

Press release

Melexis Q4 and FY 2017 results – Strong growth, strong outlook

Intermediate declaration by the Board of Directors

Leper, Belgium – February 7th, 2018, 07.00 hrs CET

For the full year 2017, sales were 511.7 million EUR, an increase of 12% compared to the previous year.

The EUR/USD exchange rate evolution had no impact compared to 2016. Gross margin was 235.4 million EUR, an increase of 13% compared to 2016. R&D expenses were 13.6% of sales, G&A was at 4.7% of sales and Selling was at 2.3% of sales. The operating result was 132.6 million EUR, an increase of 16% compared to last year.

Net income was 111.0 million EUR, 2.75 EUR per share, an increase of 15% compared to 96.3 million EUR or 2.38 EUR per share in 2016.

Sales for the fourth quarter of 2017 were 132.7 million EUR, an increase of 11% 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 negative impact of 4% compared to the same quarter of last year and a negative impact of 1% compared to the previous quarter.

Gross margin was 61.1 million EUR, an increase of 11% compared to the same quarter of last year and an increase of 5% compared to the previous quarter.

R&D expenses were 13.5% of sales, G&A was at 4.8% of sales and Selling was at 2.4% of sales. The operating result was 36.0 million EUR, an increase of 22% compared to the same quarter of last year and an increase of 12% compared to the previous quarter.

Net income was 26.6 million EUR or 0.66 EUR per share, an increase of 6% compared to 25.1 million EUR or 0.62 EUR per share in the fourth quarter of 2016 and a decrease of 5% compared to the previous quarter.

Dividend

The Board of Directors approved on February 2nd, 2018 to propose to the Annual Shareholder meeting to pay out over the result of 2017 a total dividend of 2.10 EUR gross per share. This amount contains an interim dividend of 1.30 EUR per share which was paid in October 2017 and a final dividend of 0.80 EUR per share which will be payable after approval of the Annual Shareholders meeting. The Melexis shares will start trading ex coupon on April 24, 2018 (opening of the market). The record date is April 25, 2018 (closing of the market) and the dividend will be payable as from April 26, 2018.

Outlook

Melexis expects sales in the first quarter of 2018 to be around the level of 140 million EUR. For the full year 2018, Melexis expects sales growth to be between 12% and 15%, a gross profit margin around 45% and an operating margin around 25%, all taking into account a EUR/USD exchange rate of 1.23.

Business comment – Françoise Chombar, CEO:

“Melexis is pleased to announce a great set of 2017 results, in line with our earlier guidance and despite more than anticipated currency headwinds at the end of the year. According to the latest market data⁽¹⁾, Melexis 2017 sales growth, like in 2016, doubles market growth. The steady and strong growth of Melexis is also reflected in another milestone: we are very proud to announce that every new car in the world now carries on average 10 chips of Melexis.

Our 2017 growth is broadly based: the vast majority of Melexis product lines contributed with double digit sales growth numbers.

Melexis’ expertise in developing feature-rich automotive sensors and drivers with high integration, high robustness and high accuracy matches the increased customer requirements as a consequence of the trends towards more electrification, assisted drive and interior differentiation. Our magnetic sensor product lines and motor drivers continue to benefit. The aforementioned trends equally bring forward new applications and new features, such as for thermal management in hybrid and electric vehicles. Also our current and pressure sensor product lines performed above average. More attention to enhancing the user experience in cars is addressed by our ambient light product portfolio and our 3D time-of-flight sensors.

In adjacent markets, we highlight a solid performance in 2017 of our FIR array (Far Infrared) products, addressing applications in smart appliances and smart HVACs.

It is with confidence that we announce our 2018 guidance. Growth drivers for our products further solidify, customer sentiment and order behavior remain strong.

Melexis continues to invest in people, infrastructure and innovation. Today⁽²⁾, we announced an investment plan to expand our facilities in Sofia, Bulgaria and to setup a probing facility in Corbeil-Essonnes, France. These investments enable us to support continued growth.

Sales to automotive customers represented 89% of total sales, both in the fourth quarter and full year 2017. The portion of standard product (ASSPs) sales represented 63% of total sales in the last quarter of 2017 and 62% of total sales for the full year 2017.”

Financial comment – Karen Van Griensven, CFO:

Despite currency headwinds in 2018, we expect sales growth to be between 12% and 15%, while profit margin guidance remains in line with previous year. At constant currency rates versus 2017, sales growth guidance would have been between 16% and 19%.

(1) Source: Strategy Analytics, Jan 2018

(2) [Melexis expands European facilities to support and accelerate global growth](#)

The statutory auditors PwC Bedrijfsrevisoren bcvba have confirmed that their audit 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

- Annual Shareholders Meeting: April 20, 2018
- Publication Q1 2018 Results: April 20, 2018
- Dividend pay date: April 26th, 2018 (ex coupon on April 24th, 2018)
- Publication Q2/HY1 2018 Results: August 1, 2018
- Publication Q3 2018 Results: October 24, 2018
- Publication FY 2018 Results: February 6, 2019

The company's results will be discussed in a **conference call** on Wednesday, February 7th, 2018 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/2864088>

Conference ID: 2864088.

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 14 52 55 00 00, access code: 2864088.

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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 1,400 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 31/12/2017	Quarter ended 31/12/2016	Year ended 31/12/2017 audited	Year ended 31/12/2016 audited
Sales	132,683	120,021	511,661	456,285
Cost of sales	-71,548	-64,819	-276,265	-247,737
Gross Margin	61,135	55,202	235,396	208,548
R&D	-17,852	-17,077	-69,483	-63,989
G&A	-6,319	-5,881	-23,835	-20,944
Selling	-3,174	-2,849	-11,660	-9,557
Other operating result	2,190	0	2,190	311
Operating result	35,981	29,396	132,608	114,369
Financial result	187	522	3,379	-1,293
Income before taxes	36,167	29,918	135,986	113,076
Income taxes	-9,570	-4,825	-25,032	-16,819
Net income	26,597	25,093	110,955	96,257
Net income per share in EUR	0.66	0.62	2.75	2.38

Consolidated Statement of Financial Position

CONFORM IFRS in k EUR	Year ended 31/12/2017 audited	Year ended 31/12/2016 audited
Current Assets :		
Cash and cash equivalents	75,478	75,789
Current investments	415	158
A/R Trade	68,753	66,298
A/R from related parties	357	418
Advance related parties		
Assets for current tax	1,589	339
Assets held for sale		
Other current assets	10,121	10,680
Inventories	97,625	76,880
Total current assets	254,338	230,562
Non-current assets :		
Costs of incorporation		
Property, plant and equipment	116,780	97,411
Financial assets	0	6
Intangible fixed assets	5,556	6,209
A/R directors		
Other non-current assets	5	7
Deferred tax assets	26,682	23,970
Total non current assets	149,022	127,603
Total assets	403,361	358,165

CONFORM IFRS in k EUR	Year ended 31/12/2017 audited	Year ended 31/12/2016 audited
Liabilities and shareholders Equity		
Current liabilities :		
Bank loans and overdrafts		
Derivative financial instruments	160	793
Current portion of LT debt	6,043	4,047
A/P trade	22,262	19,555
Affiliated companies	17,449	14,551
Accrued taxes	36,434	30,160
Accrued expenses and payroll	10,716	8,603
Other current liabilities	4,055	2,567
Deferred income	2,896	2,262
Total current liabilities	100,015	82,538
Non current liabilities :		
LT debt less current portion	9,043	11,093
Deferred tax liabilities		
Other non-current liabilities	0	2,070
Total non current liabilities	9,043	13,163
Shareholders' equity :		
Shareholders' capital	565	565
Share premium		
Treasury shares	-3,818	-3,818
Revaluation reserve Hedge	-49	-226
Revaluation reserve Fair value		
Legal reserve	57	57
Retained earnings	192,427	176,277
Current period's profit	110,955	96,257
Cumulative translation adjustment	-5,844	-6,658
Equity attributable to company owners	294,292	262,454
Non controlling interests	10	10
Total shareholders equity	294,303	262,465
Total liabilities, shareholders' equity and minority interests	403,361	358,165

Consolidated Statements of Cash Flow

CONFORM IFRS (in k EUR)	Year ended 31/12/2017 audited	Year ended 31/12/2016 audited
Cash flow from operating activities		
Net income	110,955	96,257
Adjustments for :		
Operating activities	18,694	14,520
Deferred taxes	-2,712	-13,093
Capital grants	1,447	896
Depreciation and amortisation	32,357	25,872
Unrealized exchange results	-6,199	-452
Financial result	-6,199	1,298
Operating profit before working capital changes	129,649	110,777
A/R, Trade	-2,560	-15,047
A/R, affiliates	61	1,581
Other current assets	-1,990	-5,147
Other non current assets	2	1
Inventories	-25,352	-15,479
A/P	2,833	4,323
A/P affiliates	2,898	3,760
Accrued expenses	25,613	29,619
Other current liabilities	1,714	-633
Other non current liabilities	-2,069	-976
Interest paid	-268	-294
Income tax	-17,226	-4,533
Cash flow from operating activities	113,306	107,951
Cash flow from investing activities		
Acquisition of subsidiary, net of cash acquired		
Financial fixed assets	6	
Purchase of PPE and intangible assets (netted)	-46,417	-28,774
Interest received	102	172
Investments/proceeds/ from current investments	-256	-109
Investments/proceeds/ from non current investments (incl. financial instruments)	2,190	
Cash provided from investing activities	-44,376	-28,711
Cash flows from financing activities		
Payment to acquire own shares		
Proceeds/Repayment of long-and short-term debt	-50	-46
Proceeds/Repayment of bank loans and overdrafts		
Proceeds from (repayment of) related party financing		
Impact of exchange results on financing items	11,153	-1,135
Dividend payment	-80,108	-76,102
Capital Decrease		
Non controlling interests		
Cash provided from financing activities	-69,005	-77,284
CTA	-237	-5
Increase/decrease in cash and cash equivalents	-312	1,952
Cash at beginning of the period	75,789	73,838
Cash at the end of the period	75,478	75,789

Sales per Geography

	Q4/17	Q4/16	Q3/17	2017	2016
APAC Asia Pacific	49%	51%	49%	49%	47%
EMEA Europe - Middle-East - Africa	39%	37%	39%	39%	39%
NALA North America - Latin America	12%	12%	12%	12%	14%
TOTAL	100%	100%	100%	100%	100%