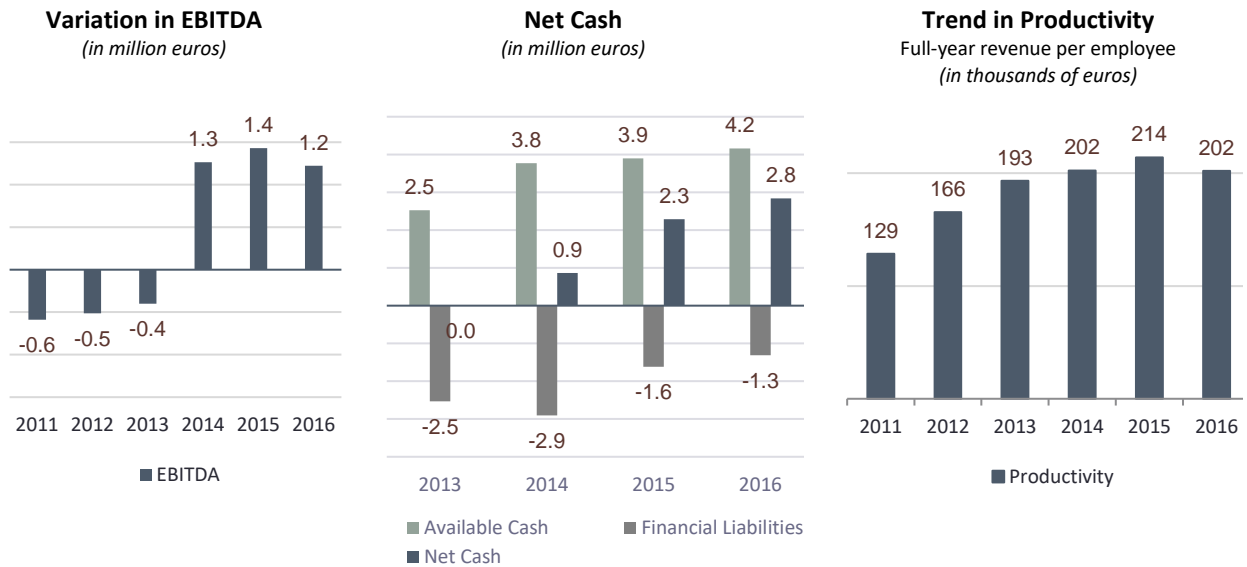




MEMSCAP
The Power of a Small World™

MEMSCAP EARNINGS FOR FISCAL YEAR 2016: THIRD CONSECUTIVE PROFITABLE YEAR

EBITDA at EUR. 1.2 million & Net cash increase by EUR 0.6 million



Grenoble, France and Durham, North Carolina, March 20, 2017 - MEMSCAP (NYSE Euronext: MEMS), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, today announced its earnings for fiscal year 2016 ending December 31, 2016.

Analysis of the consolidated income statement

Matching previous quarterly press releases, revenue for FY 2016 amounted to EUR 11.7 million (US\$ 12.9 million). Consolidated revenue distribution by market segment over FY 2016 is as follows:

Market segments	Revenue (M€)	%
Aerospace	5.6	48%
Optical Communications / Adaptive Optics	3.9	33%
Medical / Biomedical	1.4	12%
Mass Market	0.8	7%
Total	11.7	100%

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

MEMSCAP consolidated earnings for FY 2016 are given by the following table:

(In million euros)	<i>For the year ended</i> 31 December 2016	<i>For the year ended</i> 31 December 2015
Revenue	11.7	12.6
- Standard products*	7.0	7.5
- Custom products	4.7	5.1
Gross margin	3.8	4.6
Operating expenses**	(3.8)	(3.8)
Operating profit / (loss)	0.0	0.8
Financial profit / (loss)	0.1	(0.1)
Net profit / (loss)	0.1	0.7

(Financial data were subject to an audit by the Group's statutory auditors who will issue their reports at a later date. On March 17th, 2017, the MEMSCAP board of directors authorized the release of the FY 2016 consolidated financial statements. Any apparent discrepancies in totals are due to rounding.)

* Including the royalties from the dermo-cosmetics segment.

** Net of research & development grants.

The Group was confronted in 2016 to a weaker demand on the medical and biomedical market segment, partially offset by the dynamism of the optical communications and avionics activities. This change in volumes resulted in a gross margin rate at 32% of consolidated sales compared with 37% for the previous year. The consolidated gross margin therefore stood at EUR 3.8 million, compared with EUR 4.6 million for FY 2015.

Operating expenses (net of research & development grants) for FY 2016 were at a similar level than FY 2015 and amounted to EUR 3.8 million.

In 2016, the Group therefore reported break-even operating earnings compared to an operating profit of EUR 0.8 million euros for FY 2015.

The financial profit for FY 2016 amounted to EUR 0.1 million compared to a financial loss of EUR 0.1 million for FY 2015. This profit mainly included foreign exchange gains on Group's sales for EUR 0.1 million (FY 2015: Foreign exchange losses of EUR 0.1 million).

Finally, the net profit for FY 2016 amounted to EUR 0.1 million compared to a net profit of EUR 0.7 million for FY 2015.

Net cash increase of EUR 0.6 million over FY 2016

The positive operating cash flow amounted to EUR 1.2 million for FY 2016 compared to EUR 1.5 million for FY 2015. At December 31, 2016, consolidated available cash was EUR 4.2 million including cash and short term deposits as well as cash investments (Corporate bonds) recorded under financial assets available for sale. In addition to this amount, the available unused credit lines amounted to EUR 0.4 million at December 31, 2016.

At December 31, 2016, net cash was EUR 2.8 million increasing by EUR 0.6 million compared to the net cash position at December 31, 2015.

MEMSCAP shareholder's equity totaled EUR 18.6 million at December 31, 2016.

Analysis and perspectives

The year 2016 marks the third consecutive financial year of profitability of the Group combined with a significant increase in net cash. These performances materialized the MEMSCAP's sales strategy initiated in 2013, focusing on high-value markets and productivity gains within the Group's production entities.

Over the year 2017, MEMSCAP intends to optimize its industrial organization in order to increase the flexibility of its production capacities. At the same time, the Group will accelerate its disengagement from low-margin services activities in favor of the development of its intellectual property driven activities. This evolution, while potentially impacting the Group's profitability in the short term, should enable MEMSCAP to significantly increase its margins over the coming years.

Q1 2017 earnings: April 21, 2017

Annual meeting of shareholders: May 23, 2017

About MEMSCAP

MEMSCAP is the leading provider of innovative micro-electro-mechanical systems (MEMS)-based solutions. MEMSCAP standard and custom products and solutions include components, component designs (IP), manufacturing and related services. MEMSCAP customers include Fortune 500 businesses, major research institutes and universities. The company's shares are traded on the Eurolist of NYSE Euronext Paris S.A (ISIN: FR0010298620-MEMS) and belong to the CAC small, CAC Mid & Small, CAC All-Tradable and CAC All-Share indexes. More information on the company's products and services can be obtained at www.memscap.com.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2016

	<i>31 December</i> 2016	<i>31 December</i> 2015
	€000	€000
Assets		
Non-current assets		
Property, plant and equipment	2 856	3 151
Goodwill and intangible assets	8 485	8 254
Available-for-sale financial assets	1 332	1 265
Other non-current financial assets	46	--
Employee benefit net asset	72	--
Deferred tax asset	1 162	1 103
	13 953	13 773
Current assets		
Inventories	2 926	2 793
Trade and other receivables	2 456	2 051
Prepayments	276	138
Other current financial assets	12	--
Cash and short-term deposits	2 824	2 636
	8 494	7 618
Total assets	22 447	21 391
Equity and liabilities		
Equity		
Issued capital	1 782	1 782
Share premium	18 624	18 675
Treasury shares	(121)	(133)
Retained earnings	(29)	(394)
Foreign currency translation	(1 649)	(2 168)
	18 607	17 762
Non-current liabilities		
Interest-bearing loans and borrowings	732	1 068
Employee benefit liability	4	54
	736	1 122
Current liabilities		
Trade and other payables	2 384	1 883
Interest-bearing loans and borrowings	412	451
Other current financial liabilities	230	95
Provisions	78	78
	3 104	2 507
Total liabilities	3 840	3 629
Total equity and liabilities	22 447	21 391

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2016

	2016	2015
	€000	€000
Continuing operations		
Sales of goods and services	11 714	12 623
Revenue	11 714	12 623
Cost of sales	(7 938)	(8 009)
Gross profit	3 776	4 614
Other income	315	503
Research and development expenses	(1 387)	(1 673)
Selling and distribution costs	(808)	(783)
Administrative expenses	(1 882)	(1 851)
Operating profit / (loss)	14	810
Finance costs	(62)	(207)
Finance income	156	61
Profit / (loss) for the year from continuing operations before tax	108	664
Income tax expense	--	--
Profit / (loss) for the year from continuing operations	108	664
Profit / (loss) for the year	108	664
Earnings per share:		
- Basic, for profit / (loss) for the year attributable to ordinary equity holders of the parent (in euros)	€ 0.02	€ 0.09
- Diluted, for profit / (loss) for the year attributable to ordinary equity holders of the parent (in euros)	€ 0.01	€ 0.09

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016	2015
	€000	€000
Profit / (loss) for the year	108	664
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains / (losses)	115	129
Income tax on items that will not be reclassified to profit or loss	--	--
Total items that will not be reclassified to profit or loss	115	129
Items that may be reclassified subsequently to profit or loss		
Net gain / (loss) on available-for-sale financial assets	33	(12)
Hedging instruments	(124)	319
Exchange differences on translation of foreign operations	519	(196)
Income tax on items that may be reclassified to profit or loss	--	--
Total items that may be reclassified to profit or loss	428	111
Other comprehensive income for the year, net of tax	543	240
Total comprehensive income for the year, net of tax	651	904

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

<i>(In thousands of euros, except for number of shares)</i>	<i>Number of shares</i>	<i>Issued capital</i>	<i>Share premium</i>	<i>Treasury shares</i>	<i>Retained earnings</i>	<i>Foreign currency translation</i>	<i>Total shareholders' equity</i>
		<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
At 1 January 2015	7 089 215	1 772	18 771	(117)	(1 656)	(1 972)	16 798
Profit for the year.....	--	--	--	--	664	--	664
Other comprehensive income for the period, net of tax	--	--	--	--	436	(196)	240
Total comprehensive income	--	--	--	--	1 100	(196)	904
Capital increase	39 471	10	43	--	--	--	53
Retained earnings offset with share premium	--	--	(139)	--	139	--	--
Treasury shares	--	--	--	(16)	--	--	(16)
Share-based payment	--	--	--	--	23	--	23
At 31 December 2015	7 128 686	1 782	18 675	(133)	(394)	(2 168)	17 762
At 1 January 2016	7 128 686	1 782	18 675	(133)	(394)	(2 168)	17 762
Profit for the year.....	--	--	--	--	108	--	108
Other comprehensive income for the period, net of tax	--	--	--	--	24	519	543
Total comprehensive income	--	--	--	--	132	519	651
Transfer to the reserves not available for distribution.....	--	--	(51)	--	52	--	1
Treasury shares	--	--	--	12	--	--	12
Share-based payment	--	--	--	--	181	--	181
At 31 December 2016	7 128 686	1 782	18 624	(121)	(29)	(1 649)	18 607

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2016

	2016	2015
	€000	€000
Cash flows from operating activities:		
Net profit / (loss) for the year	108	664
Non-cash items written back:		
Amortization and depreciation	935	836
Loss / (capital gain) on disposal of fixed assets	23	12
Other non-financial activities	162	(96)
Accounts receivable	(217)	547
Inventories	11	(23)
Other debtors	(46)	(121)
Accounts payable	123	(221)
Other liabilities	114	(106)
Total net cash flows from operating activities	1 213	1 492
Cash flows from investing activities:		
Purchase of fixed assets	(416)	(288)
Proceeds from sale / (purchase) of financial assets	(46)	(16)
Total net cash flows from investing activities	(462)	(304)
Cash flows from financing activities:		
Proceeds from borrowings	290	--
Repayment of borrowings	(622)	(522)
Payment of finance lease liabilities	(146)	(114)
Sale / (purchase) of treasury shares	11	(16)
Proceeds from issue of shares	--	53
Change in restricted cash	(58)	--
Total net cash flows from financing activities	(525)	(599)
Net foreign exchange difference	(38)	88
Increase / (decrease) in net cash and cash equivalents	188	677
Opening cash and cash equivalents balance	2 636	1 959
Closing cash and cash equivalents balance	2 824	2 636