

Press release

Melexis Q2 2017 results – Sales growth of 14%, outlook strengthened

Intermediate declaration by the Board of Directors

Leper, Belgium – August 2nd, 2017, 07.00 hrs CET

Sales for the second quarter of 2017 were 128.3 million EUR, an increase of 14% compared to the same quarter of the previous year and an increase of 4% compared to the previous quarter.

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

Gross margin was 59.4 million EUR, an increase of 17% compared to the same quarter of last year and an increase of 5% compared to the previous quarter.

R&D expenses were 13.6% of sales, G&A was at 4.6% of sales and Selling was at 2.3% of sales. The operating result was 33.1 million EUR, an increase of 19% compared to the same quarter of last year and an increase of 5% compared to the previous quarter.

Net income was 30.8 million EUR or 0.76 EUR per share, an increase of 33% compared to 23.1 million EUR or 0.57 EUR per share in the second quarter of 2016 and an increase of 21% compared to the previous quarter.

Sales for the first half year of 2017 were 251.9 million EUR, an increase of 14% compared to the first half year of 2016.

The EUR/USD exchange rate evolution had a positive impact of 2% compared to the first half year of 2016.

Gross margin was 116.0 million EUR, an increase of 16% compared to the same period last year.

The operating result was 64.6 million EUR, compared to 55.2 million EUR in the same half year of 2016, an increase of 17%.

Net income was 56.2 million EUR or 1.39 EUR per share, an increase of 22% compared to 46.0 million EUR or 1.14 EUR per share in the first half year of 2016.

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 24, 2017 (opening of the market). The record date is October 25, 2017 (closing of the market) and the dividend will be payable as from October 26, 2017.

Outlook

Melexis expects sales in the third quarter of 2017 to be around the level of 129 million EUR.

For the full year 2017, Melexis expects sales growth to be between 12% and 14%, a gross profit margin around 45% and an operating margin around 25%, all taking into account a EUR/USD exchange rate of 1.15 for the remainder of the year.

Business comment – Françoise Chombar, CEO:

“We are pleased to release a set of very strong second quarter results. The growing order book, as announced at our first quarter publication, was translated into robust sales growth. As we continue to see optimistic customer sentiment and order behavior, we can reinforce our full year outlook, despite a less favorable EUR/USD exchange rate evolution.

Growth drivers, both in the second quarter as well as in the first half year, were position and current sensors as part of the magnetic sensor product family, sensor interfaces and pressure sensors.

The trends both towards electrification of the vehicle and assisted drive will transform the automotive industry in the next 5 to 10 years. This offers tremendous additional opportunities for Melexis to play out our differentiating strengths and to continue outperforming the market. We are experts in the sense and drive technology and capabilities needed for the mentioned trends, such as diagnostics, safety related environments (ASIL), high voltage and high temperature. On top of this, Melexis continues to innovate in many other automotive semiconductor applications. For example we are continuously expanding our LIN RGB portfolio to help designers overcome today's limitations in modern automotive lighting applications. Another recent example is the launch of the world's first dual die latch and switch sensor aimed at automotive applications including transmission, power steering, braking, locks and latches.

Sales to automotive customers represented 89% of total sales in both periods. The portion of standard product (ASSPs) sales represented 62% of total sales in the second quarter and 61% of total sales in the first half of 2017.”

The statutory auditors PwC Bedrijfsrevisoren bcvba, have confirmed that their review procedures, which have been substantially completed, have not revealed material adjustments which would have to be made to the accounting information included in this press release.

Financial Calendar

- Publication Q3 2017 Results: October 25, 2017
- Publication FY 2017 Results: February 7, 2018

The company's results will be discussed in a **conference call** on Wednesday, August 2nd, 2017 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:

<https://eventreg3.conferencing.com/inv/reg.html?Acc=034060&Conf=371063>

Conference ID: 962062.

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 +32 2 290 17 05, access code: 962062.

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 1,100 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 30/06/2017	Quarter ended 30/06/2016	Half Year ended 30/06/2017	Half Year ended 30/06/2016	Year ended 31/12/2016 audited
Sales	128,343	112,322	251,904	221,747	456,285
Cost of sales	-68,912	-61,409	-135,867	-121,551	-247,737
Gross Margin	59,431	50,913	116,037	100,196	208,548
R&D	-17,460	-16,217	-34,408	-30,963	-63,989
G&A	-5,963	-5,160	-11,535	-9,877	-20,944
Selling	-2,917	-2,146	-5,479	-4,432	-9,557
Other operating result		311	0	311	311
Operating result	33,090	27,700	64,615	55,234	114,369
Financial result	3,087	-38	1,811	-1,132	-1,293
Income before taxes	36,177	27,661	66,426	54,101	113,076
Income taxes	-5,371	-4,525	-10,177	-8,130	-16,819
Net income	30,806	23,135	56,249	45,971	96,257
Net income per share in EUR	0.76	0.57	1.39	1.14	2.38

Consolidated Statement of Financial Position

CONFORM IFRS in k EUR	Half Year ended 30/06/2017	Half Year ended 30/06/2016	Year ended 31/12/2016 audited
Current Assets :			
Cash and cash equivalents	78,041	95,321	75,789
Current investments	2,716		158
A/R Trade	61,733	54,169	66,298
A/R from related parties	6,177	7,111	418
Advance related parties			
Assets for current tax	680	664	339
Assets held for sale		0	0
Other current assets	13,639	8,492	10,680
Inventories	81,645	65,797	76,880
Total current assets	244,633	231,555	230,562
Non-current assets :			
Costs of incorporation			
Property, plant and equipment	103,810	96,454	97,411
Financial assets	6	6	6
Intangible fixed assets	6,779	6,944	6,209
A/R directors			
Other non-current assets	8	7	7
Deferred tax assets	24,896	8,484	23,970
Total non current assets	135,499	111,895	127,603
Total assets	380,132	343,450	358,165

CONFORM IFRS in k EUR	Half Year ended 30/06/2017	Half Year ended 30/06/2016	Year ended 31/12/2016 audited
Liabilities and shareholders Equity			
Current liabilities :			
Bank loans and overdrafts			
Derivative financial instruments	397	1,189	793
Current portion of LT debt	4,005	4,046	4,047
A/P trade	18,903	21,680	19,555
Affiliated companies	12,687	20,397	14,551
Accrued taxes	25,945	8,306	30,160
Accrued expenses and payroll	9,343	6,713	8,603
Other current liabilities	3,130	1,854	2,567
Deferred income	1,220	1,331	2,262
Total current liabilities	75,631	65,516	82,538
Non current liabilities :			
LT debt less current portion	11,091	11,092	11,093
Deferred tax liabilities			
Other non-current liabilities	2,133	2,191	2,070
Total non current liabilities	13,224	13,283	13,163
Shareholders' equity :			
Shareholders' capital	565	565	565
Share premium			
Treasury shares	-3,818	-3,818	-3,818
Revaluation reserve Hedge	-137	-326	-226
Revaluation reserve Fair value			
Legal reserve	57	57	57
Retained earnings	244,497	228,342	176,277
Current period's profit	56,249	45,971	96,257
Cumulative translation adjustment	-6,145	-6,149	-6,658
Equity attributable to company owners	291,266	264,641	262,454
Non controlling interests	10	10	10
Total shareholders equity	291,277	264,652	262,465
Total liabilities, shareholders' equity and minority interests	380,132	343,450	358,165

Consolidated Statements of Cash Flow

CONFORM IFRS (in k EUR)	Quarter ended 30/06/2017	Half Year ended 30/06/2017	Half Year ended 30/06/2016	Year ended 31/12/2016 audited
Cash flow from operating activities				
Net income	30,807	56,249	45,971	96,257
Adjustments for :				
Operating activities	6,824	13,024	14,329	14,520
Deferred taxes	-169	-926	2,393	-13,093
Capital grants	306	427	290	896
Depreciation and amortisation	8,702	15,922	11,766	25,872
Unrealized exchange results	-3,764	-2,134	448	-452
Financial result	1,748	-266	-568	1,298
Operating profit before working capital changes	37,630	69,272	60,300	110,777
A/R, Trade	-1,225	4,553	-2,882	-15,047
A/R, affiliates	3,016	-5,759	-5,112	1,581
Other current assets	-1,714	-3,646	-2,786	-5,147
Other non current assets	0	-1	1	1
Inventories	-3,967	-7,632	-2,530	-15,479
A/P	354	-624	6,457	4,323
A/P affiliates	-4,282	-1,864	9,606	3,760
Accrued expenses	4,596	7,270	3,910	29,619
Other current liabilities	343	575	-1,405	-633
Other non current liabilities	-1,860	-1,375	-1,390	-976
Interest paid	-62	-156	-128	-294
Income tax	-5,376	-10,744	-2,568	-4,533
Cash flow from operating activities	27,456	49,869	61,473	107,951
Cash flow from investing activities				
Acquisition of subsidiary, net of cash acquired				
Financial fixed assets				
Purchase of PPE and intangible assets (netted)	-13,635	-20,025	-16,346	-28,774
Interest received	17	20	71	172
Investments/proceeds/ from current investments (incl. financial instruments)	-2,716	-2,558	49	-109
Cash provided from investing activities	-16,333	-22,562	-16,226	-28,711
Cash flows from financing activities				
Payment to acquire own shares				
Proceeds/Repayment of long-and short-term debt	0	-42	-46	-46
Proceeds/Repayment of bank loans and overdrafts				
Proceeds from (repayment of) related party financing				
Impact of exchange results on financing items	2,930	3,045	333	-1,135
Dividend payment	-28,038	-28,038	-24,038	-76,102
Capital Decrease				
Non controlling interests				
Cash provided from financing activities	-25,107	-25,034	-23,750	-77,284
CTA	-19	-21	-14	-5
Increase/decrease in cash and cash equivalents	-14,003	2,252	21,483	1,952
Cash at beginning of the period	92,045	75,789	73,838	73,838
Cash at the end of the period	78,041	78,041	95,321	75,789

Sales per Geography

	Q2/17	Q2/16	Q1/17	HY 2017	HY 2016
APAC Asia Pacific	48%	47%	48%	48%	45%
EMEA Europe - Middle-East - Africa	40%	39%	40%	40%	41%
NALA North America - Latin America	12%	14%	12%	12%	14%
TOTAL	100%	100%	100%	100%	100%