Himax Technologies, Inc. Q4 and FY 2015

Unaudited Financials and Investor Update Call

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Moderator/Speaker Dial-In Numbers (for John Mattio, Jordan Wu, Jackie Chang and Nadiya Chen): Leader Dial in 1 720 634 2980 Leader Dial in - Toll Free 1 855 8425904 Leader Passcode: 25019205 **Direct URL to Live Call Console** http://www.leaderview.com/leaderview/la.jsp Username 25019205	**Replay Dial-In Numbers:** TOLL-FREE: 1-855-859-2056 TOLL/INTERNATIONAL: 1-404-537-3406 From: 2/4/16 Eastern Standard Time To: 2/11/16 at 11:59 p.m. Eastern Standard Time Replay Pin Number: 25019205

Operator: Opening and standard introduction.

John Mattio: Thank you, operator. Welcome everyone to Himax's fourth quarter 2015 earnings call. Joining us from the company are Mr. Jordan Wu, President and Chief Executive Officer, and Ms. Jackie Chang, Chief Financial Officer. After the company's prepared comments, we have allocated time for questions in a Q&A session. If you have not yet received a copy of today's results release, please call

Lamnia International 1-203-885-1058, or access the press release on financial portals, or 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 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 conference call. Factors that could cause actual results include, but are not limited to, general business and economic conditions, the state of the semiconductor industry; market acceptance and competitiveness of the driver and non-driver products developed by Himax; demand for end-use application products; the uncertainty of continued success in technological innovations; as well as other operational and market challenges 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, 2014 filed with SEC as amended.

Except for the Company's full year of 2014 financials which were provided in the Company's 20-F, filed with the SEC on April 15, the financial information included in this conference call is unaudited and consolidated, and prepared in accordance with US GAAP accounting. Such financial information is generated internally and has not been subjected to the same review and scrutiny, including internal auditing procedures and external audits by an independent auditor, to which we subject our annual consolidated financial statements, and may vary materially from the audited consolidated financial information for the same 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.

I will now turn the call over to Mr. Wu. Jordan – the floor is yours

Q4 & FY2015 Results

Mr. Jordan Wu: Thank you John and thank you everybody for being with us for our earnings call on which we will detail results from the fourth quarter and full year 2015, and provide our first quarter 2016 guidance and outlook. Our CFO, Jackie Chang, will also detail more specifics on our financial performance after my overview.

We are pleased to begin by saying that our 2015 fourth quarter results beat our guidance as preannounced on Jan. 7th. Our 2015 fourth quarter revenue was $178.0 million, representing 7.5% sequential increase. It is in line with our preannouncement and outperformed the original guidance of flat to 5% up quarter-over-quarter. Gross margin for the quarter was 22.9%, also beating the original guidance of "flat to slightly up" sequentially. Fourth quarter GAAP earnings per diluted ADS came in at 3.6 cents, reaching the high end of our preannounced GAAP EPS range of 3.3 to 3.8 cents and beat our initially guided 1.0 to 3.0 cents.

Our fourth quarter revenue of $178.0 million represented a 7.5% sequential increase from the previous quarter and a 21.7% decrease from the same period last year. Overall, sales came in better than guided across all three product lines during the quarter. Notably, we saw increased market share of our large panel driver ICs, new addition of a major smartphone customer for small and medium-sized driver ICs, and shipments of AR/VR related products.

Revenue from our large panel display drivers was $62.1 million, up 22.9% sequentially, and down 5.2% from a year ago. Large panel driver ICs accounted for 34.9% of our total revenues for the fourth quarter, compared to 30.5% in the last quarter and 28.8% a year ago. NB demand remained weak, yet our driver IC business for TVs and monitors grew more than 20% sequentially while, according to the market research firm IHS, worldwide TV and monitor panel shipments decreased 2% during the same period. This bright spot, as we have repeatedly emphasized, came from our long-standing leading market share in China's fast-expandinging panel manufacturing base. If we look only at China, our driver IC revenue grew close to 40% sequentially for each of NB, monitor and TV applications in the fourth quarter of 2015. Overall, large panel driver IC for Chinese panel customers grew 16.9% year-over-year. Our leading market share, coupled with rapid capacity ramping of Chinese panel customers and more in-sourcing from their local set maker customers, have led to this favorable result. It is especially worth highlighting that our engineering collaboration and design-in activities with Chinese panel customers remain robust despite the soft market sentiment.

Revenue for small and medium-sized drivers came in at $81.9 million, down 2.9% sequentially and down 28.7% from the same period last year. Driver ICs for small and medium-sized applications accounted for 46.0% of total sales for the fourth quarter, as compared to 50.9% in the previous quarter and 50.5% a year ago. The main reason behind the weak performance was the loss of business from our primary Korean end customer as they replaced the use of LCD displays, for which we were a major IC vendor, by AMOLED for their smartphone products, thereby creating a gap in our small and medium sized business. While with a much reduced volume, we remained a major IC partner to the said Korean customer for their LCD displays and are working on AMOLED projects with them. I will provide the latest development on this a bit later when giving outlook for the coming quarter. However, business from Chinese smartphone makers grew significantly over the last quarter due to their new model launches and inventory replenishing, as well as the addition of a new top-tier Chinese customer for one of their high-volume models. Compared to the same quarter last year, revenues for Chinese smartphones stayed around flat. For automotive applications, we continued to see solid momentum, growing high teens from the third quarter and around 3% year-over-year. Our revenues for tablet segment grew around 9% sequentially, thanks to strong shipments to certain international brand customers. Yet, the tablet sector registered a year-over-year decline of around 17%, a reflection of the overall weakness of the market.

Revenues from our non-driver businesses were $34.0 million, up 10.5% sequentially and down 27.4% from the same period last year. Non-driver products accounted for 19.1% of total revenues, as compared to 18.6% in the previous quarter and 20.7% a year ago. CMOS image sensor business was the main factor behind the year-over-year decline. As mentioned in our previous earnings call, our CMOS Image sensor business suffered becaucse we didn’t ramp our 8MP and 13MP sensors as planned due to the lack of Phase Detection Auto Focus (PDAF), a new but nowadays-required feature for high end smartphone. We remained one of the market share leaders in notebook sector. The sequential growth of our non-driver segment was mainly contributed by AR/VR related businesses. Our LCOS and WLO revenues started to show growth as we started to make shipments to certain leading customers in September. Development fees from AR/VR project engagements with both current and new customers also worked in our favor. Among the non-driver products, power management ICs also delivered impressive growth sequentially.

Our GAAP gross margin for the fourth quarter was 22.9%, a 110 basis points increase from 21.8% in the previous quarter and down 180 basis points from 24.7% in the same period last year. The gross margin beat our initial guidance mainly due to a more favorable product mix, including more high-end smartphone and tablet driver IC shipments and higher development fee incomes from our LCOS and WLO businesses. Such increased development activities will eventually lead to mass production of these products, which will enhance our gross margin even further in the long run. Gross margin expansion was also a testament to our costs-down measures. Gross margin improvement remains one of our business focuses.

Our GAAP net income for the fourth quarter was $6.1 million, or 3.6 cents per diluted ADS, compared to GAAP net loss of $2.3 million, or 1.4 cents per diluted ADS, in the previous quarter and GAAP net income of $15.6 million, or 9.1 cents per diluted ADS, for the same period last year. GAAP EPS exceeded our 1.0 to 3.0 cents guided range.

In our last earnings call, we estimated $3.1 million of additional income tax charges caused by the NTD depreciation based on the exchange rate of 32.66 on November

12th, the date of the EPS guidance. As it turned out, from November 12th to the year end, the NTD further depreciated to 32.83 against the USD, resulting in an additional $0.5 million, or 0.3 cents per diluted ADS, of income tax charges. If the NTD/USD rate had stayed at 32.66, our EPS would have been 3.9 cents, outperforming our original guidance even more.

The sequential profit increase was a result of higher revenue and gross margin, together with lower operating expenses. The year-over-year profit decline was due to decline in revenue and gross margin but lower operating expenses helped offset some of the bottom line decline.

Jackie Chang, our CFO, will now provide more details on our financial results. After Jackie's presentation, we will further discuss our full year results, 2016 outlook and then first quarter 2016 guidance.

Jackie……

Ms. Jackie Chang: Thank you, Jordan. I will now provide additional details for our fourth quarter financial results.

GAAP operating expenses were $32.1 million in the fourth quarter of 2015, down 16.6% from the previous quarter and down 3.8% from a year ago. The sequential decrease was primarily the result of the difference in RSU charges. In accordance with our protocol, we grant annual RSUs to our staff at the end of September each year, which, given all other items equal, leads to higher third quarter GAAP operating expenses compared to the other quarters of the year. The fourth quarter RSU expense was only $0.3 million while it was $4.5 million in the third quarter. Excluding the RSU expense, operating expenses decreased 6.5% from last quarter and down 3.3% year-over-year. The sequential decrease was the result of streamlining core business R&D activities and other expense control measures.

GAAP operating income for the fourth quarter of 2015 was $8.6 million or 4.8% of sales, up 449.9% sequentially and down 62.0% year-over-year. The sequential profit increase was from higher revenue, enhanced gross margin, and lower operating expenses including less RSU expenses. The year-over-year decline was, on the contrary, a result of lower revenue and gross margin, but offset by lowered operating expenses.

Fourth quarter non-GAAP operating income, which excludes RSU and acquisition-related charges, was $9.1 million, or 5.1% of sales, up 239.6% from the previous quarter and down 60.9% from the same quarter of 2014.

Fourth quarter non-GAAP net income, which excludes share-based compensation and acquisition-related charges, was $6.5 million, or 3.8 cents per diluted ADS, compared to $1.7 million last quarter and $16.1 million the same period last year.

As Jordan mentioned earlier, our fourth quarter EPS reflects the adjustment of an additional $0.5 million, or 0.3 cents per diluted ADS, of expected income taxes. This is a direct result of NT dollar devaluation against the US dollar between November 12, 2015 and year end.

We would like to emphasize that the exchange rate has very little effect on our margins and operating results as we maintain vast majority of our cash, conduct our entire buy and sell activities, and keep our books all in US dollars. The only major impact it has is on our effective income tax. This is because we pay literally all our taxes in Taiwan where tax authorities determine our tax based on our NT dollar dominated ROC GAAP accounting. In general, as NT dollar depreciates against US dollar, we are worse off in our US GAAP effective tax rate and vice versa. We choose to maintain natural hedge in our operational activities as we believe it minimizes the overall exchange rate impact over time.

I will go through 2015 full year financial results and a balance sheet analysis a little later after Jordan's 2015 full year business review.

2015 Full Year Summary

Mr. Jordan Wu: Thank you, Jackie.

2015 was a difficult year with different challenges every quarter. Despite hints of a continued market softness and tougher competition in mobile devices and TV, we were able to exit the year of 2015 with decent sequential growth. We believe such strength will continue into 2016.

During 2015, our increased large panel driver IC market share in China has helped us solidify the foundation of our core business, and has brought in a strong flow of sales and new opportunities as our Chinese customers continue to expand their panel capacities while Chinese TV makers are sourcing more panels locally. Equally important, following quite a few quarters of sales decline in small and medium-sized driver ICs, we finally saw smartphone order rebounds coming from the industry's restocking and new model launches in the last quarter, especially from our leading brand customers. Two of the key achievements of our smartphone driver IC business are the completion of our qualification by a primary Korean customer for our OLED driver IC design and the successful launch of our TDDI (Touch and Display Driver Integration) products in 2015. Both products were actively sought after by mobile device makers, module houses, and panel makers. Last but not least, some of the world's largest and most impactful technology companies have continued to work closely with us on their AR/VR devices using our LCOS, WLO and/or driver IC solutions. Some of them have announced the launch of their products in 2016. We are seeing strong momentum across all our major product lines and feel excited about the growth prospect of 2016, despite the uncertain economic environment.

Now, we will have a quick overview of the 2015 full year financial performance. Our revenues totaled $691.8 million in 2015, representing a 17.7% decrease over 2014.

Revenues from large panel display drivers declined 0.7% year-over-year, representing 32.4% of our total revenues, as compared to 26.9% in 2014. Notably, TV application grew over 20% year-over-year, the highest growth since 2011. Such strength was originated from our focus in China starting 2012 as we bet on China's long term prospect and sought to diversify customer base. We believe that panel capacity expansion in China is a tailwind ride uniquely for us, and our large panel driver IC sales and market share will further improve as we move into 2016 as a result.

Small and medium-sized driver sales declined 24.7% year-over-year, representing 48.6% of our total revenues, as compared to 53.1% in 2014. As I mentioned earlier, our key Korean end-customer's decision to substantially increase the portion of AMOLED panels in their smartphone portfolio was the main reason that caused our smartphone drivers to decline. Our driver sales for small and medium size panles were also hit by the weak smartphone sales in China where smartphone vendors, lacking new government stimulus, turned conservative while trying new sales channels such as e-commerce and direct sales points to replace the previous approach of selling through telecom operators. Worse yet, exports were weakend by the relatively strong RMB over the full year. However, as we indicated earlier, the Chinese smartphone market started to rebound in the fourth quarter. Smartphone aside, our driver IC sales into the tablet market also declined significantly year-over-year while those for automotive applications grew double digit. We would like to reiterate that despite the fast changes in the smartphone makers' competition landscape, we remain the leading supplier of small and medium-sized driver IC for panel makers and module houses across Taiwan, Korea, China and Japan. Now that our smartphone end customers have recaptured the market with refreshed marketing strategies, new model launches and better grasp of internet sales channels, and with our latest addition of a major brand customer, we are well-positioned to grow again in 2016.

Non-driver products declined 22.0% year-over-year, representing 19.0% of our total sales, as compared to 20.0% a year ago. As explained earlier, CMOS image sensors' decline was the main reason behind the poor performance. LCOS, WLO and timing controllers actually grew strongly last year. We launched eDP 1.4 timing controller, targeting high end monitors, NBs and tablets, and have received positive feedbacks and strong customer adoption as we were the first to launch such timing controller capable of supporting resolutions of up to 4K for medium-sized panels.

We indicated before that our LCOS and WLO business hit inflection in September 2015 with pilot production shipment made to a major customer. The increasing shipments of our LCOS and WLO products to some industry heavyweights in the fourth quarter 2015 and the additional design engagements with current and new customers are evidence that Himax is uniquely positioned as the provider of choice for microdisplay and related optics to enable AR applications. Separately, we have officially broken into the VR space with major design-wins taking place toward the end of 2015. Our expertise in customized display solutions in OLED driver IC, timing controller, and power management ICs have led to ASIC developments that will go into the next generation panels of several VR devices. With multiple AR/VR players announcing their product launches in 2016, we stand to benefit from these new businesses. I will elaborate more when providing first quarter outlook.

On top of these products, our touch panel controller sales remained flat year-over-year in 2015. The introduction and mass shipment of our on-cell and pure in-cell products have led to fast customer additions in our touch business in 2015. We continue to believe that TDDI will start to take off starting 2H16.

Gross margin in 2015 was 23.6%, a 90 basis-point decline from 24.5% in 2014. The margin decline was mainly the result of pricing pressures passed on to driver IC vendors from cost sensitive panel makers. Pressure on our gross margin was partially offset by higher development incomes from our LCOS and WLO products and higher sales of driver ICs for high end smartphones in the fourth quarter.

Our GAAP net income for the year was $25.2 million, or 14.6 cents per diluted ADS, down from $66.6 million, or 38.7 cents per diluted ADS, for the same period last year. The exchange rate impact on income tax was $3.6 million for 2015 as NTD depreciated to 32.83 against USD at end of 2015 from 31.65 at the beginning of the year.

In July 2015, we paid an annual dividend of 30 cents per ADS, equal to 77.5% of 2014 GAAP earnings per diluted ADS. We remain committed to paying annual dividends, the amount of which is based primarily on our prior year's profitability. The high payout ratio in 2015 is an illustration of our confidence in our future profitability.

I will now ask Jackie to go through some details of our full year financial results.

Ms. Jackie Chang: Thanks again, Jordan. For 2015, our GAAP operating expenses were $132.5 million, down $0.7 million or 0.5% compared to last year. We have repeatedly indicated that we only intended to increase our expenses in LCOS and WLO sectors, where we are seeing a lot of growth opportunities.

GAAP operating income of $30.7 million represented a 57.8% decrease versus 2014. Non-GAAP net income for 2015 was $30.6 million, or 17.8 cents per diluted ADS, down from $76.0 million, or 44.2 cents per diluted ADS, for 2014. The decrease in non-GAAP net income was mainly the result of lower revenue in this year.

Our cash, cash equivalents and marketable securities were $148.3 million at the year end, compared to $187.8 million at the same time last year and $126.0 million a quarter ago. On top of the above cash position, restricted cash was $180.4 million at the end of the quarter. The restricted cash is mainly used to guarantee the company's short term loan for the same amount. We continue to maintain a very strong balance sheet, and we remind investors that we remain a debt-free company.

Inventories as of December 31, 2015 were $171.4 million, up from $166.1 million a year ago and down from $177.7 million a quarter ago. We were able to further lower inventory levels sequentially because of demand rebound. The higher inventory year-over-year was the result of our measures to counter the relatively low customer demand visibility in a volatile market. Accounts receivable at the end of December 2015 were $177.2 million as compared to $219.4 million a year ago and $168.0 million last quarter. DSO was 93 days at the end of December, 2015, little changed from 95 days a year ago and 89 days at end of the last quarter.

Net cash inflow from operating activities for the fourth quarter was $25.9 million as compared to an inflow of $38.7 million for the fourth quarter of 2014 and an inflow of $14.1 million for the third quarter of 2015. Cumulative cash inflow from operations in

2015 was $22.5 million as compared to $93.7 million in 2014. The decrease in cash flow is mainly due to lower net profit and higher working capital.

Capital expenditures were $3.6 million in the fourth quarter of 2015 versus $2.4 million a year ago and $2.6 million last quarter. The capital expenditure in the fourth quarter consisted mainly of the manufacturing tooling of our CMOS image sensor products and facility updates and capacity expansion for LCOS and WLO product lines. Total capital expenditures for the year were $10.0 million versus $10.9 million a year ago.

As of December 31, 2015, Himax had 171.9 million ADS outstanding, unchanged from last quarter. On a fully diluted basis, the total ADS outstanding are 172.3 million.

I will now turn the floor back to Jordan.

Q1 2016 Outlook

Mr. Jordan Wu: Thank you, Jackie.

We are mindful that 2016 will likely be a year of macro uncertainty, marked by currency fluctuations and the risk of China's slowdown. However, looking ahead into the new year, we believe our businesses will be resilient to macro headwinds for reasons set out below. Our large panel driver ICs for TV application will grow from higher 4K TV penetration and the added capacities from China. In terms of small and medium sized driver ICs, those for automotive applications, where we have a leading market share, will continue to show strong growth as more panels are going into vehicles. For smartphone applications, we believe that the adoption of 4G network should rise in China, stimulating demand in 2016. We are also a believer in technology integration such as TDDI in smartphones. Revenue contribution from TDDI will likely take place in the second half of 2016. Non-driver products wise, 2016 will be the year for us to see a bigger revenue percentatge generated by LCOS and WLO product lines as shipments to our major customers start to take off. We will also tap into new territories such as IoT and machine vision with our latest CIS and WLO product offerings as stated in our recent press releases. Overall, 2016 will be a year of growth for both top and bottom line.

With that, I will now provide our first quarter guidance, followed by a more detailed outlook.

Q1 Guidance:

For the first quarter of 2016, we expect revenue to be down 1% to up 4% sequentially Gross margin is expected to be around 25% as opposed to 22.9% in the previous quarter, depending on our final product mix. GAAP earnings attributable to shareholders are expected to be in the range of 5.5 to 7.5 cents per diluted ADS based on 172.3 million outstanding ADSs.

In providing the above earnings guidance, we have assumed a 20% income tax rate, calculated based on exchange rate of NTD 33.45 against the USD, which is also the exchange rate as of beginning of February 2016.

Q1 2016 Outlook

Now let me provide you with some details behind our guidance and trends that we see developing in our businesses.

Following a strong fourth quarter, large panel driver ICs should continue to grow around 10% sequentially and high-teens year over year, with China and 4K TV still the major growth engines. We expect our 4K TV to double in the first quarter sequentially and close to triple over the same period last year.

In our previous earnings calls, we mentioned that large panel makers are increasingly demanding a total solution from IC vendors. We are experiencing accelerating demand from panel manufacturers seeking IC vendors who can provide driver IC, timing controller, Gamma OP, and PMIC as a total solution. Meanwhile, timing controller is getting more and more technologically advanced, with high end models integrating sophisticated functions such as MEMC. This positions us very well in the high end 4K TV market. As the industry migrates to 8K TVs, which is already in product development, our business and technology strength and integrated product solutions will be a significant differentiator against the competition.

The other segment in our driver business is ICs used in **small and medium-sized panels** for applications including smartphones, tablets and automotives. First quarter sales for smartphones are likely to remain flat, despite fewer working days around Chinese New Year. Our end customers, including a newly added first-tier player, are launching new models and replenishing inventories ahead of the holidays. Furthermore, we are seeing accelerating FHD shipments and design-wins in our pipeline, a testament to the trend that FHD is quickly becoming the new mainstream display resolution for smartphones, replacing HD720. We are also pleased to report that our shipment of AMOLED driver IC to key Korean customer will start later this quarter, reaffirming our technology leadership. As we are collaborating with multiple customers both in Korea and China on AMOLED product development, we believe AMOLED driver ICs will be one of the critical future growth engines of our small panel driver IC business, especially with quite a few new AMOLED fabs being built in China where we have the most comprehensive coverage.

Among driver ICs used in small and medium-sized panels, the best-performing category has been automotives in recent years. We anticipate Q1 shipment to be slightly higher than the previous quarter, growing double digit year-over-year. We expect the growth to stay robust throughout the year. With numerous top automobile brands having been our indirect end customers, we are well positioned to take advantage of the growing market in 2016 and beyond.

Our driver ICs used in tablets, as previously indicated, remain weak and will decline double digit in the first quarter, resulting in a declining small and medium-sized driver IC segment in the first quarter of around mid single digit sequentially.

For the past few years, our **non-driver** business segment has been our most exciting growth segment and a differentiator for Himax. New product development continues to evolve and gain traction, and we remain positive on the long-term growth prospect of our non-driver businesses.

We expect mid single digit sequential growth in our non-driver products for the first quarter. Looking ahead, many of our non-driver products, including our CMOS image sensor, timing controller, touch panel controller, power management IC, ASIC service, wafer level optics and LCOS microdisplay, are set to grow significantly in 2016 and the years ahead. I will now highlight some of the non-driver product lines.

First on to our touch panel controller product line. We exited 2015 with our touch panel controller sales flat year-over-year as the industry shifted to on-cell and pure in-cell TDDI. We expect on-cell to become the mainstream touch technology in 2016. We have also launched force touch products, a new feature to the touch panel, and already secured design-wins from leading smartphone makers for their 2016 models. Our on-cell sales will significantly accelerate starting late first quarter with shipments to Chinese and Japanese smartphone makers. Furthermore, we are one of the pioneers in offering TDDI solutions for the state-of-art in-cell panels, which have started small volume production in 2015. We are in partnerships with essentially all of the panel manufacturers in pure in-cell touch for joint technological development and believe there is a strong market for us going forward. We expect to see its contribution starting 2H16.

Moving on to our most exciting AR/VR related businesses, the CES Show last month showcased the fast-growing, multi-billion dollar AR/VR sector under development. Participants included leading multinationals in the gaming, search, mobile, social media, military and consumer industries. Having invested in the technologies for over

15 years, we are uniquely positioned as the provider of choice for microdisplay and related optics to enable AR.

As some of our major customers have already announced product launches, revenues from LCOS and WLO are expected to double sequentially in the first quarter off a small base, marking the beginning of mass production for some of our leading AR device customers. While most customers don't expect big volume for their early generation products, we have been working with many of them for future generation devices. We are also seeing constant additions of new customers using our LCOS and/or WLO for a variety of new applications. We currently have more than 30 customers using our LCOS and/or WLO for their AR devices and optical engine designs, with the vast majority of them in the U.S.. When adopted, our LCOS and WLO typically represent two of the parts with the highest value in an AR product's bill-of-materials. As for VR applications, as mentioned in our press release in January, we have had new driver IC design-wins with two top-notch VR players in the next generation OLED panels for their VR devices.

In addition, in a recent press release, we introduced WLO laser diode collimator with integrated Diffractive Optical Element ("DOE"). We believe this is the most effective solution for 3D sensing and detection. Our technology can reduce the size of the incumbent laser projector module by a factor of 9, actually making it smaller than conventional camera modules. This breakthrough allows the solution to be easily integrated into next-generation smartphones, tablets, automobiles, AR/VR devices, IoT devices, and consumer electronics accessories to enable new applications in the consumer, medical, and industrial marketplaces.

To be paired with the laser projector module mentioned above, we are also developing a Near Infrared (NIR) sensor to provide customers with a total solution. Additionally, in January, we announced an ultra-low-power QVGA CMOS image sensor, which, we believe is by far the lowest power CIS in the industry with similar resolution, while offering outstanding sensor performance and high level of feature integration. It can be in a constant state of operation, enabling “always on”, contextually aware, computer vision capabilities such as feature extraction, proximity sensing, gesture recognition, object tracking and pattern identification. Likewise, it can be applied in new applications across smartphones, tablets, AR/VR devices, IoT and artificial intelligence. This series of smart sensors will open a new business territory for our CIS products.

In terms of our 8MP and 13MP CMOS image sensors with PDAF feature, we are catching up fast. We believe we will be one of the few players capable of providing PDAF-equipped CMOS image sensors in the very near future. We will report progress in due course.

And that will conclude our non-driver business segment.

Thank you for your interest in Himax. We appreciate you joining today’s call and are now ready to take questions.

OPERATOR TO QUEUE QUESTIONS

Jordan's closing remarks

As a final note, Jackie Chang, our CFO, will maintain investor marketing activities and attend future investor conferences in the U.S.. We will announce the details as they come about. Please contact our IR department and/or John Mattio if you are interested in speaking with the management. Thank you and have a nice day!