



MEMSCAP – Q3 2019:

**QUARTER PROFITABILITY ENABLED BY THE PERFORMANCE OF THE AVIONICS BUSINESS**

*Growth of the avionics business*

*Shift of orders in the optical communications business partially compensated by the other businesses of the custom products division*

*Quarterly sales at 3.0 million euros*

*Operating and net profits of +0.1 million euros for the quarter*

*Positive quarterly EBITDA at +0.4 million euros leading to cumulative 9-month EBITDA at +1.1 million euros*

**Grenoble (France) - October 25, 2019 - 07:30 AM.**

MEMSCAP (NYSE Euronext: MEMS), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, today announced its earnings for the third quarter ending September 30, 2019.

**Analysis of the consolidated income statement**

Consolidated revenue for the third quarter of 2019 was 3.0 million euros (3.4 million US dollars) compared to 3.3 million euros (3.8 million US dollars) for the third quarter of 2018. Cumulative 9-month revenue at the end of September 2019 amounted to 9.6 million euros (10.8 million US dollars) versus 9.8 million euros (11.7 million US dollars) at the end of September 2018.

Consolidated revenue distribution by market segment, over the third quarter of 2019, is as follows:

<i>Market segments / Revenue (M€) – Non-audited</i>	Q3 2019	%	Q3 2018	%
Aerospace	1.7	55%	1.5	45%
Optical communications / Adaptive optics	0.5	15%	1.1	32%
Medical / Biomedical	0.4	15%	0.6	18%
Others	0.4	15%	0.1	5%
<b>Total</b>	<b>3.0</b>	<b>100%</b>	<b>3.3</b>	<b>100%</b>

<i>Market segments / Revenue (M€) – Non-audited</i>	Q1 + Q2 + Q3 2019	%	Q1 + Q2 + Q3 2018	%
Aerospace	5.2	54%	4.8	49%
Optical communications / Adaptive optics	2.5	26%	3.1	31%
Medical / Biomedical	1.2	12%	1.5	16%
Others	0.7	8%	0.4	4%
<b>Total</b>	<b>9.6</b>	<b>100%</b>	<b>9.8</b>	<b>100%</b>

*(Any apparent discrepancies in totals are due to rounding.)*

The avionics business now accounts for more than 50% of the consolidated sales and continued to grow in Q3, signing +12% in Q3 19 vs Q3 18 and +8% over the first nine months of the year vs the same period of last year. During this quarter, the optical communications business was impacted by a wait-and-see demand marked by trade tensions between the United States of America and China. However, this impact was partially offset by the increase in other activities of the custom products division which reflects the Group's ability to diversify its revenue sources in the face of an uncertain international environment.

\* \* \*



MEMSCAP's consolidated earnings for the third quarter of 2019 are given within the following table:

<i>In million euros – Non-audited</i>	Q1 2019	Q2 2019	Q3 2019	Q1 2018 (1)	Q2 2018 (1)	Q3 2018 (1)
Revenue	3.1	3.5	3.0	2.9	3.6	3.3
Standard products*	2.1	2.1	2.1	1.9	2.3	2.0
Custom products	1.0	1.4	0.9	1.0	1.3	1.3
Cost of revenue	(2.2)	(2.3)	(2.0)	(2.0)	(2.3)	(2.0)
Gross margin	0.9	1.2	1.0	0.9	1.3	1.3
% of revenue	30%	33%	34%	31%	36%	38%
Operating expenses**	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(0.9)
Operating profit / (loss)	(0.1)	0.2	0.1	(0.1)	0.3	0.3
Financial profit / (loss)	(0.0)	(0.0)	0.1	(0.1)	0.0	(0.0)
Income tax expense	(0.0)	(0.0)	(0.1)	(0.0)	(0.1)	(0.1)
Net profit / (loss)	(0.1)	0.1	0.1	(0.2)	0.2	0.2

(Any apparent discrepancies in totals are due to rounding.)

\* Including the dermo-cosmetic segment.

\*\* Net of research & development grants.

(1) Financial items stated in column Q1 2018, Q2 2018 et Q3 2018 were adjusted for restatements due to the application of IFRS 16, mandatory from January 1<sup>st</sup>, 2019.

\* \* \*

(Financial items related to FY 2018 were adjusted for restatements due to the application of IFRS 16, mandatory from January 1<sup>st</sup>, 2019.)

For the third quarter of 2019, the Group's gross margin rate stood at 34% of consolidated sales compared to 38% for the third quarter of 2018.

Operating expenses at 1.0 million euros in the third quarter of 2019 remained in line with the amounts reported over the previous quarters.

As a result, the Group posted an operating profit of 0.1 million euros in the third quarter of 2019 compared to an operating profit of 0.3 million euros for the third quarter of 2018.

Considering the financial income, the Group's net profit amounted to 0.1 million euros over the quarter, compared with 0.2 million euros for the third quarter of 2018. The tax expense of 0.1 million euros for the third quarters of 2019 and 2018 corresponded to the change in deferred tax over the period with no impact on the Group's cash position.

EBITDA for the third quarter of 2019 amounted to +0.4 million euros compared to +0.7 million euros for the third quarter of 2018. Cumulative 9-month EBITDA amounted to +1.1 million euros at the end of September 2019 versus +1.5 million euros at the end of September 2018.

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**MEMSCAP**  
The Power of a Small World™



## Analysis and perspectives

The third quarter of 2019 confirmed the robustness of the Group's avionics business, representing more than 55% of the quarterly consolidated revenue. Despite a wait-and-see demand in the optical communications sector, MEMSCAP posted operating and net profits of +0.1 million euros for the quarter and a positive EBITDA of +0.4 million euros.

MEMSCAP pursues its strategy focused on avionics, medical and optical communications segments as well as increasing the flexibility of its production capabilities.

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## Q4 2019 Earnings: January 23, 2020.

### About MEMSCAP

MEMSCAP is the leading provider of innovative micro-electro-mechanical systems (MEMS)-based solutions.

MEMSCAP's products and solutions include components, component designs (IP), manufacturing and related services.

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