



MEMSCAP Q1 2018:

## **SALES VOLUME INCREASE DESPITE AN UNFAVOURABLE EXCHANGE RATE**

*Quarterly operating loss reduced by 48%*

**Grenoble, France and Durham, North Carolina, April 24, 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 first quarter ending March 31, 2018.

### **Analysis of the consolidated income statement**

Consolidated revenue for the first quarter of 2018 was 2.9 million euros (3.6 million US dollars) compared to 2.9 million euros (3.1 million US dollars) for the first quarter of 2017. Thus, the increase in consolidated sales was + 3% in euro and +19% in US dollar compared with the first quarter of 2017. It is recalled that the Group's sales in US dollar represented 84% of consolidated sales over the previous year.

Consolidated revenue distribution by market segment, over the first quarter of 2018, is as follows:

<i>Market segments / Revenue (M€) – Non-audited</i>	<b>Q1 17</b>	<b>Q1 18</b>	<b>%</b>
Aerospace	1.5	1.4	49%
Optical communications / Adaptive optics	0.6	0.9	30%
Medical / Biomedical	0.6	0.5	17%
Others	0.2	0.1	4%
<b>Total</b>	<b>2.9</b>	<b>2.9</b>	<b>100%</b>

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

MEMSCAP's consolidated earnings for the first quarter of 2018 are given by the following table:

<i>In million euros – Non-audited</i>	<b>Q1 17</b>	<b>Q1 18</b>
Revenue	2.9	2.9
<i>Standard products*</i>	<i>2.0</i>	<i>1.9</i>
<i>Custom products</i>	<i>0.9</i>	<i>1.0</i>
Cost of revenue	(2.1)	(2.1)
Gross margin	0.8	0.9
<i>% of revenue</i>	<i>26%</i>	<i>30%</i>
Operating expenses**	(1.1)	(1.0)
Operating profit / (loss)	(0.3)	(0.2)
Financial profit / (loss)	0.0	(0.0)
Income tax expense	(0.0)	(0.0)
Net profit / (loss)	(0.3)	(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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The Power of a Small World™



The Group's gross margin rate stood at 30% of the consolidated sales compared to 26% in the first quarter of 2017. This increase by 4 points was mainly due to the growth of the optical communications activities of the Group's US subsidiary, for which MEMSCAP has its own intellectual property.

The amount of operating expenses at 1.0 million euros remained in line with the previous quarters. Consequently, the operating and net losses amounted respectively to 158 thousand euros and 232 thousand euros in the first quarter of 2018 compared to 301 thousand euros and 319 thousand euros respectively for the first quarter of 2017. Thus, the operating loss is down 48% compared to the first quarter of 2017.

\* \* \*

### Analysis and perspectives

During the first quarter of 2018, MEMSCAP increased its sales volumes in a context of euro / US dollar exchange rate less favourable than in previous quarters. This increase in volume, related to the Group's high value-added segments, led to a significant increase in the gross margin rate and a marked reduction of the operating loss.

MEMSCAP pursues its strategy focused on avionics, medical and optical communications segments as well as the development of an increased flexibility of its production capacities.

\* \* \*

**MEMSCAP general shareholders' meeting: May 24, 2018.**

**Q2 2018 earnings: July 24, 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.

#### Contacts

Yann Cousinet  
Chief Financial Officer  
Ph.: +33 (0) 4 76 92 85 00  
[yann.cousinet@memscap.com](mailto:yann.cousinet@memscap.com)

For more information, visit our website at:  
[www.memscap.com](http://www.memscap.com).

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