



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

## MEMSCAP Q2 2017: CONSOLIDATED REVENUE AT EUR.2.8 MILLION

**Continued sales growth in the aerospace segment now representing 56% of the quarterly revenue**

**Grenoble, France and Durham, North Carolina, July 26, 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 second quarter ending June 30, 2017.

Consolidated revenue for the second quarter of 2017 was 2.8 million euros (3.1 million US dollars) similar to the second quarter of 2016 at 2.8 million euros (3.2 million US dollars) and in line with the Group's expectations. In the second quarter of 2017, MEMSCAP continued to benefit from solid sales in the aerospace segment, which rose by more than 9% in the first half of 2017 compared to the first half of 2016. This increase offset a moderate demand on the optical communications market of the Group's US subsidiary.

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

Market Segments	Revenue (M€)	%
Aerospace	1.6	56%
Optical Communications / Adaptive Optics	0.5	19%
Medical / Biomedical	0.5	16%
Mass Market & Others	0.2	9%
<b>Total</b>	<b>2.8</b>	<b>100%</b>

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

MEMSCAP's consolidated earnings for the second quarter of 2017 are given by the following table:

<i>In million euros – Non audited</i>	Q1 17	Q2 17	Q2 16
Revenue	2.9	2.8	2.8
- Standard Products*	2.0	1.9	1.8
- Custom Products	0.9	0.9	1.0
Cost of revenue	(2.1)	(2.0)	(1.9)
Gross margin	0.8	0.8	0.9
% of revenue	26%	28%	32%
Operating expenses**	(1.1)	(1.0)	(1.0)
Operating profit / (loss)	(0.3)	(0.3)	(0.1)
Financial profit / (loss)	--	--	0.1
Income tax expense	--	--	--
Net profit / (loss)	(0.3)	(0.3)	0.0

(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 28% of consolidated sales, impacted by the level of activity in the Custom Products division (US subsidiary). The gross margin for the second quarter of 2017 thus amounts to 0.8 million euros, identical to the first quarter of 2017, compared to 0.9 million euros for the second quarter of 2016.

Operating expenses amounted to 1.0 million euros, fairly in line with the previous quarters. Consequently, MEMSCAP reported operating and net losses at 0.3 million euros for the second quarter of 2017, same level than the first quarter of 2017, compared to an operating loss at 0.1 million euros and break-even net earnings for the second quarter of 2016.

\* \* \*

As previously announced, MEMSCAP has initiated in 2017 the transformation of its industrial organization in order to increase significantly the flexibility of the Group's production capacities. This program is progressing according to the Company's plans. In line with its strategy focused on the high-added-value segments of aerospace, medical and optical communications, the Group is continuing its disengagement from low-margin services in favor of the development of its activities backed by its own intellectual property.

Though this evolution impacts the profitability of MEMSCAP at the beginning of the financial year 2017, it should enable the Group to benefit from a marked increase in its margin levels over the coming years.

\* \* \*

### **Half-year 2017 revenue and earnings: August 31, 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 (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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