

Theon International

Positive developments

Theon reported a strong operational performance in H125. Perhaps more interesting are the order wins in new high-tech product categories such as Augmented Reality Modular Ecosystem of Devices (A.R.M.E.D.) and management's commitment that, along with the platform-based activities being developed, it expects these activities to account for around 50% of revenue in the medium term. The Belgian expansion supports this initiative.

Year end	Revenue (€m)	PBT (€m)	EPS (EUc)	DPS (EUc)	P/E (x)	Yield (%)
12/23	218.7	49.9	-	0.00		N/A
12/24	352.4	86.7	98.00	34.00	26.8	1.3
12/25e	420.0	105.2	114.00	39.90	23.0	1.5
12/26e	483.0	123.8	133.00	46.55	19.7	1.8

Note: PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

H125 results

Theon reported record H1 sales of €183.7m (+20.6%), adjusted EBIT of €47.4m (+24.4%) and an operating margin of 25.8%, up from 25.0% as the group benefited from strong top-line and positive operational leverage, assisted by positive operational management. EPS was €0.48 (+17%). Note that these increases are like-for-like but encompass a change in accounting policy to include the group's share of profits from core equity-accounted investments in operating profit, a positive 3.3% contribution to H125 EBIT. Primarily, these include the Hensoldt JVs (see note 22 in the [2024 annual report](#) for details). Capex increased by 31% to €6.7m, including capacity investment in Harder Digital. Net cash reduced from €41.7m at end December to €38.1m, primarily due to the payment of dividends.

Order intake

New orders, including A.R.M.E.D. products, were up 118% to €167.9m with a book-to-bill ratio of 0.9x before a further €100m of additional options. The soft backlog reached €622.2m +45% y-o-y, although down from the record €654m at year-end. Theon also recorded €378.2m in contractual options. The tender pipeline remains strong with new platform-based systems being developed, expanding Theon's addressable market from €1bn at IPO in 2024 to €2.8bn by 2030, with expectations that these new activities will account for around 50% of sales by 2027.

Theon Belgium and Andres expansion

Theon is establishing a subsidiary and production facility in Belgium to leverage its A.R.M.E.D. capabilities and assist participation in EU/NATO programmes. It has also taken a 10% stake in Andres Industries, with which Theon has been working on multiple tenders, for €1.1m with an option to increase its stake to 24.99%.

Guidance and forecasts

There is no change to guidance, recently increased to the top end of the original €410–430m revenue expectation, mid-20% operating margins and capex of €20m. Encouragingly, Theon comments that it is currently in negotiations for 'significant contracts', after which it will provide guidance for FY26. Our forecasts and valuation are unchanged, but will be reviewed with the full H1 report due on 2 September.

H125 trading update and Belgian expansion

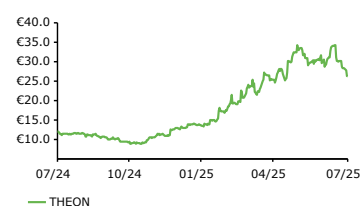
Aerospace and defence

30 July 2025

Price €26.25
Market cap €1,936m

Net cash at 30 June 2025 €38.1m
Shares in issue 70.0m
Code THEON
Primary exchange AEX
Secondary exchange N/A

Share price performance



%	1m	3m	12m
Abs	(9.2)	11.0	128.1
52-week high/low		€35.0	€8.5

Business description

Theon International develops and manufactures customisable night vision and thermal imaging systems, primarily for military and security applications. These optoelectronic devices are developed for both man-portable and platform applications.

Next events

H1 report	2 September 2025
Q3 update	3 November 2025
Capital markets event	Q425

Analyst

David Larkam +44 (0)20 3077 5700

industrials@edisongroup.com

[Edison profile page](#)

Theon International is a research client of Edison Investment Research Limited

Exhibit 1: Financial summary

€m	2022	2023	2024	2025e	2026e
Year to December	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT					
Revenue	142.9	218.7	352.4	420.0	483.0
Cost of Sales	(92.7)	(148.5)	(243.2)	(285.6)	(326.1)
Gross Profit	50.2	70.2	109.2	134.4	157.0
EBITDA	41.7	57.2	89.4	112.2	132.8
Normalised operating profit	40.2	55.7	86.9	101.6	119.8
Reported operating profit	40.2	55.7	86.9	101.6	119.8
Joint ventures & associates (post tax)	0.0	0.6	2.4	3.6	4.0
Net interest	(2.5)	(6.5)	(2.6)	0.0	0.0
Profit Before Tax (norm)	37.8	49.9	86.7	105.2	123.8
Profit Before Tax (reported)	37.8	49.9	86.7	105.2	123.8
Reported tax	(7.8)	(13.8)	(19.3)	(23.4)	(27.6)
Profit After Tax (norm)	30.0	36.1	67.3	81.9	96.2
Profit After Tax (reported)	30.0	36.1	67.4	81.9	96.2
Minority interests	0.0	0.0	0.0	(2.0)	(3.0)
Net income (normalised)	30.0	36.1	67.3	79.9	93.2
Net income (reported)	30.0	36.1	67.4	79.9	93.2
Basic average number of shares out	20	60	67	70	70
EPS - basic normalised (c)			98	114	133
EPS - diluted normalised (c)			98	114	133
EPS - basic reported (c)			100	114	133
Dividend (c)	0.00	0.00	34.00	39.90	46.55
Revenue growth (%)	77.4	53.1	61.1	19.2	15.0
Gross Margin (%)	35.1	32.1	31.0	32.0	32.5
EBITDA Margin (%)	29.2	26.1	25.4	26.7	27.5
Normalised Operating Margin	28.2	25.5	25.0	24.2	24.8
BALANCE SHEET					
Fixed Assets	22.0	21.7	60.9	80.4	97.9
Intangible Assets	0.8	1.5	22.1	24.2	26.1
Tangible Assets	10.6	17.4	32.4	49.1	64.2
Investments & other	10.6	2.9	6.4	7.1	7.6
Current Assets	135.4	188.8	331.5	393.9	469.5
Stocks	34.0	63.6	75.9	90.5	104.0
Debtors	68.0	46.1	133.6	159.2	183.1
Cash & cash equivalents	24.0	65.6	117.8	140.0	178.1
Other	9.3	13.4	4.2	4.2	4.2
Current Liabilities	(89.1)	(100.1)	(107.6)	(102.7)	(114.3)
Creditors	(24.0)	(41.8)	(36.4)	(43.4)	(49.9)
Tax and social security	(6.1)	(8.0)	(14.8)	(17.1)	(19.9)
Short term borrowings	(31.0)	(32.4)	(34.9)	(28.3)	(28.3)
Other	(28.1)	(17.9)	(21.4)	(14.0)	(16.3)
Long Term Liabilities	(4.0)	(33.0)	(48.7)	(90.1)	(110.9)
Long term borrowings	(3.1)	(32.1)	(46.8)	(46.8)	(46.8)
Other long term liabilities	(0.9)	(0.9)	(1.9)	(43.4)	(64.1)
Net Assets	64.3	77.5	236.2	281.5	342.1
Minority interests	0.0	0.0	(11.8)	(11.8)	(11.8)
Shareholders' equity	64.3	77.5	224.4	269.6	330.3
CASH FLOW					
Op Cash Flow before WC and tax	41.7	57.2	89.4	112.2	132.8
Working capital	(44.1)	(8.6)	(101.4)	(15.4)	(19.0)
Exceptional & other	0.0	0.4	2.9	(2.0)	(3.0)
Tax	(3.7)	(11.3)	(13.5)	(21.0)	(24.8)
Net operating cash flow	(6.1)	37.7	(22.7)	73.8	86.0
Capex (net)	(3.7)	(7.6)	(8.7)	(20.0)	(20.0)
Acquisitions/disposals	(0.3)	(0.5)	0.0	0.0	0.0
Net interest	(0.2)	(2.0)	(0.6)	0.0	0.0
Equity financing	0.0	0.0	92.2	(6.7)	0.0
Dividends	0.0	(10.0)	(14.4)	(23.8)	(27.9)
Net Cash Flow	(10.3)	17.6	45.9	23.3	38.1
Opening net debt/(cash)	(9.0)	10.0	(0.8)	(41.7)	(65.0)
FX	0.0	(0.4)	0.0	0.0	0.0
Other non-cash movements	(8.7)	(6.4)	(5.0)	0.0	0.0
Closing net debt/(cash)	10.0	(0.8)	(41.7)	(65.0)	(103.0)

Source: Theon, Edison Investment Research forecasts

General disclaimer and copyright

This report has been commissioned by Theon International and prepared and issued by Edison, in consideration of a fee payable by Theon International. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright 2025 Edison Investment Research Limited (Edison).

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.
