



MEMSCAP
The Power of a Small World™

MEMSCAP Q3 2016: OPERATING AND NET INCOMES AT BREAK-EVEN POINT / QUATERLY EBITDA AT EUR 0.2 MILLION

Sales increase expected over the 4th quarter of 2016

Grenoble, France and Durham, North Carolina, October 26, 2016 - 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, 2016.

Analysis of the consolidated income statement

Consolidated revenue for the third quarter of 2016 was 2.8 million euros (3.1 million US dollars) similar to the second quarter of 2016 at 2.8 million euros (3.2 million US dollars) and compared to 3.0 million euros (3.3 million US dollars) for the third quarter of 2015. The strength of the aerospace and optical communications segments is reiterated over this quarter and compensated the medical and biomedical activities for which a recovery of sales is expected in the coming months.

Consolidated revenue distribution by market segment, over the third quarter of 2016, is as follows:

Market Segments	Revenue (M€)	%
Aerospace	1.4	49%
Optical Communications / Adaptive Optics	1.0	37%
Medical / Biomedical	0.2	7%
Mass Market & Others	0.2	7%
Total	2.8	100%

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

MEMSCAP's consolidated earnings for the third quarter of 2016 are given by the following table:

<i>In million euros – Non audited</i>	Q1 16	Q2 16	Q3 16	Q3 15
Revenue	2.8	2.8	2.8	3.0
- Standard Products*	1.6	1.8	1.6	1.9
- Custom Products	1.2	1.0	1.2	1.1
Cost of revenue	(1.9)	(1.9)	(1.9)	(1.9)
Gross margin	1.0	0.9	0.8	1.1
% of revenue	35%	32%	30%	37%
Operating expenses**	(1.0)	(1.0)	(0.8)	(0.9)
Operating profit / (loss)	0.0	(0.1)	0.0	0.2
Financial profit / (loss)	0.0	0.1	--	--
Income tax expense	--	--	--	--
Net profit / (loss)	0.0	0.0	0.0	0.2

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

* Including the dermo-cosmetic segment.

** Net of research & development grants.

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Cumulative EBITDA of 0.9 million euros for the nine-month period ending September 30, 2016

The Group's gross margin rate for the third quarter of 2016 was 30% of the quarterly consolidated sales versus 32% for the previous quarter and 37% for the third quarter of 2015. The amount of the operating expenses during the third quarter of 2016, net of research & development grants, amounted to 0.8 million euros compared to 1 million euros for the second quarter of 2016 and 0.9 million euros for the third quarter of 2015.

The Group's net and operating earnings are at break-even level for the third quarter of 2016 versus an operating loss at 0.1 million euros and net earnings at break-even level for the previous quarter and compared to net and operating profits at 0.2 million euros for the third quarter of 2015.

The quarterly consolidated EBITDA amounted to 0.2 million euros for the third quarter of 2016 leading to a cumulative EBITDA steadily increasing at 0.9 million euros for the nine-month period ending September 30, 2016.

Analysis and perspectives

The third quarter of 2016 confirmed the solidity of the avionics and optical communications activities of the Group that compensated a temporary weaker demand on the medical and biomedical market segment during the last months. Considering its current order backlog, MEMSCAP expects an increase of its sales over the fourth quarter of 2016.

Q4 2016 revenue and earnings: January 27, 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 (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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