



MEMSCAP – Q2 2019:

QUARTERLY SALES AT 3.5 MILLION EUROS LEADING TO HALF-YEAR REVENUE OF 6.6 MILLION EUROS

Robustness of the avionics and optics businesses

Operating profit of 0.2 million euros and net profit of 0.1 million euros for the quarter

Positive quarterly EBITDA at 0.5 million euros leading to half-year EBITDA at 0.7 million euros

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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, 2019.

Analysis of the consolidated income statement

Consolidated revenue for the second quarter of 2019 was 3.5 million euros (3.9 million US dollars) compared to 3.6 million euros (4.2 million US dollars) for the second quarter of 2018 and 3.1 million euros (3.5 million US dollars) for the first quarter of 2019. Thus, (non-audited) half-year 2019 revenue amounted to 6.6 million euros compared to 6.5 million euros for half-year 2018.

Consolidated revenue distribution by market segment, over the second quarter of 2019, is as follows:

Market segments / Revenue (M€) – Non-audited	Q1 2019	Q2 2019	Q1 + Q2 2019	Q1 2018	Q2 2018	Q1 + Q2 2018	Var. (Q1 + Q2) 2019 / 2018 (M€)	(%)
Aerospace	1.7	1.8	3.5	1.4	1.9	3.3	+0.2	+6%
Optical communications / Adaptive optics	0.8	1.3	2.1	0.9	1.1	2.0	+0.1	+3%
Medical / Biomedical	0.5	0.3	0.7	0.5	0.5	1.0	-0.3	-24%
Others	0.1	0.1	0.3	0.1	0.1	0.3	0.0	+9%
Total	3.1	3.5	6.6	2.9	3.6	6.5	+0.1	+1%

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

Consolidated sales in the second quarter of 2019 continued to benefit from the robustness of the avionics segment, which accounted for more than 52% of sales in the quarter, as well as the dynamism of the optical communications business. These developments offset the cyclical downturn in the medical / biomedical segment.

MEMSCAP's consolidated earnings for the second quarter of 2019 are given within the following table:

In million euros – Non-audited	Q1 2019	Q2 2019	Q1 + Q2 2019	Q1 2018 (1)	Q2 2018 (1)	Q1 + Q2 2018 (1)
Revenue	3.1	3.5	6.6	2.9	3.6	6.5
Standard products*	2.1	2.1	4.3	1.9	2.3	4.2
Custom products	1.0	1.4	2.3	1.0	1.3	2.3
Cost of revenue	(2.2)	(2.3)	(4.5)	(2.0)	(2.3)	(4.3)
Gross margin	0.9	1.2	2.1	0.9	1.3	2.2
% of revenue	30%	33%	32%	31%	36%	33%
Operating expenses**	(1.0)	(1.0)	(2.0)	(1.0)	(1.0)	(2.0)
Operating profit / (loss)	(0.1)	0.2	0.1	(0.1)	0.3	0.2
Financial profit / (loss)	(0.0)	(0.0)	(0.1)	(0.1)	0.0	(0.0)
Income tax expense	(0.0)	(0.0)	(0.1)	(0.0)	(0.1)	(0.1)
Net profit / (loss)	(0.1)	0.1	(0.1)	(0.2)	0.2	(0.0)

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

* Including the dermo-cosmetic segment.

** Net of research & development grants.

(1) Financial items stated in column Q1 2018, Q2 2018 et Q1 + Q2 2018 were adjusted for restatements due to the application of IFRS 16, mandatory from January 1st, 2019.

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(Financial items related to FY 2018 were adjusted for restatements due to the application of IFRS 16, mandatory from January 1st, 2019.)

For the second quarter of 2019, the Group's gross margin rate stood at 33% of consolidated sales compared to 36% for the second quarter of 2018. This rate is up 3 points compared to the first quarter of 2019, in line with the growth in revenue between the first quarter of 2019 and the second quarter of 2019.

Operating expenses at 1.0 million euros in the second quarter of 2019 remained in line with the amounts reported over the previous quarters.

As a result, the Group posted an operating profit of 0.2 million euros in the second quarter of 2019 compared to an operating profit of 0.3 million euros for the second quarter of 2018. The Group's operating profit rose by 0.3 million euros compared to the first quarter of 2019.

After taking into account the financial income, the Group's net profit amounted to 0.1 million euros over the quarter, compared with 0.2 million euros for the second quarter of 2018. Consolidated net profit increased by 0.2 million euros compared to the first quarter of 2019.

EBITDA for the second quarter of 2019 amounted to +0.5 million euros compared to +0.7 million euros for the second quarter of 2018 and +0.2 million euros for the first quarter 2019.

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Analysis and perspectives

The second quarter of 2019 confirmed the robustness of the Group's avionics business, representing more than 52% of the quarterly consolidated revenue, as well as the good performance of the optical communications market despite an uncertain international context.

MEMSCAP pursues its strategy focused on avionics, medical and optical communications segments as well as increasing the flexibility of its production capabilities.

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Half-year 2019 revenue and earnings: August 30, 2019.

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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