

Drive for better vision



NASDAQ HIMX

A fabless semiconductor solution provider dedicated for imaging processing technologies

Investor Presentation

August, 2012

Himax Technologies, Inc.
奇景光電股份有限公司

Forward Looking Statements

Factors that could cause actual events or results to differ materially include, but not limited to, general business and economic conditions and the state of the semiconductor industry; market acceptance and competitiveness of the driver and non-driver products developed by the Company; demand for end-use applications products; reliance on a small group of principal customers; the uncertainty of continued success in technological innovations; our ability to develop and protect our intellectual property; pricing pressures including declines in average selling prices; changes in customer order patterns; changes in estimated full-year effective tax rate; shortages in supply of key components; changes in environmental laws and regulations; exchange rate fluctuations; regulatory approvals for further investments in our subsidiaries; our ability to collect accounts receivable and manage inventory and other risks described from time to time in the Company's SEC filings, including those risks identified in the section entitled "Risk Factors" in its Form 20-F for the year ended December 31, 2011 filed with the SEC, as may be amended.

Investment Highlights

- **A leading “fabless” manufacturer in TFT-LCD panel display drivers**
 - ❖ Pioneer in technology with a complete portfolio of display drivers for panels in all kind of sizes
 - ❖ Business model with sophisticated supply chain management expertise
- **Product and customer diversification**
 - ❖ Increasing revenues from smartphone, touch panel controller, CMOS image sensor and LCOS micro display solutions
 - ❖ A diverse customer base to reduce reliance on single customer
- **Growth Opportunities**
 - ❖ Strong smartphone growth momentum benefits both display driver and touch controller products
 - ❖ Substantial business opportunities from non-drivers, including CMOS image sensor, touch panel controller and LCOS micro display

Selected Financials

Fiscal Year	December 31 st				
Last-Traded Price (08/27/12)	\$1.80				
Basic Weighted Average Outstanding ADS (2011)	176.9M				
Diluted Weighted Average Outstanding ADS (2011)	176.9M				
Equivalent ADS Outstanding (Q2 2012)	169.5M				
Market Capitalization (08/27/12)	\$305.1M				
Insider Ownership*	~46.8%				
(US\$)	2012Q2	2011Q2	2012Q1	YoY	QoQ
Revenues	\$189.5M	\$160.6M	\$166.7M	+18.0%	+13.7%
Gross Margin (%)	23.1%	18.6%	22.9%	+4.5%	+0.2%
GAAP Net Income	\$15.1M	\$3.6M	\$11.3M	+316.8%	+33.5%
GAAP Earnings per ADS	\$0.089	\$0.020	\$0.066	+342.5%	+34.7%
Non-GAAP Net Income	\$15.9M	\$5.0M	\$12.1M	+216.8%	+31.1%
Non-GAAP Earnings per ADS	\$0.093	\$0.028	\$0.071	+232.1%	+31.0%
(US\$)	20121H	20111H	YoY	FY2011	FY2010
Revenues	\$356.2M	\$301.7M	+18.1%	\$633.0M	\$642.7M
Gross Margin (%)	23.0%	19.3%	+3.7%	19.8%	21.0%
GAAP Net Income	\$26.4M	\$6.3M	+316.2%	\$10.7M	\$33.2M
GAAP Earnings per ADS	\$0.154	\$0.036	+327.8%	\$0.061	\$0.187
Non-GAAP Net Income	\$28.1M	\$9.2M	+206.6%	\$18.3M	\$45.2M
Non-GAAP Earnings per ADS	\$0.164	\$0.051	+221.6%	\$0.103	\$0.254
Q3 2012 Guidance					
Revenues	To be around flat compared to Q2 2012 (Q3 2011: \$162.1M)				
Gross Margin	To be slightly up from Q2 2012 (Q3 2011: 18.5%)				
GAAP Earnings per diluted ADS**	\$0.04-\$0.065 (Q3 2011: \$0.004)				
Non-GAAP Earnings per diluted ADS	\$0.08-\$0.105 (Q3 2011: \$0.027)				

* Insider ownership includes executives, board members and Chimei Innolux.

**Taken into account 60% of \$11M-\$12M Restricted Share Units vested and expensed in September, 2012.

Company Overview

- Fabless semiconductor provider with world leading visual imaging processing technologies
- Global market leader in TFT-LCD display driver and timing controller ICs
- Pioneer in mobile projector microdisplays
- Growth momentum in touch panel controller, CMOS image sensors, wafer level optics, display system solutions, power management and LED driver
- 150+ customers across Taiwan, China, Japan, Korea, U.S. and Europe
- 1,510 patents granted and 1,598 patents pending approval worldwide as of June 30, 2012
- NASDAQ listed since March 2006 (HIMX)
- Headquartered in Tainan, Taiwan with 5 R&D centers in Taiwan and U.S., out of a total of 16 offices across Taiwan, China, Japan, Korea and U.S.
- 1,400 employees worldwide; more than 90% are engineers

Headquarter: Tainan, Taiwan



Display Driver ICs & Timing Controllers



Display driver ICs and timing controllers are used in TVs, laptops, monitors, mobile phones, tablets, digital cameras, car navigation, and many other consumer electronics devices.

Himax Operating Companies

Himax Technologies Ltd

- Display Drivers and Tcon
- Touch Controllers
- Wafer Level Optics and modules for CIS
- In-house Color Filter Fab for LCOS and CIS



Himax Media Solutions, Inc.

- ASIC Service and IP Licensing
- Monitor and Projector Scalers
- Infinity Color Technology
- 2D to 3D Conversion
- 3D Color Engine

Himax Display, Inc.

- LCOS Modules for Head-Mounted Display and Pico-projector Applications
- MEMS Microdisplays and Controller ICs

Himax Analogic, Inc.

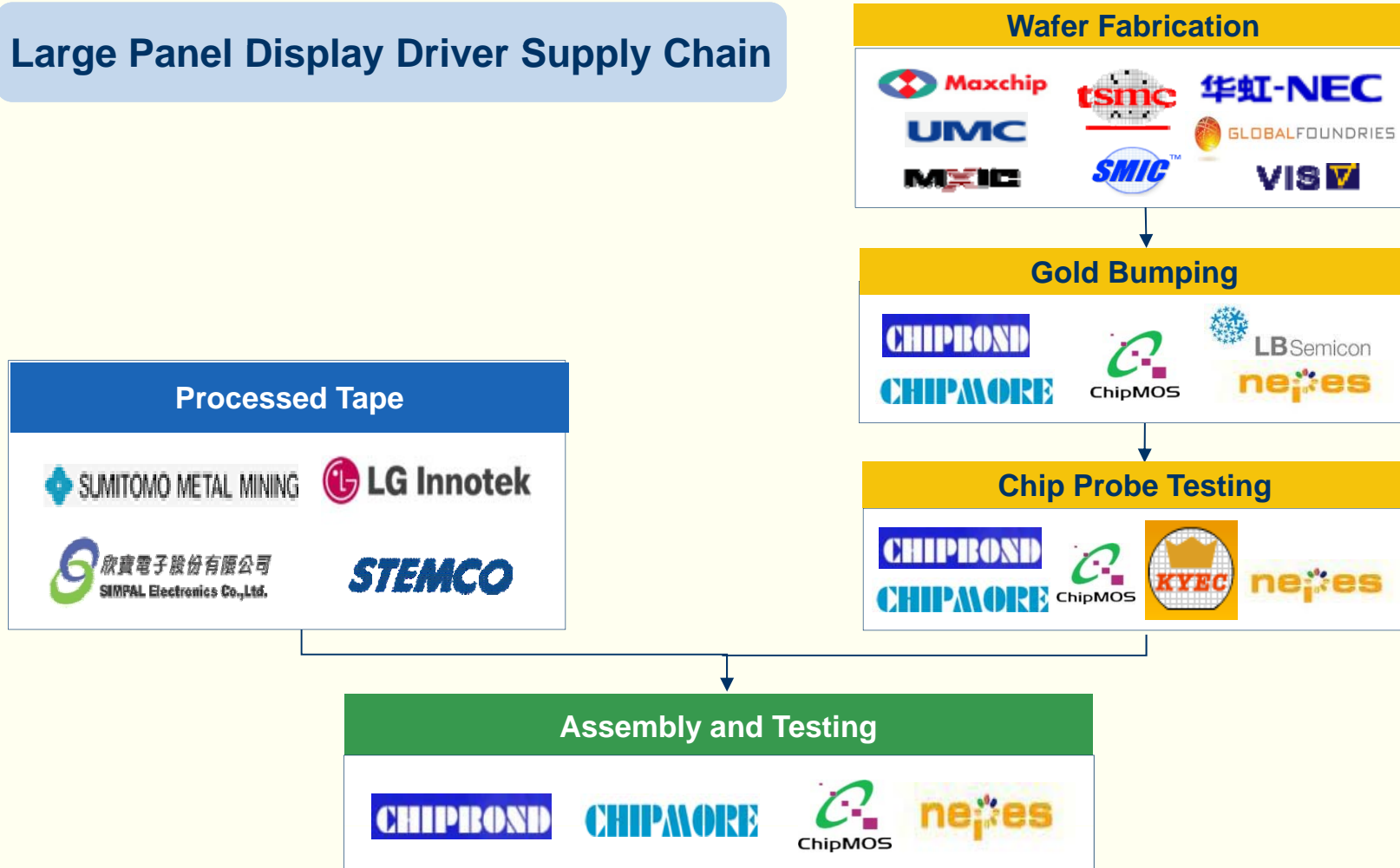
- Power Management ICs
- LED Drivers

Himax Imaging, Inc.

- CMOS Image Sensors

Skilled Management of Complex Supply Chains

Large Panel Display Driver Supply Chain



Himax's Global Footprint



Taiwan - Headquarters

Tainan

- Headquarters
- Design
- Manufacturing
- Operations
- Sales/Marketing
- Technical support

Taipei

- Design
- Sales/Marketing
- Technical support

Hsinchu

- Design
- Sales/Marketing
- Technical support

U.S.

Irvine

- Design

Sunnyvale

- Sales
- Technical Support

China

Beijing

- Sales
- Technical support

Shanghai

- Sales
- Technical support

Suzhou

- Sales
- Technical support

Ninbo

- Sales
- Technical support

Fuqing

- Sales
- Technical support

Foshan

- Sales
- Technical support

Shenzhen

- Sales
- Technical support

Hefei

- Sales
- Technical support

Japan

Yokohama

- Sales
- Technical support

Matsusaka

- Sales
- Technical support

Korea

Cheonan

- Sales
- Technical support

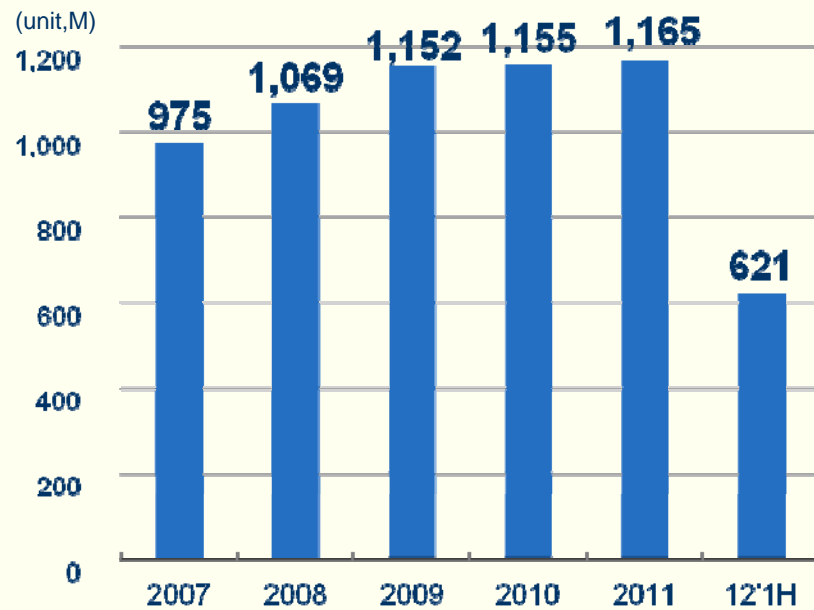
Suwon

- Sales
- Technical support

Shipment and Revenue Track Record

Consistent shipment growth

Volume



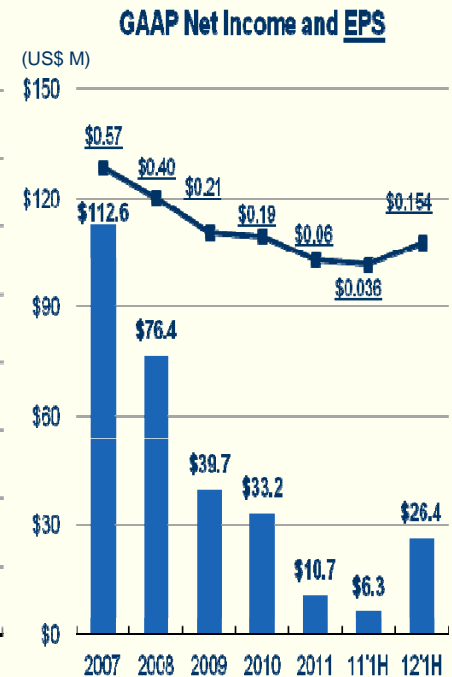
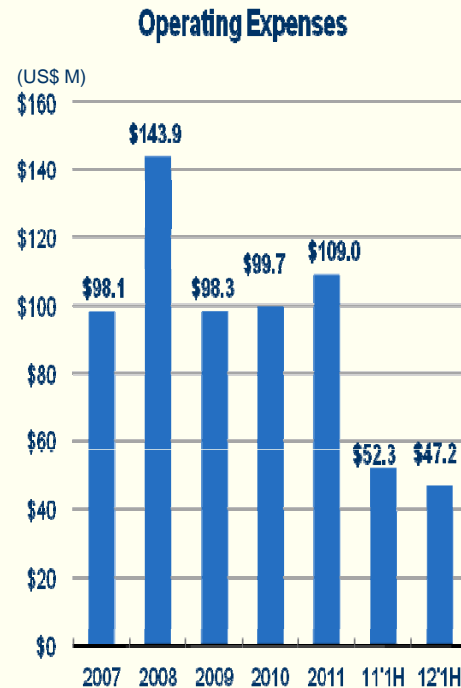
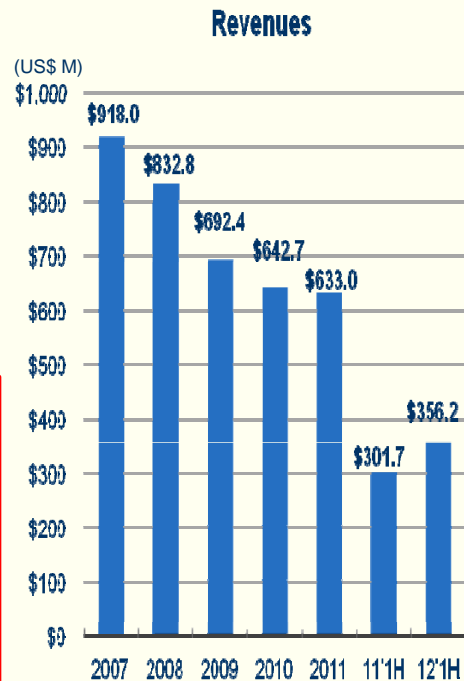
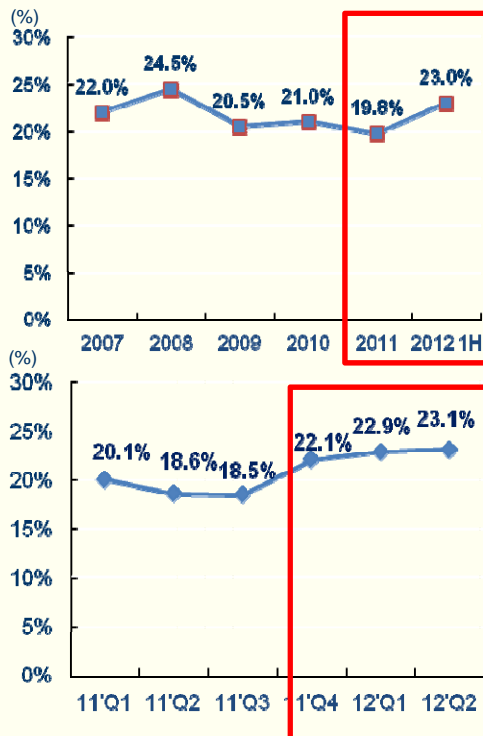
Revenues



Gross Margin and Net Income (2007~20121H)

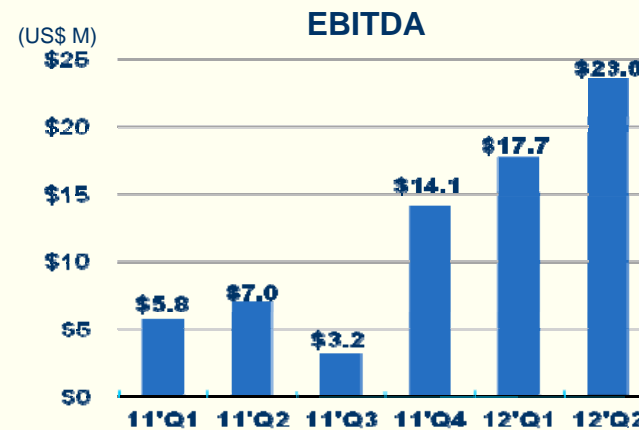
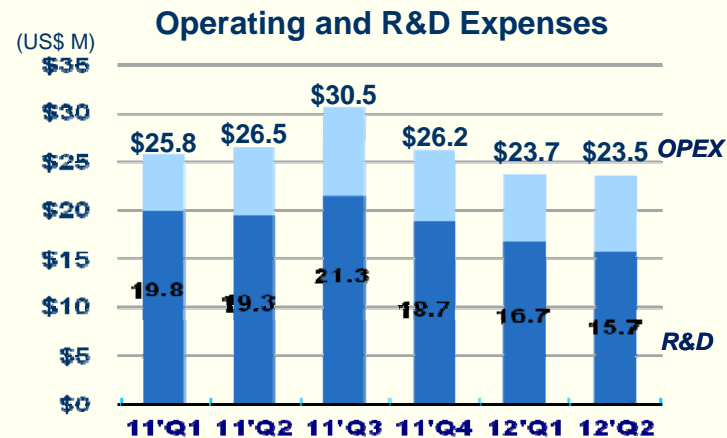
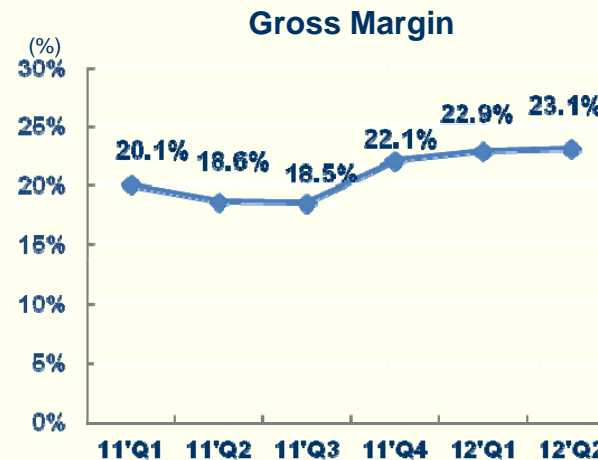
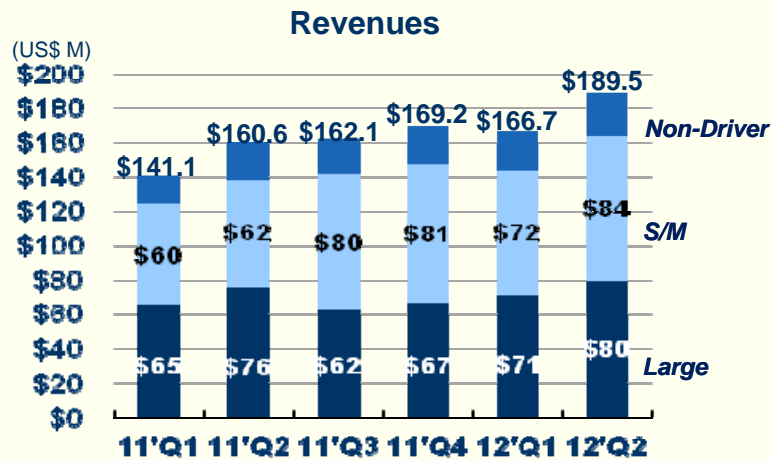
- With better product mix, gross margin has improved to 22.1% in 4Q11, 22.9% in 1Q12 and 23.1% in 2Q12, the third consecutive quarter of GM improvement
- Gross margin of 2Q12 is the highest level since 4Q08
- Improvement will continue exceeding current levels
- 1H12 EPS \$0.154 grew 3.3 times compared to 1H 2011

Gross Margin



Quarterly Financial Performance

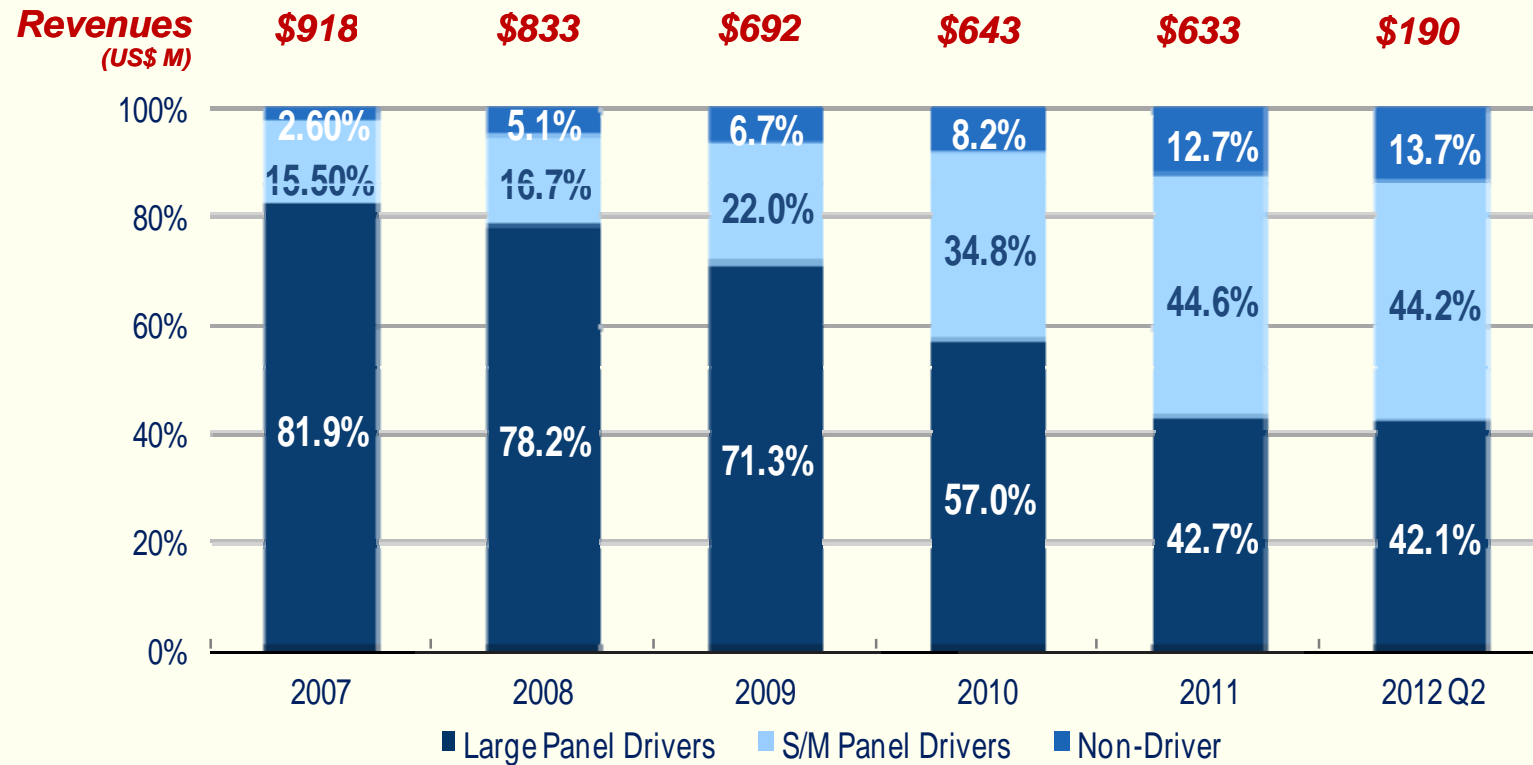
- 1H12 Revenues outperformed peers
- Gross margin improvement due to better product mix
- More controlled OPEX
- Continuous R&D commitment
- Positive profitability outlook



Product Mix

More balanced product mix:

- Fast growing small and medium-sized panel driver
- Increasing non-driver products



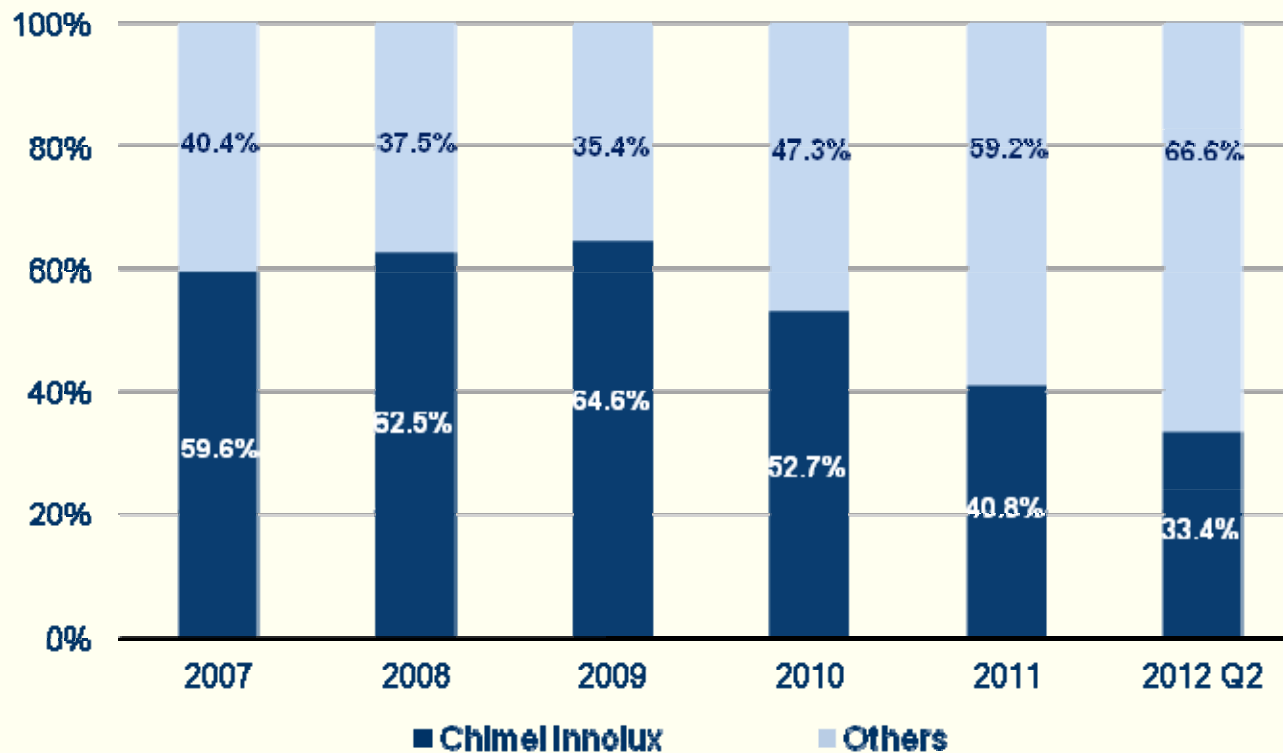
Panel and Component Makers 2Q12 Top Line

	Revenues			Revenues			
	2012 2Q		2012 1H	2012 2Q		2012 1H	
	QoQ	YoY	YoY	QoQ	YoY	YoY	
Driver IC Makers:							
<i>Himax (consolidated)</i>	13.7%	18.0%	18.1%	<i>Optimax / 力特光電</i>	2.5%	7.0%	-6.0%
<i>Novatek / 聯詠 (3034.TW)</i>	14.1%	-8.2%	-9.2%	<i>ROEC / 瑞儀光電</i>	10.1%	58.0%	29.4%
<i>Raydium / 瑞鼎 (3592.TW)</i>	9.3%	14.3%	10.3%	<i>Coretronic / 中光電</i>	6.4%	8.9%	4.7%
<i>Orise / 旭曜 (3545.TW)</i>	21.5%	-10.8%	-22.2%	<i>Forhouse / 輔祥</i>	-0.8%	3.6%	11.6%
<i>Sitronix / 矽創電子 (8016.TW)</i>	22.6%	6.7%	2.3%	<i>WahHong / 華宏</i>	2.3%	-9.8%	-4.1%
<i>Ilitek / 奕力 (3598.TW)</i>	17.4%	32.0%	24.5%	<i>ChangWah / 長華</i>	10.4%	-11.4%	-13.7%
<i>Fitipower / 天鈺 (4961.TW)</i>	80.1%	-12.2%	-34.3%	<i>SPIL / 矽品</i>	4.0%	8.2%	7.0%
Panel Makers:				<i>Chipbond / 碩邦</i>	8.1%	4.5%	3.6%
<i>Samsung (TFT only) / 三星</i>	5.1%	-32.9%	-31.7%	<i>Chipmos / 南茂</i>	9.1%	-0.1%	-1.2%
<i>LGD / 樂金</i>	11.7%	14.3%	14.7%				
<i>AUO / 友達</i>	18.3%	-9.8%	-10.9%				
<i>CMI / 奇美</i>	N.A.	N.A.	N.A.				
<i>CMI / 奇美</i>	1.9%	-7.5%	-9.7%				
<i>CPT (TFT only) / 華映</i>	-3.1%	-33.6%	-33.0%				
<i>HannStar / 瀚宇彩晶</i>	2.6%	-26.6%	-24.2%				

Revenue Breakdown

Largely reduced dependence on one single customer:

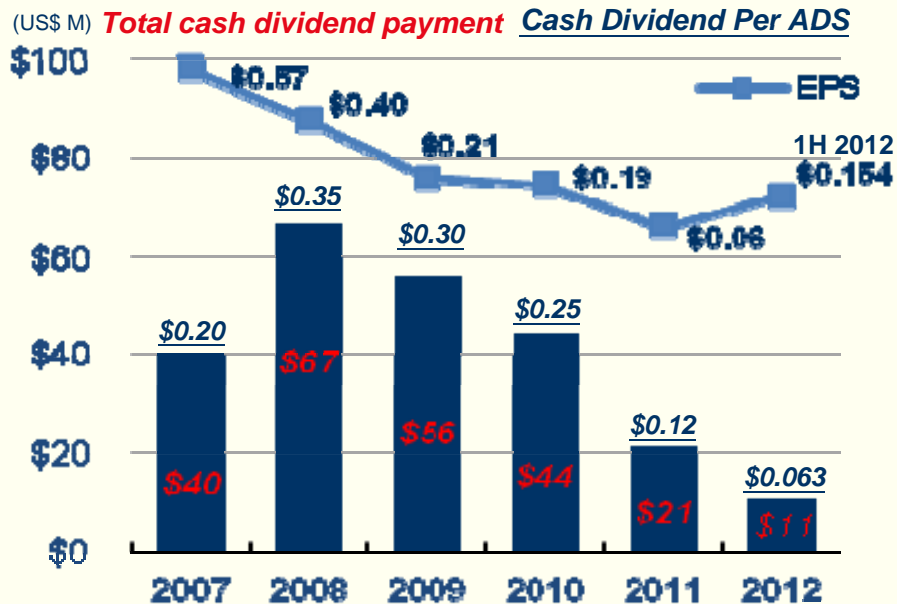
- Chimei Innolux Corporation is the world's third largest panel manufacturer that owns 14.9% of HIMX
- Revenue in 2Q12 down to 33.4% from as high as 66.5% in 1Q08, reflecting strength in our non-large panel driver businesses



Cash Dividend and Share Buyback

Cash Dividend Per ADS

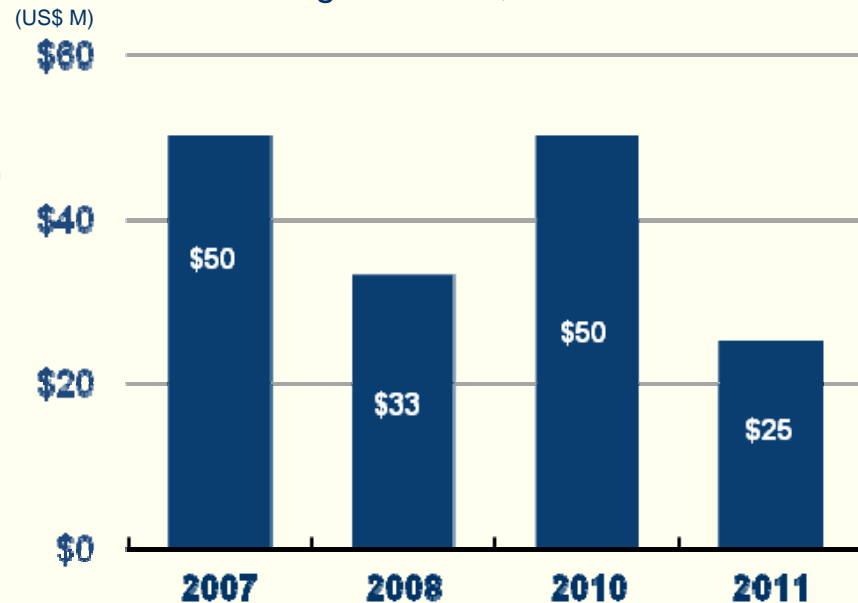
- Cumulatively distributed ~\$239 million of cash dividend since IPO
- \$11 million in 2012 paid on July 25, 2012, \$21 million in 2011 and \$44 million in 2010



Dividend Yield	3.9%	7.0%	11.6%	9.1%	5.9%	3.4%
Payout Ratio	51.3%	61.4%	75%	119%	63.2%	100%

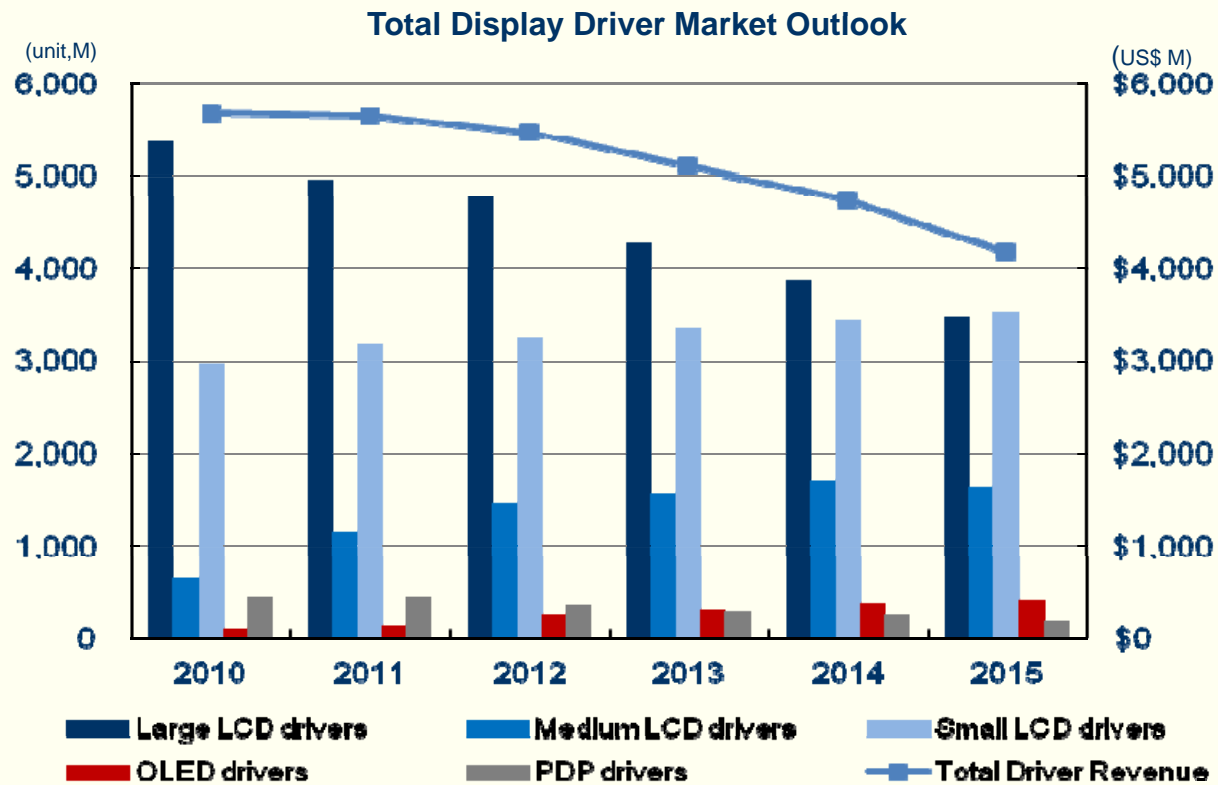
Share Buyback Programs

- Initiated 4 share buyback programs totaling ~\$158 million since 2007
- With regards to the Company's \$25 million dollars share buyback program announced in June 2011, Himax has purchased a total of \$12.3 million, or approximately 8.9 million ADSs through June 30, 2012



Global Display Driver Market

- Compared with maturing large display drivers, small and medium display drivers will continue to grow in next few years
- Smartphone and tablet segments continue at stronger annual growth rates



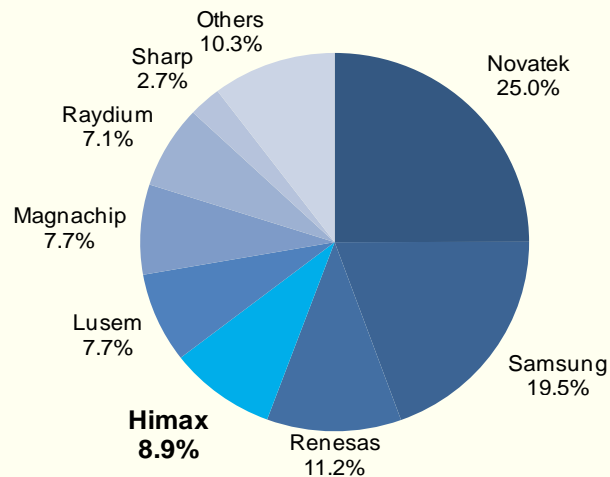
(Source: iSuppli)



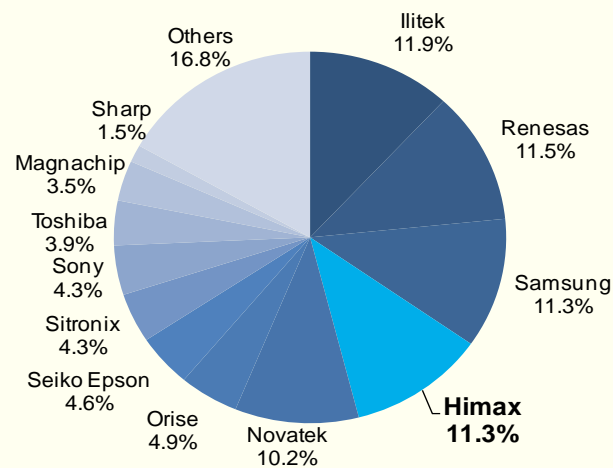
Himax Display Driver Market Share (2011)

- One of the leading players in display driver IC designs
- Superior growth in small/medium-sized display driver market driving overall growth momentum

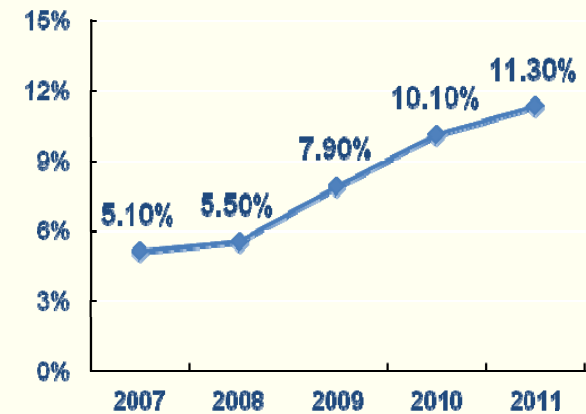
Large-sized Panel Driver



Small/Medium-sized Panel Driver



Growing Market Share of HIMX Small/Medium-sized Panel Driver



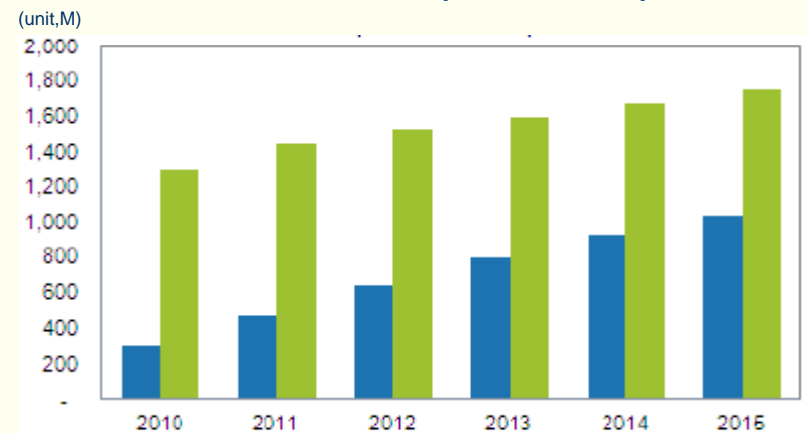
Source: iSuppli, Display Driver IC Q2 2012 Market Tracker Database

Growth Opportunity #1 – Smartphone Display Drivers

- Technology leader in smartphone driver ICs including hVGA, nHD, WVGA, qHD and HD720
- Strong grow momentum from international and Chinese smartphone brands
- Anticipate growth opportunity to continue in 2012 and beyond
- Sales for smartphone application:
 - ❖ Reached record high level of \$35.4M in Q2 2012
 - ❖ Delivered the strongest growth since Q3 2011
 - ❖ Expect sales and shipment record growth in 2012



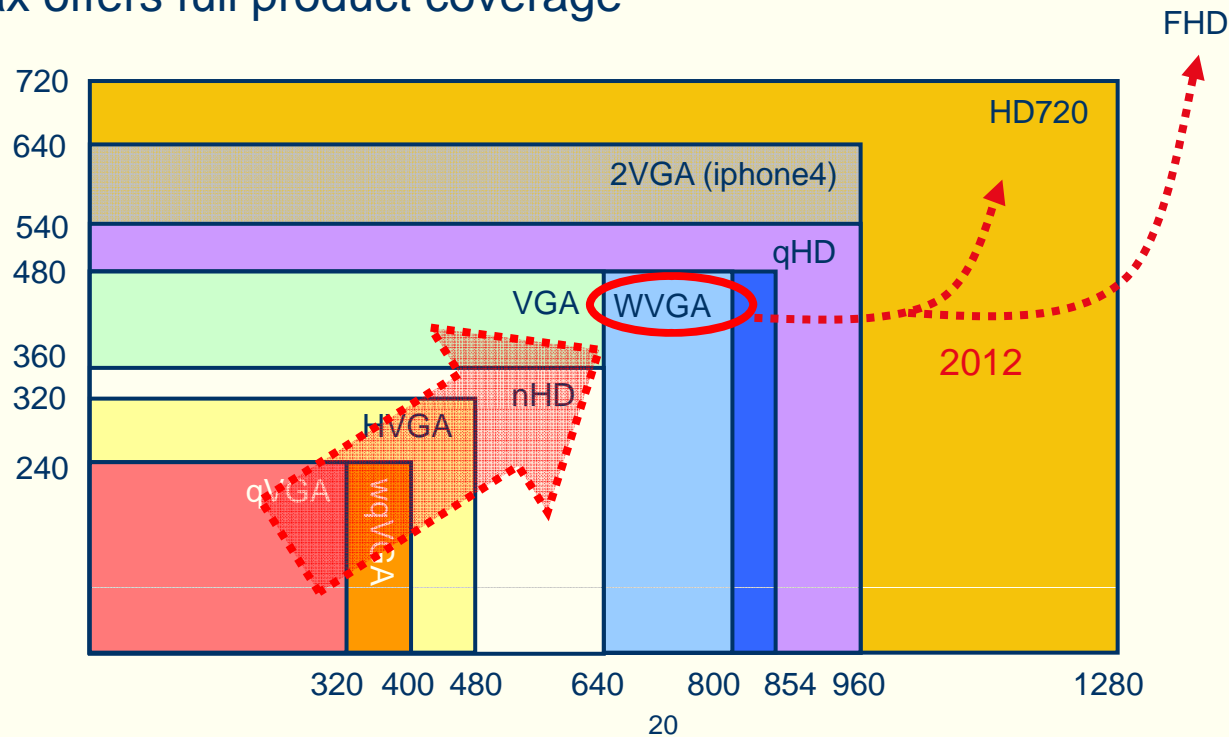
Global Total Handset and Smartphone Unit Shipment Forecast



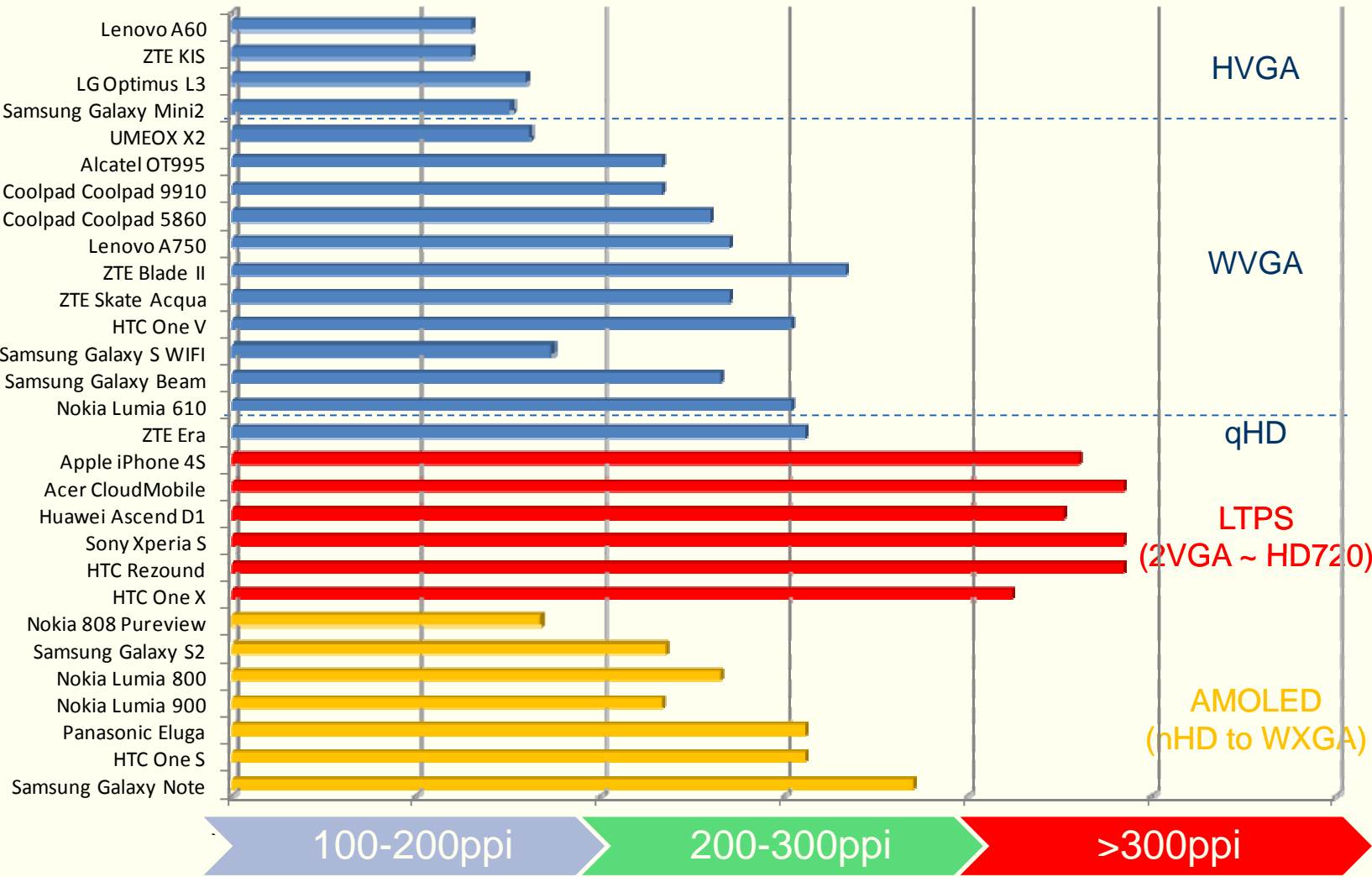
Source: IHS iSuppli Research, January 2012

Display Resolution Trends for Smartphone

- For the entry smart phone
 - ❖ Mainstream is HVGA now; WVGA expected to be mid-to-entry in 2012 to 2013
 - ❖ Low-cost oriented
- For high-end smart phone
 - ❖ Himax is ready for high-end smart phones with HD720/ WXGA with LTPS/ GIP
 - ❖ Eg., 4.3" HD720 → 342ppi; 4.7" HD720 → 312ppi
- Himax offers full product coverage



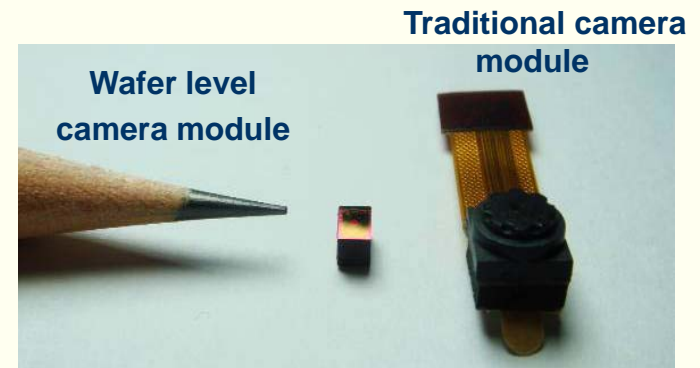
Recent Smartphone Display Market Trend



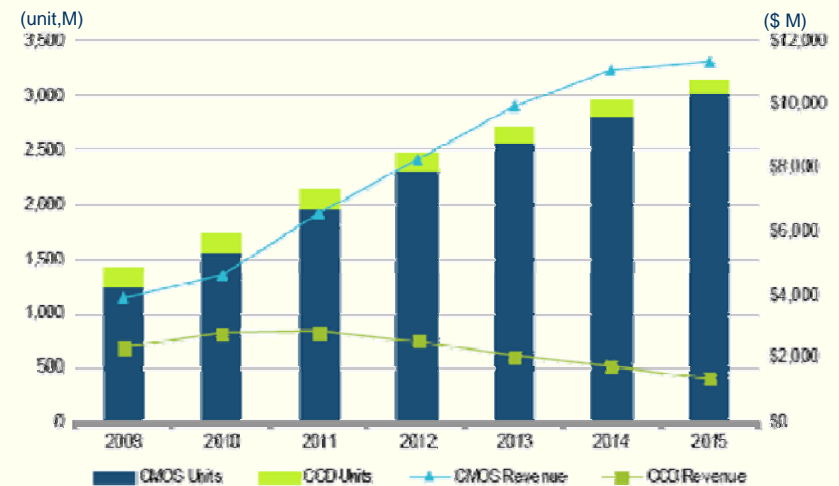
Growth Opportunity #2 – CMOS Image Sensors

Traditional Camera Module

- Premium quality CMOS image sensor products to capture the US\$10 bn market (2015):
 - ❖ High sensitivity and low noise design in highly integrated products
 - ❖ Sales grew 10 times YOY vs. 20+% market growth
 - ❖ Targeting NB, Tablet and Smartphone markets
 - ❖ Expect sales to grow in 2012 driven by share gains at leading brands
 - ❖ New design wins with global tier-1 customers in 2012 and 2013
- Advanced Wafer-Level Optics (WLO) and Wafer-Level Module (WLM) are future trends for camera modules and various other sensor applications



CMOS and CCD image Sensor Market Estimates

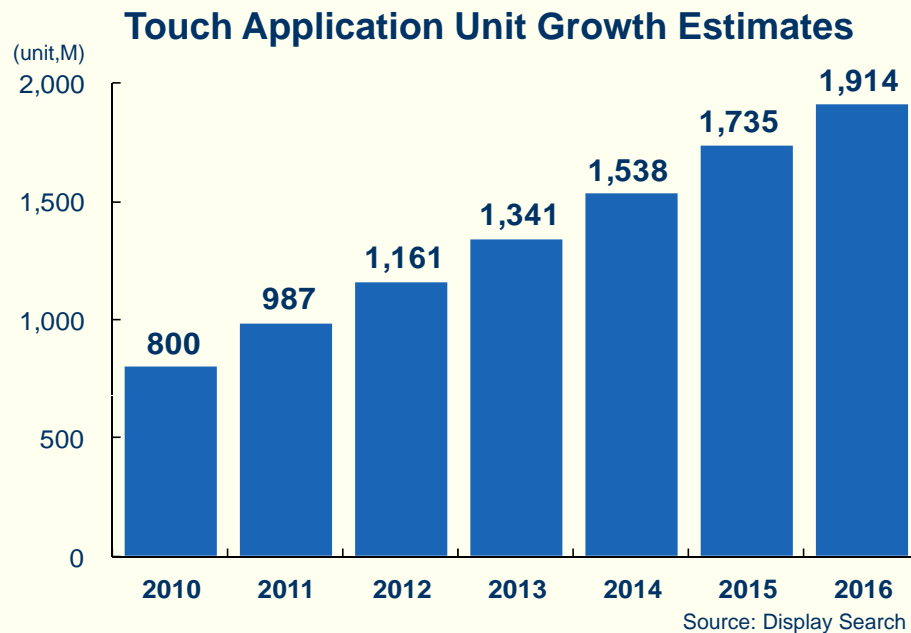


Source: iSuppli



Growth Opportunity #3 – Touch Panel Controller

- Successfully mass-produced and shipped our multi-touch capacitive touch controllers to a world leading smartphone brand leader in 2011
- Himax has been awarded with multiple new projects with that same customer in 2012
- With high product quality and proven commercial production track record with the tier 1 client, we have won projects with other brand-names in 2012
- Anticipate sales growth in 2012 and beyond



Growth Opportunity #4 – LCOS Micro Display

- Proprietary LCOS pico-projector solutions:
 - ❖ Successfully adopted in camera and handset applications
 - ❖ Cumulative shipment over 1.5 M

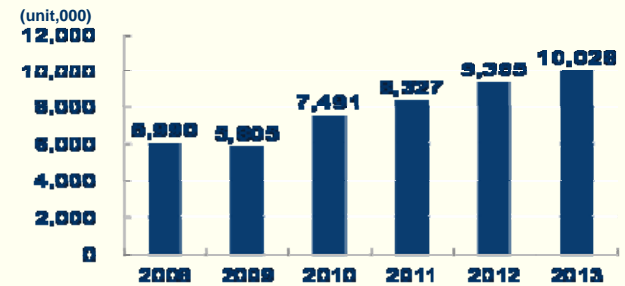
- Primary product focus is Head-Mounted Display (HMD). There are two secondary product areas: MEMS for data projector and LCOS for other niche markets.

- Working with customers on developing new applications of HMD using Himax LCOS panels; anticipate new business starting 2012

Microdisplay Applications

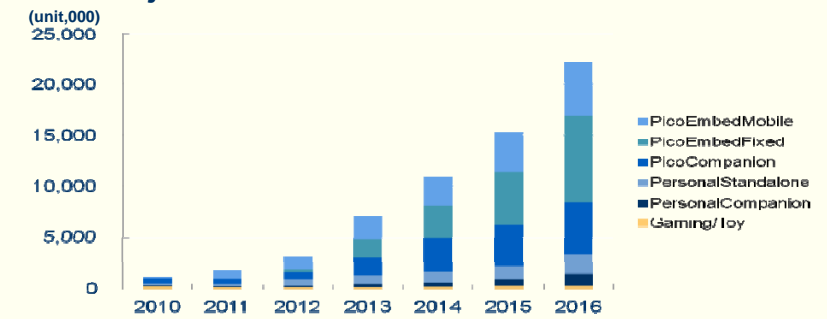


Worldwide UHP-based Projector (MEMS) Market



Source: Pacific Media Associates

Pico Projector Market



Source: Pacific Media Associates



Income Statement

(US\$'000)

For the Fiscal Period Ended	<u>2Q-2012</u> (Unaudited)	<u>2Q-2011</u> (Unaudited)	<u>1Q-2012</u> (Unaudited)	<u>Y2011</u> (Audited)
Revenues from others, net	\$126,164	\$92,450	\$103,473	\$374,788
Revenues from related parties, net	63,346	68,129	63,220	258,233
Revenues	189,510	160,579	166,693	633,021
Cost of revenues	145,794	130,682	128,577	507,449
Gross profit	43,716	29,897	38,116	125,572
Gross margin	23.1%	18.6%	22.9%	19.8%
Operating expenses				
Research and development	15,717	19,294	16,699	79,042
General and administrative	4,066	3,745	3,689	17,095
Sales and marketing	3,728	3,447	3,264	12,827
Total operating expenses	23,511	26,486	23,652	108,964
Operating income	20,205	3,411	14,464	16,608
Non-operating income (loss)	159	294	(218)	200
Income before income tax and noncontrolling interest	20,364	3,705	14,246	16,808
Income tax expense	5,447	926	3,205	7,301
Net income	14,917	2,779	11,041	9,507
Add: Net loss attributable to the noncontrolling interest	188	845	272	1,199
GAAP-Net income attributable to Himax shareholders	\$15,105	\$3,624	\$11,313	\$10,706
Non-GAAP Net income attributable to Himax shareholders	\$15,933	\$5,029	\$12,149	\$18,292
Earnings per ADS attributable to Himax shareholders (in cents)				
Basic	8.9	2.0	6.6	6.1
Diluted	8.9	2.0	6.6	6.1

Balance Sheet

(US\$'000)	<u>June 30, 2012</u> (Unaudited)	<u>June 30, 2011</u> (Unaudited)	<u>March 31, 2012</u> (Unaudited)	<u>December 31, 2011</u> (Audited)
Assets				
Current Assets:				
Cash, cash equivalents and marketable securities available-for-sale	\$103,159	\$104,061	\$102,081	\$106,329
Restricted cash equivalents and marketable securities	63,000	57,500	84,200	84,200
Accounts receivable, net	212,877	179,309	189,005	181,113
Inventories	139,158	124,350	118,515	112,985
Other current assets	31,540	28,755	32,173	31,082
<u>Total current assets</u>	<u>549,734</u>	<u>493,975</u>	<u>525,974</u>	<u>515,709</u>
Investment securities	24,619	24,706	24,658	24,506
Property and equipment, net	54,173	54,045	55,873	57,150
Goodwill	26,846	26,846	26,846	26,846
Other Assets	20,017	33,218	20,714	20,767
<u>Total Assets</u>	<u>\$675,389</u>	<u>\$632,790</u>	<u>\$654,065</u>	<u>\$644,978</u>
Liabilities and Stockholders' Equity				
Current liabilities:				
Short-term debt	63,000	57,000	84,200	84,200
Accounts payable	159,407	125,770	134,931	134,353
Other current liabilities	43,835	52,452	29,333	26,807
<u>Total current liabilities</u>	<u>266,242</u>	<u>235,222</u>	<u>248,464</u>	<u>245,360</u>
Other liabilities	5,018	5,761	5,112	4,560
Himax shareholders' equity	402,964	391,877	399,216	393,437
Noncontrolling interest	1,165	(70)	1,273	1,621
<u>Total Liabilities and Stockholders' Equity</u>	<u>\$675,389</u>	<u>\$632,790</u>	<u>\$654,065</u>	<u>\$644,978</u>

Summary Cash Flow

	<u>2Q-2012</u> (Unaudited)	<u>2Q-2011</u> (Unaudited)	<u>1Q-2012</u> (Unaudited)	<u>2011FY</u> (Audited)
(US\$'000)				
<u>Net income</u>	<u>\$14,917</u>	<u>\$2,779</u>	<u>\$11,041</u>	<u>\$9,507</u>
Depreciation and amortization	3,165	3,172	3,313	12,795
Share-based compensation expenses	510	1,159	517	4,190
Inventories write downs	4,115	1,804	2,617	9,138
Increase in accounts receivable	(23,879)	(12,508)	(7,888)	(4,887)
Decrease (increase) in inventories	(24,758)	3,903	(8,147)	(4,135)
Increase in accounts payable	24,476	1,704	578	18,431
Decrease (increase) in income tax payable	4,967	(3,912)	4,142	(5,616)
Net cash provided by (used in) operating activities	\$3,208	(\$3,497)	\$3,606	\$43,448
Net cash used in investing activities	(\$1,150)	(\$2,049)	(\$1,630)	(\$10,197)
Net cash used in financing activities	(\$966)	(\$124)	(\$6,236)	(\$24,015)
Effect of foreign currency exchange rate changes	(12)	38	8	86
Net increase (decrease) in cash and cash equivalents	<u>\$1,080</u>	<u>(\$5,632)</u>	<u>(\$4,252)</u>	<u>\$9,322</u>
Cash and cash equivalents at beginning of period	<u>\$101,912</u>	<u>\$109,519</u>	<u>\$106,164</u>	<u>\$96,842</u>
Cash and cash equivalents at end of period	<u>\$102,992</u>	<u>\$103,887</u>	<u>\$101,912</u>	<u>\$106,164</u>

Management



Dr. Biing-Seng Wu, Chairman of the Board - Previously Dr. Wu served as President, CEO and a director of Himax Taiwan. Dr. Wu has been active in the TFT-LCD panel industry for over 20 years and is a member of the boards of the Taiwan TFT-LCD Association and the Society for Information Display. Dr. Wu holds a B.S. degree, an M.S. degree and a Ph.D. degree in Electrical Engineering from National Cheng Kung University.



Jordan Wu, President, CEO and Director - Mr. Wu previously served as the chairman of the board of Himax Taiwan since April 2003. Prior to joining Himax Taiwan, he served as CEO of TV Plus Technologies, Inc. and CFO and executive director of DVN Holdings Ltd. in Hong Kong. Mr. Wu holds a B.S. degree in Mechanical Engineering from National Taiwan University and an M.B.A. degree from the University of Rochester.



Chih-Chung Tsai, Chief Technology Officer, Senior VP - Prior to joining Himax Taiwan, Mr. Tsai served as vice president of IC Design of Utron Technology from 1998 to 2001, and manager and director of the IC Division of Sunplus Technology from 1994 to 1998. Mr. Tsai holds a B.S. degree and an M.S. degree in Electrical Engineering from National Chiao Tung University.



Jackie Chang, Chief Financial Officer - Before joining Himax, Ms. Chang was the CFO of Castlink Corporation and VP of Finance and Operations for PlayHut, Inc. Prior to that, Ms. Chang was General Manager -Treasury Control for Nissan North America. She held several positions in Nissan North America during 1994 -2006 including finance, treasury planning, operations and accounting. She holds a BBA in accounting from the National Chung-Hsing University in Taiwan and an MBA in Finance from Memphis State University.

Board of Directors

Position	Name	Title
Chairman	Dr. Biing-Seng Wu	Founder of the Company
Independend Director	Dr. Yan-Kuin Su	President, Kun Shan University
Independend Director	Dr. Hsiung-Ku Chen	Consultant, Color Imaging Promotion Office
Independend Director	Yuan-Chuan Horng	Assistant Vice President of Finance Division, China Steel Corporation
Director	Tien-Jen Lin	Special Assistant to General Manager, Chimei Innolux Corporation
Director	Jordan Wu	President and CEO, Himax Technologies, Inc.
Director	Chih-Chung Tsai	CTO, Himax Technologies, Inc.

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Baker & McKenzie

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Davis Polk & Wardwell

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Drive for better vision