

Press release - Regulated Information

Melexis Q2 2019 results – Second quarter sales of 120.0 million EUR

Intermediate declaration by the Board of Directors

Ieper, Belgium – July 31st, 2019, 07.00 hrs CET

CONFORM IFRS <i>in k EUR</i>	Q2 2019	Q2 2018	YOY growth (%)	Q1 2019	SEQ growth (%)
Sales	120,028	141,753	-15%	116,511	3%
Gross result	49,751	65,822	-24%	46,755	6%
<i>Gross Margin</i>	41.4%	46.4%		40.1%	
EBIT	18,438	35,397	-48%	15,739	17%
<i>EBIT in %</i>	15.4%	25.0%		13.5%	
EBITDA	30,428	45,423	-33%	27,932	9%
<i>EBITDA in %</i>	25.4%	32.0%		24.0%	
Net result	15,574	28,116	-45%	13,946	12%
Net result per share (EPS)	0.39	0.70		0.35	
CAPEX	7,897	20,080		6,987	

Sales for the second quarter of 2019 were 120.0 million EUR, a decrease 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 a positive impact on sales of 3% compared to the same quarter of last year and no impact compared to the previous quarter.

The gross result was 49.8 million EUR or 41.4% of sales, a decrease of 24% compared to the same quarter of last year and an increase of 6% compared to the previous quarter.

R&D expenses were 16.3% of sales, G&A was at 6.5% of sales and Selling was at 3.4% of sales. The operating result was 18.4 million EUR or 15.4% of sales, a decrease of 48% compared to the same quarter of last year and an increase of 17% compared to the previous quarter.

The net result was 15.6 million EUR or 0.39 EUR per share, a decrease of 45% compared to 28.1 million EUR or 0.70 EUR per share in the second quarter of 2018 and an increase of 12% compared to the previous quarter.

CONFORM IFRS <i>in k EUR</i>	HY 2019	HY 2018	YOY growth (%)
Sales	236,539	281,075	-16%
Gross result	96,506	128,932	-25%
<i>Gross Margin</i>	40.8%	45.9%	
EBIT	34,177	69,732	-51%
<i>EBIT in %</i>	14.4%	24.8%	
EBITDA	58,360	87,964	-34%
<i>EBITDA in %</i>	24.7%	31.3%	
Net result	29,520	56,902	-48%
Net result per share (EPS)	0.73	1.41	
CAPEX	14,884	40,516	

Sales for the first half year of 2019 were 236.5 million EUR, a decrease of 16% compared to the first half year of 2018.

The EUR/USD exchange rate evolution had a positive impact of 3% compared to the first half year of 2018.

The gross result was 96.5 million EUR or 40.8% of sales, a decrease of 25% compared to the same period last year. R&D expenses were 16.6% of sales, G&A was at 6.5% of sales and Selling was at 3.3% of sales.

The operating result was 34.2 million EUR or 14.4% of sales, a decrease of 51% compared to 69.7 million EUR in the same half year of 2018.

The net result was 29.5 million EUR or 0.73 EUR per share, a decrease of 48% compared to 56.9 million EUR or 1.41 EUR per share in the first half year of 2018.

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 22, 2019 (opening of the market). The record date is October 23, 2019 (closing of the market) and the dividend will be payable as from October 24, 2019.

Outlook

Melexis expects sales in the third quarter of 2019 to be in the range of 117-123 million euro, with a gross profit margin around 41% and an operating margin around 15% 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 41% taking into account a EUR/USD exchange rate of 1.13.

Business comment – Françoise Chombar, CEO:

“Amidst an uncertain economic and geopolitical situation caused by global trade tensions and a continuing downward trend in global car sales, Melexis sales for the second quarter of 2019 came out in the middle of the guidance provided in April and a touch better than in the first quarter. This was translated into a better than expected operating margin, mainly as a result of operational costs well under control.

Although we now estimate inventories at customers to be below the level in the beginning of the year, it remains uncertain at which moment a change in order behavior will occur. Visibility remains low.

I would like to highlight the solid performance of two product lines in the second quarter, linked to automotive semiconductor content growth. Small and smart motor peripherals powered by Melexis *embedded drivers* give Tier1s and vehicle manufacturers an easy solution to add motor functions and diagnostics in a flexible way while reducing wiring and weight, e.g. in small water pumps for optimal thermal management of electric car batteries. Legislation, such as the recently introduced China 6 norm or the Bharat 6 in India, stimulate vehicle manufacturers to adapt the way they handle fuel vapor, for example. Melexis *pressure sensors* in synergy with *embedded drivers* address this pollution reduction challenge, which is especially critical with hybrid vehicles. Melexis thus continues to benefit from the increase of ‘sense and drive’ content in cars, surfing on the secular trends of more electrification, assisted drive and personalization.

Sales to automotive customers represented 92% of total sales, both in the second quarter and first half of 2019. The portion of standard product (ASSPs) sales represented 65% of total sales in the second quarter and 64% of total sales in the first half of 2019.”

The statutory auditor PwC Bedrijfsrevisoren cvba has confirmed that the review, which is substantially complete, has not to date revealed any material misstatement in the interim 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 2019 Results: October 23, 2019
- Dividend pay date: October 24, 2019 (ex coupon on October 22, 2019)
- Publication FY 2019 Results: February 5, 2020

The company’s results will be discussed in a **conference call** on Wednesday, July 31st, 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/9792456>

Conference ID: 9792456.

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: 9792456.

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 1500 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 30/06/2019	Quarter ended 30/06/2018	Half Year ended 30/06/2019	Half Year ended 30/06/2018	Year ended 31/12/2018 audited
Sales	120,028	141,753	236,539	281,075	569,370
Cost of sales	-70,277	-75,931	-140,033	-152,143	-308,234
Gross result	49,751	65,822	96,506	128,932	261,136
R&D	-19,511	-19,170	-39,274	-37,690	-78,005
G&A	-7,762	-7,447	-15,361	-14,327	-30,065
Selling	-4,040	-3,808	-7,693	-7,183	-14,578
Other operating result					
Operating result (EBIT)	18,438	35,397	34,177	69,732	138,488
Financial result	-371	-820	-704	294	251
Result before taxes	18,067	34,578	33,473	70,027	138,739
Income taxes	-2,493	-6,462	-3,953	-13,125	-23,287
Net result	15,574	28,116	29,520	56,902	115,451
Net result per share in EUR	0.39	0.70	0.73	1.41	2.86

Consolidated Statement of Financial Position

CONFORM IFRS in k EUR	Half Year ended 30/06/2019	Half Year ended 30/06/2018	Year ended 31/12/2018 audited
Current Assets :			
Cash and cash equivalents	31,307	28,763	34,522
Current investments	14	154	101
A/R Trade	68,457	75,901	75,207
A/R from related parties	112	136	160
Advance related parties			
Assets for current tax	4,667	873	1,241
Assets held for sale			
Other current assets	17,636	12,677	8,653
Inventories	128,922	115,271	120,568
Total current assets	251,115	233,776	240,452
Non-current assets :			
Costs of incorporation			
Property, plant and equipment	151,319	140,515	157,417
Leased assets	4,332		
Financial assets			
Intangible fixed assets	6,208	5,370	5,152
A/R directors			
Other non-current assets	8	5	4
Deferred tax assets	23,677	25,260	24,994
Total non current assets	185,544	171,149	187,567
Total assets	436,659	404,924	428,019

CONFORM IFRS in k EUR	Half Year ended 30/06/2019	Half Year ended 30/06/2018	Year ended 31/12/2018 audited
Liabilities and shareholders Equity			
Current liabilities :			
Bank loans and overdrafts			
Derivative financial instruments			
Current portion of LT debt		48	1,040
Lease liabilities	675		
A/P trade	16,171	25,803	20,785
Affiliated companies	14,653	17,391	13,967
Accrued taxes	2,539	10,523	15,684
Accrued expenses and payroll	10,395	10,367	10,502
Other current liabilities	4,209	4,511	2,696
Deferred income	2,281	1,756	3,068
Total current liabilities	50,922	70,398	67,742
Non current liabilities :			
LT debt less current portion	62,000	15,000	34,000
Lease liabilities	3,686		
Deferred tax liabilities	272		271
Other non-current liabilities			
Total non current liabilities	65,958	15,000	34,271
Shareholders' equity :			
Shareholders' capital	565	565	565
Share premium			
Treasury shares	-3,818	-3,818	-3,818
Revaluation reserve Hedge			
Revaluation reserve Fair value			
Legal reserve	57	57	57
Retained earnings	298,671	271,337	219,268
Current period's profit	29,520	56,902	115,451
Cumulative translation adjustment	-5,227	-5,527	-5,527
Equity attributable to company owners	319,768	319,516	325,996
Non controlling interests	10	10	10
Total shareholders equity	319,779	319,526	326,006
Total liabilities, shareholders' equity and minority interests	436,659	404,924	428,019

Consolidated Statements of Cash Flow

CONFORM IFRS (in k EUR)	Quarter ended 30/06/2019	Quarter ended 30/06/2018	Half Year ended 30/06/2019	Half Year ended 30/06/2018	Year ended 31/12/2018 audited
Cash flow from operating activities					
Net income	15,574	28,116	29,520	56,902	115,451
Adjustments for :					
Operating activities	16,561	16,836	30,979	28,994	60,231
Deferred taxes	800	810	1,317	1,422	1,688
Capital grants	150	103	323	117	1,053
Depreciation and amortisation	11,567	10,026	23,347	18,232	39,122
Depreciation leased assets	422		835		
Accrued income tax	4,004	4,157	4,360	9,190	17,882
Unrealized exchange results	472	1,172	436	-838	-342
Financial result	-858	569	359	871	827
Operating profit before working capital changes	32,135	44,952	60,499	85,896	175,682
A/R, Trade	-2,789	-3,105	6,766	-7,127	-6,575
A/R, affiliates	159	64	48	221	197
Other current assets	-9,507	-1,172	-12,721	-1,903	816
Other non current assets	0	1	-4	1	1
Inventories	-5,553	-15,643	-11,775	-18,911	-25,872
A/P	-507	2,715	-4,645	3,466	-1,512
A/P affiliates	1,181	386	686	-58	-3,482
Accrued expenses	-3,299	-3,503	-107	-349	-214
Other current liabilities	1,349	-235	1,470	449	-1,411
Other non current liabilities	-729	-13	-785	-1,300	283
Interest paid	-84	172	-204	119	-203
Income tax paid	-3,730	-13,850	-17,506	-35,101	-38,632
Cash flow from operating activities	8,625	10,768	21,722	25,402	99,079
Cash flow from investing activities					
Acquisition of subsidiary, net of cash acquired					
Financial fixed assets					
Purchase of PPE and intangible assets (netted)	-7,897	-20,080	-14,884	-40,516	-76,296
Repayment leasings	-21		-807		
Interest received	49	2	49	5	650
Investments/proceeds/ from current investments	-15	-151	87	261	314
Investments/proceeds/ from non current investments (incl. financial instruments)					
Cash provided from investing activities	-7,883	-20,230	-15,555	-40,250	-75,332
Cash flows from financing activities					
Payment to acquire own shares					
Proceeds/Repayment of long-and short-term debt	27,038	6	26,956	-37	19,948
Proceeds/Repayment of bank loans and overdrafts					
Proceeds from (repayment of) related party financing					
Impact of exchange results on financing items	49	-1,539	-308	184	-556
Dividend payment	-36,048	-32,045	-36,048	-32,045	-84,113
Capital Decrease					
Non controlling interests					
Cash provided from financing activities	-8,963	-33,578	-9,401	-31,898	-64,722
CTA	-26	4	20	31	19
Increase/decrease in cash and cash equivalents	-8,247	-43,036	-3,215	-46,715	-40,956
Cash at beginning of the period	39,554	71,798	34,522	75,478	75,478
Cash at the end of the period	31,307	28,763	31,307	28,763	34,522

Sales per Geography

	Q2 2019	Q2 2018	HY 2019	HY 2018	FY 2018
APAC Asia Pacific	46%	48%	45%	49%	49%
EMEA Europe - Middle-East - Africa	40%	41%	41%	40%	39%
NALA North America - Latin America	14%	11%	14%	11%	12%
TOTAL	100%	100%	100%	100%	100%