



MEMSCAP – Q3 2018:

QUATERLY REVENUE GROWTH OF 38%

Quarterly operating profit of 0.3 million euros

Quarterly net profit of 0.2 million euros

Grenoble, France and Durham, North Carolina, October 25, 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 third quarter ending September 30, 2018.

Analysis of the consolidated income statement

Consolidated revenue for the third quarter of 2018 was 3.3 million euros (3.8 million US dollars) compared to 2.4 million euros (2.8 million US dollars) for the third quarter of 2017 and 3.6 million euros. Thus, the increase in consolidated sales was +38% in euro and +37% in US dollar compared with the third quarter of 2017. It is recalled that the Group's sales in US dollar represented 84% of consolidated sales over the previous year.

Over the nine-month period ended September 30, 2018, the Group posted a +22% increase in sales compared to the same period last year. This growth was notably driven by the strong dynamism of the optical communications business (Revenue growth of +90% compared to the nine-month period ended September 30, 2017) as well as the solidity of the avionics segment (Revenue growth of +10% compared to the nine-month period ended September 30, 2017). The Group's avionics business accounted for 49% of total sales over the nine-month period ended September 30, 2018.

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

<i>Market segments / Revenue (M€) – Non-audited</i>	Q1 18	Q2 18	Q3 18	%	Q3 17
Aerospace	1.4	1.9	1.5	45%	1.3
Optical communications / Adaptive optics	0.9	1.1	1.1	32%	0.5
Medical / Biomedical	0.5	0.5	0.6	18%	0.4
Others	0.1	0.1	0.1	5%	0.2
Total	2.9	3.6	3.3	100%	2.4

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

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

<i>In million euros – Non-audited</i>	Q1 18	Q2 18	Q3 18	Q3 17
Revenue	2.9	3.6	3,3	2,4
<i>Standard products*</i>	<i>1.9</i>	<i>2.3</i>	<i>2,0</i>	<i>1,6</i>
<i>Custom products</i>	<i>1.0</i>	<i>1.3</i>	<i>1,3</i>	<i>0,8</i>
Cost of revenue	(2.1)	(2.3)	(2,1)	(1,7)
Gross margin	0.9	1.3	1,3	0,6
% of revenue	30%	35%	38%	27%
Operating expenses**	(1.0)	(1.0)	(1,0)	(0,9)
Operating profit / (loss)	(0.2)	0.3	0,3	(0,3)
Financial profit / (loss)	(0.0)	0.1	0,0	(0,0)
Income tax expense	(0.0)	(0.1)	(0,1)	(0,0)
Net profit / (loss)	(0.2)	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 38% of the consolidated sales compared to 27% in the third quarter of 2017 and 35% in the second quarter of 2018. This increase by 11 points versus the third quarter of 2017 was mainly due to the revenue growth related to products for which MEMSCAP has its own intellectual property and confirms the strategy and the actions initiated by the Group since the beginning of the 2017 financial year.

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 third quarter of 2018 compared to an operating loss of 0.3 million euros in the third quarter of 2017 and an operating profit of 0.3 million euros in the second quarter of 2018.

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

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Analysis and perspectives

Over the third quarter of 2018, the Group achieved operating and net profits at the same level of the second quarter of 2018. This operating performance led to a positive EBITDA of 0.5 million euros for the third quarter of 2018 and 1.1 million euros for the nine-month period ended September 30, 2018.

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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Q4 2018 revenue and earnings: January 25, 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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MEMSCAP is listed on Euronext Paris™ - Segment C - ISIN: FR0010298620 - MEMS.

