



## MEMSCAP

The Power of a Small World™

### MEMSCAP Q1 2017: QUATERLY CONSOLIDATED REVENUE AT EUR 2.9 MILLION

#### Sales mostly driven by strong avionics and medical activities

Grenoble, France and Durham, North Carolina, April 21, 2017 - 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, 2017.

#### Analysis of the consolidated income statement

Consolidated revenue for the first quarter of 2017 was 2.9 million euros (3.1 million US dollars) slightly higher than consolidated sales for the first quarter of 2016 at 2.8 million euros (3.1 million US dollars). Consolidated revenue for the first quarter of 2017 benefited from the robustness of the avionics segment as well as the recovery in sales of the medical segment initiated in the previous quarter. The growth of these activities offset the temporary market softening of the Custom Products division (US subsidiary), whose return to higher sales volumes is expected in the second half of the year 2017.

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

Market Segments	Revenue (M€)	%
Aerospace	1.5	52%
Medical / Biomedical	0.6	21%
Optical Communications / Adaptive Optics	0.6	21%
Mass Market & Others	0.2	6%
<b>Total</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 2017 are provided in the following table:

In million euros – Non audited	Q1 16	Q1 17	Q4 16
Revenue	2.8	2.9	3.3
- Standard Products*	1.6	2.0	2.0
- Custom Products	1.2	0.9	1.3
Cost of revenue	(1.9)	(2.1)	(2.2)
Gross margin	1.0	0.8	1.1
% of revenue	35%	26%	32%
Operating expenses**	(1.0)	(1.1)	(1.0)
Operating profit / (loss)	0.0	(0.3)	0.1
Financial profit / (loss)	0.0	0.0	(0.0)
Income tax expense	--	(0.0)	--
Net profit / (loss)	0.0	(0.3)	0.1

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

\* Including the dermo-cosmetic segment.

\*\* Net of research & development grants.

The Group's gross margin rate was 26% of the consolidated revenue and was affected by the temporary weakness of the Custom Products division's (US subsidiary) sales. The gross margin for the first quarter of 2017 amounted to 0.8 million euros versus 1.0 million euros for the first quarter of 2016.

Operating expenses amounted to 1.1 million euros, fairly in line with the previous quarters. Consequently, MEMSCAP reported operating and net losses at 0.3 million euros for the first quarter of 2017 compared to break-even operating and net earnings for the first quarter of 2016.

\* \* \*

During the beginning of this year 2017 and as previously announced, MEMSCAP launched the transformation of its industrial organization in order to increase the flexibility of its production capabilities. At the same time, the Group accelerated its disengagement from low-margin services activities in favor of the development of its intellectual property driven activities. MEMSCAP pursues its strategy focused on high value added segments and more specifically on avionics, medical and optical communications activities. This evolution, while potentially impacting the Group's profitability in the short term, should enable MEMSCAP to significantly increase its margins over the coming years.

\* \* \*

**MEMSCAP general shareholders' meeting: May 23, 2017.**

**Q2 2017 earnings: July 26, 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 S.A (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](http://www.memscap.com).

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