Himax Technologies, Inc. (NASDAQ:HIMX) is a fabless semiconductor solution provider dedicated to display imaging processing technologies. Himax is a worldwide market leader in display driver ICs and timing controllers used in TVs, laptops, monitors, mobile phones, tablets, digital cameras, car navigation, virtual reality (VR) devices and many other consumer electronic devices. Additionally, Himax designs and provides controllers for touch sensor displays, in-cell Touch and Display Driver Integration (TDDI) single-chip solutions, LED driver ICs, power management ICs, scaler products for monitors and projectors, tailor-made video processing IC solutions, silicon IPs and LCOS micro-displays for augmented reality (AR) devices and head-ups displays (HUD) for automotive. The Company also offers digital camera solutions, including CMOS image sensors and wafer level optics for AR devices, 3D sensing and machine vision, which are used in a wide variety of applications such as mobile phone, tablet, laptop, TV, PC camera, automobile, security, medical devices and Internet of Things. Founded in 2001 and headquartered in Tainan, Taiwan, Himax currently employs around 2,150 people from three Taiwan-based offices in Tainan, Hsinchu and Taipei and country offices in China, Korea, Japan and the US. Himax has 3,032 patents granted and 424 patents pending approval worldwide as of December 31st, 2017. Himax has retained its position as the leading display imaging processing semiconductor solution provider to consumer electronics brands worldwide.

Investment Highlights

- Leading Display Driver Provider
- Diversifying Revenues and Customers
- Operational and Public Market Performances
- Innovative New Products Capturing Growth Markets
- Visionary Management Team

Summary Financials, Guidance and Graphs

**2017 GAAP Numbers**

- **Revenue**: $203.4 million
- **Gross Margin (%)**: 21.9
- **GAAP Net Income**: $0.026
- **Non-GAAP Net Income**: $0.028
- **GAAP Earnings per ADS**: $0.027
- **Non-GAAP Earnings per ADS**: $0.029
- **GAAP Net Income and EPS**: $0.138
- **Non-GAAP Net Income and EPS**: $0.139

**2017 Annual Cash Dividend**

- $0.199
- $0.199
- $0.200
- $0.201

**2017 GAAP Earnings per ADS**

- $0.138
- $0.139
- $0.140
- $0.141

**2017 GAAP EPS**

- $0.139
- $0.140
- $0.141
- $0.142

**GAAP Net Income and EPS**

- $0.141
- $0.142
- $0.143
- $0.144

**GAAP Earnings per diluted ADS**

- $0.142
- $0.143
- $0.144
- $0.145

**OPEX and % of Total Sales**

- 17.3%
- 14.2%
- 15.5%
- 15.2%

**Category Product Mix**

- Large Panel Drivers
- S/M Panel Drivers
- Non-Drivers

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Himax Technologies, Inc.
No.26, Zilian Road, Xinshi Dist.
Tainan City 74148, Taiwan
Tel: +886 6 505-0880
www.himax.com.tw

Company Contacts
Jackie Chang, CFO
TW: +886 2 2370-3999 #22300
email: jackie.chang@himax.com.tw

Ophelia Lin, IR Project Deputy Director
TW: +886 2 2370-3999 #22202
email: ophelia.lin@himax.com.tw

Investor Relations - US
MZ Group North America
Greg Falesnik, Managing Director
Main: +1 (212) 301-7130
e-mail: greg.falesnik@mgzgroup.us

**SECTOR:** Technology

**INDUSTRY:** Semiconductors

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Himax Technologies, Inc.

SECTOR: Technology
INDUSTRY: Semiconductors
Large Panel DDIC
- Major beneficiary of China capacity expansion and in-sourcing
- Leading market share in China
- Increased shipment of 4K solutions and working with major panel makers on the development of next gen 8K TVs
- Himax stands strong as OEMs seeking total solution providers for better performance, supply chain leverage, and more reliable engineering support

Global and China smartphone market share leader as an independent DDIC and TDDI company
- Capitalize on panel technology advancement trend by working closely with leading China panel makers and smartphone makers
- Benefiting from increasing HD+ and FHD+ adoption, expect TDDI and DDIC businesses to accelerate starting 2Q18
- Joint development projects with many of the major CHN OLED panel customers, delivering 18:9 product samples to some of them in 2Q18
- Anticipate AMOLED DDICs to be one of the long-term growth engines for small panel DDIC business
- Global market share leader in automotive applications: engaged all of the major auto panel manufacturers worldwide for long-term partnerships

Touch Panel Controller
- TDDI pure in-cell solution
  ✓ Benefit from 18:9 display (FHD+ & HD+) trend as a front runner
  ✓ Shipment started 4Q17, expecting to accelerate starting 2Q18
  ✓ Numerous design-wins for HD+ and FHD+ projects with top-tier names and most panel makers in China for its capability to enable super-slim bezels for customers panel design
  ✓ Leverage long-standing and widespread relationships in technology development and business with panel makers to be a market leader
  ✓ New generation FHD+ TDDI with COF package to enable super-slim bezel design for premium smartphone models
  ✓ Higher ASP and better margin than traditional driver IC but less competition

LCOS Microdisplay
- The leader in microdisplay with patent protected technology, in-house facilities and shipping record >2M units
- Focus on AR google devices and HUD for automobiles
- List of AR google device customers covers many of the world’s biggest tech names
- Continue close collaboration with tier 1 AR glasses producers, expect OEM product introductions
- Strategic partners with top tier customers to provide phase modulation panel for communication and holographic display applications
- Great progress in developing high-end HUD for automobiles – major revenue contribution in 2019 at the earliest
- GM & OPM significantly higher than corporate average
- LCOS represents a significant long term growth opportunity for us

Management Team
Dr. Biing-Seng Wu, Chairman of the Board - Dr. Wu, the founder of Himax, previously served as President, CEO and a Director of Himax Taiwan. As a pioneer of TFT-LCD panel industry in Taiwan, Dr. Wu has been active in the TFT-LCD panel industry for over 20 years. With 61 patents related to Flat Panel Display granted worldwide, Dr. Wu has made significant contributions to Taiwan panel industry including the completion and operation of Taiwan’s very first TFT-LCD plant, the winner of Outstanding Industry Contribution Award at the Gold Panel Awards 2009 from Ministry of Economic Affairs, etc. Dr. Wu holds a B.S. degree, an M.S. Degree and a Ph.D. Degree in Electrical Engineering from National Cheng Kung University. With well-recognized outstanding research and development capabilities, Dr. Wu received numerous awards including National Invention Award of Taiwan from Taiwan Executive Yuan in 1992, Research Achievement Awards from Industrial Technology Research Institute for consecutive 2 years in 1992 and 1993, ERSO Award from Pan Wen Yuan Foundation in 2008, etc.

Jordan Wu, President, CEO and Director - Mr. Wu, co-founder of Himax, 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.

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.

S/M Panel DDIC
- Qualcomm/Himax, SiLM™, Structured light based 3D sensing total solution is the highest quality 3D sensing and face recognition total solution for Android smartphones
  ✓ Unique position: majority of the key technologies inside the SiLM™ total solution is developed and supplied home-grown
  ✓ High barrier of entry for any potential competition
  ✓ The most sophisticated 3D depth map over 3,000,000 invisible projector dots and <5% error rate within range of 25cm to 200cm
  ✓ 3D face recognition: instant unlock and secure online payment
  ✓ Superior indoor/outdoor sensitivity — even under total darkness or bright sunlight
  ✓ Eye safety certified for IEC 62471 Class
  ✓ Patented glass broken detection mechanism
  ✓ Lowest power consuming and the smallest structured light solution
  ✓ Mass production ready — high ASP and profit margin
  ✓ Expect multiple top tier Android smartphone OEMs to launch premium and high end models with QCON/HIMAX 3D starting 1H18
- Stereoscopic 3D sensing total solution development with some of the most prominent ecosystem partners to bring face recognition and 3D features to the high volume Android mass market smartphones by 4Q18
- WLO: exceptional design know-how and proven MP track record
  ✓ Deliver consistent product quality, production ramp and high yields
- New smart sensor launch: Near Infrared (NIR) sensors for 3D sensing and ultra-low power computer vision (AuS™)
  ✓ NIR Sensor: low noise HD, or 1 MP, and 5.5 MP
  ✓ AuS: launch of the WiseEye™ LiDAR sensors with Emza and DSP Group for consumer appliances and industrial IoT applications

WLO and CMOS Image Sensors
- Benefiting from the increasing demand from China due to capacity expansion, in-sourcing and more export orders
- UHD TV TCON takes the leading position in China market
  ✓ In-house RGBW technology help customers to reduce panel cost while successfully maintaining the required display performance
- Well-positioned in the trending 4K/8K display market for the capability of providing a total solution consisting of TCONs, PMICs and driver ICs
- eDP TCON widely adopted by tablet and NB applications
  ✓ Fully-covered eDP Technologies: 5.4Gbps, eDP1.4b and G-Sync for high resolution applications

Himax stands strong as OEMs seeking total solution providers for better performance, supply chain leverage, and more reliable engineering support for automotives
- Continue close collaboration with tier 1 AR goggle device customers
- List of AR goggle device customers covers prominent ecosystem partners to bring face recognition and 3D features to the high volume Android mass market smartphones by 4Q18
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