IQE IQE plc

IQE lifts 2026 revenue growth guidance above 40% as AI optics orders arrive

Following the IQE plc: Trading Update · 17 November 2026

FY26 REVENUE GROWTH GUIDANCE	FY26 ADJUSTED EBITDA GUIDANCE	CASH, NO BANK DEBT	H1 2026 STATUTORY LOSS
>40%	mid-teens £m	£41.5m	£12.9m
▲ up from in excess of 30% guided on 21 July	▲ up from low-teens £m guided on 21 July	against £41.6m at 30 June 2026	▼ against a £17.9m loss in H1 2025

Share price, past 12 months

Daily close; latest price as at 16:29 on 16 November 2026 · Ticker Data API



IQE raised its 2026 guidance for the third time this year in today's trading update. It now expects revenue growth of more than 40% and adjusted EBITDA in the mid-teens of millions of pounds. Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation, with one-off items stripped out. In July the guidance was more than 30% growth and low-teens EBITDA. IQE puts the latest step down to optical communications work for datacentre and AI customers, which it says has "now materialised" as revenue. It reports £41.5m of cash and no bank debt, and says it has strong order book coverage for 2027.

The longer record is less tidy. On 2025 revenue of £97.3m, the new guidance implies more than £136.2m this year. But 2025 revenue had itself fallen from £118m in 2024, and the group made a statutory loss in each of the last three years. In the first half of 2026 IQE still lost £12.9m at the statutory level, and operating cash flow of £1.2m barely covered £1.1m of capital spending. The £41.5m of cash comes after an £80.8m recapitalisation in May, which included £15m of convertible loan notes issued to MACOM. The shares were quoted at 29.45p today, down 7.30% on the day, against a 52-week high of 72.80p. The open questions are how big the 2027 order book is, how much capacity it needs and how that capacity will be paid for.

> **“The conversion of previously identified opportunities into revenue while maintaining disciplined operational execution across the Group has enabled us to upgrade our full-year outlook once again.”**
>
> **Jutta Meier**, Chief Executive Officer · IQE plc: Trading Update, 17 November 2026

AI datacentre optics have moved from pipeline to revenue

IQE now expects 2026 revenue growth of more than 40% and adjusted EBITDA in the mid-teens of millions of pounds, and it says both will be ahead of expectations it had already upgraded. IQE flagged the news as inside information. It names a single cause for the new step: revenue opportunities in optical communications for datacentre and AI infrastructure, which IQE had identified earlier in the year and says have "now materialised". It adds that momentum continued across all its core segments in the second half.

IQE makes epitaxial wafers. It grows ultra-thin crystal layers of compound semiconductors, such as gallium arsenide, on a base wafer, and customers then process those wafers into lasers, radio-frequency chips and sensors. The group lists five end markets: AI and datacentre, consumer electronics, communications infrastructure, aerospace and defence, and automotive and industrial. It manufactures in the UK, the US and Taiwan, with headquarters in Cardiff. On 3 September it signed a purchase agreement with Quintessent to supply 6-inch gallium arsenide epiwafers for quantum dot lasers, a laser design aimed at optical links. That agreement extends an order first announced in January 2025.

The company that issued today's update looks very different from the one of 18 months ago. In 2025 it ran a strategic review, needed bridge financing and obtained a covenant waiver from its bank. The review ended in April 2026, and a recapitalisation followed in which MACOM Technology Solutions, a US chip company, became the largest shareholder. IQE has also said it intends to apply for a move from AIM to the Main Market of the London Stock Exchange by the first half of 2027.

FIGURE	VALUE	CHANGE
FY26 revenue growth guidance FY 2026	in excess of 40%	raised from in excess of 30%
FY26 adjusted EBITDA guidance FY 2026	mid-teens (£m)	raised from low-teens £m
MACOM shareholding disclosed 1 Jun 2026	14.70%	

Sources: Trading Update RNS, 17 Nov 2026; Major shareholder disclosures

Growth of 40% is measured against a weak 2025

Measured against 2025 revenue of £97.3m, growth of more than 40% means 2026 revenue above £136.2m. The first half delivered £64.6m, up 43% on £45.3m, so the second half needs to exceed £71.6m. Both halves would then be well ahead of last year. The base needs some context, though. Revenue in 2025 was lower than the £118m of 2024 and the £115m of 2023, so the new 2026 guidance sits only about 15% above the 2024 level on Ticker's arithmetic.

Adjusted EBITDA is where the improvement shows most clearly. It was £6.0m in the first half against a £0.4m loss a year earlier, and a mid-teens full-year figure implies a second half of roughly £8m to £10m. Statutory measures lag well behind. The first half brought an operating loss of £8.14m and a statutory loss of £12.9m, or 1.25p a share. For comparison, the operating loss for the whole of 2025 was £30.1m, and the after-tax loss was £36.7m.

The gap between adjusted EBITDA and statutory profit is the number to watch in the full-year accounts. IQE has not yet reconciled the two, and it has given no gross margin and no guidance on how much of the higher revenue will turn into cash.

H1 2026 against the prior period

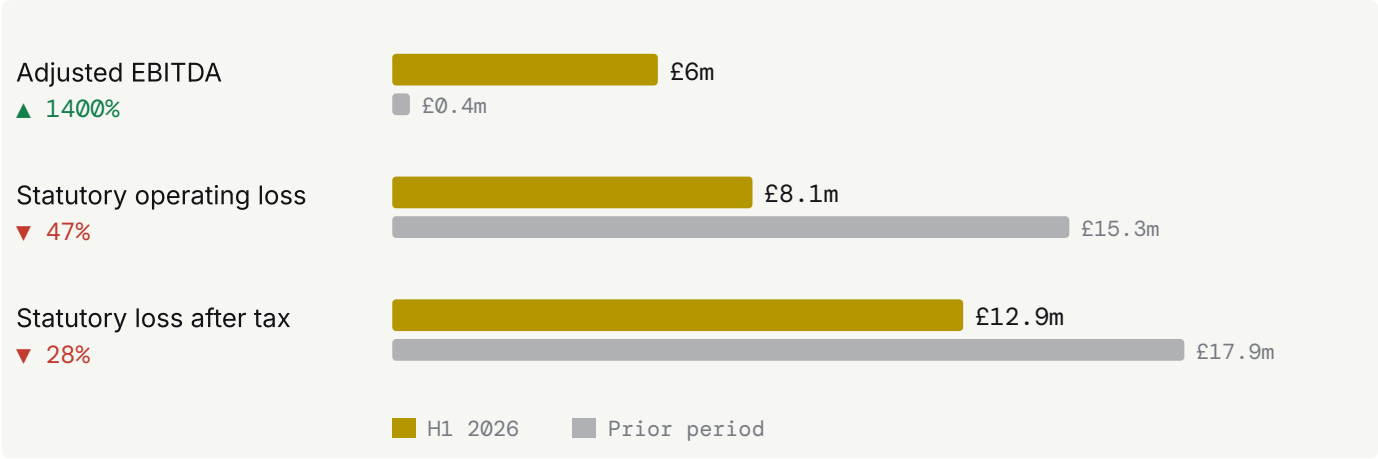


FIGURE	VALUE	CHANGE
Revenue FY 2025	£97.3m	−18% against £118m in FY 2024
Statutory operating loss FY 2025	£30.1m	−8.8% against £33.0m loss in FY 2024
Revenue H1 2026	£64.6m	+43% on £45.3m
Adjusted EBITDA H1 2026	£6m	+1400% against a £0.4m loss in H1 2025
Statutory operating loss H1 2026	£8.14m	−47% against £15.3m loss in H1 2025
Statutory loss after tax H1 2026	£12.9m	−28% against £17.9m loss in H1 2025
Statutory EPS H1 2026	-1.25p	−32% against -1.84p

Sources: Annual Report and Accounts, 31 Dec 2025; H1 2026 Interim Results RNS, 7 Sep 2026

Bank-debt free, with £15m of convertibles still outstanding

Fundraising completed, 28 May 2026
£80.8m

New convertible loan notes to MACOM, May 2026
£15m

Borrowings, 31 Dec 2025
£31.5m

Cash stands at £41.5m, against £41.6m at 30 June, and IQE has no bank borrowings. That position comes from the £80.8m fundraising completed on 28 May. MACOM put in £30m of equity and subscribed for £15m of new secured convertible loan notes, and the proceeds repaid the HSBC revolving credit facility and redeemed the convertible notes issued in 2025. Convertible loan notes are debt that the holder can

swap for shares, so "bank-debt free" is a narrower claim than debt-free. The notes' conversion and maturity terms have not been disclosed.

The record explains why investors are wary of the cash position. The 2024 accounts carried a material uncertainty over going concern, meaning the auditor and directors flagged real doubt that the group could keep trading without new funding. In January 2026 IQE needed a waiver from HSBC on its Q4 2025 EBITDA covenant. The 2025 accounts, audited by KPMG with an unqualified opinion, dropped the material uncertainty, and capital and liquidity is now listed as a decreased risk.

The flat cash balance does not prove the business is funding itself. Warrant exercises at 13.5p raised £884k in June and £231k in October, about £1.1m between them. In the first half, statutory operating cash flow was £1.2m and capital expenditure £1.1m, which left almost nothing over. Those figures show no heavy cash burn, and nor do they show that the group could pay for a larger capacity build for 2027 out of its own cash flow. IQE does not pay a dividend and has no defined-benefit pension scheme.

H1 2026 against the prior period

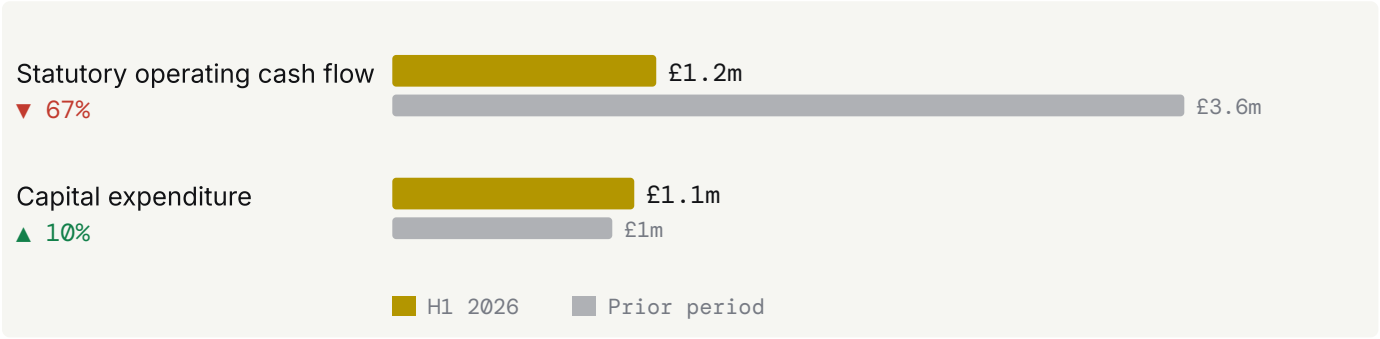


FIGURE	VALUE	CHANGE
Cash 17 Nov 2026	£41.5m	−0.2% against £41.6m at 30 Jun 2026
Statutory operating cash flow H1 2026	£1.2m	−67% against £3.6m in H1 2025
Capital expenditure H1 2026	£1.1m	+10% against £1.0m in H1 2025
Warrant exercise proceeds 16 Jun 2026	£0.88m	at 13.5p

Sources: Trading Update RNS, 17 Nov 2026; H1 2026 Interim Results RNS, 7 Sep 2026; Fundraisings record; Annual Report and Accounts, 31 Dec 2025

> **“With strong order book coverage already in place for 2027, we are well positioned to build on this momentum and capitalise on the opportunities ahead.”**
>
> **Jutta Meier**, Chief Executive Officer · IQE plc: Trading Update, 17 November 2026

A third upgrade of the year, with 2027 coverage unquantified

Guidance has moved up in steps through 2026. In May IQE expected revenue growth above 20% and adjusted EBITDA of high single digits to low double digits of millions of pounds. In July it raised that to more than 30% growth and low-teens EBITDA, and it reiterated those figures in September. Today's

update lifts them again. The first half was trailed at "at least £64m" and came in at £64.6m, so on revenue the guidance has so far been met or beaten.

The weakest point in the outlook is 2027. IQE says it has "strong order book coverage already in place" but gives no order value, no margin and no estimate of the capacity or capital needed to fulfil the orders. Investors therefore cannot yet tell whether this year's optical demand is the start of a sustained run or a burst of AI-related spending that fades.

Gallium is a further unknown. Materials Dispatch reported on 27 October that China could resume a US-specific gallium export ban on 27 November, though that was described as a possibility. Wider export licensing is already in force. IQE has not said where it sources its gallium, how much it holds in stock or whether it can pass on higher costs. A supply shock and a pricing gain for Western wafer makers both remain unproven.

IQE published a trading update on 12 January this year, and a similar year-end statement would be the next guide to how 2026 closed. Full-year results came on 28 May this year, and the planned Main Market application is due by the first half of 2027.

FIGURE	VALUE	CHANGE
FY26 revenue growth guidance 21 Jul 2026	in excess of 30%	raised from in excess of 20%
FY26 adjusted EBITDA guidance 21 Jul 2026	low-teens £m	raised
H1 revenue trailed H1 2026	at least £64m	

Sources: Trading Update RNS, 21 Jul 2026

About 26 times mid-teens EBITDA for a group still making losses

Market capitalisation, 17 Nov 2026
£393m

May placing price, Apr–May 2026
19.8p

Robert Dennehy purchase, 20 Oct 2026
500,000 shares at 39.13p average

At a market value of £393m, with 1.33bn shares in issue, the shares cost about 26 times a £15m reading of the mid-teens adjusted EBITDA guidance on Ticker's arithmetic. Subtracting the £41.5m of cash and adding back the £15m of convertible notes gives an enterprise value of about £366m, which is roughly 24 times. Against implied 2026 revenue of more than £136.2m, that is under three times sales. Those multiples are high for a group that has not yet made a statutory profit. They would look lower if the operating leverage argued for in the bull case comes through, because fixed fab costs are spread over more wafers.

The share register has changed sharply this year. MACOM holds 14.70% and Artisan Partners 13.10%. Artisan's stake has risen from 10.6% since May. Richard Griffiths disclosed 5.56% on 9 November, of which 1.55% is held through contracts for difference, which are cash-settled bets on the share price. Director dealings point both ways. Robert Dennehy bought 500,000 shares at an average of 39.13p on 20 October. Bami Bastani sold 500,000 at 45.83p on 4 August, having bought and received shares at the May fundraising.

IQE's placing in May was priced at 19.8p, and the shares are now about half their 72.80p 52-week high. The valuation rests heavily on whether 2027 revenue keeps growing and whether it turns into cash.

FIGURE	VALUE	CHANGE
Shares in issue 10 Nov 2026	1,333,076,221	
Artisan Partners holding disclosed 3 Jun 2026	13.10%	
Richard Griffiths holding 6 Nov 2026	5.56%	up from below 3.00%
Bami Bastani sale 4 Aug 2026	500,000 shares at £0.4583	

Sources: Total Voting Rights RNS, 11 Nov 2026; Major shareholder disclosures; Holding(s) in Company RNS, 9 Nov 2026; Director/PDMR Shareholding RNS, 5 Aug 2026; Market data, 17 Nov 2026; Fundraisings record; Director/PDMR Shareholding RNS, 22 Oct 2026

Shares halved into the upgrade and sit on thin support

The shares were quoted at 29.45p today, with a day range of 29.11p to 31.20p, after closing at 29.85p on 16 November. The size of today's move needs checking. The quoted 7.30% fall would imply a much higher previous close than 29.85p. The shares are up 4.9% this year but have come a long way down from their recent peak. They reached an intraday high near 58.5p on 6 October and hit 27.05p on 5 November, a fall of about 48% in six weeks. The heaviest trading day in that slide was 15 October, when 45 million shares traded on a gap down from 42.45p. Most of the decline came after the July upgrade.

The chart has been weak heading into today's news. At the 16 November close the shares were 27.6% below their 50-day average of 41.23p, and that average was falling. Volume has been heavier on down days than on rallies, a pattern traders call distribution, meaning selling into strength. The 29.72p level has held four times, and the 61.8% retracement of the full 4.75p-to-72.8p rise sits at 30.75p. A retracement is a level that marks a fixed share of a prior move. The average daily range is 2.82p, or 9.44% of the price, so one ordinary day's move would take the shares through that whole zone. Below it, the next charted support is 21.37p. The first resistance above is 37.03p, a level tested seven times. A close back above 37.03p on volume well above the recent average of about £5.5m traded a day would be the first sign that the market is treating the upgrade as a reason to re-rate the shares.

Short selling is hard to read from the records. The latest single disclosed position was 2.62% of shares on 13 November. The 24.71% shown as a total across 10 disclosed positions appears to include the same holders on different dates, so it should not be read as the current short interest.

FIGURE	VALUE	CHANGE
Share price 17 Nov 2026	29.45p	−7.3% on the day as quoted
Day range 17 Nov 2026	29.11p - 31.20p	
52-week range to 17 Nov 2026	4.75p - 72.80p	
Year-to-date performance 2026	+4.9%	
Latest disclosed short position 13 Nov 2026	2.62%	

Sources: Market data, 17 Nov 2026; Disclosed short positions record

The case for and against

FOR

The case for starts with delivery. IQE has raised revenue guidance three times this year, from more than 20% growth to more than 40%. First-half revenue came in above the level trailed in July, and adjusted EBITDA swung from a £0.4m loss to a £6.0m profit. The new step is tied to a specific source: AI and datacentre optical work that has turned into revenue. MACOM's 14.70% stake and £15m of convertible notes give the group an industry shareholder with a stake in its success. With £41.5m of cash and no bank lender, IQE is not under immediate pressure to raise money. A wafer fab carries high fixed costs, so if 2027 orders keep the plants fuller, each extra pound of revenue could add much more to profit than it does now.

AGAINST

The case against starts with cash. First-half operating cash flow of £1.2m barely covered £1.1m of capital spending, and the statutory loss was still £12.9m. The 2026 growth rate also flatters, because 2025 revenue of £97.3m was well below the £118m of 2024. If IQE has to build capacity for an order book it has not sized, it may need more equity or convertible funding. Raising that money near today's price, with weak support below 29.72p and the next charted level at 21.37p, would dilute existing holders heavily. On Ticker's arithmetic the valuation is about 26 times indicative EBITDA, which already assumes much of the improvement. The shares fell after the July upgrade, and the reaction to today's upgrade has so far been no better. Any gallium supply problem, or demand pulled forward ahead of export controls, would hit a business with little margin for error.

WHAT TO WATCH

Several pieces of evidence will show which reading holds. On gallium, the first is China's decision on the US-specific export ban, reported as possible from 27 November. On orders, the test is whether IQE puts a figure on its 2027 order coverage and on the investment needed to serve it. In the accounts, the test is whether second-half operating cash flow and the full-year statutory result improve as much as adjusted EBITDA. Readers should also look for the terms of the MACOM convertible notes and for any new fundraising, including its price against the 29.72p level. Further out, there is the Main Market application due by the first half of 2027, and, on the chart, whether the shares can close above 37.03p on heavy volume.

Risks

- IQE has not quantified its 2027 order book, so optical demand could prove a short burst of AI spending, and high fixed costs would then quickly turn reduced orders into cash outflows.
- Building capacity for 2027 could require new equity or convertible funding, and raising it near the current share price would heavily dilute existing shareholders.
- The £15m of secured convertible loan notes held by MACOM can be converted into shares, and their terms have not been disclosed.
- Statutory results still lag adjusted EBITDA: the first-half loss was £12.9m and operating cash flow only just covered capital spending.

- Chinese gallium export controls could disrupt supply or raise input costs, and IQE has not said how it sources gallium or how much it holds in stock.
- The shares are volatile, with an average daily range near 10% of the price and little charted support between 29.72p and 21.37p.
- The group relied on a going-concern material uncertainty disclosure, a bank covenant waiver and an £80.8m recapitalisation within the past two years, so any slip in trading would test confidence quickly.

THE OTHER VIEW

A more sceptical reading treats the upgrade as a recovery to normal levels after a bad year. Revenue of more than £136.2m in 2026 would be only about 15% above the £118m of 2024, so much of the headline 40% simply recovers 2025's fall to £97.3m. The optical revenue arrived in the second half, just as attention turned to a possible Chinese ban on gallium exports to the US. Some customers may therefore have been ordering ahead to secure supply, and orders brought forward that way tend to fade. On this view, an unquantified 2027 order book proves little. Adjusted EBITDA in the mid-teens of millions also says little about returns while the first half still showed a £12.9m statutory loss and cash generation of almost nothing after capital spending. The shares fell hard after the July upgrade and have not rallied on today's, and the market may simply be pricing in the cost of the next fundraising. If IQE has to fund extra capacity, any raise is likely to come at a discount near a share price already close to thin support. The largest shareholder is also a strategic investor that holds secured convertible notes, and its interests need not match those of other shareholders.

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