LIVE CALL INFORMATION	REPLAY INFORMATION
Wednesday, November 9, 2011 7AM Taiwan **Tuesday, November 8, 2011 6PM NYC** **CEO / CFO Number: 1-201-689-8472** **Listener Call Number: 1-201-689-8471 or 1-877-407-4018**	Accessible 2 hours after the call through 1PM on Wednesday, November 16, 2011 Taiwan Replay Number: +1-858-384-5517 (international) or +1-877-870-5176 (U.S. domestic) Conference ID number: 381641

Operator Intro: Welcome to Himax Technologies' third quarter 2011 financial results conference call. At this time, all participants are in a listen-only mode. Later we will conduct a question and answer session. At that time, if you have a question, you will need to press star 1 on your push button phone. The call is scheduled for one hour.

As a reminder, this conference is being recorded today. A replay will be available 2 hours after the call today, through 1PM on Wednesday, November 16, 2011 in Taiwan. The replay dial-in number is 1-858-384-5517 with conference ID number 381641. The replay will also be accessible at www.himax.com.tw.

Joseph Villalta

Thank you, operator. Welcome everyone to Himax's third quarter 2011 earnings call. Joining us from the company are Mr. Jordan Wu, President and Chief Executive Officer, and Mrs. Jessica Pan, Acting Chief Financial Officer. After the company's prepared comments, we will have time for any questions today.

If you have not yet received a copy of today's results release, please call The Ruth Group at 1-646-536-7009, or you can download a copy from Himax's website at www.himax.com.tw.

Before we begin the formal remarks, I'd like to remind everyone that some of the statements in this conference call, including statements regarding expected future financial results, industry growth and the Taiwan listing plan, are forward-looking statements that involve a number of risks and uncertainties that could cause actual events or results to differ materially from those described in this conference call.

Factors that could cause actual results and the Taiwan listing plan to differ include, but are 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; shareholders' support on the dual listing plan, changes in either Taiwan or US authorities' policies, Taiwan Stock Exchange and Taiwan authority's acceptance of the Company's Taiwan listing application, changes in capital market conditions in either Taiwan or the US, capital market acceptance of our share offering, the capability to maintain the full two-way fungibles between the Company's ordinary shares and ADSs 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, 2010 filed with SEC on dated May 20, 2011, as amended.

Except for the Company's full year of 2010 financials which were provided on the Company's 20-F, filed with the SEC on May 20, 2011, the financial information included in this conference call is unaudited and consolidated, and prepared in accordance with US GAAP. Such financial information is generated internally and has not been subjected to the same review and scrutiny, including internal auditing procedures and audit by independent auditors, to which we subject our annual consolidated financial statements, and may vary materially from the audited consolidated financial information for the same period. Any evaluation of the financial information included in this conference call should also take into account our published audited consolidated financial statements and the notes to those statements. In addition, the financial information included in this conference call is not necessarily indicative of our results for any future period.

The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

At this time, I would now like to turn the call over to Mr. Jordan Wu. Please go ahead, sir.

Mr. Jordan Wu

Thank you Joseph and thank you everyone for joining us on today's call.

I will start with discussing our third quarter performance and provide outlook for the fourth quarter of 2011. Jessica will then provide further details on financials.

We reiterated our third quarter guidance on October 19, 2011. Our third quarter revenue, gross margin and earnings per ADS all met or exceeded our previous guidance.

Our third quarter revenues came in at $162.1 million, representing a 17.2% growth from $138.3 million in the third quarter of 2010 and a 1.0% growth from $160.6 million in the second quarter of 2011.

Revenues from large panel display drivers were $62.0 million, down 14.4% from a year ago and down 18.9% sequentially. Large panel drivers accounted for 38.3% of our total revenues for the third quarter compared to 52.4% a year ago and 47.6% in the previous quarter.

We are happy to report that sales for small and medium-sized applications was another record high for us in the third quarter 2011. Revenues from small and medium-sized applications were $79.7 million, up 47.2% from the same period last year and up 28.1% sequentially. Small and medium-sized applications sales for cell phone applications more than doubled in the third quarter on a year over year basis and were up 61.4% sequentially, mostly due to strong demand of smpartphones. Small and medium-sized applications accounted for 49.2% of total revenues for the third quarter, as compared to 39.2% for the same period last year, and 38.7% in the previous quarter. We are extremely excited about the strong and steady growth in this sector which more than offset the sales loss in the large panel display drivers. I will elaborate more on this later in the call.

Revenues from our non-driver businesses were $20.4 million, up 75.0% from the same period last year and down 7.0% sequentially. Non-driver products accounted for 12.5% of our total revenues in the third quarter, as compared to 8.4% a year ago and 13.7% in the previous quarter.

Our gross margin for the third quarter was 18.5%, as compared to 22.9% a year earlier, and 18.6% in the previous quarter.

As an annual practice, we grant RSUs, or Restricted Share Units, at the end of September each year which lead to higher third quarter GAAP operating expenses compared to the other quarters of the year. The total value of our 2011 RSUs is approximately $3 million. Jessica will add more details on this later.

Net income attributable to shareholders for the third quarter was $0.6 million, or 0.4 cents per diluted ADS, compared to $0.4 million, or 0.3 cents per diluted ADS, a year ago, and $3.6 million, or 2 cents per diluted ADS, in the prior quarter.

Non GAAP net income attributable to shareholders for the third quarter was $4.8 million, or $0.03 per diluted ADS, compared to $7 million, or $0.04 per diluted ADS during the same period last year, and $5 million or $0.03 per diluted ADS in the prior quarter.

Now, I will elaborate further on the third quarter performance and fourth quarter outlook for a number of product lines.

As we discussed briefly earlier, our third quarter highlight is the strong growth of display drivers for small and medium-sized applications while the overall market demand in large-sized applications remained relatively weak amidst uncertainties in the global markets.

Thanks to the fast-growing smartphone sector, our small and medium-sized driver reached another record high in terms of units shipped, absolute value and percentage of total revenue. This is a direct result of our leading technology in smartphone drivers. This also demonstrates our successful implementation in regards to product diversification as well as market and customer base expansion. The handset segment has become our single largest revenue contributor, replacing what were traditionally contributions from TV display drivers. In fact, revenues from the handset segment alone are now comparable to those from all large panel applications combined, including TV, monitor and laptops.

We are currently in a strong position in the smart phone sector with leading technologies and competitive products. We carry a wide range of smart phone products including hVGA, WVGA, nHD, qHD resolution drivers for mainstream smart phones as well as the HD720 high resolution drivers of which we are one of the industry leaders in shipping to first-tier smart phone brand customers. We are also working with our panel partners in Taiwan, Japan, Korea and China to supply drivers for numerous smart phone brand customers. The growth momentum is expected to continue into the fourth quarter and beyond with strong demand from both Chinese and international brand customers.

Our non-driver products as a whole declined slightly in the third quarter vs. second quarter primarily due to the weaker demand in large panel and laptop markets. However, it still grew 75.0% year over year with many products experiencing double digit growth. Notwithstanding the short term setback, we still expect strong growth momentum for our non-driver products next year and beyond.

CMOS image sensor sales, which accounts for a significant portion of our non-driver sales, declined slightly in the third quarter. Laptops have been the largest revenue contributor to our CMOS image sensor products over the past quarters. However, the laptop market is facing headwinds with overbuilt inventory as well as competition from tablets which reduced customers' orders for CMOS image sensors in the short term. In the longer term, we expect the market to stabilize and we plan to release our high-resolution sensors for handsets next year to diversify our product portfolio and capture the tremendous growth potential in this market.

Our touch panel controller is expected to be the next bright spot for our non-driver products. In the third quarter we successfully mass-produced and shipped our multi-touch capacitive touch controllers to a worldwide smart phone brand leader. We expect this demand to grow further in the fourth quarter and beyond. With our product quality and proven first-tier customer shipping track record, we are confident that we will continue to gain more new customers in the future.

LCOS in the third quarter maintained steady shipping rates. We remain committed to the long term development of LCOS microdisplay and its applications. In addition to pico projector, which accounts for the bulk of our LCOS shipments, we are working with customers on the development of brand new applications using our LCOS panels, some of which we have received tooling fees for the development of tailor-made products.

In the third quarter, with double digit sales growth to many of our top ten customers, revenue from related parties reduced to 39.3% of total sales, compared to 48.6% a year ago and 42.4% in the previous quarter. We believe a more diversified customer base would reduce our dependence on one single customer and help minimize our business risk.

Moving into the fourth quarter 2011, we are pleased to see our continuous efforts on product mix improvement and cost controls over the past few quarters come to fruition. We expect to see better gross margin and bottom line during the fourth quarter. Looking forward, gross margin improvement will continue to be one of our key focuses.

As we mentioned earlier, we expect strong demand for small and medium panel drivers in the fourth quarter. Although the visibility for large-sized panel demand is still limited at the moment, we are seeing a relatively low level of inventory on the customers' side. We are well prepared for possible rush orders coming from a sudden inventory replenishment needs. This is not factored into the fourth quarter guidance we are going to provide.

In the fourth quarter, we expect our revenue to remain flat to slightly up with gross margin improving to over 20%. We also expect our profit to improve as a result of better product mix and continuous cost controls. GAAP earnings attributable to shareholders per ADS is expected to be in the range of $0.02 to $0.04.

Now let me turn over to Jessica Pan, our Acting CFO, for further details on our financials.

Mrs. Jessica Pan

Thank you, Jordan. I will now provide additional details for our third quarter financial results.

For the third quarter 2011, our GAAP operating expenses were $30.5 million, down 5.7% from $32.4 million a year ago and up 15.2% from $26.5 million in the previous quarter. As Jordan pointed out, the significant sequential increase was primarily due to the expenses resulting from the 2011 RSU grant. Without shares-based compensation, our operating expenses were $26.1 million in the third quarter as compared to $25.1 million for the same quarter 2010 and $25.3 million in the previous quarter.

The total value of our 2011 RSUs is approximately $3 million, out of which approximately 97% were immediately vested and expensed in the third quarter and paid in cash. The remainder will be paid in three equal installments of stocks at the first, second, and third anniversaries after the grant. The maximum share dilution in the next three years resulting from the 2011 RSU grant is about 0.04% of our total shares outstanding.

The higher GAAP operating expenses led to a GAAP operating loss of $0.5 million in the third quarter, compared to an operating loss of $0.7 million in the same period last year and an operating income of $3.4 million in the previous quarter.

Excluding share-based compensation and acquisition-related charges, our non-GAAP gross margin for the third quarter was 18.6%, as compared to 23.0% a year ago and 18.6% in the second quarter. Non-GAAP operating income for the third quarter was $4.5 million, down from $7.3 million in the same period last year and down from $5.1 million in the previous quarter.

Share-based compensation and acquisition-related charges for the third quarter were $3.7 million and $0.4 million, respectively, as compared to $6.3 million and $0.3 million a year earlier, and $1.0 million and $0.4 million in the second quarter.

Non-GAAP net income in the third quarter was $4.8 million or $0.03 per diluted ADS, down from $7.0 million or $0.04 per diluted ADS for the same period last year, and up from $5.0 million or $0.03 per diluted ADS in the previous quarter.

Our cash, cash equivalents and marketable securities available for sale were $90.8 million at the end of September, up from $82.6 million during the same period last year and down from $104.1 million a quarter ago. Restricted cash was $84.7 million at the end of September up from $44 million during the same period last year and up from $57.5 million at the end of the last quarter.

To give an update on the $25 million share buyback program, share repurchases by the end of October totaled $2.8 million or approximately 2.1 million ADSs. Their underlying ordinary shares will be cancelled as required. At the end of the October 2011, we had roughly $22.2 million remaining in the current authorized share repurchase plan. The share buyback program will continue to help improve the company's earnings per share.

Inventories at the end of September were $104.7 million, compared to $111.7 million during the same period last year and $124.4 million a quarter ago. We expect to see substantial improvement on inventory level toward end of the year.

Net cash inflow from operating activities for the third quarter was $17.4 million as compared to a cash outflow of $3.5 million in the previous quarter. Cumulative cash inflow in 2011 was $26.2 million versus $27.8 million during the same period last year.

In addition, I would like to talk about potential goodwill impairment, a non-cash charge, which is subject to the final result of our pending goodwill impairment test. As of September 2011, we had $26.8 million of goodwill on our book, as a result of our acquisition of Wisepal in early 2007. According to Statement of Financial Accounting Standards No. 142, goodwill needs to be tested annually. Accordingly, we are performing a goodwill impairment analysis which is expected to be completed by April next year.

The fourth quarter 2011 guidance that Jordan provided earlier is based on 176.4 million outstanding ADS.

Operator, that concludes our prepared remarks. We can now take questions.

Jordan's closing remarks

Thank you everyone for taking the time to join today's call. We look forward to talking with you again at our upcoming earnings call in early February next year. Thank you.