

It's been a solid few months for the ASX defence-tech sector. Here are the biggest winners

Tech

11/09/20 | [Nick Sundich](#)



Defence-tech ASX stocks have done well in recent months

'Defence-tech' is one of several ASX tech sectors that has boomed in 2020.

As COVID-19 first broke out it won favour due to its reputation as being 'recession-proof', and was further boosted by fresh government investment.

Last month, the Morrison government announced a \$1 billion defence investment package, which includes a grants program for small businesses in this sector.

Here's a list of all ASX defence-tech stocks and their performance over the past 6 months:

Code	Name	Price	6 Month % Return	Market Cap
BRN	BRAINCHIP HOLDINGS LTD	0.785	1644	\$1.2B
OEC	ORBITAL CORP LTD	1.13	143	\$87.7M
ELS	ELSIGHT LTD	0.55	95	\$60.5M
CDA	CODAN LTD	10.77	78	\$1.9B
AJX	ALEXIUM INTERNATIONAL GROUP	0.07	30	\$44.4M
MOB	MOBILICOM LTD/AUSTRALIA	0.094	25	\$24.2M
XTE	XTEK LTD	0.64	21	\$45.2M
BIS	BISALLOY STEEL GROUP LTD	1.045	19	\$46.6M
BCT	BLUECHIIP LTD	0.089	11	\$53.4M
DRO	DRONESHIELD LTD	0.18	0	\$46.9M
EOS	ELECTRO OPTIC SYSTEMS HOLDIN	5.45	-1	\$794.9M
TTT	TITOMIC LTD	0.695	-9	\$108.8M
QHL	QUICKSTEP HOLDINGS LTD	0.08	-12	\$56.4M
UUV	UUV AQUABOTIX LTD	0.0015	-25	\$2.7M

The standout performer is an AI play **BrainChip (ASX:BRN)** which has built a computer chip that can mimic the human brain and sensory systems.

Its clientele includes law enforcement and intelligence organisations, which it helps identify patterns and faces in video footage.

The stock has really taken off in recent months, gaining over 1000 per cent as it edges closer to commercialisation.

Perth-based Orbital UAV (ASX:OEC) – which manufactures specialised two stroke engines for unmanned aerial vehicles (UAVs) – is another stock that’s well up, having more than doubled in 6 months.

The company turned a \$5.9 million loss into a \$1.7 million profit this year off the back of significant traction in global markets.

Major clients won this year this year include global aerospace giant Northrop Grumman, and one of the biggest defence companies in Singapore.

It is also keen to capitalise on local opportunities – hosting Minister for Defence Linda Reynolds back in July to discuss the applicability of its technology.

Communications & drone stocks win too

Companies that develop communications infrastructure and drone technology have been big winners.

Small cap **Elsight (ASX:ELS)** and large cap **Codan (ASX:CDA)** have excited investors in recent months with big name orders and are up 95 per cent and 78 per cent respectively.

The latter stock also sells metal detectors, including gold detectors and this has been a strong performing segment too. Codan announced a \$64 million net profit after tax last financial year.

Drone tech stocks **XTEK (ASX:XTE)** and **Mobilicom (ASX:MOB)** enjoyed gains of 21 per cent and 25 per cent over the past 6 months respectively.

Last month, *Stockhead* spoke with both companies and they both noted the industry outlook looked stronger than it did pre-COVID.

This is because governments globally are ramping up their investment in defence as regulators become more flexible, allowing for a faster evolution of drone technologies.

<https://stockhead.com.au/tech/its-been-a-solid-few-months-for-the-asx-defence-tech-sector-here-are-the-biggest-winners/>