Presentation results FY19
What do we do?

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

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

- Process flow
- Wafer fab
- Assembly
- Idea
- Chip design
- Wafer probe
- Final test
- Customer
SUSTAINABILITY AT HEART

Our environmental policy is based on five principles:

1. Quality Zero incidents
2. Prevention is better than cure
3. Sustainable development
4. Minimal environmental impact
5. 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
Melexis supplied > 1.2 billion ICs worldwide in 2019

- Magnetic position sensors
- Inductive position sensors
- Current sensors
- Latch & switch
- Embedded drivers
- Smart drivers
- Pressure sensors
- Tire monitoring sensors
- Temperature sensors
- Optical sensors
- Sensor interfaces
- Embedded lighting
11 chips in every new car

Applications containing Melexis ICs

Disclaimer: Please note this list is not exhaustive and only includes some of the most common applications containing Melexis ICs.
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

- **Zero emissions**
  - Electrification
  - (xHEV & xEV)

- **Zero traffic fatalities**
  - ADAS
  - (assisted & autonomous drive)

- **User experience**
  - Personalization
  - (customization)

*Powertrain systems* ➔ *Chassis, body & safety systems*
Powertrain Systems

Levels of Electrification
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%
-2%

+42%

+16%

+25%

+2%

Source: Strategy Analytics and Melexis estimates
Chassis
Breaking – Steering – Suspension

Body
Lighting – HVAC - Others

Safety
(Passive)

Source visuals: BMW
https://www.autozeitung.de/klima/2018-04-10-197651.html

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Chassis – Body – Safety Systems

Segmentation - TAM

- Market CAGR
- Market (Millions of Cars)
- Car Segments
- Chassis - Body - Safety Systems
- Weighted TAM for Melexis (Total Available Market - # ICs/car)

Chassis - Steering: #9
Chassis - Braking: #9
Chassis - Suspension: #2

Body - Lighting: #6
Body - HVAC: #6
Body - others: #9

(Passive) Safety: #14

2018: 97.5
2023: 106

Total: 115
Weighted TAM: 68

Source: Strategy Analytics and Melexis estimates
Melexis in automotive

Source: Strategy Analytics and Melexis estimates
BMW 530e

* Chassis - Body - Safety (>30)

* Powertrain (11)

- Time-of-flight for gesture control
- Multimedia GPU
- Cooling fan
- Fragrance fan
- RainLight for automatic wipers
- Interior ambient lighting
- LIN® switches
- Anti-theft protection

- Variable geometry turbo
- Electric waste gate actuator
- Water valve
- Oil pressure sensor
- Lambda sensor

- Grille shutter
- Engine cooling fan
- Water pump (BLDC)

- Headlight LED matrix mirror adjustment
  - SensorEyeC for laser headlight
  - LED headlamp fan

- Brake booster
- High pressure brake sensor interface

- Seat motor
- Seat belt buckle
- Window lifter

(1) GPU = Graphics Processing Unit
(2) LIN = Local Interconnect Network
Melexis beyond automotive

Sensors & drivers for similar challenges

- White goods – Focus on CO2
- Motorcycles and e-bikes
- Industry 4.0 – Closed loop control
- Drones
- Robotics – Focus on autonomy
- 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 #1

Source: Strategy Analytics 2018 and Melexis estimates
Melexis ranking 14th in automotive semiconductor

Automatic 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)

<table>
<thead>
<tr>
<th>Company</th>
<th>Sales (mln. USD)</th>
<th>% Change y-o-y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bosch</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Infineon</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Melexis</td>
<td>3</td>
<td>+17%</td>
</tr>
<tr>
<td>NXP</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>ON Semi</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Allegro</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>ADI</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Micronas</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>TI</td>
<td>9</td>
<td></td>
</tr>
</tbody>
</table>

Source: Strategy Analytics 2019
Evolution financials 2000-2019

Turnover
Q4 2019: 127.1 mln EUR
FY 2019: 486.9 mln EUR

Gross profit margin
Q4 2019: 39.7%
FY 2019: 40.3%

Operating margin
Q4 2019: 14.4%
FY 2019: 14.5%
% ASSP sales

% automotive sales

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### FY 2019 results at a glance

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
<th>Change from Previous Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>486.9m EUR</td>
<td>-14% Y-o-Y</td>
</tr>
<tr>
<td><strong>Gross margin</strong></td>
<td>40.3%</td>
<td>196.2m EUR</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-25% Y-o-Y</td>
</tr>
<tr>
<td><strong>Operating result</strong></td>
<td>14.5%</td>
<td>70.6m EUR</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-49% Y-o-Y</td>
</tr>
<tr>
<td><strong>Net result</strong></td>
<td>1.49 EPS</td>
<td>60.3m EUR</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-48% Y-o-Y</td>
</tr>
<tr>
<td><strong>Oper. cash flow</strong></td>
<td>(before wcap change)</td>
<td>119.7m EUR</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-32% Y-o-Y</td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td>23.2m EUR</td>
<td></td>
</tr>
</tbody>
</table>

### Outlook

Melexis expects sales in the first quarter of 2020 to be in the range of 134-138 million euro, with a gross profit margin around 41% and an operating margin around 17% at the midpoint of the sales guidance.

For the full year 2020, Melexis expects sales growth around 10%, a gross profit margin around 41% and an operating margin around 17%, all taking into account a EUR/USD exchange rate of 1.10.
# Profit & loss

## FY 2019 versus FY 2018

<table>
<thead>
<tr>
<th>P&amp;L account (in million EUR)</th>
<th>FY 2019</th>
<th>% of Sales</th>
<th>FY 2018</th>
<th>% of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>486.9</td>
<td>100.0%</td>
<td>569.4</td>
<td>100.0%</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>-290.6</td>
<td>-59.7%</td>
<td>-308.2</td>
<td>-54.1%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>196.2</td>
<td>40.3%</td>
<td>261.1</td>
<td>45.9%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>-79.6</td>
<td>-16.3%</td>
<td>-78.0</td>
<td>-13.7%</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>-30.6</td>
<td>-6.3%</td>
<td>-30.1</td>
<td>-5.3%</td>
</tr>
<tr>
<td>Selling</td>
<td>-15.5</td>
<td>-3.2%</td>
<td>-14.6</td>
<td>-2.6%</td>
</tr>
<tr>
<td>Other operating result</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>EBIT</td>
<td>70.6</td>
<td>14.5%</td>
<td>138.5</td>
<td>24.3%</td>
</tr>
<tr>
<td>Net financial result</td>
<td>-1.4</td>
<td>-0.3%</td>
<td>0.3</td>
<td>0.1%</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-9.0</td>
<td>-1.8%</td>
<td>-23.3</td>
<td>-4.1%</td>
</tr>
<tr>
<td>Net profit</td>
<td>60.3</td>
<td>12.4%</td>
<td>115.5</td>
<td>20.3%</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>1.49</td>
<td></td>
<td>2.86</td>
<td></td>
</tr>
</tbody>
</table>
Q4 2019 results at a glance

<table>
<thead>
<tr>
<th>Sales</th>
<th>Gross margin</th>
<th>Operating result</th>
</tr>
</thead>
<tbody>
<tr>
<td>127.1m EUR</td>
<td>39.7% 50.4m EUR</td>
<td>14.4% 18.3m EUR</td>
</tr>
<tr>
<td>-10% Y-o-Y</td>
<td>-21% Y-o-Y</td>
<td>-43% Y-o-Y</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net result</th>
<th>Oper. cash flow</th>
<th>Net debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.38 EPS 15.4m EUR</td>
<td>(before wcap change)</td>
<td>23.2m EUR</td>
</tr>
<tr>
<td>-46% Y-o-Y</td>
<td>27.1m EUR -38% Y-o-Y</td>
<td></td>
</tr>
</tbody>
</table>

Outlook

Melexis expects sales in the first quarter of 2020 to be in the range of 134-138 million euro, with a gross profit margin around 41% and an operating margin around 17% at the midpoint of the sales guidance. For the full year 2020, Melexis expects sales growth around 10%, a gross profit margin around 41% and an operating margin around 17%, all taking into account a EUR/USD exchange rate of 1.10.
## Profit & loss

Q4 2019 versus Q4 2018 versus Q3 2019

<table>
<thead>
<tr>
<th>P&amp;L account (in million EUR)</th>
<th>Q4 2019</th>
<th>% of Sales</th>
<th>Q4 2018</th>
<th>% of Sales</th>
<th>Q3 2019</th>
<th>% of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>127.1</td>
<td>100.0%</td>
<td>141.6</td>
<td>100.0%</td>
<td>123.3</td>
<td>100.0%</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>-76.6</td>
<td>-60.3%</td>
<td>-77.5</td>
<td>-54.7%</td>
<td>-74.0</td>
<td>-60.0%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>50.4</td>
<td>39.7%</td>
<td>64.2</td>
<td>45.3%</td>
<td>49.3</td>
<td>40.0%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>-20.5</td>
<td>-16.1%</td>
<td>-20.8</td>
<td>-14.7%</td>
<td>-19.8</td>
<td>-16.1%</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>-7.6</td>
<td>-6.0%</td>
<td>-7.9</td>
<td>-5.6%</td>
<td>-7.6</td>
<td>-6.2%</td>
</tr>
<tr>
<td>Selling</td>
<td>-4.0</td>
<td>-3.1%</td>
<td>-3.6</td>
<td>-2.5%</td>
<td>-3.7</td>
<td>-3.0%</td>
</tr>
<tr>
<td>EBIT</td>
<td>18.3</td>
<td>14.4%</td>
<td>31.9</td>
<td>22.5%</td>
<td>18.2</td>
<td>14.8%</td>
</tr>
<tr>
<td>Net financial result</td>
<td>-0.4</td>
<td>-0.3%</td>
<td>0.5</td>
<td>0.4%</td>
<td>-0.3</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-2.5</td>
<td>-2.0%</td>
<td>-4.0</td>
<td>-2.8%</td>
<td>-2.5</td>
<td>-2.0%</td>
</tr>
<tr>
<td>Net profit</td>
<td>15.4</td>
<td>12.1%</td>
<td>28.5</td>
<td>20.1%</td>
<td>15.4</td>
<td>12.5%</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>0.38</td>
<td></td>
<td>0.70</td>
<td></td>
<td>0.38</td>
<td></td>
</tr>
</tbody>
</table>
## Balance sheet

**Q4 2019 versus Q4 2018 versus Q3 2019**

<table>
<thead>
<tr>
<th>Balance Sheet</th>
<th>Q4 2019</th>
<th>Q4 2018</th>
<th>Q3 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total assets</strong></td>
<td>418.6</td>
<td>428.0</td>
<td>453.9</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>38.8</td>
<td>34.5</td>
<td>60.2</td>
</tr>
<tr>
<td>Inventory</td>
<td>128.5</td>
<td>120.6</td>
<td>128.0</td>
</tr>
<tr>
<td>A/R Trade</td>
<td>58.3</td>
<td>75.2</td>
<td>69.7</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td>181.3</td>
<td>187.6</td>
<td>182.2</td>
</tr>
<tr>
<td><strong>Shareholders' equity</strong></td>
<td>299.1</td>
<td>326.0</td>
<td>336.1</td>
</tr>
<tr>
<td><strong>Interest bearing debt</strong></td>
<td>62.0</td>
<td>35.0</td>
<td>62.0</td>
</tr>
<tr>
<td>Long term</td>
<td>62.0</td>
<td>34.0</td>
<td>62.0</td>
</tr>
<tr>
<td>Short term</td>
<td>0.0</td>
<td>1.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>
FY 2019 cash flow

Free cash flow of 68m EUR in 2019 (23m EUR in 2018)

88m EUR dividend paid to the shareholders of Melexis in 2019
Dividend yield

Based on average share price

Gross dividend per share (EUR)

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend per Share (EUR)</th>
</tr>
</thead>
<tbody>
<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>
<tr>
<td>2019</td>
<td>2.20</td>
</tr>
</tbody>
</table>

(*) incl. 0.72 cap.decr
(**) 0.90 final dividend payable as from May 15, 2020
Shareholders structure & shareholder return

Shareholder structure on 31 Dec 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)
Some recent products – BU Sense & Drive

- SEAT MOTOR SENSOR
  - Integrated decoupling capacitor
  - PCB-less

- TRANSMISSION RANGE SENSOR
  - PRNDL

- Ride height sensor
  - MAGNETIC POSITION SENSOR
  - MLX90373 PSI-5 output

- Field oriented control
  - Automotive HVAC applications
  - EMBEDDED MOTOR DRIVER
  - MLX81206
Some recent products - BU Sense & Light

**MLX90632**
MINIATURE MEDICAL GRADE INFRARED TEMPERATURE SENSOR

**High Resolution Automotive ToF sensor**

**Beyond 100 Kpixel**

**MLX90641 THERMAL SENSOR ARRAY 16 X 12 PIXELS**

**PEOPLE DETECTION WITH MLX90640 FIR ARRAY**