

DUG Technology

Expansion of Petronas contract

DUG Technology has received the first purchase order associated with the contract award from Petronas earlier this month, for the first year of the three-year contract. The total net value of the contract is now expected to be \$12m higher than originally disclosed, at c \$30m. We have updated our forecasts to reflect the higher value, with FY26 EPS upgraded by 3.3% and FY27 by 6.0%.

Year end	Revenue (\$m)	EBITDA (\$m)	PBT (\$m)	EPS (\$)	DPS (\$)	EV/EBITDA (x)	P/E (x)
6/24	65.5	16.6	8.0	0.02	0.00	14.2	71.7
6/25	62.6	15.4	(1.4)	(0.03)	0.00	15.3	N/A
6/26e	79.0	27.5	9.3	0.05	0.00	8.6	34.3
6/27e	92.3	35.8	16.5	0.08	0.00	6.6	19.2

Note: EPS is diluted.

Petronas contract value expansion

On 2 September, DUG announced that it had been [awarded a three-year contract with Petronas](#) for an estimated total net value of \$18.2m. On 16 September, the company received a purchase order for the first year of the contract for a total value of \$14.9m, which includes \$0.7m in one-off implementation and training revenue and \$4.6m payable to managed services partner Cegal. The company anticipates that years two and three of the contract will be worth \$14.2m each or \$9.9m on a net basis. This will cover the use of DUG's Insight software, dedicated compute and storage capacity, and the provision of dedicated geophysicists. We view the contract as a strong endorsement of DUG's software, which incorporates the latest elastic multi-parameter full waveform inversion imaging.

Upgrading to reflect higher contract value

With a new total net contract value of \$30.1m compared to \$18.2m when initially awarded, we are upgrading our revenue and EBITDA forecasts. We also assume that the company will invest in additional hardware to support the HPCaaS requirements in the contract. For FY26, we lift revenue by 2.9% and EBITDA by 7.6%. For FY27, when the full run rate is reached, we upgrade revenue by 5.6% and EBITDA by 13.4%. After taking into account higher depreciation from the new hardware, our diluted EPS forecasts increase by 3.3% in FY26 and 6.0% in FY27.

Valuation: Contract expansion supports upside

Based on our upgraded forecasts, a WACC of 9.5% and a long-term growth rate of 2%, using a reverse discounted cash flow analysis we estimate the share price is only factoring in modest growth of 3% and an average EBITDA margin of 37% for FY28–35. Using still conservative growth of 5% for FY28–35 and a margin of 38.8% over the same period (flat versus FY27), we estimate that the valuation would increase to A\$3.01 per share (up from A\$2.64). This does not include any contribution from DUG Cool (revenue would drop through at a close to 100% margin) or DUG Nomad.

Contract details

Software and comp services

22 September 2025

Price **AUD2.470**
Market cap **AUD333m**

Net cash/(debt) at end FY25 \$(17.4)m
 Shares in issue 134.7m
 Free float 79.1%
 Code DUG
 Primary exchange ASX
 Secondary exchange N/A

Share price performance



%	1m	3m	12m
Abs	83.0	85.0	6.9
52-week high/low	AUD2.6		AUD0.9

Business description

DUG Technology provides geoscience data analysis, imaging and interpretation services and software, as well as high-performance computing-as-a-service (HPCaaS).

Next events

Q126 business update End October

Analyst

Katherine Thompson +44 (0)20 3077 5700

tmt@edisongroup.com

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Changes to forecasts

We have factored in higher software and HPCaaS revenue, with a small additional element in services to reflect implementation and training at the start of the contract and dedicated geophysicist support for the length of the contract. We increase our capex forecast by \$10m in FY26 to reflect additional compute and storage hardware to support the HPCaaS element of the contract. We currently model this is as being funded from cash resources, although we believe it is likely that asset financing will be put in place, as has been the case with previous hardware investments.

Exhibit 1: Changes to estimates

		FY26e Old	FY26e New	Change	y-o-y	FY27e Old	FY27e New	Change
Revenues	\$m	76.8	79.0	2.9%	26.2%	87.5	92.3	5.6%
EBITDA	\$m	25.6	27.5	7.6%	78.0%	31.6	35.8	13.4%
EBITDA margin		33.3%	34.8%	1.5pp	10.1pp	36.1%	38.8%	2.7pp
Reported operating profit	\$m	12.7	13.0	2.4%	404.7%	18.7	19.6	5.0%
Reported operating margin		16.5%	16.4%	-0.1pp	12.3pp	21.4%	21.3%	-0.1pp
Reported PBT	\$m	9.0	9.3	3.3%	N/A	15.6	16.5	6.0%
Reported net income	\$m	6.3	6.5	3.3%	N/A	10.9	11.6	6.0%
Reported basic EPS	\$	0.047	0.049	3.3%	N/A	0.082	0.087	6.0%
Reported diluted EPS	\$	0.046	0.048	3.3%	N/A	0.080	0.085	6.0%
Net debt/(cash)	\$m	9.3	17.4	87.7%	-0.1%	(5.6)	(0.8)	-86.4%
Revenues								
Services	\$m	62.6	63.2	0.9%	21.9%	69.5	69.8	0.5%
Software	\$m	11.6	11.3	-3.0%	35.4%	14.3	13.7	-4.3%
HPCaaS	\$m	2.5	4.5	80.1%	87.4%	3.6	8.8	142.8%
Services order book	\$m	57.9	57.3	-1.0%	10.3%	62.2	61.3	-1.5%
Services order intake	\$m	68.6	68.6	0.0%	4.7%	73.8	73.8	0.0%

Source: Edison Investment Research

Exhibit 2: Financial summary

\$'m	2020	2021	2022	2023	2024	2025	2026e	2027e
Year end 30 June	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT								
Revenue	45.3	38.5	33.8	50.9	65.5	62.6	79.0	92.3
EBITDA	9.6	(1.7)	2.8	15.1	16.6	15.4	27.5	35.8
Normalised operating profit	0.6	(9.1)	(4.9)	8.6	9.3	2.6	13.0	19.6
Amortisation of acquired intangibles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share-based payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reported operating profit	0.6	(9.1)	(4.9)	8.6	9.3	2.6	13.0	19.6
Net Interest	(7.1)	(3.8)	(1.6)	(1.2)	(1.3)	(4.0)	(3.7)	(3.1)
Joint ventures & associates (post tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (norm)	(6.5)	(12.9)	(6.5)	7.5	8.0	(1.4)	9.3	16.5
Profit Before Tax (reported)	(6.5)	(12.9)	(6.5)	7.5	8.0	(1.4)	9.3	16.5
Reported tax	(5.1)	(3.0)	(2.8)	(2.5)	(4.7)	(3.0)	(2.8)	(5.0)
Profit After Tax (norm)	(11.7)	(15.9)	(9.3)	4.9	3.3	(4.4)	6.5	11.6
Profit After Tax (reported)	(11.7)	(15.9)	(9.3)	4.9	3.3	(4.4)	6.5	11.6
Minority interests	(0.0)	(0.1)	0.1	0.1	(0.6)	0.5	0.0	0.0
Discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (normalised)	(11.7)	(16.0)	(9.2)	5.0	2.8	(3.9)	6.5	11.6
Net income (reported)	(11.7)	(16.0)	(9.2)	5.0	2.8	(3.9)	6.5	11.6
Basic average number of shares outstanding (m)	63	96	114	118	118	129	133	133
EPS - basic normalised (\$)	(0.185)	(0.166)	(0.081)	0.042	0.023	(0.030)	0.049	0.087
EPS - normalised fully diluted (\$)	(0.185)	(0.166)	(0.081)	0.041	0.023	(0.030)	0.048	0.085
EPS - basic reported (\$)	(0.185)	(0.166)	(0.081)	0.042	0.023	(0.030)	0.049	0.087
Dividend (\$)	0	0	0	0	0	0	0	0
Revenue growth (%)	(13.0)	(15.2)	(12.2)	50.9	28.6	(4.5)	26.2	17.0
EBITDA Margin (%)	21.1	(4.5)	8.3	29.6	25.4	24.7	34.8	38.8
Normalised Operating Margin (%)	1.3	(23.8)	(14.5)	17.0	14.2	4.1	16.4	21.3
BALANCE SHEET								
Fixed Assets	38.9	38.3	29.5	28.7	56.3	55.4	59.5	52.0
Intangible Assets	0.3	0.5	0.5	0.6	0.6	0.5	0.6	0.6
Tangible Assets	37.9	37.1	28.9	27.9	52.5	51.7	55.8	48.3
Investments & other	0.7	0.7	0.0	0.2	3.2	3.1	3.1	3.1
Current Assets	21.2	17.7	9.5	18.4	23.8	36.1	28.9	37.9
Stocks	0.5	0.8	0.3	2.6	4.3	4.3	4.3	4.3
Debtors	7.2	5.9	4.9	6.6	9.3	11.7	14.7	17.2
Cash & cash equivalents	12.4	10.0	2.7	8.0	9.4	16.4	5.7	13.1
Other	1.1	1.0	1.7	1.2	0.9	3.7	4.1	3.2
Current Liabilities	(26.9)	(26.6)	(9.8)	(15.1)	(25.5)	(21.5)	(22.6)	(23.2)
Creditors	(3.0)	(2.4)	(2.9)	(6.5)	(7.6)	(4.9)	(6.0)	(6.5)
Tax and social security	0.0	0.0	0.0	0.0	(2.4)	0.0	0.0	(0.0)
Short-term borrowings	(18.5)	(19.9)	(3.6)	(4.6)	(10.6)	(11.2)	(11.2)	(11.2)
Other	(5.4)	(4.3)	(3.3)	(4.0)	(4.8)	(5.4)	(5.4)	(5.4)
Long-Term Liabilities	(40.0)	(15.9)	(13.4)	(11.1)	(24.6)	(22.7)	(12.0)	(1.3)
Long-term borrowings	(39.7)	(15.8)	(13.3)	(10.9)	(24.5)	(22.6)	(11.9)	(1.2)
Other long-term liabilities	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Net Assets	(6.7)	13.4	15.8	20.9	30.0	47.3	53.8	65.3
Minority interests	(0.0)	0.1	(0.0)	(0.1)	0.5	(0.0)	(0.0)	(0.0)
Shareholders' equity	(6.7)	13.5	15.8	20.8	30.5	47.2	53.7	65.3
CASH FLOW								
Op Cash Flow before WC and tax	9.6	(1.7)	2.8	15.1	16.6	15.4	27.5	35.8
Working capital	0.4	2.0	0.8	0.6	(2.4)	(4.9)	(1.9)	(1.9)
Exceptional & other	(2.6)	(2.3)	(3.9)	(2.3)	(1.9)	(2.2)	(3.2)	(3.2)
Tax	(1.0)	(0.8)	(0.1)	0.1	(0.2)	(2.7)	0.0	(0.8)
Net operating cash flow	6.3	(2.8)	(0.4)	13.4	12.1	5.6	22.4	29.9
Capex	(3.2)	(6.2)	(1.5)	(3.1)	(31.3)	(8.4)	(18.2)	(8.2)
Acquisitions/disposals	0.0	0.2	0.0	0.1	0.0	0.0	0.0	0.0
Net interest	(2.1)	(2.1)	(1.3)	(1.2)	(1.4)	(4.2)	(3.7)	(3.1)
Equity financing	0.0	17.4	11.7	0.0	5.0	20.2	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.9	0.0	0.0	0.0
Net Cash Flow	1.0	6.5	8.5	9.2	(14.7)	13.2	0.5	18.6
Opening net debt/(cash)	41.5	45.7	25.7	14.2	7.5	25.7	17.4	17.4
FX	0.1	0.0	(0.2)	(0.2)	(0.1)	0.0	0.0	0.0
Other non-cash movements	(5.4)	13.5	3.2	(2.3)	(3.3)	(5.0)	(0.5)	(0.5)
Closing net debt/(cash)	45.7	25.7	14.2	7.5	25.7	17.4	17.4	(0.8)
Closing net debt/(cash) excluding leases	27.2	7.7	1.8	(5.2)	(8.2)	(16.4)	(5.7)	(13.1)

Source: DUG, Edison Investment Research

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