

# Theon International

## A clear view of the future

**Theon International built strong momentum in 2025 with a significant expansion of the order book, including in new product areas, to €2.4bn and announced a number of significant strategic investments. These have further cemented Theon's position as the leader in night vision systems in Europe along with improving longer-term visibility and hence quality of earnings available for investors.**

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	27.1	1.3
12/25e	440.0	105.2	114.00	28.50	23.3	1.1
12/26e	590.8	152.3	149.00	37.25	17.9	1.4

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

## Guidance update and forecast changes

The company has confirmed previous FY25 guidance and provided expectations for FY26, including at least 20% organic growth, supported by the strong order book of c €2.4bn (including options) and for adjusted EBIT margins to be in the mid-20s in percentage terms. We have updated our forecasts to take into account this guidance, while also including the recently completed rights issue and the announced but not yet completed investment in [Exosens](#). Our FY25 forecasts remain unchanged. For FY26, our PBT estimate increases from €130m to €152m, +16.7%, and our EPS estimate increases from €1.41 to €1.49 +5.7% (note the lower EPS upgrade reflects the impact of the equity issue to part fund the investment in Exosens).

## Valuation: 11% uplift to €36.4 per share

We have re-run our valuation models. Our peer-based valuation comes to €36.0 per share while our DCF valuation comes to €36.9 a share. Combined this gives a valuation of €36.4 a share, up from the previous €32.5 a share (DCF-based valuation of €32.1 and peer-based valuation of €33.0, before taking into account the rights issue discount factor of c 3.5%).

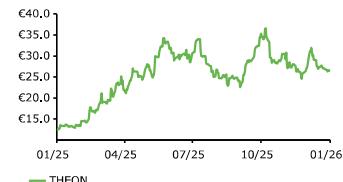
Updated guidance

Aerospace and defence

5 January 2026

<b>Price</b>	<b>€26.60</b>
<b>Market cap</b>	<b>€2,107m</b>
Net cash at 30 September	€0.5m
Shares in issue	78.6m
Free float	30.0%
Code	THEON
Primary exchange	AEX
Secondary exchange	N/A

## Share price performance



	1m	3m	12m
Abs	4.6	(14.2)	124.1
52-week high/low	€35.6	€11.9	

## 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

FY25 results	16 February 2026
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## Guidance and forecast update

Theon's management has published forward-looking guidance, reiterating previous FY25 expectations and providing strong forward guidance.

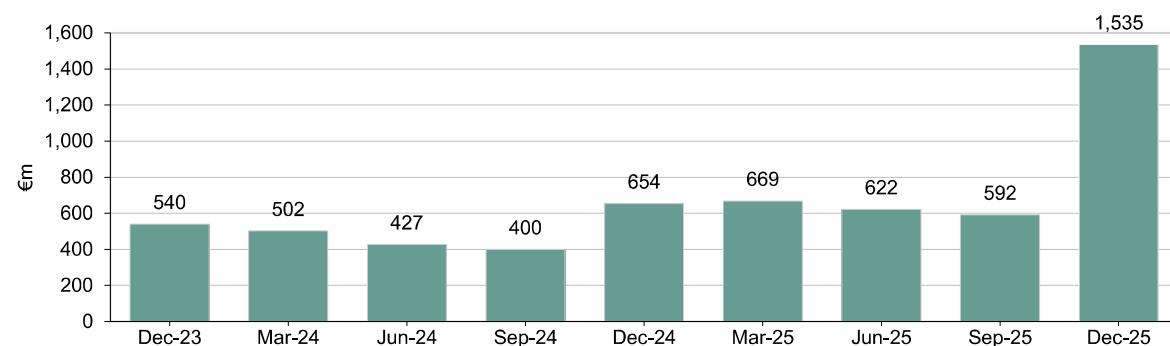
### Exhibit 1: Company guidance

	FY 2025	FY 2026	Mid-Term Targets
<b>Revenue</b>	€435 - 445 m	€570-600 m (+ >20% organic, >30% total)	Organic Growth >15% per annum
<b>Adj. EBIT Margin</b>	Mid-twenties		
<b>Capex</b>	€20 m	€30 m	c. 4% of Revenue
<b>Dividend</b> (% of Net Income)	Distributed 35% 20-30%		

Source: Theon

These expectations are supported by the recent c €1bn order announcement, which has seen the overall order book expand to €2.4bn including c €865m of options.

### Exhibit 2: Theon order book (excluding options)



Source: Theon data, Edison Investment Research

As a result of the updated guidance along with the successful completion of the rights issue we have updated our forecasts. The changes made incorporate:

- Underlying trading expectations updated: FY25 is unchanged; FY26 includes the new guidance for 20% organic growth, supported by the strong order backlog, and an adjusted EBIT margin in the mid-20s.
- Inclusion of the additional shares and funds from the rights issue (note this will boost the year-end balance sheet before the acquisition of the investment in Exosens shares).
- Inclusion of Exosens: Theon's acquisition of 9.8% of Exosens is expected to conclude early in 2026, hence we have included 10 months (ie from the end of February). We have included the holding as an associate. While the level of holding at 9.8% might be commensurate to accounting as an investment, the level of inter-activity between the two groups and potential for management influence have led us to account for the holding as an associate (ie 9.8% of Exosens profit after tax).

**Exhibit 3: Forecast changes (€m)**

	2025e			2026e		
	Old	New	Change	Old	New	Change
Revenues	440	440	0.0%	580	591	1.8%
Normalised operating profit	105	105	0.0%	132	147	10.8%
Normalised operating profit margin	23.9%	23.9%	0.0%	22.8%	23.6%	0.8%
Normalised PBT	105	105	0.0%	130	152	16.7%
Normalised basic EPS (c)	114	114	0.0%	141	149	5.7%
Dividend per share (c)	29	29	0.0%	35	37	5.7%
Net debt/(cash)	9	(141)	N/A	(48)	75	-264.1%

Source: Edison Investment Research

## Valuation

We have updated our guidance using our normal peer group and DCF-based valuations. In aggregate, these provide our new valuation of €36.4 per share.

### Peer-based valuation

We use two peer groups: one for specialist electronics companies with vision systems exposure and another for defence-related peers. The higher-rated specialist electronics peers suggests an average valuation of €39.3 per share, while the defence peers suggest an average valuation of €32.8 per share, with the average of the two coming out at €36.0.

**Exhibit 4: Peer-based valuation**

	Currency	Share price Local	Market cap €m	EV/EBIT (x)			EV/EBITDA (x)			P/E (x)	
				2025	2026	2027	2025	2026	2027	2025	2026
<b>Enhanced vision systems peers</b>											
Elbit Systems	ILS	166,900	21,282	114.0	90.6	79.0	88.2	72.9	64.5	145.7	120.0
Hensoldt	EUR	73	8,743	27.1	22.7	18.2	18.8	16.0	13.3	45.3	36.8
L3Harris	USD	287	47,379	19.5	18.0	16.8	16.9	15.3	14.6	26.9	23.1
Exosens	EUR	47	2,469	24.8	21.2	18.3	18.9	16.4	14.4	32.0	26.0
Teledyne	USD	518	21,477	21.4	19.8	18.5	18.2	16.9	15.9	24.1	21.9
Median				24.8	21.2	18.3	18.8	16.4	14.6	32.0	26.0
THEON EBIT (€m)/EBITDA (€m)/EPS (€)				105	150	180	116	163	196	114	149
Enterprise valuation (€m)				2,608	3,176	3,292	2,176	2,671	2,866		
Cash/(debt) (€m)				141	(75)	(18)	141	(75)	(18)		
THEON equity valuation (€m)				2,749	3,101	3,274	2,318	2,596	2,848		
THEON valuation (€ per share)				39.3	44.3	46.8	33.1	37.1	40.7	36.5	38.7
<b>Specialist defence companies</b>											
Avon Technologies	GBp	1,804	645	11.9	10.8	10.0	10.1	9.3	7.9	15.4	13.7
Cadre Holdings	USD	44	1,569	24.7	19.4	17.3	16.0	14.1	13.0	36.9	31.9
Chemring	GBp	475	1,523	16.7	13.7	11.8	12.7	10.6	9.5	22.3	18.0
Cohort	GBp	985	545	13.3	11.1	9.6	10.5	9.2	7.9	16.5	14.8
DroneShield	AUD	2	1,233	48.7	28.4	18.8	43.5	24.3	16.4	58.2	36.5
Invisio	SEK	269	1,185	48.2	24.5	19.3	37.7	21.2	17.0	67.8	33.5
QinetiQ	GBp	431	2,708	11.0	10.0	9.4	7.8	7.2	6.7	14.0	12.5
RENK	EUR	54	5,638	27.1	21.7	17.6	22.0	18.0	14.7	39.1	31.0
Median				24.7	17.5	14.2	16.0	14.1	11.6	33.8	24.0
THEON EBIT (€m)/EBITDA (€m)/EPS (€)				105	150	180	116	163	196	114	149
Enterprise valuation (€m)				2,597	2,614	2,559	1,852	2,296	2,284		
Cash/(debt) (€m)				141	(75)	(18)	141	(75)	(18)		
THEON equity valuation (€m)				2,739	2,539	2,541	1,994	2,221	2,266		
THEON valuation (€ per share)				39.1	32.1	32.2	28.5	28.1	28.7	38.5	35.7

Source: Edison Investment Research, LSEG Data &amp; Analytics 22 December 2025

### DCF valuation

Our DCF valuation, using a cost of capital of 8% and a long-term growth rate of 3%, suggests a valuation of €36.9 a share.

**Exhibit 5: DCF valuation (€/share)**

WACC	Terminal growth rate				
	1%	2%	3%	4%	5%
11%	18.2	19.9	22.1	25.0	28.7
10%	20.5	22.7	25.6	29.5	35.0
9%	23.4	26.4	30.4	35.9	44.3
8%	27.1	31.2	36.9	45.6	59.9
7%	32.1	38.0	46.9	61.6	91.2
6%	39.1	48.2	63.4	93.8	184.9

Source: Edison Investment Research

**Exhibit 6: Financial summary**

€m	2022 IFRS	2023 IFRS	2024 IFRS	2025e IFRS	2026e IFRS
Year end 31 December					
<b>INCOME STATEMENT</b>					
Revenue	142.9	218.7	352.4	440.0	590.8
Cost of Sales	(92.7)	(148.5)	(243.2)	(297.9)	(400.0)
Gross Profit	50.2	70.2	109.2	142.1	190.8
EBITDA	41.7	57.2	89.4	115.8	152.6
Normalised operating profit	40.2	55.7	86.9	105.2	139.6
Reported operating profit	40.2	55.7	86.9	105.2	139.6
Joint ventures & associates (post tax)	0.0	0.6	2.4	0.0	7.2
Net Interest	(2.5)	(6.5)	(2.6)	0.0	5.6
Profit Before Tax (norm)	37.8	49.9	86.7	105.2	152.3
Profit Before Tax (reported)	37.8	49.9	86.7	105.2	152.3
Reported tax	(7.8)	(13.8)	(19.3)	(24.2)	(33.4)
Profit After Tax (norm)	30.0	36.1	67.3	81.0	118.9
Profit After Tax (reported)	30.0	36.1	67.4	81.0	118.9
Minority interests	0.0	0.0	0.0	(1.5)	(2.0)
Net income (normalised)	30.0	36.1	67.3	79.5	116.9
Net income (reported)	30.0	36.1	67.4	79.5	116.9
Basic average number of shares outstanding (m)	20	60	67	70	79
EPS - basic normalised (c)			98	114	149
EPS - basic reported (c)			100	114	149
Dividend (c)	0.00	0.00	34.00	28.50	37.25
Revenue growth (%)	77.4	53.1	61.1	24.9	34.3
Gross Margin (%)	35.1	32.1	31.0	32.3	32.3
Normalised Operating Margin (%)	28.2	25.5	25.0	23.9	23.6
<b>BALANCE SHEET</b>					
Fixed Assets	22.0	21.7	60.9	80.7	109.0
Intangible Assets	0.8	1.5	22.1	24.4	26.9
Tangible Assets	10.6	17.4	32.4	49.1	74.2
Investments & other	10.6	2.9	6.4	7.1	7.9
Current Assets	135.4	188.8	331.5	482.2	355.8
Stocks	34.0	63.6	75.9	94.8	127.3
Debtors	68.0	46.1	133.6	166.8	224.0
Cash & cash equivalents	24.0	65.6	117.8	216.4	0.4
Other	9.3	13.4	4.2	4.2	4.2
Current Liabilities	(89.1)	(100.1)	(107.6)	(102.1)	(124.5)
Creditors	(24.0)	(41.8)	(36.4)	(45.4)	(61.0)
Tax and social security	(6.1)	(8.0)	(14.8)	(17.2)	(20.6)
Short-term borrowings	(31.0)	(32.4)	(34.9)	(28.3)	(28.3)
Other	(28.1)	(17.9)	(21.4)	(11.2)	(14.6)
Long-Term Liabilities	(4.0)	(33.0)	(48.7)	(24.2)	183.8
Long-term borrowings	(3.1)	(32.1)	(46.8)	(46.8)	(46.8)
Other long-term liabilities	(0.9)	(0.9)	(1.9)	22.6	230.6
Net Assets	64.3	77.5	236.2	436.6	524.2
Minority interests	0.0	0.0	(11.8)	(11.8)	(11.8)
Shareholders' equity	64.3	77.5	224.4	424.8	512.4
<b>CASH FLOW</b>					
Op Cash Flow before WC and tax	41.7	57.2	89.4	115.8	152.6
Working capital	(44.1)	(8.6)	(101.4)	(16.8)	(26.8)
Exceptional & other	0.0	0.4	2.9	(2.0)	(3.0)
Tax	(3.7)	(11.3)	(13.5)	(21.8)	(30.0)
Net operating cash flow	(6.1)	37.7	(22.7)	75.2	92.8
Capex (net)	(3.7)	(7.6)	(8.7)	(20.0)	(30.0)
Acquisitions/disposals	(0.3)	(0.5)	0.0	(75.0)	(270.0)
Net interest	(0.2)	(2.0)	(0.6)	0.0	5.6
Equity financing	0.0	0.0	92.2	143.3	0.0
Dividends	0.0	(10.0)	(14.4)	(23.8)	(22.4)
Net Cash Flow	(10.3)	17.6	45.9	99.7	(224.0)
Opening net debt/(cash)	(9.0)	10.0	(0.8)	(41.7)	(141.4)
FX	0.0	(0.4)	0.0	0.0	0.0
Other non-cash movements	(8.7)	(6.4)	(5.0)	0.0	8.0
Closing net debt/(cash)	10.0	(0.8)	(41.7)	(141.4)	74.6

Source: Theon accounts, Edison Investment Research

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