

Press release

Melexis Q4 and FY 2016 results – Melexis growth doubles market growth

Intermediate declaration by the Board of Directors

Leper, Belgium – February 8th, 2017, 07.00 hrs CET

For the full year 2016, sales were 456.3 million EUR, an increase of 14% compared to the previous year.

The EUR/USD exchange rate evolution had no impact compared to 2015. Gross margin was 208.5 million EUR, an increase of 9% compared to 2015. R&D expenses were 14.0% of sales, G&A was at 4.6% of sales and Selling was at 2.1% of sales. The operating result was 114.4 million EUR, an increase of 6% compared to last year. Net income was 96.3 million EUR, 2.38 EUR per share, a decrease of 3% compared to 99.1 million EUR or 2.45 EUR per share in 2015.

Sales for the fourth quarter of 2016 were 120.0 million EUR, an increase of 17% compared to the same quarter of the previous year and an increase of 5% compared to the previous quarter.

The EUR/USD exchange rate evolution had no impact compared to the same quarter of last year and a positive impact of 1% compared to the previous quarter.

Gross margin was 55.2 million EUR, an increase of 16% compared to the same quarter of last year and an increase of 4% compared to the previous quarter.

R&D expenses were 14.2% of sales, G&A was at 4.9% of sales and Selling was at 2.4% of sales. The operating result was 29.4 million EUR, an increase of 23% compared to the same quarter of last year and a decrease of 1% compared to the previous quarter.

Net income was 25.1 million EUR or 0.62 EUR per share, an increase of 14% compared to 22.0 million EUR or 0.54 EUR per share in the fourth quarter of 2015 and flat compared to the previous quarter.

Dividend

The Board of Directors approved on February 3rd 2017 to propose to the Annual Shareholder meeting to pay out over the result of 2016 a total dividend of EUR 2.00 gross per share.

This amount contains an interim dividend of EUR 1.30 per share which was paid in October 2016 and a final dividend of EUR 0.70 per share which will be payable after approval of the Annual Shareholders meeting.

The Melexis shares will start trading ex coupon on April 25, 2017 (opening of the market). The record date is April 26, 2017 (closing of the market) and the dividend will be payable as from April 27, 2017.

Outlook

Melexis expects sales in the first quarter of 2017 to be around the level of 125 million EUR.

For the full year 2017, Melexis expects sales growth to be between 11% and 15%, a gross profit margin around 45% and an operating margin around 25%, all taking into account a EUR/USD exchange rate of 1.07.

Business comment – Françoise Chombar, CEO:

“Melexis proudly presents its full year 2016 results: with a year over year growth of 14%, a gross margin close to 46% and an operating margin of 25%, we exceed our outlook given at the beginning of the year. Based on the latest market data¹, Melexis 2016 growth doubles automotive semiconductor growth, with all regions contributing.

The last quarter of the year was exceptionally strong: typical negative inventory corrections did not occur, the strong demand in all product lines contributed to a sequential sales growth of 5% and a year over year growth of 17%. The main growth drivers, both in the last quarter and the full year continue to be our magnetic sensor product lines, pressure sensors and fan drivers.

On average, every new car in the world now carries 8 chips of Melexis. It is with confidence we look forward to 2017: top line growth is expected to be supported by many new and existing products in multiple product lines such as magnetic sensors, sensor interfaces, optical sensors, pressure sensors, fan drivers, BLDC and LIN. In order to support that growth, Melexis continues to invest in R&D, sales & marketing and automation.

Sales to automotive customers represented 88% of total sales in the fourth quarter and 89% of total sales for the full year 2016.

The portion of standard product (ASSPs) sales represented 61% of total sales, both in the fourth quarter and full year 2016.”

¹Strategy Analytics, January 2017

The statutory auditor BDO Bedrijfsrevisoren Burg. Ven. CVBA, has confirmed that their audit procedures, which have been substantially completed, have not revealed material adjustments which would have to be made to the accounting information included in this press release.

Financial Calendar

- Annual Shareholders Meeting: April 20, 2017
- Publication Q1 2017 Results: April 20, 2017
- Dividend pay date: April 27, 2017 (ex coupon on April 25, 2017)
- Analyst Day: May 3, 2017
- Publication Q2/HY1 2017 Results: August 2, 2017
- Publication Q3 2017 Results: October 25, 2017
- Publication FY 2017 Results: February 7, 2018

The company’s results will be discussed in a **conference call** on Wednesday, February 8th, 2017 at 17 hrs CET. The conference call will be in English. You have to register for this conference call in advance. You can register by clicking on the following link and filling out the requested information:

<https://eventreg3.conferencing.com/inv/reg.html?Acc=034060&Conf=369864>

Conference ID: 961215.

After registration, you will receive the conference call number, a participant user pin, conference pin and instructions on how to join the conference call. For security purposes all participants must register individually if they wish to join the call.

A replay number for this call is available for 7 days after the end of the conference call. The replay number for this call is +32 2 290 17 05, access code: 961215.

For further information:

Investor Relations

Phone: +32 13 67 07 79

Fax: +32 13 67 21 34

Email: investor@melexis.com

About Melexis

Combining a passion for technology with truly inspired engineering, Melexis designs, develops and delivers innovative micro-electronic solutions that enable designers to turn ideas into applications that support the best imaginable future. The company's advanced mixed-signal semiconductor sensor and actuator components address the challenges of integrating sensing, driving and communication into next-generation products and systems that improve safety, raise efficiency, support sustainability and enhance comfort. Melexis is headquartered in Belgium and employs over 1,100 people in 19 locations worldwide. The company is publicly traded on Euronext Brussels (MELE). For more information, visit www.melexis.com

Disclaimer

Except for those statements that report the Company's historical results, the statements being made are forward looking statements. Actual results could differ materially from those projected in the forward-looking statements. Factors which could cause actual results to differ from expectations include the following: volatility in supply and demand affecting revenues and market prices, price and availability of silicon foundry, assembly and test prices, assembly and test subcontract capacity required to meet financial targets and/or meet backlog requirements, risks and delays associated with bringing up new production capabilities or with deliveries from subcontractors, timing and market acceptance of new products, increased expenses associated with new product acceptance of new products, increased expenses associated with new product introductions of process changes, delays in developing or achieving volume production of new products, which can result in delays or failure to contribute to revenues and profits, ability of the Company to maintain its customer and vendor base and delays in and/or inability in raising additional capital.

Consolidated Income Statement

CONFORM IFRS in k EUR	Quarter ended 31/12/2016	Quarter ended 31/12/2015	Year ended 31/12/2016 audited	Year ended 31/12/2015 audited
Sales	120,021	102,396	456,285	400,136
Cost of sales	-64,819	-54,904	-247,737	-208,015
Gross Margin	55,202	47,492	208,548	192,121
R&D	-17,077	-16,136	-63,989	-56,737
G&A	-5,881	-5,237	-20,944	-19,090
Selling	-2,849	-2,216	-9,557	-8,690
Other operating result	0		311	0
Operating result	29,396	23,904	114,369	107,604
Financial result	522	249	-1,293	1,869
Income before taxes	29,918	24,154	113,076	109,473
Income taxes	-4,825	-2,138	-16,819	-10,402
Net income	25,093	22,016	96,257	99,071
Net income per share in EUR	0.62	0.54	2.38	2.45

Consolidated Statement of Financial Position

CONFORM IFRS in k EUR	Year ended 31/12/2016 audited	Year ended 31/12/2015 audited
Current Assets :		
Cash and cash equivalents	75,789	73,838
Current investments	158	49
A/R Trade	66,298	51,243
A/R from related parties	418	1,999
Advance related parties		
Assets for current tax	339	1,384
Assets held for sale	0	289
Other current assets	10,680	5,237
Inventories	76,880	64,099
Total current assets	230,562	198,140
Non-current assets :		
Costs of incorporation		
Property, plant and equipment	97,411	90,300
Financial assets	6	6
Intangible fixed assets	6,209	7,440
A/R directors		
Other non-current assets	7	8
Deferred tax assets	23,970	10,877
Total non current assets	127,603	108,630
Total assets	358,165	306,770

CONFORM IFRS in k EUR	Year ended 31/12/2016 audited	Year ended 31/12/2015 audited
Liabilities and shareholders Equity		
Current liabilities :		
Bank loans and overdrafts		
Derivative financial instruments	793	1,627
Current portion of LT debt	4,047	7,046
A/P trade	19,555	15,247
Affiliated companies	14,551	10,791
Accrued taxes	30,160	6,543
Accrued expenses and payroll	8,603	7,135
Other current liabilities	2,567	3,258
Deferred income	2,262	2,358
Total current liabilities	82,538	54,005
Non current liabilities :		
LT debt less current portion	11,093	8,138
Deferred tax liabilities		
Other non-current liabilities	2,070	2,116
Total non current liabilities	13,163	10,254
Shareholders' equity :		
Shareholders' capital	565	565
Share premium		
Treasury shares	-3,818	-3,818
Revaluation reserve Hedge	-226	-372
Revaluation reserve Fair value		
Legal reserve	57	57
Retained earnings	176,277	153,308
Current period's profit	96,257	99,071
Cumulative translation adjustment	-6,658	-6,311
Equity attributable to company owners	262,454	242,500
Non controlling interests	10	10
Total shareholders equity	262,465	242,511
Total liabilities, shareholders' equity and minority interests	358,165	306,770

Consolidated Statements of Cash Flow

CONFORM IFRS (in k EUR)	Year ended 31/12/2016	Year ended 31/12/2015
Cash flow from operating activities		
Net income	96,257	99,071
Adjustments for :		
Operating activities	14,520	26,017
Deferred taxes	-13,093	2,368
Capital grants	896	806
Depreciation and amortisation	25,872	22,809
Unrealized exchange results	-452	148
Financial result	1,298	-114
Operating profit before working capital changes	110,777	125,089
A/R, Trade	-15,047	-10,890
A/R, affiliates	1,581	-415
Other current assets	-5,147	-421
Other non current assets	1	956
Inventories	-15,479	-10,551
A/P	4,323	1,342
A/P affiliates	3,760	4,632
Accrued expenses	29,619	6,505
Other current liabilities	-633	1,727
Other non current liabilities	-976	1,714
Interest paid	-294	-383
Income tax	-4,533	-4,307
Cash flow from operating activities	107,951	114,998
Cash flow from investing activities		
Acquisition of subsidiary, net of cash acquired		
Financial fixed assets		
Purchase of PPE and intangible assets (netted)	-28,774	-40,281
Interest received	172	361
Investments/proceeds/ from current investments (incl. financial instruments)	-109	-33
Cash provided from investing activities	-28,711	-39,953
Cash flows from financing activities		
Payment to acquire own shares		
Proceeds/Repayment of long-and short-term debt	-46	-3,010
Proceeds/Repayment of bank loans and overdrafts		
Proceeds from (repayment of) related party financing		
Impact of exchange results on financing items	-1,135	-5,738
Dividend payment	-76,102	-52,070
Capital Decrease		
Non controlling interests		
Cash provided from financing activities	-77,284	-60,818
CTA	-5	0
Increase/decrease in cash and cash equivalents	1,952	14,227
Cash at beginning of the period	73,838	59,610
Cash at the end of the period	75,789	73,838

Sales per Geography

	Q4/16	Q4/15	Q3/16	2016	2015
APAC Asia Pacific	51%	46%	46%	47%	46%
EMEA Europe - Middle-East - Africa	37%	40%	40%	39%	40%
NALA North America - Latin America	12%	14%	14%	14%	14%
TOTAL	100%	100%	100%	100%	100%