

Press release - Regulated Information

Melexis Q3 2018 results – Third quarter sales growth of 15%

Intermediate declaration by the Board of Directors

Ieper, Belgium – October 24th, 2018, 07.00 hrs CET

CONFORM IFRS <i>in k EUR</i>	Q3 2018	Q3 2017	YOY growth (%)	Q2 2018	SEQ growth (%)
Sales	146,657	127,074	15%	141,753	3%
Gross result	68,053	58,224	17%	65,822	3%
<i>Gross Margin</i>	<i>46.4%</i>	<i>45.8%</i>		<i>46.4%</i>	
EBIT	36,874	32,012	15%	35,397	4%
<i>EBIT in %</i>	<i>25.1%</i>	<i>25.2%</i>		<i>25.0%</i>	
EBITDA	47,257	39,390	20%	45,423	4%
<i>EBITDA in %</i>	<i>32.2%</i>	<i>31.0%</i>		<i>32.0%</i>	
Net result	30,095	28,108	7%	28,116	7%
Net result per share (EPS)	0.74	0.70		0.70	
CAPEX	19,004	13,140		20,080	

Sales for the third quarter of 2018 were 146.7 million EUR, an increase of 15% compared to the same quarter of the previous year and an increase of 3% compared to the previous quarter.

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

The gross result was 68.1 million EUR or 46.4% of sales, an increase of 17% compared to the same quarter of last year and an increase of 3% compared to the previous quarter.

R&D expenses were 13.3% of sales, G&A was at 5.3% of sales and Selling was at 2.6% of sales. The operating result was 36.9 million EUR or 25.1% of sales, an increase of 15% compared to the same quarter of last year and an increase of 4% compared to the previous quarter.

The net result was 30.1 million EUR or 0.74 EUR per share, an increase of 7% compared to 28.1 million EUR or 0.70 EUR per share in the third quarter of 2017 and an increase of 7% compared to the previous quarter.

CONFORM IFRS <i>in k EUR</i>	9M 2018	9M 2017	YOY growth (%)
Sales	427,732	378,978	13%
Gross result	196,985	174,261	13%
<i>Gross Margin</i>	46.1%	46.0%	
EBIT	106,606	96,627	10%
<i>EBIT in %</i>	24.9%	25.5%	
EBITDA	135,221	119,927	13%
<i>EBITDA in %</i>	31.6%	31.6%	
Net result	86,997	84,357	3%
Net result per share (EPS)	2.15	2.09	
CAPEX	59,520	33,165	

Sales for the first nine months of 2018 were 427.7 million EUR, an increase of 13% compared to the first nine months of 2017.

The EUR/USD exchange rate evolution had a negative impact on sales of 4% compared to the first nine months of 2017.

Gross result was 197.0 million EUR, an increase of 13% compared to the same period last year.

The operating result was 106.6 million EUR, compared to 96.6 million EUR in the same nine months of 2017, an increase of 10%.

Net income was 87.0 million EUR or 2.15 EUR per share, an increase of 3% compared to 84.4 million EUR or 2.09 EUR per share in the first nine months of 2017.

Outlook

Melexis now expects a full year 2018 sales growth around 11%, a gross profit margin around 45% and an operating margin around 25%, all taking into account the current EUR/USD exchange rate.

Business comment – Françoise Chombar, CEO:

“The Melexis third quarter results are in line with our expectations. Growth drivers for Melexis products continue to solidify as a consequence of the trends towards more electrification, assisted drive and interior differentiation in cars. Melexis’ expertise in “sense and drive” solutions provides an answer to increased customer opportunities in terms of product performance, harshness and integration.

Our adjusted sales guidance for the full year reflects a reduced short term visibility and signs of upcoming inventory corrections at our customers. These inventory corrections are triggered by a mix of reasons, the main one being a more uncertain economic and geopolitical situation caused by global trade tensions. As a result and opposite to last year, customers both in automotive and adjacent markets display more scrutiny towards their inventory levels at year end.

Customers of Melexis express their continued optimism about the growth opportunities in their markets and embrace Melexis developments and product innovations. The key growth drivers in the third quarter were magnetic position sensors, embedded motor drivers and pressure sensors.

Sales to automotive customers represented 92% of total sales in the third quarter. The portion of standard product (ASSPs) sales represented 65% of total sales in the third quarter.”

Financial Calendar

- 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, October 24th, 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/1492729>

Conference ID: 1492729.

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: 1492729.

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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 30/09/2018	Quarter ended 30/09/2017	Nine months ended 30/09/2018	Nine months ended 30/09/2017	Year ended 31/12/2017 audited
Sales	146,657	127,074	427,732	378,978	511,661
Cost of sales	-78,604	-68,850	-230,747	-204,717	-276,265
Gross result	68,053	58,224	196,985	174,261	235,396
R&D	-19,552	-17,224	-57,242	-51,632	-69,483
G&A	-7,822	-5,981	-22,149	-17,516	-23,835
Selling	-3,804	-3,007	-10,987	-8,486	-11,660
Other operating result					2,190
Operating result (EBIT)	36,874	32,012	106,606	96,627	132,608
Financial result	-574	1,381	-280	3,192	3,379
Result before taxes	36,299	33,393	106,326	99,819	135,986
Income taxes	-6,204	-5,285	-19,329	-15,462	-25,032
Net result	30,095	28,108	86,997	84,357	110,955
Net result per share in EUR	0.74	0.70	2.15	2.09	2.75

Consolidated Statement of Financial Position

CONFORM IFRS in k EUR	Nine months ended 30/09/2018	Nine months ended 30/09/2017	Year ended 31/12/2017 audited
Current Assets :			
Cash and cash equivalents	36,946	109,157	75,478
Current investments		43	415
A/R Trade	78,799	63,171	68,753
A/R from related parties	149	3,141	357
Advance related parties			
Assets for current tax	1,467	1,011	1,589
Assets held for sale			
Other current assets	11,543	8,745	10,121
Inventories	125,871	88,308	97,625
Total current assets	254,775	273,575	254,338
Non-current assets :			
Costs of incorporation			
Property, plant and equipment	150,456	107,988	116,780
Financial assets		6	
Intangible fixed assets	5,077	7,343	5,556
A/R directors			
Other non-current assets	4	8	5
Deferred tax assets	24,806	27,316	26,682
Total non current assets	180,343	142,662	149,022
Total assets	435,118	416,237	403,361

CONFORM IFRS in k EUR	Nine months ended 30/09/2018	Nine months ended 30/09/2017	Year ended 31/12/2017 audited
Liabilities and shareholders Equity			
Current liabilities :			
Bank loans and overdrafts			
Derivative financial instruments	200	226	160
Current portion of LT debt	49	4,051	6,043
A/P trade	20,644	17,421	22,262
Affiliated companies	15,116	16,665	17,449
Accrued taxes	15,417	28,377	36,434
Accrued expenses and payroll	12,971	11,540	10,716
Other current liabilities	4,406	2,577	4,055
Deferred income	1,891	1,206	2,896
Total current liabilities	70,694	82,062	100,015
Non current liabilities :			
LT debt less current portion	15,000	11,044	9,043
Deferred tax liabilities			
Other non-current liabilities		2,164	
Total non current liabilities	15,000	13,208	9,043
Shareholders' equity :			
Shareholders' capital	565	565	565
Share premium			
Treasury shares	-3,818	-3,818	-3,818
Revaluation reserve Hedge		-92	-49
Revaluation reserve Fair value			
Legal reserve	57	57	57
Retained earnings	271,337	244,497	192,427
Current period's profit	86,997	84,357	110,955
Cumulative translation adjustment	-5,724	-4,609	-5,844
Equity attributable to company owners	349,413	320,956	294,292
Non controlling interests	10	10	10
Total shareholders equity	349,424	320,967	294,303
Total liabilities, shareholders' equity and minority interests	435,118	416,237	403,361

Consolidated Statements of Cash Flow

CONFORM IFRS (in k EUR)	Quarter ended 30/09/2018	Quarter ended 30/09/2017	Nine months ended 30/09/2018	Nine months ended 30/09/2017
Cash flow from operating activities				
Net income	30,095	28,108	86,997	84,357
Adjustments for :				
Operating activities	10,582	4,255	30,386	17,279
Deferred taxes	454	-2,420	1,876	-3,346
Capital grants	104	233	221	660
Depreciation and amortisation	10,383	7,378	28,615	23,300
Unrealized exchange results	378	-2,769	-460	-4,903
Financial result	-738	1,834	133	1,568
Operating profit before working capital changes	40,677	32,364	117,383	101,636
A/R, Trade	-2,914	-1,446	-10,041	3,107
A/R, affiliates	-12	3,037	209	-2,722
Other current assets	442	4,367	-1,461	721
Other non current assets	0	-1	1	-1
Inventories	-11,627	-6,893	-30,538	-14,525
A/P	-5,113	-1,395	-1,647	-2,019
A/P affiliates	-2,275	3,978	-2,333	2,114
Accrued expenses	8,375	9,767	17,216	17,037
Other current liabilities	-159	-675	290	-100
Other non current liabilities	335	-154	-965	-1,529
Interest paid	83	-56	202	-212
Income tax paid	-878	-5,139	-35,979	-15,883
Cash flow from operating activities	26,935	37,753	52,337	87,622
Cash flow from investing activities				
Acquisition of subsidiary, net of cash acquired				
Financial fixed assets				
Purchase of PPE and intangible assets (netted)	-19,004	-13,140	-59,520	-33,165
Interest received	1	3	6	23
Investments/proceeds/ from current investments	154	2,673	415	115
Investments/proceeds/ from non current investments (incl. financial instruments)				
Cash provided from investing activities	-18,849	-10,466	-59,099	-33,028
Cash flows from financing activities				
Payment to acquire own shares				
Proceeds/Repayment of long-and short-term debt	1	0	-36	-42
Proceeds/Repayment of bank loans and overdrafts				
Proceeds from (repayment of) related party financing				
Impact of exchange results on financing items	118	3,852	302	6,897
Dividend payment	0	0	-32,045	-28,038
Capital Decrease				
Non controlling interests				
Cash provided from financing activities	119	3,851	-31,779	-21,183
CTA	-21	-23	10	-44
Increase/decrease in cash and cash equivalents	8,184	31,116	-38,531	33,368
Cash at beginning of the period	28,763	78,041	75,478	75,789
Cash at the end of the period	36,946	109,157	36,946	109,157

Sales per Geography

	Q3/18	Q3/17	Q2/18	9M 2018	9M 2017
APAC Asia Pacific	49%	49%	48%	49%	48%
EMEA Europe - Middle-East - Africa	39%	39%	41%	39%	40%
NALA North America - Latin America	12%	12%	11%	12%	12%
TOTAL	100%	100%	100%	100%	100%