, Limited Parties accept no responsibility or liability for the contents of his document and make no recommendation or warranties concerning any Public Offer. No representation or warranty, express or implied, is made as to the fairness, accuracy, adequacy, validity, correctness or completeness of the information, opinions and conclusions contained in this document. To the maximum extent permitted by law, none of the Limited Parties accepts any responsibility or liability including, without limitation, any liability arising from fault or negligence on the part of any person, for any loss whatsoever arising from the use of this document or its contents or otherwise arising in connection with it.

Neither of the Lead Manager, nor any of its affiliates, related bodies corporate (as that term is defined in the Corporations Act) and their respective directors, employees, officers, representatives, agents, partners, consultants and advisers have authorised, permitted or caused the issue, lodgement, submission, despatch or provision of this document, and none of them make or purport to make any statement in this document and there is no statement in this document which is based on any statement by them.

PAST PERFORMANCE

Past performance information in this document is given for illustration purposes only and should not be relied upon as (and is not) an indication of future performance. Actual results could differ materially from those referred to in this document.

FORWARD-LOOKING STATEMENTS

Certain statements, beliefs and opinions contained in this document, particularly those regarding the possible or assumed future financial or other performance of the Company, industry growth or other trend projections are or may be forward looking statements. Forward-looking statements can be identified by the use of 'forward-looking' terminology, including, without limitation, the terms 'believes', 'estimates', 'anticipates', 'expects', 'predicts', 'intends', 'plans', 'propose', 'goals', 'targets', 'aims', 'outlook', 'guidance', 'forecasts' , 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future, assumptions which may or may not prove correct, and may be beyond the Company's ability to control or predict which may cause the actual results or performance of the Company to be materially different from the results or performance expressed or implied by such forward-looking statements. Forward-looking statements are based on assumptions and contingencies and are not guarantees or predictions of future performance. No representation is made that any of these statements or forecasts will come to pass or that any forecast result will be achieved.

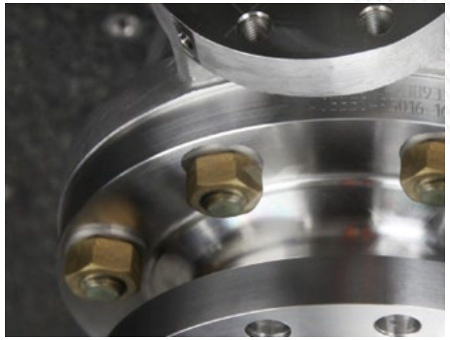
Similarly, no representation is given that the assumptions upon which forward looking statements may be based are reasonable. None of the Company, the Lead Manager or any other Limited Party, makes any representation or warranty as to the accuracy of any forward looking statements contained in this document. Forward-looking statements speak only as at the date of this document and the Limited Parties disclaim any obligations or undertakings to release any update of, or revisions to, any forward-looking statements in this document. All dollar values contained in this document are in Australian dollars (A$) unless otherwise stated.

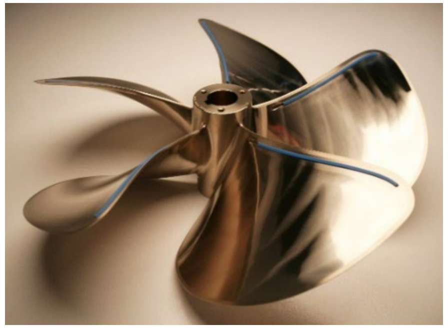
NOT FINANCIAL PRODUCT ADVICE

No attempt has been made to independently verify the information contained in this document. You should make your own assessment in considering an investment in the Company and should not rely on this document. In all cases, you should conduct your own investigations and analysis of the financial condition, assets and liabilities, financial position and performance, profits and losses, prospects and business affairs of the Company and its business, and the contents of this document. This document is not, and should not be construed as, a recommendation by the Company, related bodies corporate (as that term is defined in the Corporations Act), or any of their respective officers, employees, directors, shareholders, partners, representatives, agents, consultants or advisers or any other party referred to in this document (each a **Limited Party** and, together, the **Limited Parties**) to invest in the Company. The information in this document is of a general nature and does not constitute financial product advice, investment advice or any recommendation. Nothing in this document constitutes legal, financial, tax or other advice. The information in this document does not take into account the particular investment objectives, financial situation or needs of any person. You should seek legal, financial, tax and other advice appropriate to your jurisdiction.

Who is VEEM?

- Designer and manufacturer of the **world’s best marine propellers and stabilisation products** for the global luxury motor yacht, fast ferry, commercial workboat and defence industries.
- Commenced in 1968. Listed on ASX 2016. **Profits and dividends every year since listing.**
- Located in Perth, Western Australia, with a 14,700 sqm purpose-built manufacturing facility, including Australia’s largest non-ferrous foundry.
- Approximately 215 staff in Australia, including R&D, graduates and apprentices.
- Accredited to ISO 9001, 14001, 45001, Defence (DISP) security accreditation and ISO 27001 Information Security.
- FY24 was a record year for turnover and profits. 1HFY25 expect revenue in the order of $36 million, with EBITDA of $5.0 to $5.5 million and Net Profit After Tax in the range of $2.0 to $2.3 million. 2HFY25 to be stronger.
- Revenue generated from the following markets:
    - Propellers
    - Gyrostabilisers
    - Defence
    - Mining and Industrial products and services


Propulsion

- VEEM currently manufactures and sells the world's best propellers through distributors and directly to OEMs around the globe.
- VEEM is the only manufacturer to fully CNC machine all propellers in high volumes generating annual revenues of ~$30m.
- 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 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 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 propeller 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.

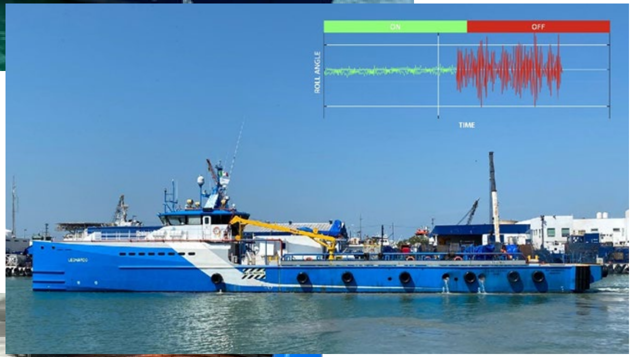
SHARROW MARINE
THE FUTURE OF PROPULSION

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.

Gyrostabilisers

- VEEM holds the dominant position as the only major supplier in the large marine gyrostabiliser market with significant barriers to entry.
- Very large global market for commercial and recreational new builds and commercial retrofits.
- Enquiries and orders show the commercial market for gyros is becoming better educated in the operational, HSE and other benefits of gyrostabilisers for crew transfers and other workboats.
- VEEM have continued to invest in the development of its gyrostabiliser product. 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.
- Expecting sales of $4m for 1HFY25 increasing in the second half.



Defence

- VEEM has ben a supplier of defence components for over 30 years. FY24 Defence revenue was $21 million.
- 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 very 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 vessels and weapons programs, especially as VEEM now has an enhanced security rating.
- Defence potential is significant.

Engineering Products and Services FY24 & Outlook

- 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).
- Over 250 alloys available.
- Highly accredited ISO9001, 14001, 45001, 27001, NATA, DNV, RINA plus many others.
- Servicing infrastructure, oil and gas, mining and commercial customers for over 50 years.
- Demand for these products was strong throughout FY24 and this has continued into FY25.
- Hollow bar revenue expected to continue to its steady growth.
- 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 ~1,000m^2. 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 Miocevich, 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.

Summary

- Global leader in marine propulsion and stabilisation.
- 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

Contacts

Mark Miocevich
Managing Director
+61 8 9455 9355

David Rich
Company Secretary
+61 8 9455 9355

Jonas Fitzgerald
IR Consultant, Lancaster Grove Capital
+61 427 104 488
Jonas.fitzgerald@lgcapital.com.au

@VEEM_Ltd

VEEM_Ltd