



MEMSCAP - Q2 2018:

CONSOLIDATED REVENUE UP BY 27%

Quarterly operating profit of 0.3 million euros

Quarterly net profit of 0.2 million euros

Grenoble, France and Durham, North Carolina, July 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 second quarter ending June 30, 2018.

Analysis of the consolidated income statement

Consolidated revenue for the second quarter of 2018 was 3.6 million euros (4.2 million US dollars) compared to 2.8 million euros (3.1 million US dollars) for the second quarter of 2017 and 2.9 million euros (3.6 million US dollars) for the first quarter of 2018. Thus, the increase in consolidated sales was + 27% in euro and +37% in US dollar compared with the second quarter of 2017. It is recalled that the Group's sales in US dollar represented 84% of consolidated sales over the previous year. The significant increase in sales volumes over the second quarter remained driven by the growth of the Group's avionics and optical communications businesses.

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

<i>Market segments / Revenue (M€) – Non-audited</i>	Q1 18	Q2 18	%	Q2 17
Aerospace	1.4	1.9	52%	1.6
Optical communications / Adaptive optics	0.9	1.1	31%	0.5
Medical / Biomedical	0.5	0.5	13%	0.5
Others	0.1	0.1	4%	0.2
Total	2.9	3.6	100%	2.8

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

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

<i>In million euros – Non-audited</i>	Q1 18	Q2 18	Q2 17
Revenue	2.9	3.6	2.8
<i>Standard products*</i>	1.9	2.3	1.9
<i>Custom products</i>	1.0	1.3	0.9
Cost of revenue	(2.1)	(2.3)	(2.0)
Gross margin	0.9	1.3	0.8
<i>% of revenue</i>	30%	35%	28%
Operating expenses**	(1.0)	(1.0)	(1.0)
Operating profit / (loss)	(0.2)	0.3	(0.3)
Financial profit / (loss)	(0.0)	0.1	(0.0)
Income tax expense	(0.0)	(0.1)	(0.0)
Net profit / (loss)	(0.2)	0.2	(0.3)

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

* Including the dermo-cosmetic segment.

** Net of research & development grants.

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MEMSCAP
The Power of a Small World™



The Group's gross margin rate stood at 35% of the consolidated sales compared to 28% in the second quarter of 2017. This increase by 7 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 profit amounted to 0.3 million euros in the second quarter of 2018 compared to operating losses of 0.3 million euros in the second quarter of 2017 and 0.2 million euros in the first quarter of 2018.

The income tax expense at 0.1 million euros for the second quarter of 2018 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 a consolidated net profit of 0.2 million euros versus consolidated net losses of 0.3 million euros for the second quarter of 2017 and 0.2 million euros for the first quarter of 2018.

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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 favorable 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 quarter.

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.

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Half-year 2018 revenue and earnings: August 31, 2018 MEMSCAP.

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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