

# 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.

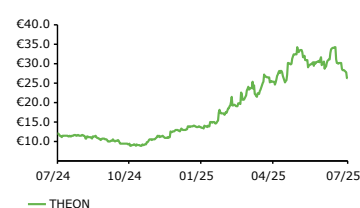
## H125 trading update and Belgian expansion

Aerospace and defence

30 July 2025

|                          |                |
|--------------------------|----------------|
| <b>Price</b>             | <b>€26.25</b>  |
| <b>Market cap</b>        | <b>€1,936m</b> |
| 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](mailto:industrials@edisongroup.com)  
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**Exhibit 1: Financial summary**

| €m                                     | 2022          | 2023           | 2024           | 2025e          | 2026e          |
|--|---------------|----------------|----------------|----------------|----------------|
| Year to December                       | IFRS          | IFRS           | IFRS           | IFRS           | IFRS           |
| <b>INCOME STATEMENT</b>                |               |                |                |                |                |
| 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          |
| <b>EBITDA</b>                          | <b>41.7</b>   | <b>57.2</b>    | <b>89.4</b>    | <b>112.2</b>   | <b>132.8</b>   |
| 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            |
| <b>Profit Before Tax (norm)</b>        | <b>37.8</b>   | <b>49.9</b>    | <b>86.7</b>    | <b>105.2</b>   | <b>123.8</b>   |
| <b>Profit Before Tax (reported)</b>    | <b>37.8</b>   | <b>49.9</b>    | <b>86.7</b>    | <b>105.2</b>   | <b>123.8</b>   |
| Reported tax                           | (7.8)         | (13.8)         | (19.3)         | (23.4)         | (27.6)         |
| <b>Profit After Tax (norm)</b>         | <b>30.0</b>   | <b>36.1</b>    | <b>67.3</b>    | <b>81.9</b>    | <b>96.2</b>    |
| <b>Profit After Tax (reported)</b>     | <b>30.0</b>   | <b>36.1</b>    | <b>67.4</b>    | <b>81.9</b>    | <b>96.2</b>    |
| Minority interests                     | 0.0           | 0.0            | 0.0            | (2.0)          | (3.0)          |
| <b>Net income (normalised)</b>         | <b>30.0</b>   | <b>36.1</b>    | <b>67.3</b>    | <b>79.9</b>    | <b>93.2</b>    |
| <b>Net income (reported)</b>           | <b>30.0</b>   | <b>36.1</b>    | <b>67.4</b>    | <b>79.9</b>    | <b>93.2</b>    |
| 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           |
| <b>BALANCE SHEET</b>                   |               |                |                |                |                |
| <b>Fixed Assets</b>                    | <b>22.0</b>   | <b>21.7</b>    | <b>60.9</b>    | <b>80.4</b>    | <b>97.9</b>    |
| 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            |
| <b>Current Assets</b>                  | <b>135.4</b>  | <b>188.8</b>   | <b>331.5</b>   | <b>393.9</b>   | <b>469.5</b>   |
| 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            |
| <b>Current Liabilities</b>             | <b>(89.1)</b> | <b>(100.1)</b> | <b>(107.6)</b> | <b>(102.7)</b> | <b>(114.3)</b> |
| 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)         |
| <b>Long Term Liabilities</b>           | <b>(4.0)</b>  | <b>(33.0)</b>  | <b>(48.7)</b>  | <b>(90.1)</b>  | <b>(110.9)</b> |
| 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)         |
| <b>Net Assets</b>                      | <b>64.3</b>   | <b>77.5</b>    | <b>236.2</b>   | <b>281.5</b>   | <b>342.1</b>   |
| Minority interests                     | 0.0           | 0.0            | (11.8)         | (11.8)         | (11.8)         |
| <b>Shareholders' equity</b>            | <b>64.3</b>   | <b>77.5</b>    | <b>224.4</b>   | <b>269.6</b>   | <b>330.3</b>   |
| <b>CASH FLOW</b>                       |               |                |                |                |                |
| 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)         |
| <b>Net operating cash flow</b>         | <b>(6.1)</b>  | <b>37.7</b>    | <b>(22.7)</b>  | <b>73.8</b>    | <b>86.0</b>    |
| 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           |
| <b>Opening net debt/(cash)</b>         | <b>(9.0)</b>  | <b>10.0</b>    | <b>(0.8)</b>   | <b>(41.7)</b>  | <b>(65.0)</b>  |
| 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            |
| <b>Closing net debt/(cash)</b>         | <b>10.0</b>   | <b>(0.8)</b>   | <b>(41.7)</b>  | <b>(65.0)</b>  | <b>(103.0)</b> |

Source: Theon, Edison Investment Research forecasts

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