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In News (https://www.thesentiment.com.au/category/news/) August 10, 2020
Bronte Moore (https://www.thesentiment.com.au/author/bronte-moore/)



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Confidence is returning to the ASX IPO space with four companies set to make their public debut in August. It comes after an extended lull which saw only a handful of companies float last quarter.

One company set to list is DUG Technologies (Proposed ASX: DUG). The company is looking to raise A\$26M at an offer price of \$1.35 per share.

Like some of the most successful startups, DUG Technologies, formally DownUnder Geo Solutions, was created in one of the founders back shed. Doctors Matthew Lamont and Troy Thompson started the business in 2003, the pair both holding PhDs in Geophysics. Since the company's first commercial product launched in 2009, DUG has expanded internationally from the Perth garage, to offices in London, Houston, and Kuala Lumpur, providing work to over 300 employees globally.

DUG's main focus is offering High Performance Computing as a Service (HPCaaS) which allows clients to access high level processing capacities through DUG McCloud, which allows collaboration from multiple parties. Unlike many other companies which acquire smaller companies to acquire their tech, DUG primarily develops their intellectual property inhouse through their Research and Development team. The company has approved and pending patent applications for their key technology across Australia, UK, and US.

Many of the company's 200+ clients, which notably include Shell and Chevron, are in the resource sector. DUG are looking to expand and appeal to other sectors, potential clients including corporations that require the management or need to visualise and process complex scientific data sets. DUG brings in funds through repeat revenue for their software programs and repeat businesses for its services.



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The company flagged that the economic impacts from COVID-19 could have a negative affect on their business by impacting how much their clients need or can afford to use DUG’s tech, which begs the question as to why the company is looking to list now.

The company has had consistent revenue of around US\$50M for FY2018 and FY2019, with half year figures from the FY2020 year on track to do around the same. Once accounting for tax, the company has not been profitable over the FY’18, ‘19, and H1FY20 periods.

Out of A\$26M raised, 46% is going to computers, with another 15% each going towards working capital and storage. However, the company has flagged that this intention of allocated funds could change depending on factors including economic and operational activities.

The company is set to list on the ASX on August 25.

About Latest Posts



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