

Press release - Regulated Information

Melexis Q4 and FY 2018 results – Full year sales growth of 11%

Intermediate declaration by the Board of Directors

leper, Belgium – February 6th, 2019, 07.00 hrs CET

CONFORM IFRS <i>in k EUR</i>	2018	2017	YOY growth (%)
Sales	569,370	511,661	11%
Gross result	261,136	235,396	11%
<i>Gross Margin</i>	<i>45.9%</i>	<i>46.0%</i>	
EBIT	138,488	132,608	4%
<i>EBIT in %</i>	<i>24.3%</i>	<i>25.9%</i>	
EBITDA	177,610	164,965	8%
<i>EBITDA in %</i>	<i>31.2%</i>	<i>32.2%</i>	
Net result	115,451	110,955	4%
Net result per share (EPS)	2.86	2.75	
CAPEX	76,296	46,417	

For the full year 2018, sales were 569.4 million EUR, an increase of 11% compared to the previous year.

The EUR/USD exchange rate evolution had a negative impact on sales of 3% compared to 2017.

The gross result was 261.1 million EUR or 45.9% of sales, an increase of 11% compared to 2017.

R&D expenses were 13.7% of sales, G&A was at 5.3% of sales and Selling was at 2.6% of sales.

The operating result was 138.5 million EUR or 24.3% of sales, an increase of 4% compared to 132.6 million EUR last year.

The net result was 115.5 million EUR or 2.86 EUR per share, an increase of 4% compared to 111.0 million EUR or 2.75 EUR per share in 2017.

CONFORM IFRS <i>in k EUR</i>	Q4 2018	Q4 2017	YOY growth (%)	Q3 2018	SEQ growth (%)
Sales	141,638	132,683	7%	146,657	-3%
Gross result	64,151	61,135	5%	68,053	-6%
Gross Margin	45.3%	46.1%		46.4%	
EBIT	31,881	35,981	-11%	36,874	-14%
EBIT in %	22.5%	27.1%		25.1%	
EBITDA	42,389	45,038	-6%	47,257	-10%
EBITDA in %	29.9%	33.9%		32.2%	
Net result	28,454	26,597	7%	30,095	-5%
Net result per share (EPS)	0.70	0.66		0.74	
CAPEX	16,776	13,252		19,004	

Sales for the fourth quarter of 2018 were 141.6 million EUR, an increase of 7% compared to the same quarter of the previous year and a decrease of 3% compared to the previous quarter.

The EUR/USD exchange rate evolution had a positive impact on sales of 2% compared to the same quarter of last year and a positive impact of 1% compared to the previous quarter.

The gross result was 64.2 million EUR or 45.3% of sales, an increase of 5% compared to the same quarter of last year and a decrease of 6% compared to the previous quarter.

R&D expenses were 14.7% of sales, G&A was at 5.6% of sales and Selling was at 2.5% of sales. The operating result was 31.9 million EUR or 22.5% of sales, a decrease of 11% compared to the same quarter of last year and a decrease of 14% compared to the previous quarter.

The net result was 28.5 million EUR or 0.70 EUR per share, an increase of 7% compared to 26.6 million EUR or 0.66 EUR per share in the fourth quarter of 2017 and a decrease of 5% compared to the previous quarter.

Dividend

The Board of Directors approved on February 1st, 2019 to propose to the Annual Shareholders meeting to pay out over the result of 2018 a total dividend of 2.20 EUR gross per share. This amount contains an interim dividend of 1.30 EUR per share which was paid in October 2018 and a final dividend of 0.90 EUR per share which will be payable after approval of the Annual Shareholders meeting. The Melexis shares will start trading ex coupon on April 24, 2019 (opening of the market). The record date is April 25, 2019 (closing of the market) and the dividend will be payable as from April 26, 2019.

Outlook

Melexis expects sales in the first quarter of 2019 to be in the range of 112-118 million euro, with a gross profit margin around 41% and an operating margin around 13% at the midpoint of the sales guidance.

Melexis expects its full year 2019 sales level to remain below the previous year. Gross profit margin is expected to be around 43% taking into account a EUR/USD exchange rate of 1.15.

Business comment – Françoise Chombar, CEO:

“Melexis is proud to announce again double digit sales growth in 2018. At constant currency rates, sales over the full year increased with more than 14%. The main growth drivers in 2018 were the magnetic sensor family, temperature sensors, pressure sensors, embedded motor drivers and embedded lighting. Today, on average every new car worldwide produced carries 11 Melexis chips inside.

The short term business environment changed significantly over the course of 2018. While customer sentiment and order behavior till the end of the summer were optimistic and strong, dynamics were different for the remainder of the year. In October, we announced a reduced short term visibility and

signs of upcoming inventory corrections at our customers, mainly triggered by a more uncertain economic and geopolitical situation caused by global trade tensions. This market behavior has not changed so far. We are in the midst of these inventory corrections now, visibility remains low.

Unless geopolitical tensions intensify, a renewed positive order trend is likely to occur in the second half of 2019. Having said that, based on the current order book, Melexis expects 2019 sales to remain below the level of last year.

Amidst all these uncertainties, Melexis stands strong. All next generation and innovation programs at Melexis customers continue as before. The secular trends which drive our future growth, being more electrification, assisted drive and personalization further gain traction.

Sales to automotive customers represented 93% of total sales in the fourth quarter and 91% of sales in the full year 2018. The portion of standard product (ASSPs) sales represented 67% of total sales in the fourth quarter and 66% in the full year 2018.”

Financial comment – Karen Van Griensven, CFO:

“Melexis is well resourced to further develop its fundamentals. During 2018, Melexis invested significantly in additional capacity to ensure future growth. With lower sales, this weighs short term on our profit margins. Mid-term, as business normalizes, Melexis expects to return to profit margin levels similar to 2018.”

The statutory auditor has confirmed that the audit, 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

- Annual Shareholders Meeting: April 23, 2019
- Publication Q1 2019 Results: April 23, 2019
- Dividend pay date: April 26th, 2019 (ex coupon on April 24th, 2019)
- Publication Q2/HY1 2019 Results: July 31, 2019
- Publication Q3 2019 Results: October 23, 2019
- Publication FY 2019 Results: February 5, 2020

The company’s results will be discussed in a **conference call** on Wednesday, February 6th, 2019 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/3978708>

Conference ID: 3978708.

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: 3978708.

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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 31/12/2018	Quarter ended 31/12/2017	Year ended 31/12/2018 audited	Year ended 31/12/2017 audited
Sales	141,638	132,683	569,370	511,661
Cost of sales	-77,487	-71,548	-308,234	-276,265
Gross result	64,151	61,135	261,136	235,396
R&D	-20,764	-17,852	-78,005	-69,483
G&A	-7,916	-6,319	-30,065	-23,835
Selling	-3,590	-3,174	-14,578	-11,660
Other operating result		2,190		2,190
Operating result (EBIT)	31,881	35,981	138,488	132,608
Financial result	531	187	251	3,379
Result before taxes	32,412	36,167	138,739	135,986
Income taxes	-3,958	-9,570	-23,287	-25,032
Net result	28,454	26,597	115,451	110,955
Net result per share in EUR	0.70	0.66	2.86	2.75

Consolidated Statement of Financial Position

CONFORM IFRS in k EUR	Year ended 31/12/2018 audited	Year ended 31/12/2017 audited
Current Assets :		
Cash and cash equivalents	34,522	75,478
Current investments	101	415
A/R Trade	75,207	68,753
A/R from related parties	160	357
Advance related parties		
Assets for current tax	1,241	1,589
Assets held for sale		
Other current assets	8,653	10,121
Inventories	120,568	97,625
Total current assets	240,452	254,338
Non-current assets :		
Costs of incorporation		
Property, plant and equipment	157,417	116,780
Financial assets		
Intangible fixed assets	5,152	5,556
A/R directors		
Other non-current assets	4	5
Deferred tax assets	24,994	26,682
Total non current assets	187,567	149,022
Total assets	428,019	403,361

CONFORM IFRS	Year ended 31/12/2018 audited	Year ended 31/12/2017 audited
in k EUR		
Liabilities and shareholders Equity		
Current liabilities :		
Bank loans and overdrafts		
Derivative financial instruments		160
Current portion of LT debt	1,040	6,043
A/P trade	20,785	22,262
Affiliated companies	13,967	17,449
Accrued taxes	15,684	36,434
Accrued expenses and payroll	10,502	10,716
Other current liabilities	2,696	4,055
Deferred income	3,068	2,896
Total current liabilities	67,742	100,015
Non current liabilities :		
LT debt less current portion	34,000	9,043
Deferred tax liabilities	271	
Other non-current liabilities		
Total non current liabilities	34,271	9,043
Shareholders' equity :		
Shareholders' capital	565	565
Share premium		
Treasury shares	-3,818	-3,818
Revaluation reserve Hedge		-49
Revaluation reserve Fair value		
Legal reserve	57	57
Retained earnings	219,268	192,427
Current period's profit	115,451	110,955
Cumulative translation adjustment	-5,527	-5,844
Equity attributable to company owners	325,996	294,292
Non controlling interests	10	10
Total shareholders equity	326,006	294,303
Total liabilities, shareholders' equity and minority interests	428,019	403,361

Consolidated Statements of Cash Flow

CONFORM IFRS (in k EUR)	Quarter ended 31/12/2018	Quarter ended 31/12/2017	Year ended 31/12/2018 audited	Year ended 31/12/2017 audited
Cash flow from operating activities				
Net income	28,454	26,598	115,451	110,955
Adjustments for :				
Operating activities	14,883	10,815	60,231	42,194
Deferred taxes	-188	634	1,688	-2,712
Capital grants	832	787	1,053	1,447
Depreciation and amortisation	10,507	9,057	39,122	32,357
Accrued income tax	2,921	9,400	17,882	23,500
Unrealized exchange results	118	-1,296	-342	-6,199
Financial result	694	-7,767	827	-6,199
Operating profit before working capital changes	43,337	37,413	175,682	153,149
A/R, Trade	3,466	-5,667	-6,575	-2,560
A/R, affiliates	-12	2,783	197	61
Other current assets	2,277	-2,711	816	-1,990
Other non current assets	0	3	1	2
Inventories	4,666	-10,827	-25,872	-25,352
A/P	135	4,852	-1,512	2,833
A/P affiliates	-1,149	784	-3,482	2,898
Accrued expenses	-2,469	-824	-214	2,113
Other current liabilities	-1,701	1,814	-1,411	1,714
Other non current liabilities	1,248	-540	283	-2,069
Interest paid	-405	-56	-203	-268
Income tax paid	-2,653	-1,343	-38,632	-17,226
Cash flow from operating activities	46,742	25,684	99,079	113,306
Cash flow from investing activities				
Acquisition of subsidiary, net of cash acquired				
Financial fixed assets		6		6
Purchase of PPE and intangible assets (netted)	-16,776	-13,252	-76,296	-46,417
Interest received	644	79	650	102
Investments/proceeds/ from current investments	-101	-371	314	-256
Investments/proceeds/ from non current investments (incl. financial instruments)		2,190		2,190
Cash provided from investing activities	-16,233	-11,348	-75,332	-44,376
Cash flows from financing activities				
Payment to acquire own shares				
Proceeds/Repayment of long-and short-term debt	19,984	-8	19,948	-50
Proceeds/Repayment of bank loans and overdrafts				
Proceeds from (repayment of) related party financing				
Impact of exchange results on financing items	-858	4,256	-556	11,153
Dividend payment	-52,068	-52,070	-84,113	-80,108
Capital Decrease				
Non controlling interests				
Cash provided from financing activities	-32,943	-47,822	-64,722	-69,005
CTA	9	-193	19	-237
Increase/decrease in cash and cash equivalents	-2,425	-33,680	-40,956	-312
Cash at beginning of the period	36,946	109,157	75,478	75,789
Cash at the end of the period	34,522	75,478	34,522	75,478

Sales per Geography

	Q4 2018	Q4 2017	FY 2018	FY 2017
APAC Asia Pacific	51%	49%	49%	49%
EMEA Europe - Middle-East - Africa	36%	39%	39%	39%
NALA North America - Latin America	13%	12%	12%	12%
TOTAL	100%	100%	100%	100%