



## HIMAX REPORTS THIRD QUARTER 2008 FINANCIAL RESULTS

### Third Quarter 2008 Highlights:

- Small- and medium-sized display drivers achieved record highs in both revenue and percentage of total revenues
- Became Taiwan's largest display driver vendor for small-and medium-sized TFT-LCD applications
- Non-driver business achieved record highs in revenue and percentage of total revenues

**Tainan, Taiwan, November 4, 2008** - Himax Technologies, Inc. ("Himax" or "Company") (NASDAQ: HIMX) today reported financial results for the third quarter ended September 30, 2008.

For the third quarter 2008, Himax reported net revenues of \$230.1 million, representing a 5.5% decrease over \$243.3 million for the third quarter of 2007 and a 6.8% decrease over the \$246.9 million for the second quarter of 2008.

Gross margin was 24.5% in the third quarter of 2008, up 2 percentage points year-over-year and down 1 percentage point sequentially.

Operating income was \$15.0 million, down 24.7% from \$19.9 million in the same period last year, and down 57.0% from \$34.8 million in the previous quarter.

Net income for the third quarter of 2008 was \$17.7 million or \$0.09 per diluted share, down from \$21.8 million or \$0.11 per diluted share in the third quarter of 2007, and down from \$37.7 million or \$0.20 per diluted share in the second quarter of 2008.

Excluding share-based compensation and acquisition-related charges, non-GAAP operating income was \$30.6 million, down from \$36.2 million in the same period last year, and down from \$37.8 million in the previous quarter.

Non-GAAP net income was \$32.5 million or \$0.17 per diluted share, down from \$37.4 million or \$0.19 per diluted share in the third quarter of 2007, and down from \$39.8 million from \$0.21 per diluted share in the second quarter of 2008.

Reconciliation of gross margin, operating margin, net income and diluted EPS excluding share-based compensation and acquisition-related charges, a non-GAAP financial measure, to GAAP gross margin, GAAP operating margin, GAAP net income and diluted GAAP EPS, most comparable GAAP figure, is set out in the attached reconciliation schedule.

Jordan Wu, President and Chief Executive Officer of Himax, commented, "The third quarter of 2008 was a remarkable quarter for our small- and medium-sized display drivers and non-driver businesses. Both achieved record highs in revenues and percentage of total revenues. Our small- and medium-sized drivers accounted for 21.0% of total revenues this quarter, compared to 12.4% last quarter. During the third quarter there was strong demand for our handset display drivers from both the Chinese market and the worldwide brands. Many of the recently launched, well-known, high-end cell phones have Himax display drivers inside. On top of that, during the third quarter we became Taiwan's largest display driver vendor for small-and medium-sized TFT-LCD applications."

Mr. Wu continued, "We've also made great progress in non-driver products. Our non-driver products accounted for 6.6% of total revenues this quarter, compared with 5.4% last quarter. Backed by our strong balance sheet, we remain fully committed to our long-term goal of being the world's leading semiconductor solution provider in the flat panel display industry. We became a world leader in display driver market which is a major step toward achieving our goal. TV and monitor chipsets and LCOS pico projector product lines will continue to be essential areas for us to broaden our product portfolio. Following years of R&D, we have not only commenced commercial production in both areas, we believe our product offerings are competitive and we are well-positioned in those markets. We anticipate that both product lines will bring increasingly positive contributions to our top and bottom lines next year."

Looking forward, Mr. Wu added, "We anticipate another challenging quarter resulting from the tightening credit and consumer weakness in the global economy. All of our customers have announced plans to further reduce capacity utilization in the fourth quarter which has negatively impacted our near-term revenue and profit outlook. We expect fourth quarter revenues to decline by 23-28% sequentially, gross margin to decline by 2-3 percentage points and GAAP EPS to be in the range of \$0.06-0.08. Given the limited visibility we are facing, our actual fourth quarter results could depart from what we state today, with both upside and downside risks."

### **Investor Conference Call / Webcast Details**

The Company's management will review detailed third quarter 2008 results on Monday, November 3, 2008 at 6:00 PM EST (7:00 AM, Tuesday, November 4, Taiwan time). The conference dial-in numbers are +1-201-689-8560 (international) and +1-877-407-0784 (U.S. domestic). A live webcast of the conference call will be available on the Company's website at [www.himax.com.tw](http://www.himax.com.tw). The playback will be available beginning two hours after the conclusion of the conference call and will be accessible by dialing +1-201-612-7415 (international) and 1-877-660-6853 (U.S. domestic). The account number to access the replay is 3055 and the confirmation ID number is 299513.

### **About Himax Technologies, Inc.**

Himax Technologies, Inc. designs, develops, and markets semiconductors that are critical components of flat panel displays. The Company's principal products are display drivers for large-sized TFT-LCD panels, which are used in desktop monitors, notebook computers and televisions, and display drivers for small- and medium-sized TFT-LCD panels, which are used in mobile handsets and consumer electronics products such as digital cameras, mobile gaming devices and car navigation displays. In addition, the Company is expanding its product offering to include LCD TV chipset solution, power management ICs and LCOS microdisplays. Based in Tainan, Taiwan, the Company has regional offices in Hsinchu and Taipei, Taiwan; Ninbo, Foshan, Suzhou and Shenzhen, China; Yokohama, Japan; Anyangsi Kyungkido, and Matsusaka, South Korea; and Irvine California, USA.

### **Contacts:**

Max Chan Chief Financial Officer Himax Technologies, Inc. +886-2-2370-3999 Ext. 22300 max_chan@himax.com.tw	Jessie Wang Investor Relations Himax Technologies, Inc. +886-2-2370-3999 Ext. 22618 jessie_wang@himax.com.tw	<u>In the U.S.</u> Joseph Villalta The Ruth Group +1-646-536-7003 jvillalta@theruthgroup.com
---	--	--

### **Forward-Looking Statements:**

Certain statements in this press release, including statements regarding expected future financial results and industry growth, 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 press release. Factors that could cause actual results to differ include, but not limited to, general business and economic conditions and the state of the semiconductor industry; level of competition; demand for end-use applications products; reliance on a small group of principal customers; continued success in technological innovations; development of alternative flat panel display technologies; ability to develop and protect our intellectual property; pricing pressures including declines in average selling prices; changes in customer order patterns; shortages in supply of key components; changes in environmental laws and regulations; exchange rate fluctuations; regulatory approvals for further investments in our subsidiaries; 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, 2007 filed with SEC on June 20, 2008, as amended. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

**– Tables Attached –**

**Himax Technologies, Inc.**  
**Unaudited Condensed Consolidated Statements of Income**  
(These interim financials do not fully comply with US GAAP because they omit all interim disclosure required by US GAAP)  
(Amounts in Thousands of U.S. Dollars, Except Per Share Data)

	<b>Three Months Ended September 30,</b>		<b>Three Months Ended June 30,</b>
	<b>2008</b>	<b>2007</b>	<b>2008</b>
<b>Revenues</b>			
Revenues from third parties, net	\$95,468	\$91,960	\$92,430
Revenues from related parties, net	134,598	151,377	154,437
	<u><b>230,066</b></u>	<u><b>243,337</b></u>	<u><b>246,867</b></u>
<b>Costs and expenses:</b>			
Cost of revenues	173,761	188,626	183,797
Research and development	30,551	26,171	20,532
General and administrative	6,427	4,891	5,105
Sales and marketing	4,341	3,758	2,622
<b>Total costs and expenses</b>	<u><b>215,080</b></u>	<u><b>223,446</b></u>	<u><b>212,056</b></u>
<b>Operating income</b>	<u><b>14,986</b></u>	<u><b>19,891</b></u>	<u><b>34,811</b></u>
<b>Non operating income (loss):</b>			
Interest income	714	1,429	924
Foreign exchange losses, net	(1,089)	(29)	(522)
Other income, net	342	166	762
	<u>(33)</u>	<u>1,566</u>	<u>1,164</u>
<b>Earnings before income taxes and minority interest</b>	14,953	21,457	35,975
Income tax benefit	(1,697)	---	(702)
<b>Income before minority interest</b>	16,650	21,457	36,677
Minority interest, net of tax	1,036	316	1,037
<b>Net income</b>	<u><b>\$17,686</b></u>	<u><b>\$21,773</b></u>	<u><b>\$37,714</b></u>
<b>Basic earnings per ordinary share and ADS</b>	<u><b>\$0.09</b></u>	<u><b>\$0.11</b></u>	<u><b>\$0.20</b></u>
<b>Diluted earnings per ordinary share and ADS</b>	<u><b>\$0.09</b></u>	<u><b>\$0.11</b></u>	<u><b>\$0.20</b></u>
<b>Basic Weighted Average Outstanding Shares</b>	<b>191,306</b>	<b>197,690</b>	<b>191,301</b>
<b>Diluted Weighted Average Outstanding Shares</b>	<b>191,629</b>	<b>197,733</b>	<b>192,552</b>

**Himax Technologies, Inc.**  
**Unaudited Supplemental Financial Information**  
**(Amounts in Thousands of U.S. Dollars)**

<b>The amount of share-based compensation included in applicable statements of income categories is summarized as follows:</b>	<b>Three Months Ended September 30,</b>		<b>Three Months Ended June 30,</b>
	<b>2008</b>	<b>2007</b>	<b>2008</b>
Share-based compensation			
Cost of revenues	\$365	\$355	\$28
Research and development	10,558	11,795	1,935
General and administrative	2,141	1,718	232
Sales and marketing	1,998	1,842	244
Income tax benefit	(634)	(622)	---
Total	<b>\$14,428</b>	<b>\$15,088</b>	<b>\$2,439</b>

**The amount of acquisition-related charges included  
in applicable statements of income categories is  
summarized as follows:**

Research and development	\$239	\$250	\$239
Sales and marketing	290	304	289
Income tax benefit	(162)	---	(920)
Total	<b>\$367</b>	<b>\$554</b>	<b>\$(392)</b>

**Himax Technologies, Inc.**  
**Unaudited Condensed Consolidated Statements of Income**  
(Amounts in Thousands of U.S. Dollars, Except Per Share Data)

	<b>Nine Months Ended</b>	
	<b>September 30,</b>	
	<b>2008</b>	<b>2007</b>
<b>Revenues</b>		
Revenues from third parties, net	<b>\$265,359</b>	<b>\$270,072</b>
Revenues from related parties, net	<b>443,162</b>	<b>381,039</b>
	<b>708,521</b>	<b>651,111</b>
<b>Costs and expenses:</b>		
Cost of revenues	530,507	514,908
Research and development	71,629	56,299
General and administrative	15,402	11,113
Sales and marketing	9,521	7,254
<b>Total costs and expenses</b>	<b>627,059</b>	<b>589,574</b>
<b>Operating income</b>	<b>81,462</b>	<b>61,537</b>
<b>Non operating income (loss):</b>		
Interest income	2,415	4,325
Foreign exchange losses, net	(241)	(483)
Other income, net	1,196	367
	<b>3,370</b>	<b>4,209</b>
<b>Earnings before income taxes and minority interest</b>	<b>84,832</b>	<b>65,746</b>
Income tax benefit	(1,697)	---
<b>Income before minority interest</b>	<b>86,529</b>	<b>65,746</b>
Minority interest, net of tax	<b>3,008</b>	<b>888</b>
<b>Net income</b>	<b>\$89,537</b>	<b>\$66,634</b>
<b>Basic earnings per ordinary share and ADS</b>	<b>\$0.47</b>	<b>\$0.34</b>
<b>Diluted earnings per ordinary share and ADS</b>	<b>\$0.47</b>	<b>\$0.34</b>
<b>Basic Weighted Average Outstanding Shares</b>	<b>191,383</b>	<b>197,671</b>
<b>Diluted Weighted Average Outstanding Shares</b>	<b>191,869</b>	<b>197,834</b>

**Himax Technologies, Inc.**  
**Unaudited Supplemental Financial Information**  
**(Amounts in Thousands of U.S. Dollars)**

**The amount of share-based compensation included in applicable statements of income categories is summarized as follows:**

	<b>Nine Months Ended September 30,</b>	
	<b>2008</b>	<b>2007</b>
Share-based compensation		
Cost of revenues	\$421	\$405
Research and development	14,365	14,183
General and administrative	2,606	2,020
Sales and marketing	2,483	2,154
Income tax benefit	(634)	(622)
Total	\$19,241	\$18,140

**The amount of acquisition-related charges included in applicable statements of income categories is summarized as follows:**

Research and development	\$718	\$2,273
Sales and marketing	868	810
Income tax benefit	(1,082)	---
Total	\$504	\$3,083

**Himax Technologies, Inc.**  
**Unaudited Condensed Consolidated Balance Sheets**  
(Amounts in Thousands of U.S. Dollars, Except Per Share Data)

	September 30, 2008	June 30, 2008	December 31, 2007
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$123,139	\$90,404	\$94,780
Marketable securities available-for-sale	8,973	10,638	15,208
Restricted marketable securities	2,113	2,066	97
Accounts receivable, less allowance for doubtful accounts, sales returns and discounts	105,403	105,690	88,682
Accounts receivable from related parties, less allowance for doubtful accounts, sales returns and discounts	145,612	173,539	194,902
Inventories	115,411	131,377	116,550
Deferred income taxes	12,776	13,546	12,684
Prepaid expenses and other current assets	13,814	9,828	15,369
<b>Total current assets</b>	<b>\$527,241</b>	<b>\$537,088</b>	<b>\$538,272</b>
<b>Property, plant and equipment, net</b>	<b>47,808</b>	<b>47,368</b>	<b>46,180</b>
<b>Deferred income taxes</b>	<b>20,893</b>	<b>22,153</b>	<b>20,714</b>
<b>Goodwill</b>	<b>26,878</b>	<b>26,878</b>	<b>26,878</b>
<b>Intangible assets, net</b>	<b>11,114</b>	<b>11,650</b>	<b>12,721</b>
<b>Investments in non-marketable securities</b>	<b>11,619</b>	<b>11,619</b>	<b>7,138</b>
<b>Refundable deposits and prepaid pension costs</b>	<b>876</b>	<b>938</b>	<b>859</b>
	<u>119,188</u>	<u>120,606</u>	<u>114,490</u>
<b>Total assets</b>	<b><u>\$646,429</u></b>	<b><u>\$657,694</u></b>	<b><u>\$652,762</u></b>
<b>Liabilities, Minority Interest and Stockholders' Equity</b>			
<b>Current liabilities:</b>			
Accounts payable	\$120,846	\$152,754	\$147,221
Income tax payable	12,511	14,945	19,147
Other accrued expenses and other current liabilities	25,073	19,799	19,231
<b>Total current liabilities</b>	<b>\$158,430</b>	<b>\$187,498</b>	<b>\$185,599</b>
<b>Accrued pension liabilities</b>	<b>\$220</b>	<b>\$234</b>	<b>\$218</b>
<b>Deferred income taxes</b>	<b>\$3,488</b>	<b>\$3,627</b>	<b>\$4,547</b>
<b>Total liabilities</b>	<b><u>\$162,138</u></b>	<b><u>\$191,359</u></b>	<b><u>\$190,364</u></b>
<b>Minority interest</b>	<b><u>\$6,287</u></b>	<b><u>\$7,185</u></b>	<b><u>\$11,089</u></b>
<b>Stockholders' equity:</b>			
Ordinary shares, US\$0.0001 par value, 500,000,000 shares authorized; 192,488,685, 190,910,649, and 191,979,691 shares issued and outstanding at September 30, 2008, June 30, 2008, and December 31, 2007, respectively	19	19	19
Additional paid-in capital	240,006	237,788	235,894
Accumulated other comprehensive income(loss)	(144)	906	(7)
Unappropriated retained earnings	238,123	220,437	215,403
<b>Total stockholders' equity</b>	<b><u>\$478,004</u></b>	<b><u>\$459,150</u></b>	<b><u>\$451,309</u></b>
<b>Total liabilities, minority interest and stockholders' equity</b>	<b><u>\$646,429</u></b>	<b><u>\$657,694</u></b>	<b><u>\$652,762</u></b>

**Himax Technologies, Inc.**  
**Unaudited Condensed Consolidated Statements of Cash Flows**  
**(Amounts in Thousands of U.S. Dollars)**

	Three Months Ended September 30, 2008	2007	Three Months Ended June 30, 2008
<b>Cash flows from operating activities:</b>			
Net income	\$17,686	\$21,773	\$37,714
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	3,102	2,755	3,067
Share-based compensation expenses	2,347	1,284	2,439
Minority interest, net of tax	(1,036)	(316)	(1,037)
Loss (gain) on disposal of property, plant and equipment	12	(16)	78
Gain on sale of subsidiary shares and investments in non-marketable securities, net	(217)	(112)	(91)
Gain on sale of marketable securities, net	(82)	(31)	(648)
Deferred income taxes	1,834	---	(989)
Inventories write downs	3,626	3,565	5,944
Changes in operating assets and liabilities:			
Accounts receivable	240	15,850	(19,879)
Accounts receivable from related parties	27,221	(40,994)	6,327
Inventories	11,875	(4,333)	(14,783)
Prepaid expenses and other current assets	(1,163)	(2,966)	(455)
Accounts payable	(31,236)	(10,949)	17,481
Income tax payable	(2,434)	---	(6,162)
Other accrued expenses and other current liabilities	2,414	(114)	314
<b>Net cash provided by (used in) operating activities</b>	<u>34,189</u>	<u>(14,604)</u>	<u>29,320</u>
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment	(2,825)	(2,500)	(3,038)
Proceeds from sale of property, plant and equipment	---	3	---
Purchase of available-for-sale marketable securities	(18,580)	(12,144)	(6,275)
Sales and maturities of available-for-sale marketable securities	19,944	9,404	11,508
Proceeds from sale of subsidiary shares by Himax Technologies Limited	472	144	182
Purchase of investments in non-marketable securities	---	(750)	---
Purchase of subsidiary shares from minority interest	(88)	(112)	(205)
Decrease (increase) in refundable deposits	24	(15)	(81)
Pledge of restricted marketable securities	(47)	---	(17)
<b>Net cash provided by (used in) investing activities</b>	<u>(1,100)</u>	<u>(5,970)</u>	<u>2,074</u>

**Himax Technologies, Inc.**  
**Unaudited Condensed Consolidated Statements of Cash Flows**  
(Amounts in Thousands of U.S. Dollars)

	<b>Three Months Ended September 30, 2008</b>	<b>Three Months Ended September 30, 2007</b>	<b>Three Months Ended June 30, 2008</b>
<b>Cash flows from financing activities:</b>			
Distribution of cash dividends	\$---	\$---	\$(66,817)
Proceeds from issuance of new shares by subsidiaries	---	2,290	---
Payments to acquire of ordinary shares for retirement	(90)	---	(7)
<b>Net cash provided by (used in) financing activities</b>	<b>(90)</b>	<b>2,290</b>	<b>(66,824)</b>
Effect of exchange rate changes on cash and cash equivalents	(264)	22	(1)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>32,735</b>	<b>(18,262)</b>	<b>(35,431)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>90,404</b>	<b>137,508</b>	<b>125,835</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$123,139</b>	<b>\$119,246</b>	<b>\$90,404</b>
<b>Supplemental disclosures of cash flow information:</b>			
Cash paid during the period for income taxes	<b>\$96</b>	<b>\$24</b>	<b>\$6,531</b>

**Himax Technologies, Inc.**  
**Unaudited Supplemental Data – Reconciliation Schedule**  
**(Amounts in Thousands of U.S. Dollars)**

**Gross Margin and Operating Margin Excluding Share-based Compensation and Acquisition-Related Charges:**

	<b>Three Months Ended September 30,</b>		<b>Three Months Ended June 30,</b>
	<b>2008</b>	<b>2007</b>	<b>2008</b>
Revenues	\$230,066	\$243,337	\$246,867
Gross profit	56,305	54,711	63,070
Add: Share-based compensation – Cost of revenues	365	355	28
Gross profit excluding share-based compensation	56,670	55,066	63,098
Gross margin excluding share-based compensation	24.6%	22.6%	25.6%
Operating income	14,986	19,891	34,811
Add: Share-based compensation	15,062	15,710	2,439
Operating income excluding share-based compensation	30,048	35,601	37,250
Add: Acquisition-related charges –Intangible assets amortization	529	554	528
Operating income excluding share-based compensation and acquisition-related charges	30,577	36,155	37,778
Operating margin excluding share-based compensation and acquisition-related charges	13.3%	14.9%	15.3%
Net income	17,686	21,773	37,714
Add: Share-based compensation, net of tax	14,428	15,088	2,439
Add: Acquisition-related charges, net of tax	367	554	(392)
Net income excluding share-based compensation and acquisition-related charges	32,481	37,415	39,761
Net margin excluding share-based compensation and acquisition-related charges	14.1%	15.4%	16.1%

\*Gross margin excluding share-based compensation equals gross profit excluding share-based compensation divided by revenues

\*Operating margin excluding share-based compensation and acquisition-related charges equals operating income excluding share-based compensation and acquisition-related charges divided by revenues

\*Net margin excluding share-based compensation and acquisition-related charges equals net income excluding share-based compensation and acquisition-related charges divided by revenues

**Himax Technologies, Inc.**  
**Unaudited Supplemental Data – Reconciliation Schedule**  
**(Amounts in Thousands of U.S. Dollars)**

**Gross Margin and Operating Margin Excluding Share-based Compensation and Acquisition-Related Charges:**

	<b>Nine Months Ended September 30,</b>	
	<b>2008</b>	<b>2007</b>
Revenues	\$708,521	\$651,111
Gross profit	178,014	136,203
Add: Share-based compensation – Cost of revenues	421	405
Gross profit excluding share-based compensation	178,435	136,608
Gross margin excluding share-based compensation	25.2%	21.0%
Operating income	81,462	61,537
Add: Share-based compensation	19,875	18,762
Operating income excluding share-based compensation	101,337	80,299
Add: Acquisition-related charges –Intangible assets amortization	1,586	1,483
– In-process R&D write off	---	1,600
Operating income excluding share-based compensation and acquisition-related charges	102,923	83,382
Operating margin excluding share-based compensation and acquisition-related charges	14.5%	12.8%
Net income	89,537	66,634
Add: Share-based compensation, net of tax	19,241	18,140
Add: Acquisition-related charges, net of tax	504	3,083
Net income excluding share-based compensation and acquisition-related charges	109,282	87,857
Net margin excluding share-based compensation and acquisition-related charges	15.4%	13.5%

\*Gross margin excluding share-based compensation equals gross profit excluding share-based compensation divided by revenues

\*Operating margin excluding share-based compensation and acquisition-related charges equals operating income excluding share-based compensation and acquisition-related charges divided by revenues

\*Net margin excluding share-based compensation and acquisition-related charges equals net income excluding share-based compensation and acquisition-related charges divided by revenues

**Diluted Earnings Per Share Excluding Share-based Compensation and Acquisition-Related Charges:**

	<b>Three Months Ended September 30, 2008</b>	<b>Nine Months Ended September 30, 2008</b>
Diluted GAAP EPS	\$0.09	\$0.47
Add: Share-based compensation per diluted share	\$0.08	\$0.10
Add: Acquisition-related charges per diluted share	\$---	\$---
Diluted non GAAP EPS excluding share-based compensation and acquisition-related charges	\$0.17	\$0.57

Numbers do not add up due to rounding