



MEMSCAP – Q4 2019:

AVIONICS BUSINESS UP +11% IN Q4 2019

Significant sales recovery for the optical communications business vs Q3 19

Quarterly consolidated sales at 3.2 million euros vs 3.1 million euros in Q4 18

Q4 19 operating and net earnings at the break-even point

Positive quarterly EBITDA at +0.3 million euros leading to cumulative 12-month EBITDA at +1.5 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 fourth quarter ending December 31, 2019.

Analysis of the consolidated income statement

Consolidated revenue for the fourth quarter of 2019 was 3.2 million euros (3.5 million US dollars) compared to 3.1 million euros (3.6 million US dollars) for the fourth quarter of 2018. Cumulative 12-month (non-audited) revenue at the end of December 2019 amounted to 12.8 million euros (14.3 million US dollars) versus 13.0 million euros (15.3 million US dollars) at the end of December 2018.

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

<i>Market segments / Revenue (M€) – Non-audited</i>	Q4 2019	%	Q4 2018	%
Aerospace	1.6	51%	1.4	47%
Optical communications / Adaptive optics	1.0	30%	1.0	32%
Medical / Biomedical	0.5	15%	0.5	16%
Others	0.1	4%	0.2	5%
Total	3.2	100%	3.1	100%

<i>Market segments / Revenue (M€) – Non-audited</i>	FY 2019	%	FY 2018	%
Aerospace	6.8	53%	6.2	48%
Optical communications / Adaptive optics	3.5	27%	4.1	32%
Medical / Biomedical	1.7	13%	2.1	16%
Others	0.8	7%	0.6	4%
Total	12.8	100%	13.0	100%

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

The continued sales growth of the avionics business was confirmed over Q4 19 with a quarterly growth rate of +11% vs the fourth quarter of 2018 and +9% for FY 2019 vs FY 2018. The Group's avionics business accounts for more than 50% of the Group's consolidated sales in Q4 19 and for FY 2019.

The optical communications business, which was impacted by trade tensions between the United States of America and China in Q3 19, reported a strong increase in sales during Q4 19 (+0.5 million euros vs Q3 19) and is back to the quarterly revenue level observed in the fourth quarter of 2018.

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

<i>In million euros – Non-audited</i>	Q1+Q2+Q3 2019	Q4 2019	FY 2019	Q1+Q2+Q3 2018 (1)	Q4 2018 (1)	FY 2018 (1)
Revenue	9.6	3.2	12.8	9.9	3.1	13.0
Standard products*	6.3	2.1	8.4	6.3	2.0	8.3
Custom products	3.3	1.1	4.4	3.6	1.1	4.7
Cost of revenue	(6.5)	(2.2)	(8.7)	(6.4)	(2.1)	(8.5)
Gross margin	3.1	0.9	4.1	3.4	1.0	4.5
% of revenue	32%	30%	32%	35%	32%	34%
Operating expenses**	(3.0)	(0.9)	(3.9)	(3.0)	(1.0)	(3.9)
Operating profit / (loss)	0.1	0.0	0.1	0.5	0.1	0.6
Financial profit / (loss)	(0.0)	(0.0)	(0.0)	(0.1)	0.1	0.0
Income tax expense	(0.1)	(0.0)	(0.1)	(0.3)	(0.1)	(0.3)
Net profit / (loss)	(0.0)	(0.0)	(0.0)	0.2	0.1	0.3

(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+Q2+Q3 2018, Q4 2018 et FY 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 fourth quarter of 2019, the Group's gross margin rate stood at 30% of consolidated sales compared to 32% for the fourth quarter of 2018.

Operating expenses at 0.9 million euros in the fourth quarter of 2019 remained in line with the amounts reported over the previous quarters.

As a result, the Group posted operating earnings at the break-even point in the fourth quarter of 2019 compared to an operating profit of 0.1 million euros for the fourth quarter of 2018.

Considering the financial income and the income tax expense, the Group's net earnings broke even over the quarter, compared with a net profit of 0.1 million euros for the fourth quarter of 2018. The tax expense for FY 2019 and FY 2018 corresponded to the change in deferred tax over the period with no impact on the Group's cash position.

EBITDA for the fourth quarter of 2019 amounted to +0.3 million euros compared to +0.4 million euros for the fourth quarter of 2018. Cumulative 12-month (non-audited) EBITDA amounted to +1.5 million euros for FY 2019 versus +1.9 million euros for FY 2018.

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Analysis and perspectives

As in previous quarters, the fourth quarter of 2019 confirmed the robustness of the Group's avionics activities representing 53% of the (non-audited) annual consolidated revenue. This quarter also marked a significant recovery in sales for the optical communications business, previously affected by trade tensions between the United States of America and China.

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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FY 2019 financial statements: March 23, 2020.

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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