IOM AIMX Iomart Group PLC

H1'27 Trading Update and FY'27 Outlook · RNS 7725D · 19 November 2026

iomart cuts FY27 EBITDA outlook 16% below consensus and opens exclusive data centre sale talks

Share price	12p
Market cap	£13.6m
52-week range	10.37p - 27p
Shares in issue	113.6m
12-month change	-53.3%

Ticker Data API, as at 18 Nov 2026, 15:02

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SUMMARY

iomart's trading update today cut its outlook for the year to March 2027: revenue is now expected about 4% below consensus of £148.5m and adjusted EBITDA 16% below consensus of £25.6m. First-half revenue is expected at about £68.9m, against £77.7m a year earlier, and adjusted EBITDA at £8.9m against £12.5m, as hardware resale and Private Cloud bookings weakened and growth shifted to lower-margin Microsoft work. Net debt rose to £117.2m, and the company is in exclusive talks to sell its Data Centre business, which would need shareholder approval. At the 12.00p close on 18 November, the day before the update, the equity was worth £14m. Small differences in sale proceeds or sustainable earnings would therefore weigh heavily for shareholders. Half-year results on 26 November should supply the cash-flow and covenant detail missing today.

KEY FIGURES

FIGURE	VALUE	PERIOD	CHANGE
H1 revenue (expected)	£68.9m	Six months to 30 September 2026	H1'26: £77.7m
H1 adjusted EBITDA (expected)	£8.9m	Six months to 30 September 2026	H1'26: £12.5m
FY27 adjusted EBITDA consensus	£25.6m	Year to 31 March 2027	Board now expects 16% below
FY27 revenue consensus	£148.5m	Year to 31 March 2027	Board now expects about 4% below
Net debt	£117.2m	30 September 2026	31 March 2026: £108.6m
Drawn on revolving credit facility	£105.0m	30 September 2026	Of a £115m facility renewed to 30 June 2028
ARR run-rate at start of year	£134 million	Start of FY27	Board expects growth by year end
FY26 adjusted EBITDA	£25.6m	Year to 31 March 2026	FY2025: £34.3m
Market capitalisation	£14m	12.00p share price, 18 Nov 2026 close	

Sources: H1'27 Trading Update and FY'27 Outlook RNS, 19 Nov 2026; Final Results RNS, 23 Jun 2026; Ticker price and valuation data

THE ANNOUNCEMENT

- The Board expects FY27 revenue 4% below company-compiled consensus of £148.5m and adjusted EBITDA 16% below consensus of £25.6m, with profit cut harder because the mix is moving from higher-margin Private and Iomart Cloud to lower-margin Azure and M365.
- First-half revenue is expected at £68.9m (H1'26: £77.7m) and adjusted EBITDA at £8.9m (H1'26: £12.5m). Churn outweighed bookings into the second quarter, though the company says churn is now reducing and net bookings are positive again.
- The Board has concluded that selling the Data Centre business would substantially reduce bank debt and is in bilateral exclusive discussions. If these fail, a full marketing exercise will follow early in 2027.
- Any sale is a fundamental change of business under AIM Rule 15, so completion needs shareholder approval. No price, buyer or standalone Data Centre figures were given.
- Net debt rose to £117.2m at 30 September from £108.6m in March, including £105.0m drawn on the £115m revolving credit facility, which runs to 30 June 2028.
- ARR (annual recurring revenue) was around £134m at the start of the year and the Board expects it to be higher by the year end, with further cost reductions aimed at a significantly lower cost base by the end of FY28.

AGAINST GUIDANCE

The cut runs against both market expectations and the company's own earlier tone. Consensus for FY27 stood at £148m to £149m of revenue and £25.5m to £25.6m of adjusted EBITDA, and the Board now expects to fall short by 4% and 16% respectively. In June 2026 the company expected only a modest fall in FY27 revenue and an improved second-half profit profile. The record before that is similar: in February 2026 the Board guided FY26 EBITDA to just below the lower end of £27.7m to £28.5m, and the outcome was £25.6m. Meeting the new outlook requires second-half EBITDA of roughly £12.6m against £8.9m in the first half, by subtraction from the stated consensus gap.

BULL CASE

- The Data Centre sale could transform the balance sheet: the Board says it would substantially reduce bank debt, and with the equity worth £14m against £117.2m of net debt, even moderately better net proceeds would be large relative to the market value.
- Trading signals have turned: churn is reducing, net order bookings are positive again and ARR, £134m at the start of the year, is expected to be higher by 31 March 2027.
- Management delivered its £4m annualised cost savings target in FY26 and has further cost measures under way, while the retained services business carries deep Microsoft accreditations including Azure Expert MSP status and a top-tier Broadcom partnership.

BEAR CASE

- On the company's own account, its growth in Azure and M365 is what is cutting margins, so selling the higher-margin data centres could reduce EBITDA as well as debt. No price, net-proceeds figure or standalone Data Centre earnings have been disclosed.
- Net debt rose £8.6m in six months while EBITDA fell, and the facility is tested quarterly on leverage and interest cover with limits and headroom unpublished. On reported figures leverage has moved from 4.2 times to about 5.3 times trailing EBITDA.
- The forecasting record (an FY26 miss after the February downgrade, and the June outlook reversed by November) gives reason to doubt a 42% rise in second-half EBITDA over the first half.
- Bank Rate at 4.00% on 16 November, an AIM All-Share down 8.1% over three months and average daily trading of £18,800 make the position harder to finance and the shares hard to deal in.

WHAT TO WATCH

- Half-year results on 26 November 2026: the cash-flow bridge behind the £8.6m rise in net debt, interest and capital spending, any covenant limits and headroom, and a reconciliation of H1'26 EBITDA (now £12.5m, reported as £12.9m in November 2025).
- Terms of any Data Centre sale, judged on debt reduction after fees and after the EBITDA given up, followed by the AIM Rule 15 shareholder vote. If exclusive talks fail, a full marketing exercise starts early in 2027.
- Whether churn keeps falling and ARR is higher at 31 March 2027, and whether full-year EBITDA meets the cut outlook or misses again.
- Any covenant waiver, amendment or lender-imposed condition before a sale is agreed.

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