Presentation results Q1 2019
What do we do?

We create innovative micro-electronic solutions for the best imaginable future.
Typical process flow

1. Idea
2. Chip design
3. Wafer probe
4. Final test
5. Customer

1. Wafer fab
2. Assembly
SUSTAINABILITY AT HEART

Our environmental policy is based on four principles

- Sustainable development
- Prevention is better than cure
- Minimal environmental impact
- Open contacts with all the stakeholders
Melexis strategy

Focus on *innovation* in automotive and adjacent markets

Leadership in *sensing and driving solutions* to our customers’ advantage

*Organic growth*, selective acquisitions
Common denominator: sensing & driving is everywhere

Automotive
Motorcycles and e-bikes
Industry
Home
Consumer
Healthcare
Melexis supplied in 2018 worldwide > 1.4 billion ICs with an average of 11 ICs / car

Sense & Drive
- Magnetic position sensors
- Inductive position sensors
- Current sensors
- Latch & switch
- Embedded drivers
- Smart drivers

Sense & Light
- Pressure sensors
- Tire monitoring sensors
- Temperature sensors
- Optical sensors
- Sensor interfaces
- Embedded lighting
11 chips in every new car
Over 1500 people on 3 continents

Sales & Applications
Belgium – Ieper, Tessenderlo
Greater China – Shanghai
France – Grasse, Paris
Germany – Erfurt, Dresden
Japan – Yokohama
USA – Nashua, Detroit, San Jose
South Korea – Seoul
Switzerland - Bevaix

Manufacturing
Belgium – Ieper
Bulgaria – Sofia
France – Corbeil-Essonnes
Germany – Erfurt
Malaysia – Kuching

Research & Development
Belgium – Ieper, Tessenderlo
Philippines – Manila
Bulgaria – Sofia
Switzerland - Bevaix
France – Grasse, Paris
Ukraine – Kiev
Germany – Erfurt, Dresden, Düsseldorf
USA – Nashua
Melexis vs Automotive Trends

Melexis enables edge sensing & edge driving

Melexis engineers small, smart Sensing and Driving nodes supporting in-vehicle edge computing systems
Melexis vs Automotive Trends

Powertrain Systems

- Zero Emissions
  - Electrification
    - (xHEV & xEV)
- Zero Traffic Fatalities
  - ADAS
    - (Assisted & Autonomous Drive)
- User Experience
  - Personalization
    - (Customization)

Chassis, Body & Safety Systems
Powertrain Systems

Levels of Electrification

- Internal Combustion Engine (ICE)
- 48 Volt Mild Hybrid (mHEV)
- Full Hybrid (fHEV)
- Plug-In Hybrid (pHEV)
- Electrical Vehicle (BEV - FCEV)
Powertrain Systems

Electrification – Segmentation – Market Split

Source: Strategy Analytics and Melexis estimates
Internal Combustion Engine (ICE + uHEV)

48 Volt Mild Hybrid (mHEV)

Full Hybrid (fHEV) - Plug-In Hybrid (pHEV)

Electrical Vehicle (BEV – FCEV)
Powertrain Systems

Electrification – Segmentation – TAM

-2% 90 81.5 Internal Combustion Engine (ICE & uHEV) #24 #31
+42% 11.5 2 48 Volt Mild Hybrid (mHEV) #37 #45
+16% 8.5 4 Full Hybrid (fHEV) Plug-In Hybrid (pHEV) #50 #58
+25% 1.5 4.5 Electrical Vehicle (BEV - FCEV) #41 #44
+2% 97.5 106 Total Weighted TAM #26 #35

Source: Strategy Analytics and Melexis estimates

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Chassis
Breaking – Steering – Suspension

Body
Lighting – HVAC - Others

Safety
(Passive)

Source visuals: BMW
https://www.autozeitung.de/klimaanlage-auto-wartung-funktion-187651.html
http://ferryng.pl/Cremallera-de-direccin-hidraulica-Nissan-Tecnologia-t.html
# Chassis – Body – Safety Systems

## Segmentation - TAM

<table>
<thead>
<tr>
<th>Market CAGR</th>
<th>Market (Millions Cars)</th>
<th>Car Segments</th>
<th>Chassis - Body - Safety Systems</th>
<th>Weighted TAM for Melexis (Total Available Market - # ICs/car)</th>
</tr>
</thead>
<tbody>
<tr>
<td>+3%</td>
<td>18/21</td>
<td>Low-End</td>
<td>Chassis - Steering</td>
<td>#9/12</td>
</tr>
<tr>
<td>+1%</td>
<td>70/74</td>
<td>Mid-End</td>
<td>Chassis - Braking</td>
<td>#9/11</td>
</tr>
<tr>
<td>+3%</td>
<td>9.5/11</td>
<td>High-End/Premium</td>
<td>Chassis - Suspension</td>
<td>#2/3</td>
</tr>
<tr>
<td>+2%</td>
<td>97.5/106</td>
<td>Total</td>
<td>Body - Lighting</td>
<td>#6/20</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Body - HVAC</td>
<td>#6/9</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Body - others</td>
<td>#22/42</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(Passive) Safety</td>
<td>14/18</td>
</tr>
</tbody>
</table>

Source: Strategy Analytics and Melexis estimates

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Melexis beyond automotive

Sensors & drivers for similar challenges

- White goods – Focus on CO2
- Motorcycles and e-bikes
- Industry 4.0 – Closed loop control
- Robotics – Focus on autonomy
- Drones
- Thermal information – People detection
- Environmental imaging
- Industrial position sensing
- Power monitoring & motor control
Our market position

- **Automotive semiconductors** #14
- **Automotive sensors** #3
- **Magnetic sensors** #3
- **Magnetic position sensors**
  - Latch & switch #1
  - Ambient lighting

Source: Strategy Analytics 2019 and Melexis estimates
Melexis ranking 14th in automotive semiconductor

Automotive semiconductor sales 2018 (mln. USD)
5 year CAGR (2013-2018)

Source: Strategy Analytics 2019
Melexis ranking 3rd in automotive sensors

Automotive sensor sales 2018 (mln. USD)
5 year CAGR (2013-2018)

Source: Strategy Analytics 2019
Evolution financials 2000-2019

**Turnover**
- Q1 2019: 116.5 mln EUR
- FY 2018: 569.4 mln EUR

**Gross profit margin**
- Q1 2019: 40.1%
- FY 2018: 45.9%

**Operating margin**
- Q1 2019: 13.5%
- FY 2018: 24.3%
Q1 2019 results at a glance

<table>
<thead>
<tr>
<th></th>
<th>EUR</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>116.5m</td>
<td>-16% Y-o-Y</td>
</tr>
<tr>
<td><strong>Gross margin</strong></td>
<td>40.1% 46.8m</td>
<td>-26% Y-o-Y</td>
</tr>
<tr>
<td><strong>Operating result</strong></td>
<td>13.5% 15.7m</td>
<td>-54% Y-o-Y</td>
</tr>
<tr>
<td><strong>Net result</strong></td>
<td>0.35 EPS 13.9m</td>
<td>-52% Y-o-Y</td>
</tr>
<tr>
<td><strong>Oper. cash flow</strong></td>
<td>(before wcap change)</td>
<td>28.4m -31% Y-o-Y</td>
</tr>
<tr>
<td><strong>Net cash</strong></td>
<td>4.6m</td>
<td></td>
</tr>
</tbody>
</table>

**Outlook**

Melexis expects sales in the second 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 14% 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 in the range of 41-43% taking into account a EUR/USD exchange rate of 1.13.
## Profit & loss

### Q1 2019 versus Q1 2018 versus Q4 2018

<table>
<thead>
<tr>
<th>P&amp;L account (in million EUR)</th>
<th>Q1 2019</th>
<th>% of Sales</th>
<th>Q1 2018</th>
<th>% of Sales</th>
<th>Q4 2018</th>
<th>% of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>116.5</td>
<td>100.0%</td>
<td>139.3</td>
<td>100.0%</td>
<td>141.6</td>
<td>100.0%</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>-69.8</td>
<td>-59.9%</td>
<td>-76.2</td>
<td>-54.7%</td>
<td>-77.5</td>
<td>-54.7%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>46.8</td>
<td>40.1%</td>
<td>63.1</td>
<td>45.3%</td>
<td>64.2</td>
<td>45.3%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>-19.8</td>
<td>-17.0%</td>
<td>-18.5</td>
<td>-13.3%</td>
<td>-20.8</td>
<td>-14.7%</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>-7.6</td>
<td>-6.5%</td>
<td>-6.9</td>
<td>-4.9%</td>
<td>-7.9</td>
<td>-5.6%</td>
</tr>
<tr>
<td>Selling</td>
<td>-3.7</td>
<td>-3.1%</td>
<td>-3.4</td>
<td>-2.4%</td>
<td>-3.6</td>
<td>-2.5%</td>
</tr>
<tr>
<td>EBIT</td>
<td>15.7</td>
<td>13.5%</td>
<td>34.3</td>
<td>24.6%</td>
<td>31.9</td>
<td>22.5%</td>
</tr>
<tr>
<td>Net financial result</td>
<td>-0.3</td>
<td>-0.3%</td>
<td>1.1</td>
<td>0.8%</td>
<td>0.5</td>
<td>0.4%</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-1.5</td>
<td>-1.3%</td>
<td>-6.7</td>
<td>-4.8%</td>
<td>-4.0</td>
<td>-2.8%</td>
</tr>
<tr>
<td>Net profit</td>
<td>13.9</td>
<td>12.0%</td>
<td>28.8</td>
<td>20.7%</td>
<td>28.5</td>
<td>20.1%</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>0.35</td>
<td></td>
<td>0.71</td>
<td></td>
<td>0.70</td>
<td></td>
</tr>
</tbody>
</table>
## Balance Sheet

### Q1 2019 versus Q1 2018 versus Q4 2018

<table>
<thead>
<tr>
<th></th>
<th>Q1 2019</th>
<th>Q1 2018</th>
<th>Q4 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total assets</strong></td>
<td>432.7</td>
<td>418.8</td>
<td>428.0</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>39.6</td>
<td>71.8</td>
<td>34.5</td>
</tr>
<tr>
<td>Inventory</td>
<td>124.9</td>
<td>100.8</td>
<td>120.6</td>
</tr>
<tr>
<td>A/R Trade</td>
<td>65.7</td>
<td>72.8</td>
<td>75.2</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td>189.3</td>
<td>160.8</td>
<td>187.6</td>
</tr>
<tr>
<td><strong>Shareholders’ equity</strong></td>
<td>340.3</td>
<td>323.1</td>
<td>326.0</td>
</tr>
<tr>
<td><strong>Interest bearing debt</strong></td>
<td>35.0</td>
<td>15.0</td>
<td>35.0</td>
</tr>
<tr>
<td>Long term</td>
<td>34.0</td>
<td>15.0</td>
<td>34.0</td>
</tr>
<tr>
<td>Short term</td>
<td>1.0</td>
<td>0.0</td>
<td>1.0</td>
</tr>
</tbody>
</table>
Dividend yield

Based on average share price

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend per share (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>0.50</td>
</tr>
<tr>
<td>2003</td>
<td>0.50</td>
</tr>
<tr>
<td>(*) 2004</td>
<td>1.00</td>
</tr>
<tr>
<td>2005</td>
<td>0.50</td>
</tr>
<tr>
<td>2006</td>
<td>0.50</td>
</tr>
<tr>
<td>2007</td>
<td>0.60</td>
</tr>
<tr>
<td>2008</td>
<td>0.60</td>
</tr>
<tr>
<td>2009</td>
<td>0.00</td>
</tr>
<tr>
<td>2010</td>
<td>0.30</td>
</tr>
<tr>
<td>2011</td>
<td>0.60</td>
</tr>
<tr>
<td>2012</td>
<td>0.65</td>
</tr>
<tr>
<td>2013</td>
<td>0.70</td>
</tr>
<tr>
<td>2014</td>
<td>1.00</td>
</tr>
<tr>
<td>2015</td>
<td>1.90</td>
</tr>
<tr>
<td>2016</td>
<td>2.00</td>
</tr>
<tr>
<td>2017</td>
<td>2.10</td>
</tr>
<tr>
<td>(**) 2018</td>
<td>2.20</td>
</tr>
</tbody>
</table>

(*) incl. 0.72 cap.decr
(**) 0.90 final dividend payable as from April 26, 2019
Shareholders structure & shareholder return

Shareholder structure on 31 Mar 2019

Xtrion: 45.57%
Treasury Shares: 0.86%
Public: 53.58%

Shareholder Return 2002-2019

Return investment 2002-2019 = 16% per year

Share price
Total return (incl. reinvestment of gross dividend)