



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

## MEMSCAP Q4 2014: PROFITABILITY ASSOCIATED TO 25% GROWTH OF SALES

### Positive operating cash flow of 0.9 million euros generated over Q4 2014

**Grenoble, France and Durham, North Carolina, January 28, 2015** - MEMSCAP (NYSE Euronext: MEMS), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, today announced its earnings for the fourth quarter ending December 31, 2014.

Consolidated revenue for the fourth quarter of 2014 was 3.6 million euros (4.5 million US dollars) compared to 2.9 million euros (3.9 million US dollars) for the fourth quarter of 2013 and 3.1 million euros (4.1 million US dollars) for the third quarter of 2014. The sales grew by 25% compared to the fourth quarter of 2013 and 17% compared to the third quarter of 2014.

Consolidated revenue distribution by market segment, over the fourth quarter of 2014, is as follows:

Market Segments	Revenue (M€)	%
Aerospace	1.4	39%
Medical / Biomedical	0.9	24%
Mass Market & Others	0.7	19%
Optical Communications / Adaptive Optics	0.6	18%
<b>Total</b>	<b>3.6</b>	<b>100%</b>

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

MEMSCAP's consolidated earnings for the fourth quarter of 2014 are given by the following table:

<i>In million euros – Non audited</i>	Q1 14	Q2 14	Q3 14	Q4 14	Q4 13
Revenue	3.0	3.5	3.1	3.6	2.9
- Standard Products*	2.1	2.1	1.7	2.2	2.1
- Custom Products	0.9	1.4	1.4	1.4	0.8
Cost of revenue	(2.0)	(2.5)	(2.2)	(2.4)	(2.2)
Gross margin	1.0	1.0	0.9	1.2	0.7
% of revenue	33%	29%	29%	33%	25%
Operating expenses**	(1.0)	(1.0)	(0.9)	(0.8)	(1.1)
Operating profit / (loss)	0.0	0.0	0.0	0.4	(0.3)
Financial profit / (loss)	--	--	--	(0.2)	--
Income tax expense	--	--	--	--	--
Net profit / (loss)	0.0	0.0	0.0	0.2	(0.3)

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

\* Including the dermo-cosmetic segment.

\*\* Net of research & development grants.

\* \* \*

The Group's gross margin amounted to 1.2 million euros for the fourth quarter of 2014, increasing by 0.5 million euros compared to the fourth quarter of 2013 and 0.3 million euros compared to the previous quarter. Thus, the gross margin rate was 33% of the consolidated revenue for the fourth quarter of 2014 benefiting from the growth of the Group's sales. The gross margin rate increased by 8 points compared to the fourth quarter of 2013 and 4 points compared to the previous quarter.

The amount of the operating expenses, net of research & development grants, was 0.8 million euros for the fourth quarter of 2014. Operating expenses decreased by 0.3 million euros compared to the fourth quarter of 2013 and by 0.1 million euros compared to the previous quarter.

Due to the significant increase of the consolidated gross margin, the operating profit amounted to 0.4 million euros for the fourth quarter of 2014 compared to an operating loss of (0.3) million euros for the fourth quarter of 2013 and operating earnings at break-even level for the previous quarter.

The financial loss for the fourth quarter of 2014 amounted to (0.2) million euros and mainly included foreign currency impact related to hedging instruments on Group's sales.

The net profit for the fourth quarter of 2014 was 0.2 million euros compared to net earnings at break-even level for the previous quarter and a net loss of (0.3) million euros for the fourth quarter of 2013.

### **Analysis and perspectives**

Thanks to the sales growth and to the actions performed in order to improve the profitability of the Group, MEMSCAP achieved an operating profit of 0.4 million euros and a net profit of 0.2 million euros during the fourth quarter of 2014.

*"At the end of the fiscal year 2013, the Group announced it would focus on improving its net earnings. Over the last 12 months, the significant enhancement of MEMSCAP's performance resulted from a business strategy centered on high-added value market segments and productivity gains achieved by the production entities of the Company. MEMSCAP will pursue this strategy during the coming fiscal year by focusing on its mission of enhancing human life by its outstanding technical achievements",* says Jean Michel Karam, Chairman of the Board and Chief Executive Officer.

### **FY 2014 earnings: March 23, 2015.**

#### **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 (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](http://www.memscap.com).

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