



**MEMSCAP - FIRST HALF 2018 EARNINGS:**

**CONSOLIDATED REVENUE UP BY 15%**

*Operating and net profitability over the first half of 2018*

*EBITDA at EUR 0.6 million for the period*

**Grenoble, France and Durham, North Carolina, August 31, 2018** – MEMSCAP (NYSE Euronext: MEMS), the leading provider of innovative solutions based on MEMS (micro-electro-mechanical systems) technology, announced today its earnings for the first half of 2018, ending June 30, 2018.

**Revenue and consolidated earnings for the first half of 2018**

In accordance with the figures given in the first and second quarter press releases, consolidated revenue for the first half of 2018 amounted to EUR 6.5 million (US\$ 7.9 million) compared to EUR 5.7 million (US\$ 6.2 million) for the first half of 2017. Revenue growth thus represents 15% in euros and 28% in US dollars. During the first half of 2018, the Group has benefited from the growth of its optical communications and avionics businesses which sales respectively increased by 77% and 8% compared with the first half of 2017. The aerospace market segment accounted for more than 50% of consolidated sales in the first half of 2018.

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

Market segments / Revenue (in million euros)	For the 6 months ended 30 June 2018		For the 6 months ended 30 June 2017	
		%		%
Aerospace	3.3	50%	3.1	54%
Optical Communications / Adaptive Optics	2.0	31%	1.1	20%
Medical / Biomedical	1.0	15%	1.1	19%
Others	0.2	4%	0.4	7%
<b>Total</b>	<b>6.5</b>	<b>100%</b>	<b>5.7</b>	<b>100%</b>

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

MEMSCAP consolidated earnings for the first half of 2018 are given by the following table:

In million euros	For the 6 months ended 30 June 2018	For the 6 months ended 30 June 2017
Revenue	6.5	5.7
Standard products*	4.2	4.0
Custom products	2.3	1.7
Cost of revenue	(4.4)	(4.1)
Gross margin	2.1	1.5
% of revenue	33%	27%
Operating expenses**	(2.0)	(2.1)
Operating profit / (loss)	0.1	(0.6)
Financial profit / (loss)	0.0	(0.0)
Income tax expense	(0.1)	(0.1)
Net profit / (loss)	0.0	(0.6)

(Financial data were subject to a limited review by the Group's statutory auditors. On August 31<sup>st</sup>, 2018, the MEMSCAP board of directors authorized the release of the HY 2018 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.

\* \* \*



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



Gross margin stood at EUR 2.1 million, representing 33% of consolidated sales, compared to EUR 1.5 million in the first half of 2017, representing 27% of consolidated sales. The significant increase in the consolidated gross margin for the first half of 2018 was directly linked to the growth of sales volumes, notably in optical communications activities of the Group's US subsidiary, products for which MEMSCAP has its own intellectual property.

Operating expenses (net of research and development grants) amounted to EUR 2.0 million for the first half of 2018, compared to EUR 2.1 million in the first half of 2017, and led to an operating profit of EUR 0.1 million compared to an operating loss of EUR 0.6 million for the first half of 2017.

Net financial profits were non-significant for the first half of 2018 versus a non-significant net financial loss for the first half of 2017. The income tax expense, for the first half of 2018 and the first half of 2017, amounted to EUR 0.1 million and corresponded to the variation of the deferred income tax over the period, with no impact on the Group's cash position.

The Group thus posted consolidated net earnings at break-even point over the first half of 2018 versus a consolidated net loss of EUR 0.6 million for the first half of 2017.

### **Evolution of the Group's net cash / Consolidated shareholders' equity**

For the first half of 2018, the Group posted a positive EBITDA of EUR 0.6 million compared to a negative EBITDA of EUR 0.2 million for the first half of 2017. At June 30, 2018, the Group reported available liquidities at EUR 3.6 million (December 31, 2017: EUR 3.9 million) including cash investments for EUR 1.2 million (Corporate bonds) recorded under non-current financial assets and cash and short-term deposits for EUR 2.4 million. Consolidated net cash minus financial liabilities stood at EUR 2.2 million (December 31, 2017: EUR 3.0 million). The cash flows consumed by the investing activities in the first half of 2018 amounted to EUR 0.4 million and mainly concern the purchase of industrial equipment related to the Group's Norwegian subsidiary.

MEMSCAP shareholders' equity totalled EUR 17.5 million at June 30, 2018 compared to EUR 17.2 million by end of December 2017.

### **Analysis and perspectives**

In the wake of the first quarter of 2018, MEMSCAP significantly increased its sales during the second quarter of 2018 despite a less favourable euro / US dollar exchange rate than in the previous year. This increase in volume, related to the Group's high value-added segments, led to a significant increase in the gross margin rate and net and operating profits over the period. 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.

\* \* \*

### **Q3 2018 Earnings: October 25, 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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[www.memscap.com](http://www.memscap.com).

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





## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Interim condensed consolidated financial statements at 30 June 2018

	<i>30 June 2018</i>	<i>31 December 2017</i>
	<i>€000</i>	<i>€000</i>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment.....	3 136	2 510
Goodwill and intangible assets.....	8 038	8 013
Other non-current financial assets.....	1 222	1 208
Deferred tax asset.....	753	864
	<b>13 149</b>	<b>12 595</b>
<b>Current assets</b>		
Inventories.....	2 833	2 500
Trade and other receivables.....	2 955	2 675
Prepayments.....	340	234
Other current financial assets.....	40	24
Cash and short-term deposits.....	2 448	2 760
	<b>8 616</b>	<b>8 193</b>
<b>Total assets</b>	<b>21 765</b>	<b>20 788</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Issued capital.....	1 866	1 812
Share premium.....	18 770	18 770
Treasury shares.....	(137)	(126)
Retained earnings.....	(605)	(570)
Foreign currency translation.....	(2 348)	(2 703)
	<b>17 546</b>	<b>17 183</b>
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings.....	893	677
Employee benefit liability.....	22	22
	<b>915</b>	<b>699</b>
<b>Current liabilities</b>		
Trade and other payables.....	2 667	2 539
Interest-bearing loans and borrowings.....	559	286
Other current financial liabilities.....	--	3
Provisions.....	78	78
	<b>3 304</b>	<b>2 906</b>
<b>Total liabilities</b>	<b>4 219</b>	<b>3 605</b>
<b>Total equity and liabilities</b>	<b>21 765</b>	<b>20 788</b>



## CONSOLIDATED STATEMENT OF INCOME

### Interim condensed consolidated financial statements at 30 June 2018

	<i>For the six months ended 30 June</i>	
	<b>2018</b>	<b>2017</b>
	<b>€000</b>	<b>€000</b>
<b>Continuing operations</b>		
Sales of goods and services .....	6 516	5 679
<b>Revenue</b> .....	<b>6 516</b>	<b>5 679</b>
Cost of sales.....	(4 370)	(4 135)
<b>Gross profit</b> .....	<b>2 146</b>	<b>1 544</b>
Other income.....	261	163
Research and development expenses .....	(1 030)	(828)
Selling and distribution costs.....	(377)	(406)
Administrative expenses.....	(883)	(1 030)
<b>Operating profit / (loss)</b> .....	<b>117</b>	<b>(557)</b>
Finance costs .....	(22)	(72)
Finance income.....	56	47
<b>Profit / (loss) for the period from continuing operations before tax</b> .....	<b>151</b>	<b>(582)</b>
Income tax expense.....	(139)	(65)
<b>Profit / (loss) for the period from continuing operations</b> .....	<b>12</b>	<b>(647)</b>
<b>Profit / (loss) for the period</b> .....	<b>12</b>	<b>(647)</b>
Earnings per share:		
- Basic, for profit / (loss) for the period attributable to ordinary equity holders of the parent (in euros) .....	€ 0,002	€ (0,091)
- Diluted, for profit / (loss) for the period attributable to ordinary equity holders of the parent (in euros) .....	€ 0,002	€ (0,087)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### Interim condensed consolidated financial statements at 30 June 2018

	<i>For the six months ended 30 June</i>	
	<b>2018</b>	<b>2017</b>
	<b>€000</b>	<b>€000</b>
<b>Profit / (loss) for the period</b> .....	<b>12</b>	<b>(647)</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Actuarial gains / (losses) .....	--	--
Income tax on items that will not be reclassified to profit or loss.....	--	--
<b>Total items that will not be reclassified to profit or loss</b> .....	<b>--</b>	<b>--</b>
<b>Items that may be reclassified subsequently to profit or loss</b>		
Net gain / (loss) on available-for-sale financial assets .....	(37)	40
Hedging instruments .....	16	145
Exchange differences on translation of foreign operations.....	355	(721)
Income tax on items that may be reclassified to profit or loss.....	--	--
<b>Total items that may be reclassified to profit or loss</b> .....	<b>334</b>	<b>(536)</b>
<b>Other comprehensive income for the period, net of tax</b> .....	<b>334</b>	<b>(536)</b>
<b>Total comprehensive income for the period, net of tax</b> .....	<b>346</b>	<b>(1 183)</b>



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Interim condensed consolidated financial statements at 30 June 2018

<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>
		€000	€000	€000	€000	€000	€000
<b>At 1 January 2017</b> .....	<b>7 128 686</b>	<b>1 782</b>	<b>18 624</b>	<b>(121)</b>	<b>(29)</b>	<b>(1 649)</b>	<b>18 607</b>
Loss for the period .....	--	--	--	--	(647)	--	(647)
Other comprehensive income for the period, net of tax .....	--	--	--	--	185	(721)	(536)
<b>Total comprehensive income</b> .....	--	--	--	--	<b>(462)</b>	<b>(721)</b>	<b>(1 183)</b>
Treasury shares .....	--	--	--	(2)	--	--	(2)
Share-based payment .....	--	--	--	--	100	--	100
<b>At 30 June 2017</b> .....	<b>7 128 686</b>	<b>1 782</b>	<b>18 624</b>	<b>(123)</b>	<b>(391)</b>	<b>(2 370)</b>	<b>17 522</b>
<b>At 1 January 2018</b> .....	<b>7 246 190</b>	<b>1 812</b>	<b>18 770</b>	<b>(126)</b>	<b>(570)</b>	<b>(2 703)</b>	<b>17 183</b>
Profit for the period .....	--	--	--	--	12	--	12
Other comprehensive income for the period, net of tax .....	--	--	--	--	(21)	355	334
<b>Total comprehensive income</b> .....	--	--	--	--	<b>(9)</b>	<b>355</b>	<b>346</b>
Capital increase .....	218 400	54	--	--	(54)	--	--
Treasury shares .....	--	--	--	(11)	--	--	(11)
Share-based payment .....	--	--	--	--	28	--	28
<b>At 30 June 2018</b> .....	<b>7 464 590</b>	<b>1 866</b>	<b>18 770</b>	<b>(137)</b>	<b>(605)</b>	<b>(2 348)</b>	<b>17 546</b>



## CONSOLIDATED CASH FLOW STATEMENT

Interim condensed consolidated financial statements at 30 June 2018

	<i>For the six months ended 30 June</i>	
	<b>2018</b>	<b>2017</b>
	<b>€000</b>	<b>€000</b>
<b>Cash flows from operating activities:</b>		
Net profit / (loss) for the year .....	12	(647)
Non-cash items written back:		
Amortization and depreciation .....	420	389
Loss / (capital gain) on disposal of fixed assets .....	1	(11)
Other non-financial activities .....	167	140
Accounts receivable .....	(28)	(251)
Inventories .....	(255)	(147)
Other debtors .....	(95)	(16)
Accounts payable .....	(255)	412
Other liabilities .....	152	(105)
<b>Total net cash flows from operating activities .....</b>	<b>119</b>	<b>(236)</b>
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets .....	(377)	(167)
Proceeds from sale / (purchase) of financial assets .....	(56)	22
<b>Total net cash flows from investing activities .....</b>	<b>(433)</b>	<b>(145)</b>
<b>Cash flows from financing activities:</b>		
Repayment of borrowings .....	(53)	(157)
Payment of finance lease liabilities .....	(125)	(85)
Sale / (purchase) of treasury shares .....	(11)	(1)
Proceeds from issue of shares .....	--	90
<b>Total net cash flows from financing activities .....</b>	<b>(189)</b>	<b>(153)</b>
Net foreign exchange difference .....	19	(58)
<b>Increase / (decrease) in net cash and cash equivalents .....</b>	<b>(484)</b>	<b>(592)</b>
<b>Opening cash and cash equivalents balance .....</b>	<b>2 742</b>	<b>2 824</b>
<b>Closing cash and cash equivalents balance .....</b>	<b>2 258</b>	<b>2 232</b>