

SECTOR: TECHNOLOGY
INDUSTRY: SEMICONDUCTORS

Himax Technologies, Inc.

No.26, Zilian Road, Xinshi District
 Tainan City 74148, Taiwan
 Tel: +(886) 6 505-0880
www.himax.com.tw

COMPANY CONTACTS

Jackie Chang
 Chief Financial Officer
 TW: +(886) 2 2370-3999 #22300
 USA: +1 (949) 585-9835 #252
 email: jackie_chang@himax.com.tw

Ophelia Lin
 IR Project Deputy Director
 TW: +(886) 2 2370-3999 #22202
 email: ophelia_lin@himax.com.tw

Sky Wang
 IR Project Manager
 US: +1 (630) 632-9753
 email: sky_wang@himax.com.tw

U.S. INVESTOR RELATIONS

Maili Bergman
 Managing Director, MZ Group
 Main: +1 (949) 298-4320
 email: HIMX@mzgroup.us
www.mzgroup.us

SELECT FINANCIALS

Fiscal Year	Dec. 31st
Last-Traded Price (11/06/19)	\$2.79
Market Cap. (11/06/19)	\$454.5 M
50-Day Avg. Daily Vol.	~0.95 M
Basic Weighted Avg. Out. ADS	172.6 M
Cash (09/30/19)	\$116.6 M
2018 Revenues	\$723.6 M
2018 IFRS Profit*	\$8.6 M
2018 IFRS EPS*	\$0.05 per ADS
Legal	Davis Polk & Wardewill
Auditor	KPMG
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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 electronics 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 heads-up 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, home appliances and Internet of Things. Founded in 2001 and headquartered in Tainan, Taiwan, Himax currently employs around 2,100 people from three Taiwan-based offices in Tainan, Hsinchu and Taipei and country offices in China, Korea, Japan, Israel and the US. Himax has 2,929 patents granted and 565 patents pending approval worldwide as of September 30, 2019. Himax has retained its position as the leading display imaging processing semiconductor solution provider to consumer electronics brands worldwide.

Investment Highlights

- Leading Imaging and Human Interfacing Technology Innovator
- Innovative New Products Capturing Growth Markets
- Diversified Base of Customers and Revenues
- Visionary Management Team

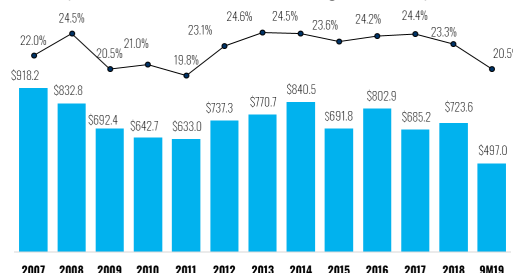
Summary Financials

QUARTER/YEAR	3Q2019	2Q2019	3Q2018	Y-o-Y	Q-o-Q	FY 2018
Revenues	\$164.3M	\$169.3M	\$188.4M	-12.8%	-3.0%	\$723.6M
Gross Margin (%)	19.5%	19.5%	23.4%	-3.9%	0%	23.3%
IFRS Profit (Loss)	(\$7.2M)	(\$5.2M)	\$0.9M	-907.6%	-39.4%	\$8.6M
IFRS Profit (Loss) per ADS	(\$0.042)	(\$0.030)	\$0.005	-907.6%	-39.4%	\$0.05
Non-IFRS Profit (Loss)	(\$6.9M)	(\$4.8M)	\$4.5M	-254.3%	-44.0%	\$12.9M
Non-IFRS Profit (Loss) per ADS	(\$0.040)	(\$0.028)	\$0.026	-254.3%	-44.1%	\$0.075

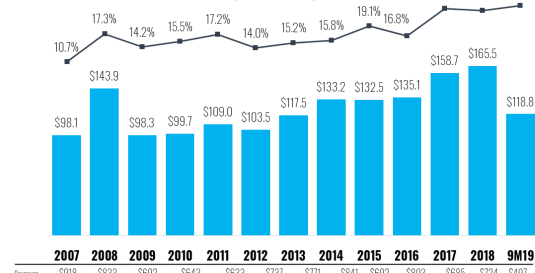
4Q 2019 Guidance

Revenues	To be around flat sequentially
Gross Margin	To be slightly up sequentially, depending on final product mix
IFRS Loss	To be around 3.0 to 4.5 cents per diluted ADS
NON-IFRS Loss	To be around 2.7 to 4.2 cents per diluted ADS

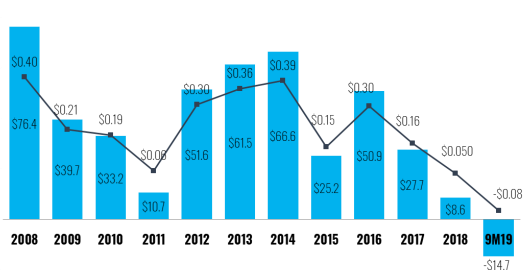
Revenues and Gross Margin %
 (US\$M in Revenues and Gross Margin % of Sale)



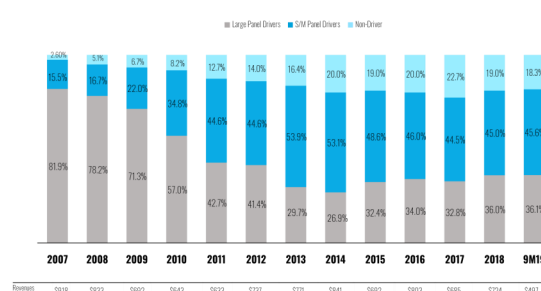
OPEX and % of Total Sales
 (US\$M / %)



Profit and EPS
 (US\$M / US\$)



Category Product Mix



*2018 Q4 included a revaluation gain on investment of 1.7 cents and FY2018 1.2 cents

Core Product Lines - Growth Opportunities



WLO and CIS

We offer WLO design know-how and mass production expertise for 3D sensing solutions including; structured light, active stereo camera (ASC) and time of flight (ToF). CMOS image sensors include near infrared (NIR) sensors for 3D sensing, ultra-low power Always-on-Sensor (AoS™), and customized sensors for optical finger print solutions

Strategies and Market Position

- Structured light-based 3D sensing total solution: we focus on applications for non-smartphone segments that require high level of depth accuracy and always require a total solution
- ToF-based 3D sensing: our strategy is to provide WLO. We are actively pursuing smartphone OEMs' ongoing ToF 3D sensing projects
- Our WiseEye solution contains Himax's industry leading CMOS image sensor and ASIC designs with Emza's AI-based algorithm. All with ultra-low power design. WiseEye will enable next generation AI-based computer vision technology with ultra-low power for notebook and may other markets
- Himax WiseEye 2.0 NB solution provides a 'laptop-ready' 3-in-1 RGB/IR/AI solution, respecting privacy while enhancing security for NB users
- CIS include near infrared (NIR) sensors for 3D sensing and ultra-low power computer vision Always-on-Sensor (AoS™) for 'smart building' and security applications, next generation notebook

Panasonic NEC SONY



Himax WLO for 3D Sensing



TDI Technologies

We design technologies for touch sensor displays including in-cell touch and the fast-growing segment of Display Driver Integration (TDI) single-chips

Strategies and Market Position

TDI PURE IN-CELL SOLUTION

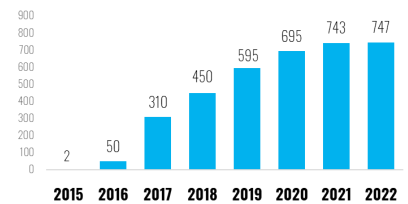
- 2H19 smartphone TDI growth below Company's target: New FHD+ TDI project opportunities did not materialize due to accelerating adoption of AMOLED display adoption and TDI adoption is shifting more towards mid-to low-end models where the Company has low market share. Furthermore, TDI pricing pressure fueled by the increased competition negatively impacting its margins
- The world's first TDI design-wins for automotive applications mass production as of 2019 though small volume
- Major design-wins for high-end tablet going into mass production with a number of leading end customers including display driver ICs with COF packing for large-sized tablets with narrow borders and our world leading in-cell TDI with active stylus functionality for tablet
- Higher ASP than traditional driver IC
- TDI will be the biggest growth driver for Himax in 2019 though below Company target
- New generation TDI opportunities in the future

TDI Demand Forecast 2015-2022

In Millions of Units

(IHS Market, 2019)

■ Unit Demand in Millions



Display Driver IC (DDIC)

We are a leader in display driver ICs used to enable flat panel display in TFT and Touch in large, small and medium-sized display panels

Strategies and Market Position

- Leading market share of large DDIC in China
- Increased shipments of 4K solutions and collaboration with major panel makers on the development of next generation 8K TVs
- Next generation display for automotive: Himax is the leader in key technologies such as TDI, AMOLED and local dimming timing controller
- Overall market demand slowdown short term
- Anticipating the 8-inch foundry capacity constraint, we have already prepared to provide 12-inch foundry capacity and backend packaging and testing to cover the potential 8-inch capacity shortfall for large panel driver ICs



LCoS Microdisplays

We are the leader and long-term innovator of Liquid Crystal on Silicon (LCoS) displays and the only company capable of high-volume production runs of LCoS displays for the launch of mass-market devices

Strategies and Market Position

- The leader in microdisplays with patent-protected technology, in-house facilities and shipping record of >2M units
- Focus on AR goggle devices and HUD for automotive applications
- List of AR goggle device customers covers many of the world's biggest tech names
- Close collaboration with Tier 1 AR glasses device manufacturers
- LCOS is one of the mainstream technologies for AR goggle devices
- LCOS represents a long-term growth opportunity for Himax



Management Team

Dr. Bing-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 two consecutive 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.

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