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Electro Optic Systems

Major contract announcement

EOS Optic Systems has announced a landmark order. The group has been developing High Energy Laser Weapons (HELW) systems to expand on its traditional kinetic systems for a number of years. The €71.4m order provides a clear validation of the group's strategy and technology as well as an income stream for the next three years.

First contract for HELW systems

EOS has secured a €71.4m (c A$125m) order for a drone defence capability based on new high-power laser technology from a NATO member state. EOS states that this is the world's first export order for a 100-kilowatt laser defence system. The order follows three years of development and field trials to ensure compatibility with the customer's existing capabilities. The order includes full systems, parts and training and will be fulfilled during 2025–28. Further details of EOS's pipeline of potential orders is available in our recent note.

Validation of EOS's strategy and technology

EOS has a strong track record in remote kinetic weapon systems, historically for traditional firing systems, which it has since developed for the increasing threat from drones. More recently, assisted by its optics expertise, the group has been developing laser-based counter drone weapons systems. These offer low cost per engagement, which, along with accuracy and rapid firing, are suited to the increasing threat from drone swarms.

Consensus estimates

Year end	Revenue (AUDm)	PBT (AUDm)	EPS (AUc)	DPS (AUc)	EBITDA (AUDm)	P/E (x)	EV/EBITDA (x)
12/24	176.6	(38.4)	(10.70)	0.00	(12.9)	N/A	N/A
12/25e	170.0	(28.4)	(14.50)	0.00	12.7	N/A	56.1
12/26e	230.0	0.7	0.20	0.00	7.9	N/A	90.3
12/27e	227.0	20.2	7.70	0.00	16.8	54.9	42.4

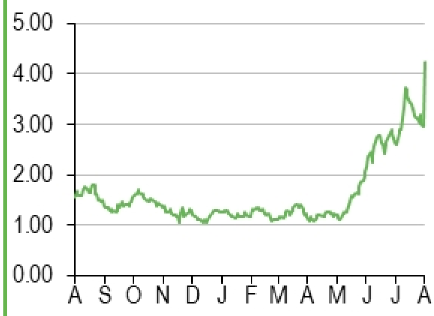
Source: LSEG Data & Analytics consensus (5 June 2025). Note: Reported PBT and EPS are for underlying continuing operations.

Aerospace and defence

5 August 2025

Price	**AUD4.230**
Market cap	**AUD816m**

Share price performance



Share details

Code	EOS
Listing	ASX
Shares in issue	193.0m
Net cash at 31 March	AUD103.1m

Business description

Electro Optic Systems develops advanced technology products and services for the global defence and space domains. Its core products include remote weapon and counter-drone systems and advanced space technologies.

Bull points

- Current growth in defence spending.
- Significant order pipeline (c A$2bn).
- Well-positioned in the growth of drone warfare. Growth opportunities in high-energy laser weapons and space.

Bear points

- Large international military contracts subject to timing uncertainties.
- Reduced global conflict could lead to reduced defence spend.
- Relative scale to the larger defence primes.

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