

**IQE plc**  
**(“IQE” or the “Group”)**

**Trading Update**

Cardiff, UK  
24 November 2020

IQE plc (AIM: IQE) the leading supplier of advanced wafer products and material solutions to the semiconductor industry, provides a trading update for the financial year ending 31 December 2020.

**Trading Update**

After a record H1 2020 revenue performance, trading in the second half of the year has continued with positive momentum in both the Wireless and Photonics business units.

This has been evidenced by IQE receiving its largest Military & Defence sector purchase order to date from a major US customer, for both infrared and high-performance RF applications. With a combined value of more than US\$10 million, the order will be deliverable over the next nine months.

**Wireless Business Unit**

Strong year-on-year growth in 2020 for the Wireless Business Unit has been driven by:

- Demand for GaAs wafers for 5G handset power amplifiers fuelled by growing end market demand for ‘5G ready’ smartphones;
- Sales of GaN on SiC wafers for 5G infrastructure related to initial deployments of 5G base stations; and
- Sales of high-performance GaN on SiC wafers for Military RF applications.

**Photonics Business Unit**

Strong year-on-year growth in 2020 for the Photonics Business Unit has been driven by:

- Consistently high demand for GaAs VCSEL wafers for 3D sensing applications. IQE retains a market-leading position in 3D Sensing epitaxy and has been central to new applications being launched for this technology in its existing supply chains;
- Sales of high-performance GaSb wafers for Military & Defence infrared applications.

## **Full Year Outlook**

IQE expects FY 2020 revenues to be at least £170m, exceeding the previous guidance of at least £165m, which was provided at the Interim Results on 8 September 2020. This equates to full year revenue growth of over 20%.

The Group anticipates delivering a mid-single-digit £m adjusted operating profit for FY20.

With a reduction in capital expenditure in FY20, along with a positive trading position and continued focus on cost control, net debt is anticipated to be low-single-digit £m. This represents a significant strengthening in the Group's balance sheet position since the prior year end balance of £16m net debt.

The Group anticipates that underlying demand for the technologies that IQE's products enable will remain strong heading into 2021. In particular, the Group expects demand for 5G-related products, both handset and infrastructure, will continue to grow over the next few years as the mega-replacement cycle of 5G deployments gathers pace around the world. In addition, IQE has a leading portfolio of Photonics products, for 3D Sensing and other applications, which makes the Group well-positioned for growth.

### **Dr Drew Nelson, Chief Executive Officer of IQE, said**

*"We are delighted to be reporting such a strong all-round financial performance, with anticipated revenue growth of over 20% for the full year, despite the ongoing uncertainty in the external environment. I am exceptionally proud of the whole IQE team whose dedication and commitment has enabled us to operate without interruption throughout this period."*

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This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/ 2014. For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is being made on behalf of IQE by Tim Pullen, Chief Financial Officer of IQE.

**GLOSSARY**

GaAs Gallium Arsenide

GaN Gallium Nitride

SiC Silicon Carbide

VCSEL Vertical Cavity Surface Emitting Laser

## **ABOUT IQE**

<http://iqep.com>

IQE is the leading global supplier of advanced compound semiconductor wafers and materials solutions that enable a diverse range of applications across:

- handset devices
- global telecoms infrastructure
- connected devices
- 3D Sensing

As a scaled global epitaxy wafer manufacturer, IQE is uniquely positioned in this market which has high barriers to entry. IQE supplies the whole market and is agnostic to the winners and losers at chip and OEM level. By leveraging the Group's intellectual property portfolio including know-how and patents, it produces epitaxy wafers of superior quality, yield and unit economics.

IQE is headquartered in Cardiff UK, with c. 650 employees across nine manufacturing locations in the UK, US, Taiwan and Singapore, and is listed on the AIM Stock Exchange in London.