



## MEMSCAP Q4 2017: SEQUENTIAL SALES INCREASE BY 50%

*Net and operating profitability over the quarter*

**Grenoble, France and Durham, North Carolina, January 26, 2018** - 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, 2017.

### Analysis of the consolidated income statement

Consolidated revenue for the fourth quarter of 2017 was 3.6 million euros (4.2 million US dollars) compared to 2.4 million euros (2.8 million US dollars) for the third quarter of 2017 and 3.3 million euros (3.6 million US dollars) for the fourth quarter of 2016. The increase in consolidated sales was + 50% compared to the third quarter of 2017 and + 8% compared to the fourth quarter of 2016. As previously announced, the Group's activities over this quarter benefited from the sustained dynamism of the aerospace market segment as well as the reviving demand in the optical communications sector.

Consolidated revenue distribution by market segment, over the fourth quarter of 2017, is as follows:

<i>Market segments / Revenue (M€) – Non-audited</i>	<b>Q1 17</b>	<b>Q2 17</b>	<b>Q3 17</b>	<b>Q4 17</b>	<b>%</b>	<b>Q4 16</b>
Aerospace	1.5	1.6	1.3	1.8	51%	1.5
Optical communications / Adaptive optics	0.6	0.5	0.5	1.0	27%	1.1
Medical / Biomedical	0.6	0.5	0.4	0.5	15%	0.5
Others	0.2	0.2	0.2	0.3	7%	0.2
<b>Total</b>	<b>2.9</b>	<b>2.8</b>	<b>2.4</b>	<b>3.6</b>	<b>100%</b>	<b>3.3</b>

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

MEMSCAP's consolidated earnings for the fourth quarter of 2017 are given by the following table:

<i>In million euros – Non-audited</i>	<b>Q1 17</b>	<b>Q2 17</b>	<b>Q3 17</b>	<b>Q4 17</b>	<b>Q4 16</b>
Revenue	2.9	2.8	2.4	3.6	3.3
<i>Standard products*</i>	2.0	1.9	1.6	2.4	2.0
<i>Custom products</i>	0.9	0.9	0.8	1.2	1.3
Cost of revenue	(2.1)	(2.0)	(1.7)	(2.4)	(2.2)
Gross margin	0.8	0.8	0.6	1.2	1.1
<i>% of revenue</i>	26%	28%	27%	33%	32%
Operating expenses**	(1.1)	(1.0)	(0.9)	(1.0)	(1.0)
Operating profit / (loss)	(0.3)	(0.3)	(0.3)	0.2	0.1
Financial profit / (loss)	0.0	(0.0)	(0.0)	0.0	0.0
Income tax expense	(0.0)	(0.0)	(0.0)	(0.1)	0.0
Net profit / (loss)	(0.3)	(0.3)	(0.3)	0.2	0.1

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

\* Including the dermo-cosmetic segment.

\*\* Net of research & development grants.

\* \* \*



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The Power of a Small World™



The Group's gross margin rate benefited from the increase in sales volumes over the quarter to stand at 33% of the consolidated sales, compared to 27% in the previous quarter and 32% in the fourth quarter of 2016. For the fourth quarter of 2017, the gross margin amounted to 1.2 million euros compared to 0.6 million euros for the third quarter of 2017 and 1.1 million euros for the fourth quarter of 2016.

The amount of operating expenses at 1.0 million euros remained in line with the previous quarters. The tax expense recognized during the quarter corresponds to the change in deferred tax assets, without any impact on the Group's cash position.

Consequently, the Group reported operating and net profits of 0.2 million euros for the fourth quarter of 2017 compared to operating and net losses at 0.3 million euros for the third quarter of 2017 and operating and net profits of 0.1 million euros for the fourth quarter of 2016.

\* \* \*

As previously announced, MEMSCAP has initiated in 2017 the transformation of its industrial organization in order to increase significantly the flexibility of the Group's production capacities. This program is progressing according to the Company's plans. In line with its strategy focused on the high-added-value segments of aerospace, medical and optical communications, the Group is continuing its disengagement from low-margin services in favour of the development of its activities backed by its own intellectual property.

Though this evolution has impacted the profitability of MEMSCAP over the financial year 2017, it should enable the Group to benefit from a marked increase in its margin levels over the coming years.

\* \* \*

**FY 2017 earnings: March 22, 2018.**

#### 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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**MEMSCAP** is listed on Euronext Paris™ - Segment C - ISIN: **FR0010298620** - **MEMS**.

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