

Press release - Regulated Information

Melexis Q2 2018 results – Solid growth

Intermediate declaration by the Board of Directors

Ieper, Belgium – August 1st, 2018, 07.00 hrs CET

| CONFORM IFRS <i>in k EUR</i> | Q2 2018 | Q2 2017 | YOY growth (%) | Q1 2018 | SEQ growth (%) |
|-----------------------------------|--------------|--------------|-------------------|--------------|-------------------|
| Sales | 141,753 | 128,343 | 10% | 139,322 | 2% |
| Gross result | 65,822 | 59,431 | 11% | 63,110 | 4% |
| <i>Gross Margin</i> | <i>46.4%</i> | <i>46.3%</i> | | <i>45.3%</i> | |
| EBIT | 35,397 | 33,090 | 7% | 34,335 | 3% |
| <i>EBIT in %</i> | <i>25.0%</i> | <i>25.8%</i> | | <i>24.6%</i> | |
| EBITDA | 45,423 | 41,792 | 9% | 42,542 | 7% |
| <i>EBITDA in %</i> | <i>32.0%</i> | <i>32.6%</i> | | <i>30.5%</i> | |
| Net result | 28,116 | 30,806 | -9% | 28,786 | -2% |
| Net result per share (EPS) | 0.70 | 0.76 | | 0.71 | |
| CAPEX | 20,080 | 13,635 | | 20,436 | |

Sales for the second quarter of 2018 were 141.8 million EUR, an increase of 10% compared to the same quarter of the previous year and an increase of 2% compared to the previous quarter.

The EUR/USD exchange rate evolution had a negative impact of 4% compared to the same quarter of last year and a positive impact of 1% compared to the previous quarter.

The gross result was 65.8 million EUR or 46.4% of sales, an increase of 11% compared to the same quarter of last year and an increase of 4% compared to the previous quarter.

R&D expenses were 13.5% of sales, G&A was at 5.3% of sales and Selling was at 2.7% of sales. The operating result was 35.4 million EUR or 25.0% of sales, an increase of 7% compared to the same quarter of last year and an increase of 3% compared to the previous quarter.

The net result was 28.1 million EUR or 0.70 EUR per share, a decrease of 9% compared to 30.8 million EUR or 0.76 EUR per share in the second quarter of 2017 and a decrease of 2% compared to the previous quarter.

| CONFORM IFRS <i>in k EUR</i> | HY 2018 | HY 2017 | YOY growth (%) |
|-----------------------------------|--------------|--------------|-------------------|
| Sales | 281,075 | 251,904 | 12% |
| Gross result | 128,932 | 116,037 | 11% |
| <i>Gross Margin</i> | <i>45.9%</i> | <i>46.1%</i> | |
| EBIT | 69,732 | 64,615 | 8% |
| <i>EBIT in %</i> | <i>24.8%</i> | <i>25.7%</i> | |
| EBITDA | 87,964 | 80,537 | 9% |
| <i>EBITDA in %</i> | <i>31.3%</i> | <i>32.0%</i> | |
| Net result | 56,902 | 56,249 | 1% |
| Net result per share (EPS) | 1.41 | 1.39 | |
| CAPEX | 40,516 | 20,025 | |

Sales for the first half year of 2018 were 281.1 million EUR, an increase of 12% compared to the first half year of 2017.

The EUR/USD exchange rate evolution had a negative impact of 6% compared to the first half year of 2017.

Gross result was 128.9 million EUR, an increase of 11% compared to the same period last year.

The operating result was 69.7 million EUR, compared to 64.6 million EUR in the same half year of 2017, an increase of 8%.

Net income was 56.9 million EUR or 1.41 EUR per share, an increase of 1% compared to 56.2 million EUR or 1.39 EUR per share in the first half year of 2017.

Dividend

The Board of Directors decided to pay out an interim dividend of 1.30 EUR gross per share. The Melexis shares will start trading ex coupon on October 23, 2018 (opening of the market). The record date is October 24, 2018 (closing of the market) and the dividend will be payable as from October 25, 2018.

Outlook

Melexis expects sales in the third quarter of 2018 to be around the level of 148 million EUR.

For the full year 2018, Melexis expects sales growth to be between 13% and 14%, a gross profit margin around 45% and an operating margin around 25%, all taking into account a EUR/USD exchange rate of 1.17 for the remainder of the year.

Business comment – Françoise Chombar, CEO:

“I am proud to announce that Melexis second quarter and first half 2018 performance is well in line with our expectations. Excluding strong USD currency headwinds, Melexis first half year sales growth was 18%. The main growth drivers year to date were temperature sensors, embedded lighting and our magnetic sensor product family.

The temperature sensors product line experienced a growing demand from its distribution customer base. These distributors serve a variety of applications in the areas of consumer, white goods and small appliances, mainly targeted for the Asian market. A second growth pillar for the product line is its automotive thermocouple interfaces. These are used in the powertrain and address the growing need for more stringent engine and exhaust thermal management and control.

In embedded lighting, we continue to benefit from existing ambient lighting programs ramping up, as well as new programs which are being added gradually.

The Triaxis® products which form a cornerstone of our magnetic product sensor family are being used in many applications such as steering systems, gear shifters, pedals and transmissions. High demand for electric power steering and advanced powertrain systems, along with the evolution towards autonomous driving, are key drivers for further growth.

Melexis continues to enjoy a positive customer sentiment, translated in a healthy order book further driving our growth in the second half of the year.

Last month, Melexis announced the start of the construction of a new building in Sofia, Bulgaria, which will accommodate increased capacity in test facilities. Also the building expansion in Ieper, Belgium is on schedule. At the end of the year, a new R&D center in Düsseldorf, Germany, will be fully operational. These initiatives demonstrate that Melexis continues to invest both in infrastructure as well as in R&D in order to benefit from the structural growth drivers for our products.

Sales to automotive customers represented 89% of total sales in the second quarter and 90% of total sales in the first half of 2018. The portion of standard product (ASSPs) sales represented 66% of total sales in the second quarter and 65% of total sales in the first half of 2018.”

The statutory auditor PwC Bedrijfsrevisoren bcvba has confirmed that the review, which is substantially complete, has not to date revealed any material misstatement in the draft consolidated accounts, and that the accounting data reported in the press release is consistent, in all material respects, with the draft accounts from which it has been derived.

Financial Calendar

- Publication Q3 2018 Results: October 24, 2018
- Dividend pay date: October 25, 2018 (ex coupon on October 23, 2018)
- Analyst Day: December 5, 2018
- Publication FY 2018 Results: February 6, 2019

The company’s results will be discussed in a **conference call** on Wednesday, August 1st, 2018 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:

<http://emea.directeventreg.com/registration/2799237>

Conference ID: 2799237.

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 +44 33 33 00 97 85, access code: 2799237.

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 1,400 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 30/06/2018 | Quarter ended 30/06/2017 | Half Year ended 30/06/2018 | Half Year ended 30/06/2017 | Year ended 31/12/2017 audited |
|------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|-------------------------------------|
| Sales | 141,753 | 128,343 | 281,075 | 251,904 | 511,661 |
| Cost of sales | -75,931 | -68,912 | -152,143 | -135,867 | -276,265 |
| Gross result | 65,822 | 59,431 | 128,932 | 116,037 | 235,396 |
| R&D | -19,170 | -17,460 | -37,690 | -34,408 | -69,483 |
| G&A | -7,447 | -5,963 | -14,327 | -11,535 | -23,835 |
| Selling | -3,808 | -2,917 | -7,183 | -5,479 | -11,660 |
| Other operating result | | | | | 2,190 |
| Operating result (EBIT) | 35,397 | 33,090 | 69,732 | 64,615 | 132,608 |
| Financial result | -820 | 3,087 | 294 | 1,811 | 3,379 |
| Result before taxes | 34,578 | 36,177 | 70,027 | 66,426 | 135,986 |
| Income taxes | -6,462 | -5,371 | -13,125 | -10,177 | -25,032 |
| Net result | 28,116 | 30,806 | 56,902 | 56,249 | 110,955 |
| Net result per share in EUR | 0.70 | 0.76 | 1.41 | 1.39 | 2.75 |

Consolidated Statement of Financial Position

| CONFORM IFRS in k EUR | Half Year ended 30/06/2018 | Half Year ended 30/06/2017 | Year ended 31/12/2017 audited |
|---------------------------------|-------------------------------|-------------------------------|-------------------------------------|
| Current Assets : | | | |
| Cash and cash equivalents | 28,763 | 78,041 | 75,478 |
| Current investments | 154 | 2,716 | 415 |
| A/R Trade | 75,901 | 61,733 | 68,753 |
| A/R from related parties | 136 | 6,177 | 357 |
| Advance related parties | | | |
| Assets for current tax | 873 | 680 | 1,589 |
| Assets held for sale | | | |
| Other current assets | 12,677 | 13,639 | 10,121 |
| Inventories | 115,271 | 81,645 | 97,625 |
| Total current assets | 233,776 | 244,633 | 254,338 |
| Non-current assets : | | | |
| Costs of incorporation | | | |
| Property, plant and equipment | 140,515 | 103,810 | 116,780 |
| Financial assets | | 6 | |
| Intangible fixed assets | 5,370 | 6,779 | 5,556 |
| A/R directors | | | |
| Other non-current assets | 5 | 8 | 5 |
| Deferred tax assets | 25,260 | 24,896 | 26,682 |
| Total non current assets | 171,149 | 135,499 | 149,022 |
| Total assets | 404,924 | 380,132 | 403,361 |

| CONFORM IFRS | Half Year ended 30/06/2018 | Half Year ended 30/06/2017 | Year ended 31/12/2017 audited |
|---|-------------------------------|-------------------------------|-------------------------------------|
| in k EUR | | | |
| Liabilities and shareholders Equity | | | |
| Current liabilities : | | | |
| Bank loans and overdrafts | | | |
| Derivative financial instruments | | 397 | 160 |
| Current portion of LT debt | 48 | 4,005 | 6,043 |
| A/P trade | 25,803 | 18,903 | 22,262 |
| Affiliated companies | 17,391 | 12,687 | 17,449 |
| Accrued taxes | 10,523 | 25,945 | 36,434 |
| Accrued expenses and payroll | 10,367 | 9,343 | 10,716 |
| Other current liabilities | 4,511 | 3,130 | 4,055 |
| Deferred income | 1,756 | 1,220 | 2,896 |
| Total current liabilities | 70,398 | 75,631 | 100,015 |
| Non current liabilities : | | | |
| LT debt less current portion | 15,000 | 11,091 | 9,043 |
| Deferred tax liabilities | | | |
| Other non-current liabilities | | 2,133 | |
| Total non current liabilities | 15,000 | 13,224 | 9,043 |
| Shareholders' equity : | | | |
| Shareholders' capital | 565 | 565 | 565 |
| Share premium | | | |
| Treasury shares | -3,818 | -3,818 | -3,818 |
| Revaluation reserve Hedge | | -137 | -49 |
| Revaluation reserve Fair value | | | |
| Legal reserve | 57 | 57 | 57 |
| Retained earnings | 271,337 | 244,497 | 192,427 |
| Current period's profit | 56,902 | 56,249 | 110,955 |
| Cumulative translation adjustment | -5,527 | -6,145 | -5,844 |
| Equity attributable to company owners | 319,516 | 291,266 | 294,292 |
| Non controlling interests | 10 | 10 | 10 |
| Total shareholders equity | 319,526 | 291,277 | 294,303 |
| Total liabilities, shareholders' equity and minority interests | 404,924 | 380,132 | 403,361 |

Consolidated Statements of Cash Flow

| CONFORM IFRS (in k EUR) | Quarter ended 30/06/2018 | Half Year ended 30/06/2018 | Half Year ended 30/06/2017 | Year ended 31/12/2017 audited |
|---|-----------------------------|-------------------------------|-------------------------------|-------------------------------------|
| Cash flow from operating activities | | | | |
| Net income | 28,116 | 56,902 | 56,249 | 110,955 |
| Adjustments for : | | | | |
| Operating activities | 12,679 | 19,804 | 13,024 | 18,694 |
| Deferred taxes | 810 | 1,422 | -926 | -2,712 |
| Capital grants | 103 | 117 | 427 | 1,447 |
| Depreciation and amortisation | 10,026 | 18,232 | 15,922 | 32,357 |
| Unrealized exchange results | 1,172 | -838 | -2,134 | -6,199 |
| Financial result | 569 | 871 | -266 | -6,199 |
| Operating profit before working capital changes | 40,795 | 76,706 | 69,272 | 129,649 |
| A/R, Trade | -3,105 | -7,127 | 4,553 | -2,560 |
| A/R, affiliates | 64 | 221 | -5,759 | 61 |
| Other current assets | -1,172 | -1,903 | -3,646 | -1,990 |
| Other non current assets | 1 | 1 | -1 | 2 |
| Inventories | -15,643 | -18,911 | -7,632 | -25,352 |
| A/P | 2,715 | 3,466 | -624 | 2,833 |
| A/P affiliates | 386 | -58 | -1,864 | 2,898 |
| Accrued expenses | 654 | 8,841 | 7,270 | 25,613 |
| Other current liabilities | -235 | 449 | 575 | 1,714 |
| Other non current liabilities | -13 | -1,300 | -1,375 | -2,069 |
| Interest paid | 172 | 119 | -156 | -268 |
| Income tax paid | -13,850 | -35,101 | -10,744 | -17,226 |
| Cash flow from operating activities | 10,768 | 25,402 | 49,869 | 113,306 |
| Cash flow from investing activities | | | | |
| Acquisition of subsidiary, net of cash acquired | | | | 6 |
| Financial fixed assets | | | | |
| Purchase of PPE and intangible assets (netted) | -20,080 | -40,516 | -20,025 | -46,417 |
| Interest received | 2 | 5 | 20 | 102 |
| Investments/proceeds/ from current investments | -151 | 261 | -2,558 | -256 |
| Investments/proceeds/ from non current investments (incl. financial instruments) | | | | 2,190 |
| Cash provided from investing activities | -20,230 | -40,250 | -22,562 | -44,376 |
| Cash flows from financing activities | | | | |
| Payment to acquire own shares | | | | |
| Proceeds/Repayment of long-and short-term debt | 6 | -37 | -42 | -50 |
| Proceeds/Repayment of bank loans and overdrafts | | | | |
| Proceeds from (repayment of) related party financing | | | | |
| Impact of exchange results on financing items | -1,539 | 184 | 3,045 | 11,153 |
| Dividend payment | -32,045 | -32,045 | -28,038 | -80,108 |
| Capital Decrease | | | | |
| Non controlling interests | | | | |
| Cash provided from financing activities | -33,578 | -31,898 | -25,034 | -69,005 |
| CTA | 4 | 31 | -21 | -237 |
| Increase/decrease in cash and cash equivalents | -43,036 | -46,715 | 2,252 | -312 |
| Cash at beginning of the period | 71,798 | 75,478 | 75,789 | 75,789 |
| Cash at the end of the period | 28,763 | 28,763 | 78,041 | 75,478 |

Sales per Geography

| | Q2/18 | Q2/17 | Q1/18 | HY 2018 | HY 2017 |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|
| APAC Asia Pacific | 48% | 48% | 49% | 49% | 48% |
| EMEA Europe - Middle-East - Africa | 41% | 40% | 39% | 40% | 40% |
| NALA North America - Latin America | 11% | 12% | 12% | 11% | 12% |
| TOTAL | 100% | 100% | 100% | 100% | 100% |