

Press release - Regulated Information

Melexis Q2 2020 results – Second quarter sales of 100.4 million EUR

Intermediate declaration by the Board of Directors

leper, Belgium – July 29th, 2020, 07.00 hrs CET

CONFORM IFRS	Q2 2020	Q2 2019	YOY growth (%)	Q1 2020	SEQ growth (%)
<i>in k EUR</i>					
Sales	100,387	120,028	-16%	138,162	-27%
Gross result	38,808	49,751	-22%	56,033	-31%
<i>Gross Margin</i>	38.7%	41.4%		40.6%	
EBIT	10,104	18,438	-45%	23,980	-58%
<i>EBIT in %</i>	10.1%	15.4%		17.4%	
EBITDA	21,997	30,428	-28%	36,112	-39%
<i>EBITDA in %</i>	21.9%	25.4%		26.1%	
Net result	9,676	15,574	-38%	20,706	-53%
Net result per share (EPS)	0.24	0.39		0.51	
CAPEX	4,672	7,897		6,783	

Sales for the second quarter of 2020 were 100.4 million EUR, a decrease of 16% compared to the same quarter of the previous year and a decrease of 27% compared to the previous quarter.

The EUR/USD exchange rate evolution had a positive impact on sales of 1% compared to the same quarter of last year and no impact compared to the previous quarter.

The gross result was 38.8 million EUR or 38.7% of sales, a decrease of 22% compared to the same quarter of last year and a decrease of 31% compared to the previous quarter.

R&D expenses were 18.1% of sales, G&A was at 7.1% of sales and Selling was at 3.3% of sales. The operating result was 10.1 million EUR or 10.1% of sales, a decrease of 45% compared to the same quarter of last year and a decrease of 58% compared to the previous quarter.

The net result was 9.7 million EUR or 0.24 EUR per share, a decrease of 38% compared to 15.6 million EUR or 0.39 EUR per share in the second quarter of 2019 and a decrease of 53% compared to the previous quarter.

CONFORM IFRS <i>in k EUR</i>	HY 2020	HY 2019	YOY growth (%)
Sales	238,549	236,539	1%
Gross result	94,841	96,506	-2%
<i>Gross Margin</i>	<i>39.8%</i>	<i>40.8%</i>	
EBIT	34,083	34,177	0%
<i>EBIT in %</i>	<i>14.3%</i>	<i>14.4%</i>	
EBITDA	58,109	58,360	0%
<i>EBITDA in %</i>	<i>24.4%</i>	<i>24.7%</i>	
Net result	30,382	29,520	3%
Net result per share (EPS)	0.75	0.73	
CAPEX	11,455	14,884	

Sales for the first half year of 2020 were 238.5 million EUR, an increase of 1% compared to the first half year of 2019.

The EUR/USD exchange rate evolution had a positive impact on sales of 1% compared to the first half year of 2019.

The gross result was 94.8 million EUR or 39.8% of sales, a decrease of 2% compared to the same period last year. R&D expenses were 16.2% of sales, G&A was at 6.3% of sales and Selling was at 3.0% of sales.

The operating result was 34.1 million EUR or 14.3% of sales, almost flat compared to 34.2 million EUR in the same half year of 2019.

The net result was 30.4 million EUR or 0.75 EUR per share, an increase of 3% compared to 29.5 million EUR or 0.73 EUR per share in the first half year of 2019.

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 20, 2020 (opening of the market). The record date is October 21, 2020 (closing of the market) and the dividend will be payable as from October 22, 2020.

Outlook

Melexis expects sales in the third quarter of 2020 to be around 10% above the level of the second quarter.

Business comment – Françoise Chombar, CEO:

“Despite the COVID-19 pandemic, Melexis was able to post 1H2020 sales growth of 1% versus 1H2019. I am thankful for and proud of how the Melexis team addressed these challenging times. Supply and demand disruptions were tackled in an efficient manner, cost savings were effectively implemented where possible. While customer sentiment and order behavior remain fragile and visibility remains poor, we confirm that the second quarter marks the bottom and we can now look forward to a path to recovery. In the third quarter we expect a sales growth of around 10% compared with the previous quarter, provided that the second COVID-19 wave will not trigger the same financial impact as experienced in the second quarter.

Sales to automotive customers represented 86% of total sales in the second quarter and 89% of total sales in the first half of 2020. The portion of standard product (ASSPs) sales represented 69% of total sales in the second quarter and 67% of total sales in the first half of 2020.

The growth in adjacent markets, both absolute and relative, was produced by multiple product lines. We saw growth for *smart drivers*, *pressure* and *magnetic sensors* for motorcycles, scooters and three-wheelers. Increased traction in gaming applications, as a consequence of the globally increased consumer interest during lockdown, and spurred by the recent release of the next generation gaming GPUs, boosted the demand for our *1-coil fan drivers*. Stronger needs of the solar industry raised our *current sensor* sales. And last but not least, our *temperature sensors*, being critical components to much of the equipment to overcome the COVID-19 pandemic, continued to be in high demand. The applications range from diagnostics, patient

monitoring systems and respiratory devices to a variety of body thermometers. Although all these addressed markets have a tendency to be capricious from quarter to quarter, they cover sustainable business in the long run.”

The statutory auditor PwC bedrijfsrevisoren has confirmed that the review, which is substantially complete, has not to date revealed any material misstatement in the draft interim consolidated accounts, and that the accounting data reported in the press release is consistent, in all material respects, with the draft accounts from which it has been derived.

Financial Calendar

- Dividend pay date: October 22, 2020 (ex coupon on October 20, 2020)
- 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, July 29th, 2020 at 10:30 hrs CET**. The conference call will be in English. You have to register for this conference call in advance. You can register by clicking [here](#) and filling out the requested information.

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.

For more information:

Investor Relations

Phone: +32 13 67 07 79

Email: investor@melexis.com

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 30/06/2020	Quarter ended 30/06/2019	Half Year ended 30/06/2020	Half Year ended 30/06/2019	Year ended 31/12/2019 audited
Sales	100,387	120,028	238,549	236,539	486,862
Cost of sales	-61,579	-70,277	-143,708	-140,033	-290,628
Gross result	38,808	49,751	94,841	96,506	196,234
R&D	-18,198	-19,511	-38,717	-39,274	-79,558
G&A	-7,166	-7,762	-14,981	-15,361	-30,600
Selling	-3,340	-4,040	-7,059	-7,693	-15,450
Other operating result					
Operating result (EBIT)	10,104	18,438	34,083	34,177	70,626
Financial result	-46	-371	-496	-704	-1,378
Result before taxes	10,058	18,067	33,588	33,473	69,248
Income taxes	-381	-2,493	-3,205	-3,953	-8,993
Net result	9,676	15,574	30,382	29,520	60,255
Net result per share in EUR	0.24	0.39	0.75	0.73	1.49

Consolidated Statement of Financial Position

CONFORM IFRS in k EUR	Half Year ended 30/06/2020	Half Year ended 30/06/2019	Year ended 31/12/2019 audited
Current Assets :			
Cash and cash equivalents	57,622	31,307	38,772
Current investments		14	78
A/R Trade	48,966	68,457	58,310
A/R from related parties	95	112	136
Advance related parties			
Assets for current tax	1,674	4,667	1,745
Assets held for sale			
Other current assets	13,707	17,636	9,781
Inventories	148,369	128,922	128,505
Total current assets	270,433	251,115	237,328
Non-current assets :			
Costs of incorporation			
Property, plant and equipment	134,987	151,319	143,608
Leased assets	4,048	4,332	4,813
Financial assets			
Intangible fixed assets	5,287	6,208	5,209
A/R directors			
Other non-current assets	3	8	3
Deferred tax assets	28,148	23,677	27,649
Total non current assets	172,473	185,544	181,282
Total assets	442,906	436,659	418,610

CONFORM IFRS	Half Year ended 30/06/2020	Half Year ended 30/06/2019	Year ended 31/12/2019 audited
in k EUR			
Liabilities and shareholders Equity			
Current liabilities :			
Bank loans and overdrafts			
Derivative financial instruments	84		
Current portion of LT debt			
Lease liabilities	942	675	1,825
A/P trade	17,137	16,171	16,139
Affiliated companies	10,101	14,653	15,733
Accrued taxes	1,561	2,539	3,251
Accrued expenses and payroll	11,723	10,395	10,643
Other current liabilities	4,466	4,209	4,305
Deferred income	2,355	2,281	2,280
Total current liabilities	48,369	50,922	54,176
Non current liabilities :			
LT debt less current portion	62,000	62,000	62,000
Lease liabilities	3,146	3,686	3,027
Deferred tax liabilities	403	272	337
Other non-current liabilities			
Total non current liabilities	65,549	65,958	65,364
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	306,856	298,671	246,601
Current period's profit	30,382	29,520	60,255
Cumulative translation adjustment	-5,054	-5,227	-4,590
Equity attributable to company owners	328,988	319,768	299,070
Non controlling interests	0	10	0
Total shareholders equity	328,988	319,779	299,070
Total liabilities, shareholders' equity and minority interests	442,906	436,659	418,610

Consolidated Statements of Cash Flow

CONFORM IFRS (in k EUR)	Quarter ended 30/06/2020	Quarter ended 30/06/2019	Half Year ended 30/06/2020	Half Year ended 30/06/2019	Year ended 31/12/2019 audited
Cash flow from operating activities					
Net income	9,676	15,574	30,382	29,520	60,255
Adjustments for :					
Operating activities	9,795	16,561	24,682	30,979	59,459
Deferred taxes	-91	800	-499	1,317	-2,655
Capital grants	204	150	397	323	1,099
Depreciation and amortisation	11,416	11,567	23,070	23,347	46,760
Depreciation leased assets	477	422	956	835	1,845
Accrued income tax	-1,774	4,004	816	4,360	10,374
Unrealized exchange results	0	472	-3	436	-604
Financial result	-437	-858	-55	359	2,640
Operating profit before working capital changes	19,472	32,135	55,064	60,499	119,714
A/R, Trade	20,187	-2,789	9,321	6,766	16,938
A/R, affiliates	-33	159	41	48	25
Other current assets	-911	-9,507	-4,236	-12,721	-2,687
Other non current assets				-4	1
Inventories	-20,027	-5,553	-22,940	-11,775	-14,303
A/P	1,967	-507	1,012	-4,645	-4,678
A/P affiliates	-6,487	1,181	-5,631	686	1,765
Accrued expenses	-3,643	-3,299	1,080	-107	141
Other current liabilities	-192	1,349	110	1,470	1,537
Other non current liabilities	503	-729	225	-785	-721
Interest paid	-142	-84	-266	-204	-523
Income tax paid	732	-3,730	-2,506	-17,506	-22,808
Cash flow from operating activities	11,424	8,625	31,274	21,722	94,400
Cash flow from investing activities					
Acquisition of subsidiary, net of cash acquired					
Financial fixed assets					
Purchase of PPE and intangible assets (netted)	-4,672	-7,897	-11,455	-14,884	-26,632
Interest received	19	49	50	49	90
Investments/proceeds/ from current investments	2	-15	78	87	22
Investments/proceeds/ from non current investments (incl. financial instruments)					
Cash provided from investing activities	-4,651	-7,862	-11,327	-14,748	-26,519
Cash flows from financing activities					
Payment to acquire own shares					
Proceeds/Repayment of long-and short-term debt	35	27,038	14	26,956	26,927
Proceeds/Repayment of bank loans and overdrafts					
Repayment leasings	-479	-21	-954	-807	-1,805
Proceeds from (repayment of) related party financing					
Impact of exchange results on financing items	218	49	-131	-308	-661
Dividend payment		-36,048		-36,048	-88,118
Capital Decrease					
Non controlling interests					-10
Cash provided from financing activities	-226	-8,984	-1,071	-10,207	-63,668
CTA	25	-26	-24	20	37
Increase/decrease in cash and cash equivalents	6,572	-8,247	18,851	-3,215	4,250
Cash at beginning of the period	51,051	39,554	38,772	34,522	34,522
Cash at the end of the period	57,622	31,307	57,622	31,307	38,772

Sales per Geography

	Q2 2020	Q2 2019	HY 2020	HY 2019	FY 2019
APAC Asia Pacific	65%	46%	56%	45%	47%
EMEA Europe - Middle-East - Africa	27%	40%	33%	41%	39%
NALA North America - Latin America	8%	14%	11%	14%	14%
TOTAL	100%	100%	100%	100%	100%