

Press release - Regulated Information

Melexis Q3 2019 results – Third quarter sales of 123.3 million EUR

Intermediate declaration by the Board of Directors

Ieper, Belgium – October 23rd, 2019, 07.00 hrs CET

CONFORM IFRS	Q3 2019	Q3 2018	YOY growth (%)	Q2 2019	SEQ growth (%)
<i>in k EUR</i>					
Sales	123,271	146,657	-16%	120,028	3%
Gross result	49,304	68,053	-28%	49,751	-1%
<i>Gross Margin</i>	40.0%	46.4%		41.4%	
EBIT	18,169	36,874	-51%	18,438	-1%
<i>EBIT in %</i>	14.7%	25.1%		15.4%	
EBITDA	30,098	47,257	-36%	30,428	-1%
<i>EBITDA in %</i>	24.4%	32.2%		25.4%	
Net result	15,364	30,095	-49%	15,574	-1%
Net result per share (EPS)	0.38	0.74		0.39	
CAPEX	5,667	19,004		7,897	

Sales for the third quarter of 2019 were 123.3 million EUR, a decrease of 16% 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 2% compared to the same quarter of last year and a positive impact of 1% compared to the previous quarter.

The gross result was 49.3 million EUR or 40.0% of sales, a decrease of 28% compared to the same quarter of last year and a decrease of 1% compared to the previous quarter.

R&D expenses were 16.1% of sales, G&A was at 6.2% of sales and Selling was at 3.0% of sales. The operating result was 18.2 million EUR or 14.7% of sales, a decrease of 51% compared to the same quarter of last year and a decrease of 1% compared to the previous quarter.

The net result was 15.4 million EUR or 0.38 EUR per share, a decrease of 49% compared to 30.1 million EUR or 0.74 EUR per share in the third quarter of 2018 and a decrease of 1% compared to the previous quarter.

CONFORM IFRS <i>in k EUR</i>	9M 2019	9M 2018	YOY growth (%)
Sales	359,809	427,732	-16%
Gross result	145,810	196,985	-26%
<i>Gross Margin</i>	40.5%	46.1%	
EBIT	52,346	106,606	-51%
<i>EBIT in %</i>	14.5%	24.9%	
EBITDA	88,458	135,221	-35%
<i>EBITDA in %</i>	24.6%	31.6%	
Net result	44,884	86,997	-48%
Net result per share (EPS)	1.11	2.15	
CAPEX	20,551	59,520	

Sales for the first nine months of 2019 were 359.8 million EUR, a decrease of 16% compared to the first nine months of 2018.

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

The gross result was 145.8 million EUR or 40.5% of sales, a decrease of 26% compared to the same period last year. R&D expenses were 16.4% of sales, G&A was at 6.4% of sales and Selling was at 3.2% of sales.

The operating result was 52.3 million EUR or 14.5% of sales, a decrease of 51% compared to 106.6 million EUR in the same nine months of 2018.

The net result was 44.9 million EUR or 1.11 EUR per share, a decrease of 48% compared to 87.0 million EUR or 2.15 EUR per share in the first nine months of 2018.

Outlook

Melexis expects sales in the fourth quarter of 2019 to be in the range of 123-129 million euro, with a gross profit margin around 40% and an operating margin around 15% at the midpoint of the sales guidance.

This results in a full year 2019 sales outlook of 483-489 million euro, a gross profit margin around 40% and an operating margin around 15%.

Business comment – Françoise Chombar, CEO:

“Melexis sales in the third quarter of 2019 came out at the upper end of the guidance. In the context of a continuing downward trend in global car sales and the uncertain economic and geopolitical situation caused by global trade tensions, this is a solid performance. We can now state that the severe inventory corrections we have experienced in the last nine months are clearly ebbing away. As customer order behavior is also improving step by step, we expect a further sequential sales increase in the last quarter of 2019. Continued low utilization of test capacity and a less advantageous product mix compared to the second quarter resulted in a slightly lower gross margin, while operating costs remain well under control.

In the third quarter, we continued to see strong growth in our *pressure sensor* product line, which leverages the trend of electrification in cars. Other outperforming product lines were *temperature sensors* and *optical sensors*.

Sales to automotive customers represented 91% of total sales in the third quarter of 2019. The portion of standard product (ASSP) sales represented 65% of total sales in the third quarter of 2019.”

Financial Calendar

- Dividend pay date: October 24, 2019 (ex coupon on October 22, 2019)
- Publication FY 2019 Results: February 5, 2020 (at 7 hrs CET)
- Publication Q1 Results 2020: April 29, 2020 (at 7 hrs CET)
- Publication Q2 Results 2020: July 29, 2020 (at 7 hrs CET)
- Publication Q3 Results 2020: October 28, 2020 (at 7 hrs CET)
- Publication FY 2020 Results: February 3, 2021 (at 7 hrs CET)

The company's results will be discussed in a **conference call** on Wednesday, October 23rd, 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/7191107>

Conference ID: 7191107.

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: 7191107.

For further information:

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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 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 30/09/2019	Quarter ended 30/09/2018	Nine months ended 30/09/2019	Nine months ended 30/09/2018	Year ended 31/12/2018 audited
Sales	123,271	146,657	359,809	427,732	569,370
Cost of sales	-73,967	-78,604	-214,000	-230,747	-308,234
Gross result	49,304	68,053	145,810	196,985	261,136
R&D	-19,787	-19,552	-59,061	-57,242	-78,005
G&A	-7,615	-7,822	-22,976	-22,149	-30,065
Selling	-3,733	-3,804	-11,426	-10,987	-14,578
Other operating result					
Operating result (EBIT)	18,169	36,874	52,346	106,606	138,488
Financial result	-273	-574	-977	-280	251
Result before taxes	17,896	36,299	51,369	106,326	138,739
Income taxes	-2,533	-6,204	-6,485	-19,329	-23,287
Net result	15,364	30,095	44,884	86,997	115,451
Net result per share in EUR	0.38	0.74	1.11	2.15	2.86

Consolidated Statement of Financial Position

CONFORM IFRS in k EUR	Nine months ended 30/09/2019	Nine months ended 30/09/2018	Year ended 31/12/2018 audited
Current Assets :			
Cash and cash equivalents	60,150	36,946	34,522
Current investments			101
A/R Trade	69,691	78,799	75,207
A/R from related parties	75	149	160
Advance related parties			
Assets for current tax	5,179	1,467	1,241
Assets held for sale			
Other current assets	8,625	11,543	8,653
Inventories	127,975	125,871	120,568
Total current assets	271,694	254,775	240,452
Non-current assets :			
Costs of incorporation			
Property, plant and equipment	147,220	150,456	157,417
Leased assets	3,972		
Financial assets			
Intangible fixed assets	5,723	5,077	5,152
A/R directors			
Other non-current assets	3	4	4
Deferred tax assets	25,282	24,806	24,994
Total non current assets	182,199	180,343	187,567
Total assets	453,893	435,118	428,019

CONFORM IFRS in k EUR	Nine months ended 30/09/2019	Nine months ended 30/09/2018	Year ended 31/12/2018 audited
Liabilities and shareholders Equity			
Current liabilities :			
Bank loans and overdrafts			
Derivative financial instruments	62	200	
Current portion of LT debt		49	1,040
Lease liabilities	342		
A/P trade	13,665	20,644	20,785
Affiliated companies	12,918	15,116	13,967
Accrued taxes	5,397	15,417	15,684
Accrued expenses and payroll	12,431	12,971	10,502
Other current liabilities	4,699	4,406	2,696
Deferred income	2,265	1,891	3,068
Total current liabilities	51,777	70,694	67,742
Non current liabilities :			
LT debt less current portion	62,000	15,000	34,000
Lease liabilities	3,666		
Deferred tax liabilities	340		271
Other non-current liabilities			
Total non current liabilities	66,006	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	44,884	86,997	115,451
Cumulative translation adjustment	-4,258	-5,724	-5,527
Equity attributable to company owners	336,100	349,413	325,996
Non controlling interests	10	10	10
Total shareholders equity	336,111	349,424	326,006
Total liabilities, shareholders' equity and minority interests	453,893	435,118	428,019

Consolidated Statements of Cash Flow

CONFORM IFRS (in k EUR)	Quarter ended 30/09/2019	Quarter ended 30/09/2018	Nine months ended 30/09/2019	Nine months ended 30/09/2018	Year ended 31/12/2018 audited
Cash flow from operating activities					
Net income	15,364	30,095	44,884	86,997	115,451
Adjustments for :					
Operating activities	16,796	10,582	47,774	30,386	60,231
Deferred taxes	-1,604	454	-288	1,876	1,688
Capital grants	244	104	568	221	1,053
Depreciation and amortisation	11,509	10,383	34,856	28,615	39,122
Depreciation leased assets	421		1,256		
Accrued income tax	4,645		9,005		17,882
Unrealized exchange results	-1,049	378	-613	-460	-342
Financial result	2,631	-738	2,990	133	827
Operating profit before working capital changes	32,159	40,677	92,658	117,383	175,682
A/R, Trade	-1,191	-2,914	5,575	-10,041	-6,575
A/R, affiliates	37	-12	86	209	197
Other current assets	8,295	442	-4,426	-1,461	816
Other non current assets	5		1	1	1
Inventories	-310	-11,627	-12,085	-30,538	-25,872
A/P	-2,498	-5,113	-7,143	-1,647	-1,512
A/P affiliates	-1,736	-2,275	-1,050	-2,333	-3,482
Accrued expenses	2,036	8,375	1,929	17,216	-214
Other current liabilities	401	-159	1,871	290	-1,411
Other non current liabilities	113	335	-672	-965	283
Interest paid	-79	83	-283	202	-203
Income tax paid	-1,786	-878	-19,293	-35,979	-38,632
Cash flow from operating activities	35,448	26,935	57,170	52,337	99,079
Cash flow from investing activities					
Acquisition of subsidiary, net of cash acquired					
Financial fixed assets					
Purchase of PPE and intangible assets (netted)	-5,667	-19,004	-20,551	-59,520	-76,296
Repayment leasings	-414		-1,221		
Interest received	22	1	72	6	650
Investments/proceeds/ from current investments	14	154	101	415	314
Investments/proceeds/ from non current investments (incl. financial instruments)					
Cash provided from investing activities	-6,044	-18,849	-21,600	-59,099	-75,332
Cash flows from financing activities					
Payment to acquire own shares					
Proceeds/Repayment of long-and short-term debt	-29	1	26,927	-36	19,948
Proceeds/Repayment of bank loans and overdrafts					
Proceeds from (repayment of) related party financing					
Impact of exchange results on financing items	-580	118	-889	302	-556
Dividend payment			-36,048	-32,045	-84,113
Capital Decrease					
Non controlling interests					
Cash provided from financing activities	-610	119	-10,011	-31,779	-64,722
CTA	48	-21	68	10	19
Increase/decrease in cash and cash equivalents	28,842	8,184	25,628	-38,531	-40,956
Cash at beginning of the period	31,307	28,763	34,522	75,478	75,478
Cash at the end of the period	60,150	36,946	60,150	36,946	34,522

Sales per Geography

	Q3 2019	Q3 2018	9M 2019	9M 2018	FY 2018
APAC Asia Pacific	46%	49%	46%	49%	49%
EMEA Europe - Middle-East - Africa	39%	39%	40%	39%	39%
NALA North America - Latin America	15%	12%	14%	12%	12%
TOTAL	100%	100%	100%	100%	100%