

Press release

Melexis Q3 2017 results – Optimistic sentiment continues

Intermediate declaration by the Board of Directors

Leper, Belgium – October 25th, 2017, 07.00 hrs CET

Sales for the third quarter of 2017 were 127.1 million EUR, an increase of 11% compared to the same quarter of the previous year and a decrease of 1% compared to the previous quarter.

The EUR/USD exchange rate evolution had a negative impact of 2% compared to the same quarter of last year and a negative impact of 4% compared to the previous quarter.

Gross margin was 58.2 million EUR, an increase of 10% compared to the same quarter of last year and a decrease of 2% compared to the previous quarter.

R&D expenses were 13.6% of sales, G&A was at 4.7% of sales and Selling was at 2.4% of sales. The operating result was 32.0 million EUR, an increase of 8% compared to the same quarter of last year and a decrease of 3% compared to the previous quarter.

Net income was 28.1 million EUR or 0.70 EUR per share, an increase of 12% compared to 25.2 million EUR or 0.62 EUR per share in the third quarter of 2016 and a decrease of 9% compared to the previous quarter.

Outlook

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

Business comment – Françoise Chombar, CEO:

“Despite stronger than anticipated currency headwinds in the third quarter, Melexis posted a robust year over year sales growth of 11%. Excluding the negative impact of the EUR/USD, Melexis sales growth would have been 13%, fully in line with growth in the first half year. We continue to benefit from optimistic customer sentiment and order behavior in the second year half in all geographic regions.

The main growth drivers in the third quarter were magnetic sensors, sensor interfaces and pressure sensors. Also our optical sensor product lines are performing above average.

Sales growth beyond automotive for the first 9 months of 2017 is now at 24%. It demonstrates our success to bring innovative sensors and drivers to consumer and industrial markets.

In the third quarter, sales to automotive customers represented 88% of total sales. The portion of standard product (ASSPs) sales represented 62% of total sales.”

Financial Calendar

- Dividend pay date: October 26th, 2017 (ex coupon on October 24th, 2017)
- Publication FY 2017 Results: February 7, 2018

The company's results will be discussed in a **conference call** on Wednesday, October 25th, 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=372857>

Conference ID: 962984.

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: 962984.

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 30/09/2017	Quarter ended 30/09/2016	Nine months ended 30/09/2017	Nine months ended 30/09/2016	Year ended 31/12/2016 audited
Sales	127,074	114,518	378,978	336,264	456,285
Cost of sales	-68,850	-61,367	-204,717	-182,918	-247,737
Gross Margin	58,224	53,151	174,261	153,346	208,548
R&D	-17,224	-15,949	-51,632	-46,912	-63,989
G&A	-5,981	-5,186	-17,516	-15,063	-20,944
Selling	-3,007	-2,276	-8,486	-6,708	-9,557
Other operating result	0	0	0	311	311
Operating result	32,012	29,739	96,627	84,973	114,369
Financial result	1,381	-683	3,192	-1,815	-1,293
Income before taxes	33,393	29,056	99,819	83,158	113,076
Income taxes	-5,285	-3,864	-15,462	-11,994	-16,819
Net income	28,108	25,193	84,357	71,164	96,257
Net income per share in EUR	0.70	0.62	2.09	1.76	2.38

Consolidated Statement of Financial Position

CONFORM IFRS in k EUR	Nine months ended 30/09/2017	Nine months ended 30/09/2016	Year ended 31/12/2016 audited
Current Assets :			
Cash and cash equivalents	109,157	109,201	75,789
Current investments	43	137	158
A/R Trade	63,171	58,000	66,298
A/R from related parties	3,141	3,748	418
Advance related parties			
Assets for current tax	1,011	799	339
Assets held for sale	0	0	0
Other current assets	8,745	8,493	10,680
Inventories	88,308	73,046	76,880
Total current assets	273,575	253,424	230,562
Non-current assets :			
Costs of incorporation			
Property, plant and equipment	107,988	95,209	97,411
Financial assets	6	6	6
Intangible fixed assets	7,343	6,806	6,209
A/R directors			
Other non-current assets	8	7	7
Deferred tax assets	27,316	7,295	23,970
Total non current assets	142,662	109,323	127,603
Total assets	416,237	362,748	358,165

CONFORM IFRS in k EUR	Nine months ended 30/09/2017	Nine months ended 30/09/2016	Year ended 31/12/2016 audited
Liabilities and shareholders Equity			
Current liabilities :			
Bank loans and overdrafts			
Derivative financial instruments	226	976	793
Current portion of LT debt	4,051	4,046	4,047
A/P trade	17,421	16,088	19,555
Affiliated companies	16,665	16,374	14,551
Accrued taxes	28,377	9,984	30,160
Accrued expenses and payroll	11,540	8,277	8,603
Other current liabilities	2,577	2,498	2,567
Deferred income	1,206	1,308	2,262
Total current liabilities	82,062	59,551	82,538
Non current liabilities :			
LT debt less current portion	11,044	11,092	11,093
Deferred tax liabilities			
Other non-current liabilities	2,164	2,228	2,070
Total non current liabilities	13,208	13,320	13,163
Shareholders' equity :			
Shareholders' capital	565	565	565
Share premium			
Treasury shares	-3,818	-3,818	-3,818
Revaluation reserve Hedge	-92	-277	-226
Revaluation reserve Fair value			
Legal reserve	57	57	57
Retained earnings	244,497	228,342	176,277
Current period's profit	84,357	71,164	96,257
Cumulative translation adjustment	-4,609	-6,167	-6,658
Equity attributable to company owners	320,956	289,866	262,454
Non controlling interests	10	10	10
Total shareholders equity	320,967	289,876	262,465
Total liabilities, shareholders' equity and minority interests	416,237	362,748	358,165

Consolidated Statements of Cash Flow

CONFORM IFRS (in k EUR)	Quarter ended 30/09/2017	Quarter ended 30/09/2016	Nine months ended 30/09/2017
Cash flow from operating activities			
Net income	28,108	25,193	84,357
Adjustments for :			
Operating activities	4,255	8,093	17,279
Deferred taxes	-2,420	1,189	-3,346
Capital grants	233	138	660
Depreciation and amortisation	7,378	6,847	23,300
Unrealized exchange results	-2,769	-387	-4,903
Financial result	1,834	306	1,568
Operating profit before working capital changes	32,364	33,286	101,636
A/R, Trade	-1,446	-3,831	3,107
A/R, affiliates	3,037	3,363	-2,722
Other current assets	4,367	-224	721
Other non current assets	-1	0	-1
Inventories	-6,893	-8,121	-14,525
A/P	-1,395	-5,597	-2,019
A/P affiliates	3,978	-4,023	2,114
Accrued expenses	9,767	-2,886	17,037
Other current liabilities	-675	661	-100
Other non current liabilities	-154	-198	-1,529
Interest paid	-56	-63	-212
Income tax	-5,139	6,127	-15,883
Cash flow from operating activities	37,753	18,494	87,622
Cash flow from investing activities			
Acquisition of subsidiary, net of cash acquired			
Financial fixed assets			
Purchase of PPE and intangible assets (netted)	-13,140	-4,593	-33,165
Interest received	3	6	23
Investments/proceeds/ from current investments (incl. financial instruments)	2,673	-137	115
Cash provided from investing activities	-10,466	-4,724	-33,028
Cash flows from financing activities			
Payment to acquire own shares			
Proceeds/Repayment of long-and short-term debt	0	-1	-42
Proceeds/Repayment of bank loans and overdrafts			
Proceeds from (repayment of) related party financing			
Impact of exchange results on financing items	3,852	119	6,897
Dividend payment	0	0	-28,038
Capital Decrease			
Non controlling interests			
Cash provided from financing activities	3,851	117	-21,183
CTA	-23	-7	-44
Increase/decrease in cash and cash equivalents	31,116	13,880	33,368
Cash at beginning of the period	78,041	95,321	75,789
Cash at the end of the period	109,157	109,201	109,157

Sales per Geography

	Q3/17	Q3/16	Q2/17	9M 2017	9M 2016
APAC Asia Pacific	49%	46%	48%	48%	45%
EMEA Europe - Middle-East - Africa	39%	40%	40%	40%	41%
NALA North America - Latin America	12%	14%	12%	12%	14%
TOTAL	100%	100%	100%	100%	100%