



# Himax

*Human Interface and Display Technologies*

Nasdaq : HIMX

**January 2019** INVESTOR PRESENTATION



# Forward Looking Statements



Factors that could cause actual events or results to differ materially include, but 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 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, 2018 filed with the SEC, as may be amended. Images of devices depicted in this presentation may be representative of those in which Himax has specification, or for reference-only and may not be associated with actual bill-of-material or design-win in the displayed image. Any association of such, without a confirmed disclosure of such by the Company or the Company's customer are coincidental. Himax is under strict customer disclosure guidelines on the release of such information.

# Recognized Industry Leader



For the last 30 years, we have worked with leading OEMs to develop and the most recognized imaging and human interfacing technologies.

## 1990s

Founder B.S. Wu pioneers flat panel technologies at Chimei Electronics as CTO



## 2000s

Chairman Wu establishes Himax to meet DDIC demand for large panels and fast-growing medium and small panels



## 2010s

Himax gains market share with design wins with leading technology products companies, worldwide

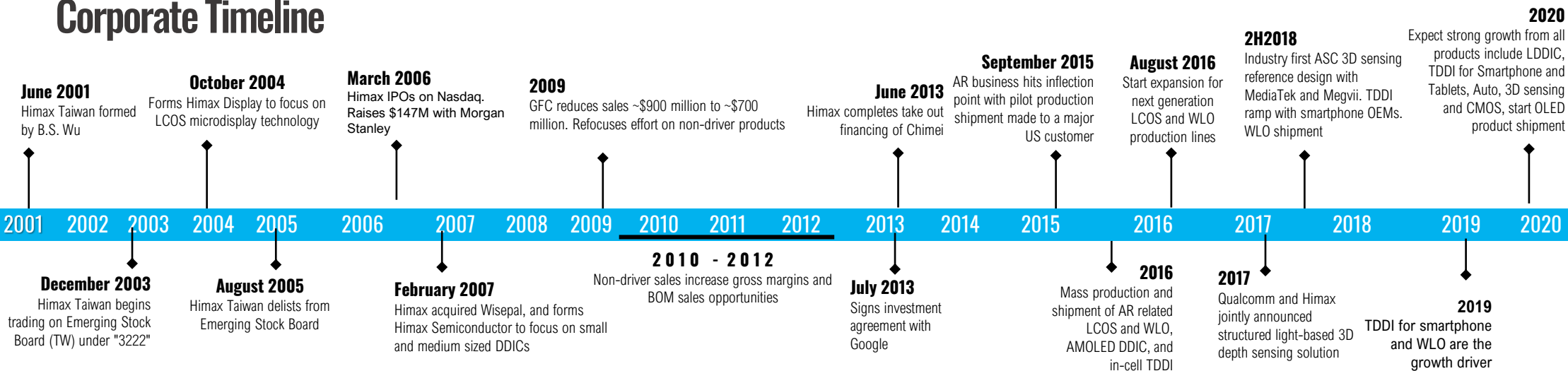


## 2018 and Beyond

Himax leads WLO shipment and development with North American OEM customer, 3D sensing for Android. LCOS advancements for AR & HUD, CMOS for Notebook, and WLO integration keep Himax at the forefront of AR/VR product design and pending product releases.



## Corporate Timeline



## Leading Imaging and Human Interfacing Technology Innovator

- Global display driver player with a wide range of display technologies for panels of all sizes
- Thousands of patents for Himax's IP and designs
- Imaging technology and human interfacing total-solution provider

## Diversified Base of Customers and Revenues

- DDIC market share leader
- Penetration throughout all display market segments and with a leading position in several segments, including automotive
- Revenues from traditional large and small/medium now diversified to TDDI, OLED, WLO/CIS and LCOS microdisplays
- Top-tier partnerships with major U.S. and Asian AP platform providers, device makers, and the world's biggest tech names
- Non-driver product lines expected to improve corporate profit margin and further diversify customer base

## Operational and Public Market Performances

- Long-term profitability potential with no fundraising since IPO
- Focus on delivering P&L improvement by executing on the technologies Himax already developed for both driver IC and non-Driver IC areas
- Committed to high dividend payout ratio

## Innovative New Products Capturing Growth Markets

- Integration of AMOLED and TDDI technologies fuel growth for core, display driver ICs
- Himax's WLO, CMOS & 3D image sensors, LCOS microdisplay's leading specs and continued design wins position us at the forefront of new WLO, 3D sensing, Structured Light, & ToF, AR/VR, IoT, Automotive LIDAR, HUD, Medical Devices, Robotics development and future product releases.

## Visionary Management Team

## HIMX

Nasdaq Listed

Fiscal Year **December 31**

Last-Traded Price (01/13/20) **\$3.95**

Basic and Diluted Weighted Ave. Out. ADS **172.6M**

Equivalent ADS Out **172.2M**

Market Capitalization (01/13/20) **\$681.8M**

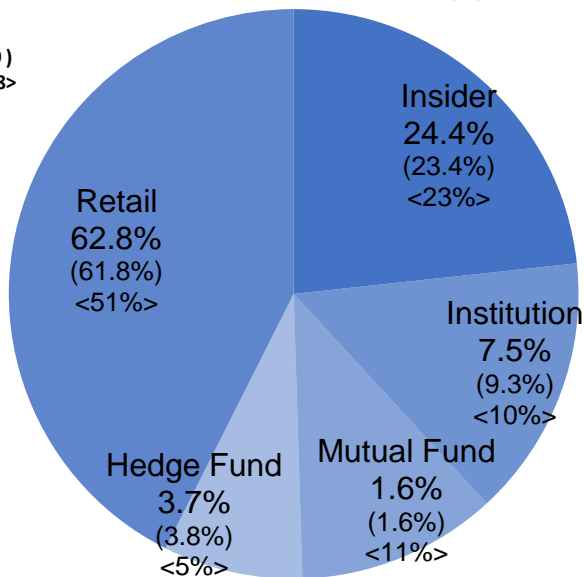
50-Day Avg. Daily Volume (01/13/20) **1.34M**

Insider Ownership\* **24.4%**

\* Insider ownership includes executives and board members

## Shareholder Type

(3Q19)  
<4Q18>



Date: As of December, 31 2019

## 12 Month Trading Chart



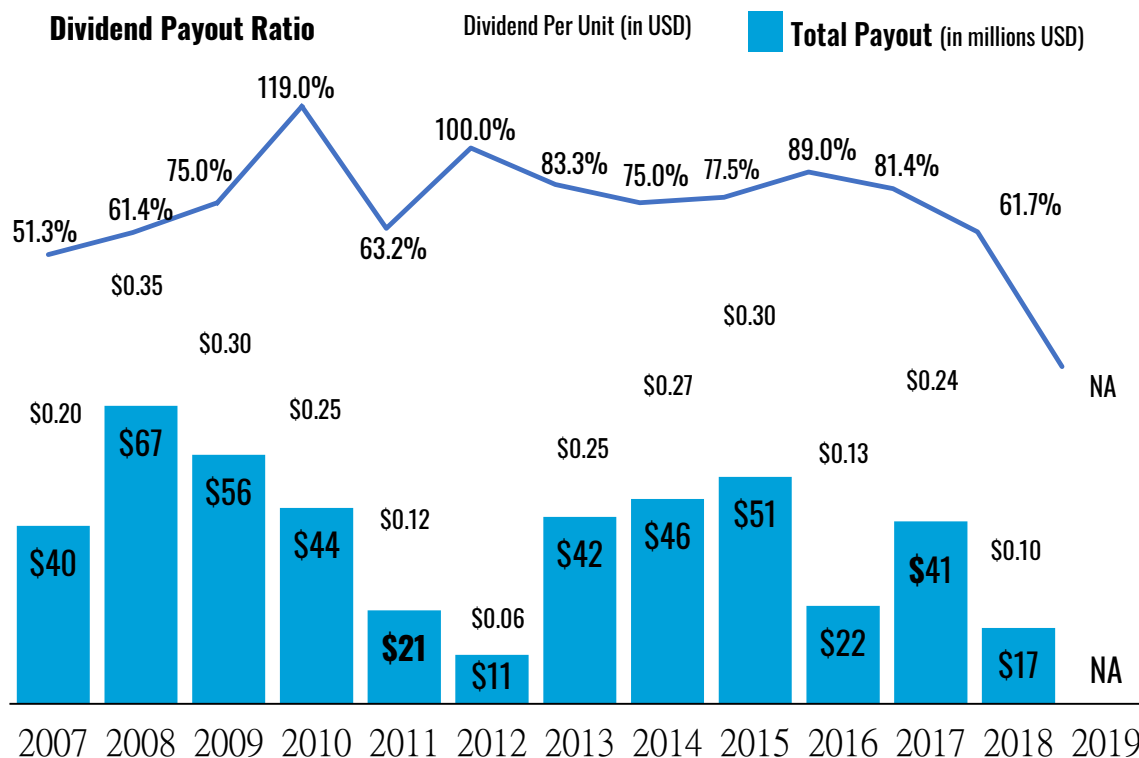
## Analysts

**Credit Suisse**  
**Lake Street Capital Markets**  
**Mizuho Securities Asia Ltd**  
**Nomura Securities**  
**Northland Securities, Inc.**  
**Roth Capital Partners, LLC**

Jerry Su  
 Jaeson Schmidt  
 Kevin Wang  
 Donnie Teng  
 Tim Savageaux  
 Suji Desilva

## Himax Dividend and Policy

- Distributed a total of \$458 million of cash dividend since IPO
- Typically pays out annual cash dividend at approximately the middle of the current calendar year based on prior year's profitability, e.g., 2018 dividend payouts in July is for fiscal year 2017.
- In 2019, Himax did not pay an annual cash dividend for fiscal year 2018. The decision was made with full consideration of Himax's 2019 operations and capital requirement to support its future growth and to drive gains in market share.
- Company is committed to pay annual cash dividend

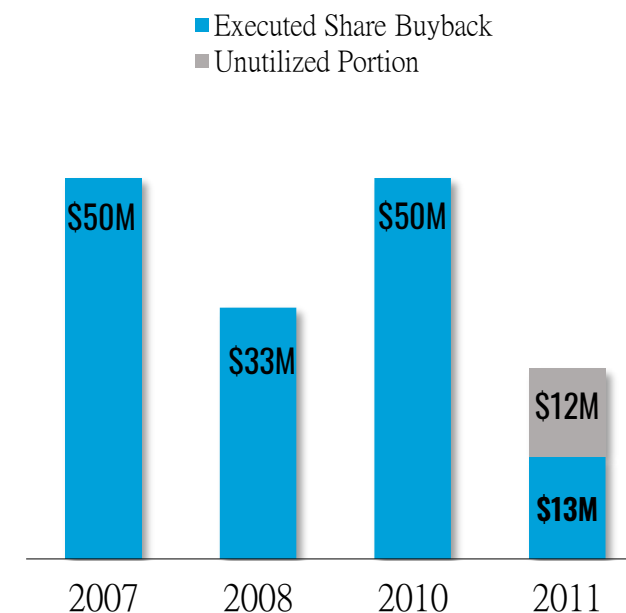


Yield	4.0%	7.0%	10.4%	9.1%	5.9%	3.4%	4.4%	4.1%	4.8%	1.4%	2.9%	1.3%
EPS	0.57	0.40	0.21	0.19	0.06	0.30	0.36	0.39	0.15	0.30	0.16	0.05

## Himax Share Buyback

- Initiated four share buyback programs totaling \$158 million since 2007
- Repurchased a total of 46.5 million ADSs through June 30, 2019 at average purchase price per ADS: \$3.15

### Executed Share Buybacks from 2007-2019 (in millions USD)



**\$604 MILLION** HAS BEEN RETURNED TO SHAREHOLDERS INCLUDING DIVIDENDS AND SHARE BUY BACKS SINCE IPO

\* On 11/30/2018 Himax chairman announced share purchase plan. Chairman Dr. Biing-Seng Wu intends to use his personal funds to purchase up to approximately \$5 million of the Company's American Depository Shares ("ADSs") in the open market, subject to market conditions and other factors.

# Summary and Guidance



	3Q2019	2Q2019	3Q2018	YoY	QoQ
Revenues	\$164.3M	\$169.3M	\$188.4M	-12.8%	-3.0%
Gross Margin (%)	19.5%	19.5%	23.4%	-3.9%	0%
IFRS Profit (Loss)	(\$7.2M)	(\$5.2M)	\$0.9M	-907.6%	-39.4%
IFRS Profit (Loss) per ADS	(\$0.042)	(\$0.030)	\$0.005	-907.6%	-39.4%
Non-IFRS Profit (Loss)	(\$6.9M)	(\$4.8M)	\$4.5M	-254.3%	-44.0%
Non-IFRS Profit (Loss) per ADS	(\$0.040)	(\$0.028)	\$0.026	-254.3%	-44.1%

	3Q19YTD	3Q18YTD	YoY	FOR THE FULL YEAR 2018
Revenues	\$496.9M	\$532.6M	-6.7%	\$723.6M
Gross Margin (%)	20.5%	23.0%	-2.5%	23.30%
IFRS Profit (Loss)	(\$14.7M)	\$0.1M	-13920.8%	\$8.6M
IFRS Profit (Loss) per ADS	(\$0.085)	\$0.001	-13919.5%	\$0.05
Non-IFRS Profit (Loss)	(\$13.6M)	\$4.2M	-425.0%	\$12.9M
Non-IFRS Profit (Loss) per ADS	(\$0.079)	\$0.024	-425.0%	0.075

	4Q19 Pre-Announcement (01/07/2020)	VS	4Q19 Guidance
Revenues	An increase of 6.5% sequentially		Approximately flat sequentially
Gross Margin (%)	20.6%		A slight increase from third quarter's 19.5%
IFRS Profit (Loss) per ADS	0.3 to 0.6 cents per diluted ADS*		Around (3.0) to (4.5) cents per diluted ADS
Non-IFRS Profit (Loss) per ADS	0.6 to 0.9 cents per diluted ADS*		Around (2.7) to (4.2) cents per diluted ADS

\* The better-than-expected earnings include a revaluation gain of \$3.8 million, or 2.2 cents per diluted ADS, from an investment in an AI related startup made during November of 2017. The revaluation gain was not included in the November guidance.

- Fabless semiconductor company with world leading visual imaging processing technologies
- Global market leader in TFT-LCD display driver and timing controller ICs
- 200+ customers across Taiwan, China, Japan, Korea, U.S. and Europe
- 2,922 patents granted and 575 patents pending approval worldwide as of December 31, 2019
- NASDAQ-listed since March 2006 (HIMX)
- Around 2,000 employees worldwide; more than 90% are engineers
- Headquartered in Tainan, Taiwan with 9 R&D centers in Taiwan, China, Korea, Israel and U.S., out of a total of 24 offices across Taiwan, China, Japan, Korea, Israel and U.S.

## Himax's Global Reach



**HEADQUARTERS**  
Tainan, Taiwan





Nasdaq Listed  
**Himax Technologies, Inc.**



## Himax Technologies, LTD.

- TFT-LCD Driver, EPD Driver, Micro LED Driver and AMOLED Driver
- TCON and Bridge IC
- Touch Controllers
- Pure in-cell Touch (TDDI)
- ASIC Service and IP Licensing
- Power Management ICs, P-Gamma OP, Level Shifter and LED Driver
- Wafer Level Optics and 3D sensing modules
- Light guide
- In-house Color Filter Fab for LCOS and CIS



## Himax Display, Inc.

- LCOS Modules for Head-Mounted Display, Head-up Display and Pico-projector Applications
- Phase Modulation for Communication and Holographic Displays



## Himax Imaging, LTD.

- CMOS Image sensors



**Himax**

**Our Technologies Are  
Used by Consumer Brands Worldwide**





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

## MARKETS WE SERVE

Smartphones, Tablets, Monitors, Notebooks, TVs, Automotive Gaming, Education, Healthcare plus 100's more applications for markets and business that use all types of flat panel displays.

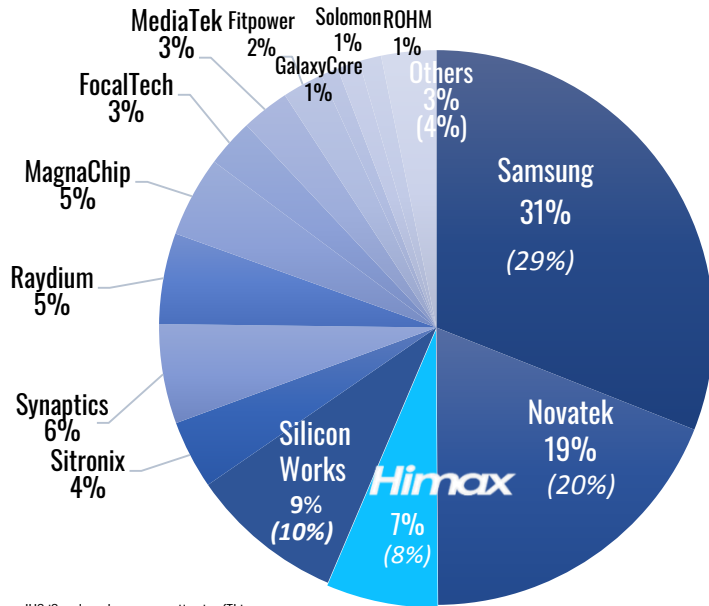
## In what devices can you find Himax DDIC technologies



## Who uses Himax DDICs



**2019 Q3 Driver Market Share**  
(2Q19 Market Share %, Revenue)

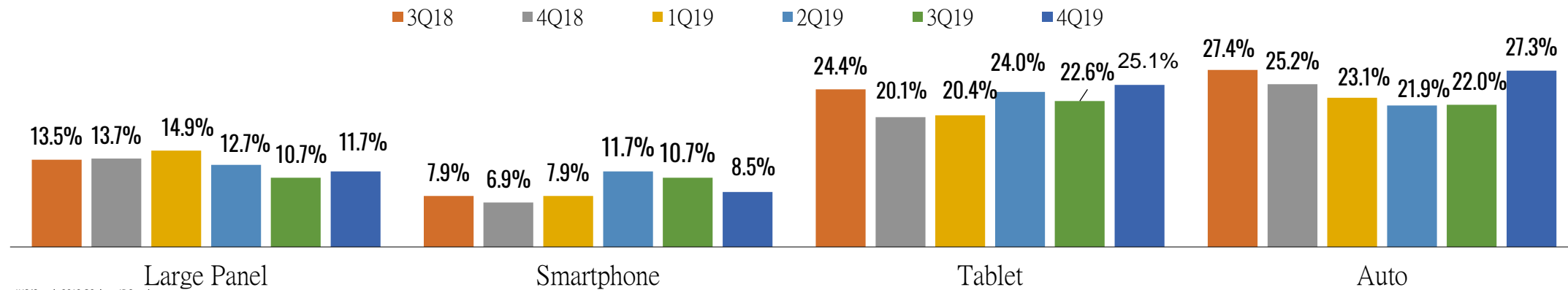


Source: IHS iSupply and company estimates (This covers TFT-LCD and OLED DDICs)

**We have the ability to provide a complete solution of image processing technologies and leverage our expertise in mobile devices and other mass-market technology releases**

- Large display driver IC business continue to benefit from Chinese panel customers' capacity expansion as well as Korean fab restructuring
- Strong market share in fastest moving consumer devices including auto application, the company expect further growth into 2020
- Major design-win and shipment of Auto OLED DDIC in 2019
- The company expects AMOLED DDIC shipment for TV, smartphone and wearable in 2020

**HIMX'S Strong Driver IC Market Share in Mass Market Devices**  
(Shipment)



Source: IHS iSupply 2019 Q3 data, IDC and Company Estimates (This covers TFT-LCD DDICs)



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

## MARKETS WE SERVE

Beginning with smartphones, started to expand to tablet, laptops, automotive, and many other consumer electronic devices late 2019

- Limited smartphone business growth in 2019. Company expect robust growth in 2020 and beyond due to major addition of TDDI capacity and shipment to new customers.
- New penetration of TDDI is refreshing smartphone life cycle starting end of 2016, major growth driver for 2019 and beyond
- New penetration of TDDI is refreshing tablet life cycle starting end of 2019, expect strong growth for 2020 and beyond
- Higher ASP & higher margin versus traditional discrete driver ICs
- Product mix will enhance corporate gross margin

## In what devices can you find Himax TDDI technologies



A-Si HD+ Smartphone



LTPS FHD+ and HD+ Smartphone



8" Tablet PC, In-cell TDDI



Tablet PC & Smart Speaker

## Who uses Himax Touch and TDDI Technologies





We offer industry leading WLO design know-how and mass production expertise for 3D sensing solutions which cover structured light, and ToF. Our CMOS image sensors include near infrared (NIR) sensors for 3D sensing and ultra-low power computer vision, Always-on-Sensor (AoS™), and customized sensors for optical finger print solutions

### Wafer Level Optics (WLO)

Integrated Optics High Accuracy  
Scalability In Production

### Best For IoT/Smart Sensing

Eye Tracking & Gesture Control  
3D Depth Sensing

### Waveguide for AR

Key technology to enable holographic imaging for AR goggle devices

## MARKETS WE SERVE

Smartphones, Consumer Electronics, Tablet, TV, Entertainment, Automotive, IoT, Gaming, Education, Healthcare plus many more..

- Strong growth in 2019, accelerating new design activities in both front and world facing 3D sensing for smartphone projects. Expect growth to continue into 2020 and beyond

## Who uses Himax WLO and CMOS technologies



# 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.**

## **Our Front Lit LCoS Technology Advantages**

- Compact Form Factor
- Brightness
- Power Efficiency
- MP Efficiency & Readiness
- Contains lightguide performance enabling OEM to simplify light guide design
- Lower cost

## **MARKETS WE SERVE**

Industrial, Consumer, Shopping, Search, Gaming, Sports, AR/VR smart glasses, Automotive Heads Up Displays, Tier-1 OEM's market leading AR Glasses



## **Who uses Himax LCoS micro display technologies**



# Our Customers



## DISPLAY DRIVERS



## WAFER LEVEL OPTICS

## CMOS IMAGE SENSORS



## ASIC SERVICE & IP LICENSING

## LCOS MICRODISPLAYS

## TOUCH PANEL CONTROLLERS



## POWER MANAGEMENT IC & LED DRIVERS

## TIMING CONTROLLERS



## We are In Displays

- Display Driver
- TCO
- PMIC
- LED Driver
- P-gamma OP

## On Touch Panels

- Controller IC



- In Camera Modules
- CMOS Image Sensor
- Wafer Level Optics

- ASIC and IP
- Servicing and licensing

- In AR Devices
- LCOS, WLO

- In VR Devices
- OLED SOC





# Fabless Manufacturing Expertise



## Display Driver

### Wafer Fabrication



### Gold Bumping



### Processed Tape



### Chip Probe Testing



### Assembly and Testing

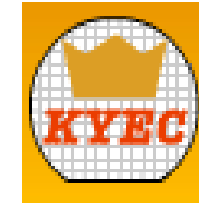


## CMOS Image Sensor Back-end

### Package



### Chip Probe Testing



### FT



### RW



## SOC

### Chip Probe Testing



### Package



### FT





**Himax**

# Market Opportunities by Product Application and Himax Strategies

## Market Trends

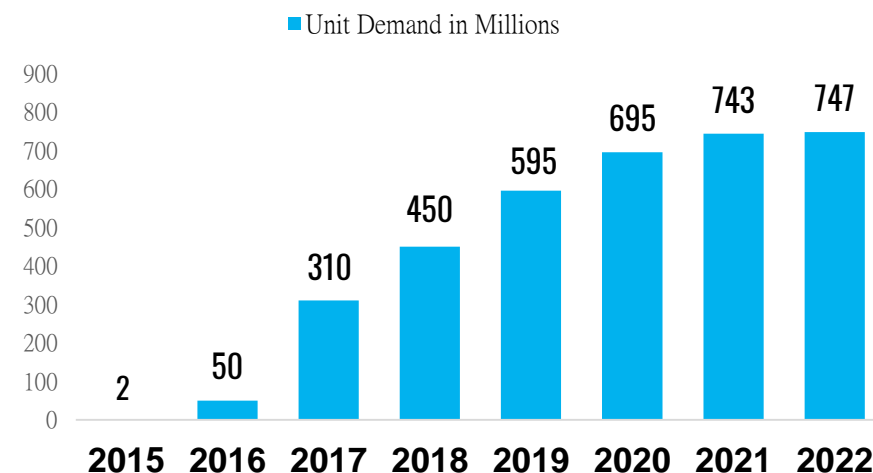
- Expect higher TDDI penetration in smartphones, tablet, and auto going forward
- OEMs are meeting consumer demand for slimmer devices
- New penetration of TDDI is refreshing smartphone and tablet life cycle, creating higher dollar content and margin opportunities
- In addition to TDDI growth, higher penetration of AMOLED products represents new opportunities for the segment

## Himax Strategies and Market Position

### TDDI pure in-cell solution

- Numerous new design-wins and shipment with top-tier smartphone and tablet makers and most panel makers in China starting Q419. Expect strong growth in 2020 and beyond
- In-cell TDDI becoming mainstream for tablet, Himax is the leader and main source for major Tier-1 OEMs. MP started 4Q19, with growth continuing into 2020 and beyond
- New generation FHD+ TDDI with COF package to enable super-slim bezel design for premium smartphone and tablet models
- New FHD+ COG TDDI solution enabling narrow bezel panel design without the usage of COF is cost efficient and avoiding supply constraint
- The new TDDI design-wins for smartphone and tablet applications with mass shipment started late 2019, expect robust growth by increasing market share from 5% to 20% in 2020
- Higher ASP and better margin than traditional driver IC
- TDDI will be the biggest growth driver for Himax in 2020

### TDDI Demand Forecast 2015-2022 In Millions of Units ( IHS Market, 2019)



### TDDI Technology Enables OEMs to Manufacture Thinner, Better and Less Expensive Phones



# Display Driver IC (DDIC)

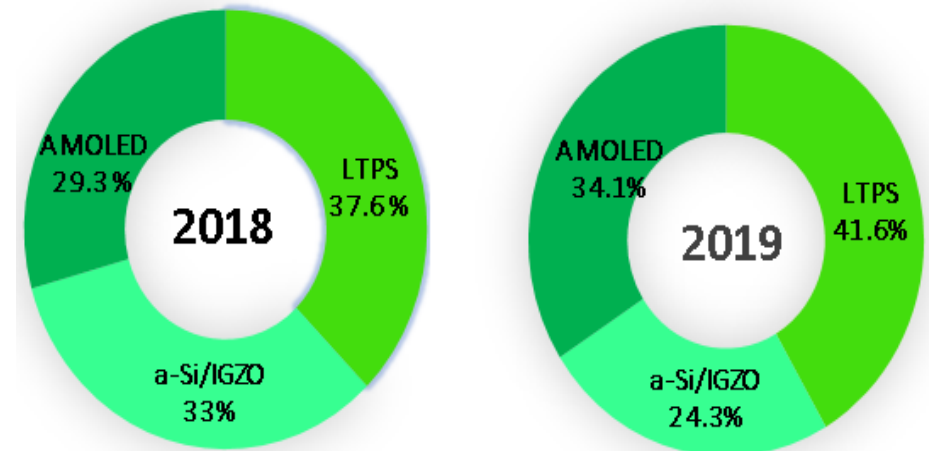
## Market Trends

- Korean fab restructuring will further help Chinese panel makers to increase their global market share and with Korean easing the restriction of adopting large DDI from third party driver IC makers, both will drive volume for the Taiwan DDI supply chain
- Industry restructuring supports panel pricing recovery
- Leading Chinese panel makers' shipments continue to dominate in the No. 1 position of its total TFT-LCD capacity
- 4K TV penetration accelerates and 8K TV started to emerge
- Demands for more sophisticated and higher performing displays are still rising in the automotive segment
- Higher adoption of TDDI and AMOLED

## Himax Strategies and Market Position

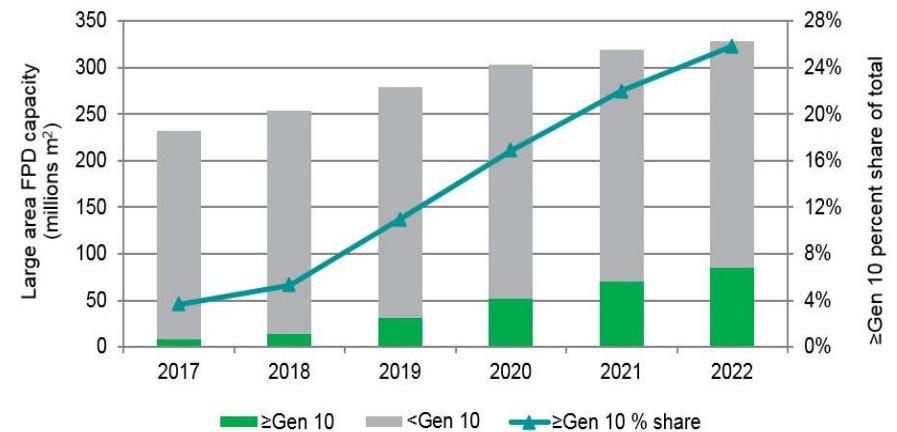
- Leading market share of large DDIC in China
- Major beneficiary of Industry and Korean fab restructuring which will increase Chinese panel maker's global market share
- Increased shipments of 4K solutions and collaboration with major panel makers on the development of next generation 8K TVs
- Next generation display for smartphone and automotive, Himax is the leader in key technologies such as TDDI, AMOLED and local dimming timing controller
- Expect shipment of AMOLED DDIC for TV, smartphone and wearables to start in 2020, though modest volume. Expect acceleration beyond 2020
- 8K TV is a strategic area for Himax due to its higher display driver and Tcon content and high technical barrier of entry
- Starting to see robust strength in customer demand in large and auto DDIC, ramping of new foundry. Expect strong growth in 2020 and beyond

## Continual Progression to Higher Resolution Displays and AMOLED in Smartphones



Wits View 02/2019

## China Takes a Leading Role in Display Panel Manufacturing and DDIC Demand



Source: IHS Markit

© 2017 IHS Markit

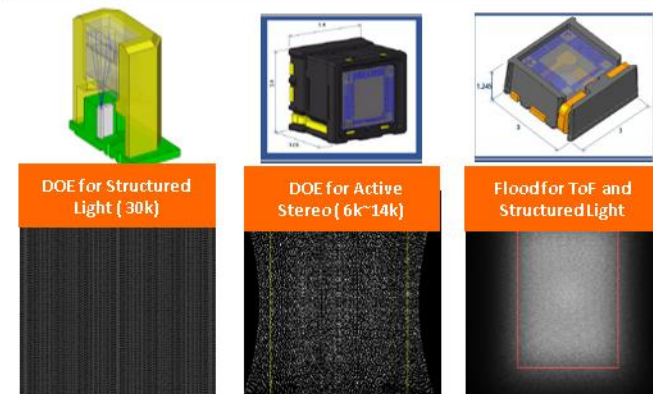
## Market Trends

- Wafer-Level Optics (WLO) remains the best technology for structured light, Time-of-Flight (ToF) active stereo camera (ASC) and 3D sensing
- Very few companies can provide advanced WLO solutions to achieve optical high efficiency, small form factors, and eye safety regulations for consumer devices
- 3D sensing adoption is expected to be wider for Android smartphones and AIoT starting 2019 and beyond.

## Himax Strategies and Market Position

- WLO: Exceptional design know-how and mass production expertise deliver consistent product quality and high yields for WLO anchor customer's large-scale adoption since 2017 with ongoing shipment in 2020. Expect multiple design wins of new content with higher ASP in 2H20
- Himax continue to participate in most ongoing 3D sensing projects covering structured light for non-smartphone application and time-of-flight (ToF) for smartphone 3D, focusing on transmitter module by leveraging our WLO related expertise
- WLO 3D sensing projector in ToF WF module for Android smartphone will be the largest new growth opportunity for Himax moving forward. Target reference design ready 1Q20. Potential shipment opportunity with multiple Tier-1 OEMs in 2020, higher ASP than WLO
- 3D Sensing for non-smartphone, working with industry-leading facial recognition algorithm and application processor partners to develop new 3D sensing application for smart door lock with design-in projects already underway with certain end customers
- WLO and 3D Sensing will be the largest growth opportunity for Himax beyond 2020

## Himax WLO for 3D Sensing



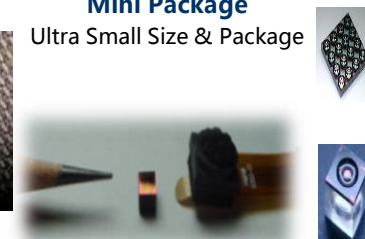
### Wafer Level Process

Integrated Optics  
High Accuracy  
Scalability In Production

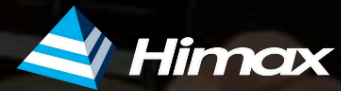


### Mini Package

Ultra Small Size & Package



# CIS and Ultra Low-Power Smart Sensing



## Market Trends

- Many devices today already integrate always on sensing including audio sensor, accelerometers for movement, proximity sensor, ambient light sensor, and so forth
- Very few companies can provide ultra low-power solutions in vision AI in the area of human detection, people tracking, people counting, wake on approach, walk away detection, and unauthorized peek warning
- AI-based ultra-low power smart sensing solution adoption is expected to be wider in 2020 for for AIoT applications include smart home applications, smart building, industrial, tracking and AR/VR for devices

## Himax Strategies and Market Position

- Himax Ultra low-power CMOS Image Sensor:
  - Industry first ultra low-power and low latency Back-Illuminated CMOS Image Sensor solution with autonomous modes of operation for always on, intelligent visual sensing applications
  - The VGA resolution can double the range of detection over QVGA resolution, especially to support 90 degree wide field of view lens
  - First mover advantage and have garnered attention and support from leading AI framework provider, ecosystem providers, and others in the industry. Represent significant growth opportunity
  - Reference design win for Google TensorFlow Lite
- Our WiseEye solution contains Himax's industry leading CMOS image sensor and ASIC designs with Emza's AI-based algorithm. All with low power features. WiseEye will enable next generation AI-based computer vision technology with ultra-low power for notebook and may other markets. Expect shipment to Tier-1 NB OEM in 2020. High ASP
- 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, and AR/VR for mobile devices

## Ultra Low Power Sensor Applications



### Best For IoT/Smart Sensing

Eye Tracking & Gesture Control  
3D Depth Sensing



### Wave-Guide For AR Devices

Help Create Holographic Images  
The Key Interface of AR

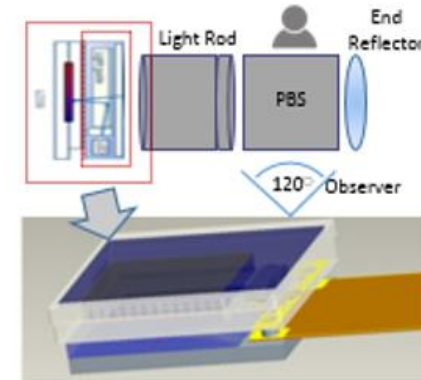


# LCoS Microdisplays



## Market Trends

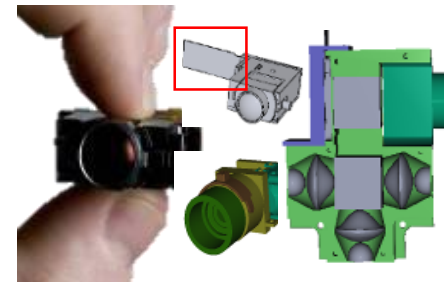
- Many top name multinationals or start-ups are investing heavily to develop the AR ecosystem; applications, software, operating systems, system electronics, and optics
- Limited companies provide the combination of R&D, joint development and manufacturing expertise
- Significant barrier of entry to new market entrants and existing technology companies without scalable manufacturing



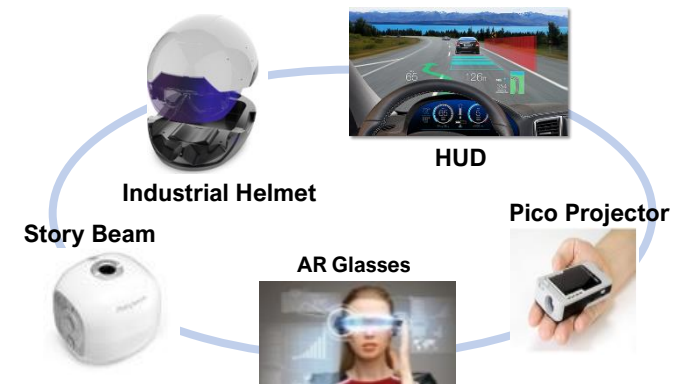
- Front Lit LCOS Advantages**
- Compact Form Factor
  - Brightness
  - Power Efficiency
  - MP Efficiency & Readiness

## Himax 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. Many have demoed their new AR goggles at CES 2020
- On-going collaboration with Global Tier 1 AR glasses device manufacturers since 2011
- Design-wins of high-end HUD for the automotive sector, target MP 2022
- LCOS is one of the mainstream technology for AR goggle devices
- LCOS represents a long-term growth opportunity for Himax



**Optical Engine with LCOS Module**





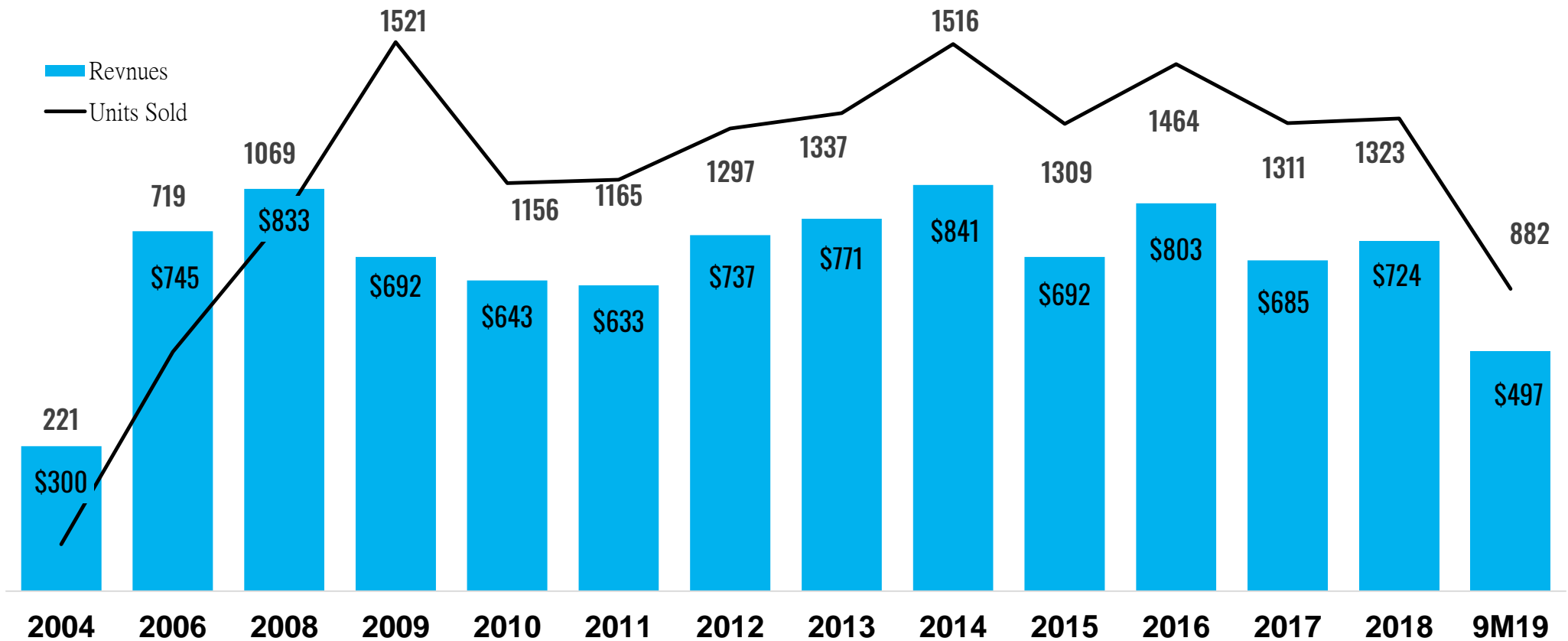
# 2019 YTD Financial Review





We are One of the Leading Semiconductor Companies in the World

**Unit Sales and Revenues** (in millions of units and millions of \$USD)



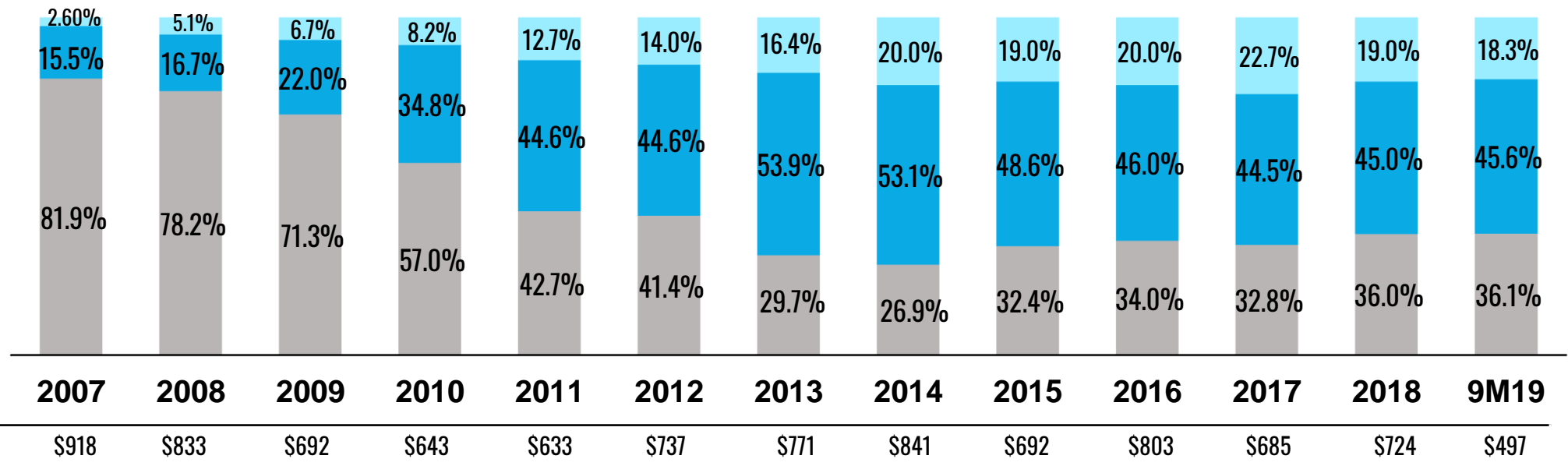
# A Balanced Product Mix...



- Global market share leader in large, small and medium-sized panel driver ICs
- Market leader in 3D sensing – Structured light, active stereoscopic and ToF
- Increasing non-driver sales diversifies customer base, improves product mix and lifts gross margin
- Innovative technologies in advanced Wafer Level Optics, CIS and LCOS microdisplays
  - GM & OPM significantly higher than corporate average
  - Phenomenal ROI
  - AR technology provider of choice
- Total solution & component provider

## Category Product Mix

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



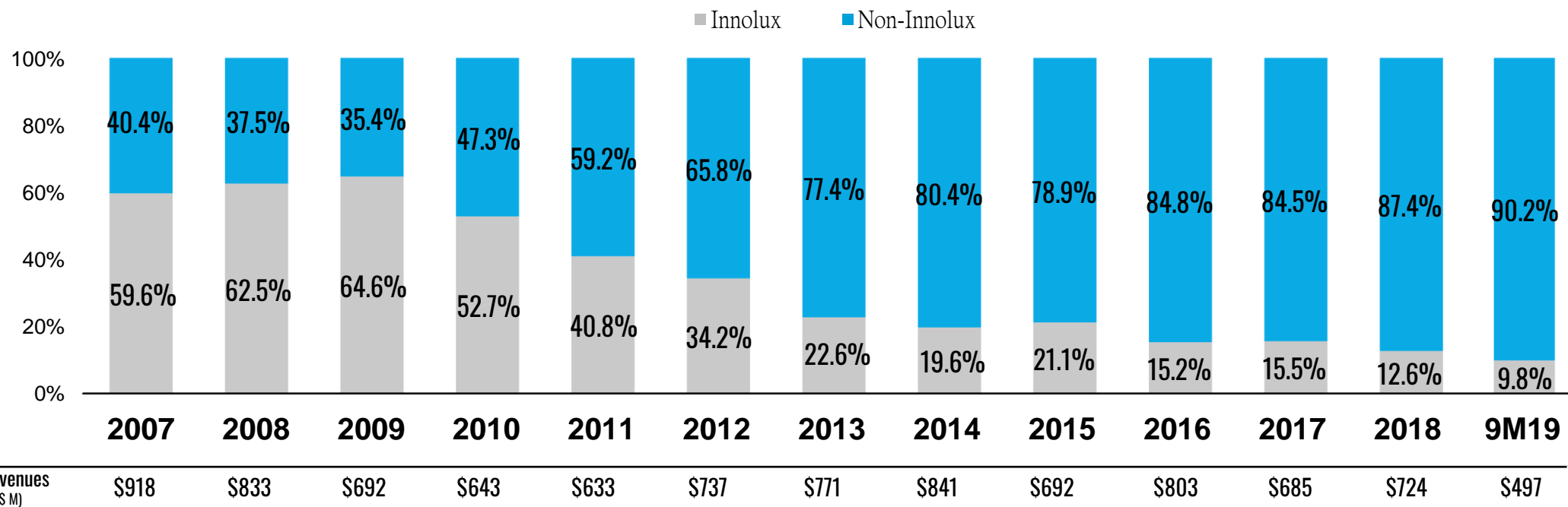
# ...and a Diversified Customer Base



## Largely reduced dependence on one single customer, Innolux.

- Diversifying product revenues by non-driver product wins and leveraging existing customers
- Innolux disposed of its entire equity holding in Himax on June 19<sup>th</sup>, 2013, ending its status as Himax's related party
- Growing shipment to new panel manufacturer customers in China, Korea and Taiwan since 2013
- Market share leadership in core driver IC business
- Benefiting from China localization, capacity expansion
- Expanding customer base to include many global top tier tech companies for new TDDI, OLED technology, LCOS microdisplay, Wafer Level Optics, 3D sensing and CMOS image sensors

### Customer Diversification

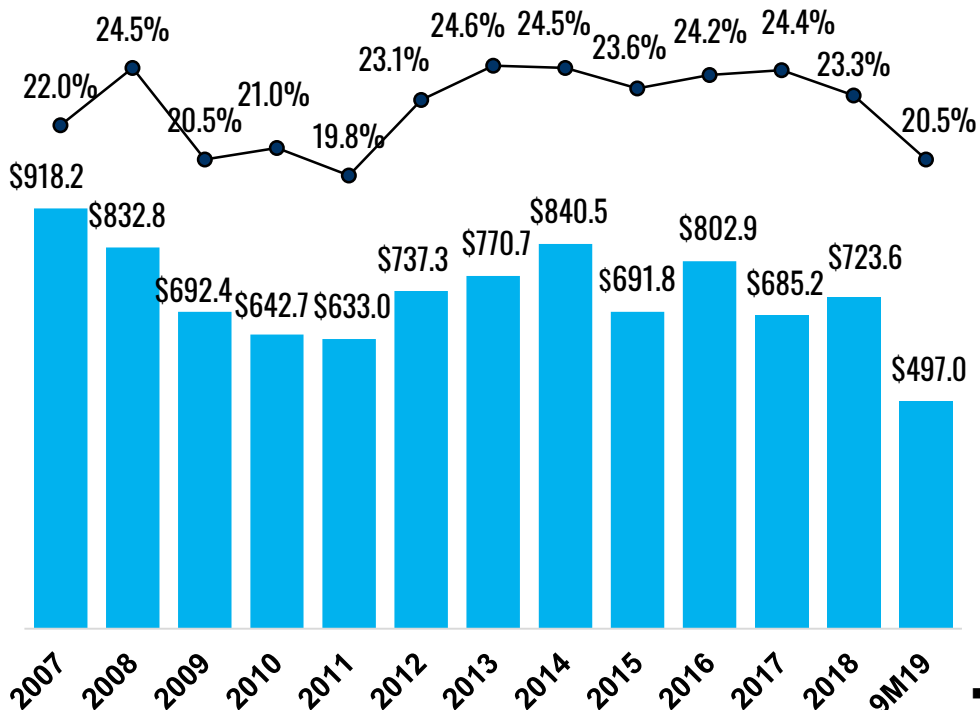


# Gross Margin is a Key Business Focus



## Revenues & Gross Margin %

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



### Better product mix lifts blended margin

- Successful transformation since 2011
- Revenues growth and improved gross margin in 2016 due to product mix
- Expect GM rebound in 2020
- Positive about long term growth

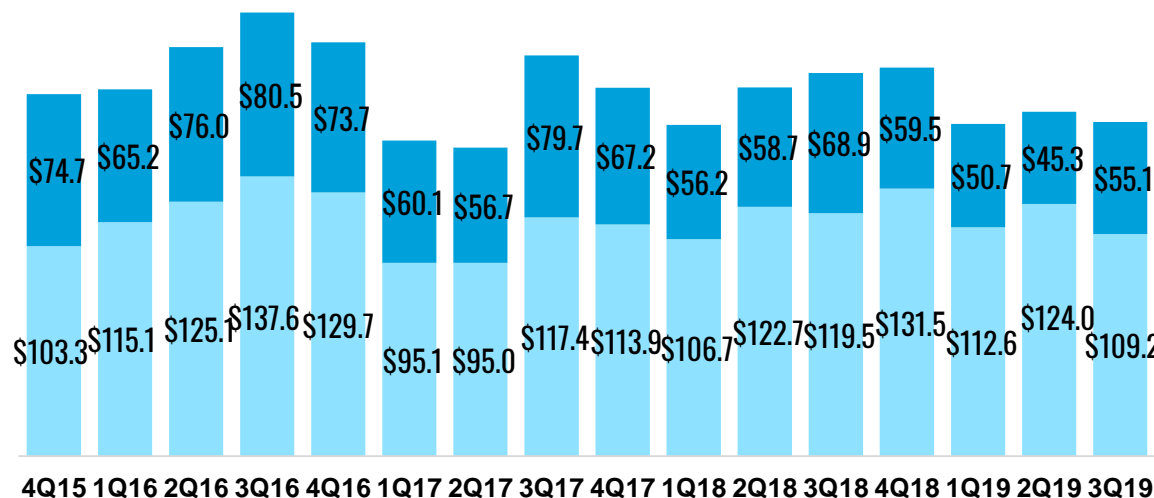
## Geographical Revenue Mix & Quarterly GM

US\$M in Revenues and Quarterly Gross Margins

China Sales (light blue) | ROW Sales (dark blue)

### Quarterly Gross Margin Percentages

4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
22.9%	26.2%	26.1%	25.6%	19.1%	23.1%	23.8%	25.5%	24.6%	22.5%	23.0%	23.4%	24.3%	22.6%	19.5%	19.5%



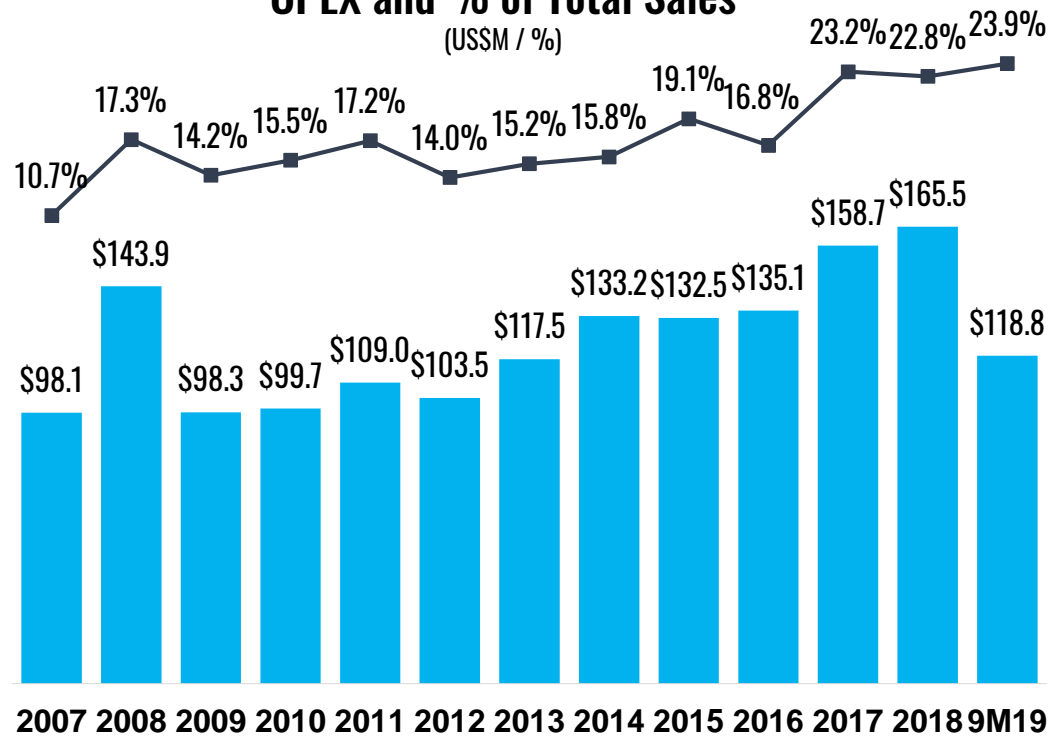
- GM retraction in 2015: higher mix of China sales and competitive pricing in the LDDIC market
- GM improvement in 2016
  - Resolution migration improved GM of SMDDIC
  - Favorable product mix with higher non-driver sales %: LCOS and WLO sales growth
  - Lower GM in 4Q16 due to an additional inventory write-down
- Improved GM in 2H vs. 1H in 2017 driven by more favorable product mix which due primarily to WLO shipments starting in July, 2017, and the one-off customer reimbursements related to AR goggle device business in Q3
- 2019 GM declined due to product mix change
- Expect GM and EPS improvement in 2020 and beyond

# OPEX and the Bottom Line



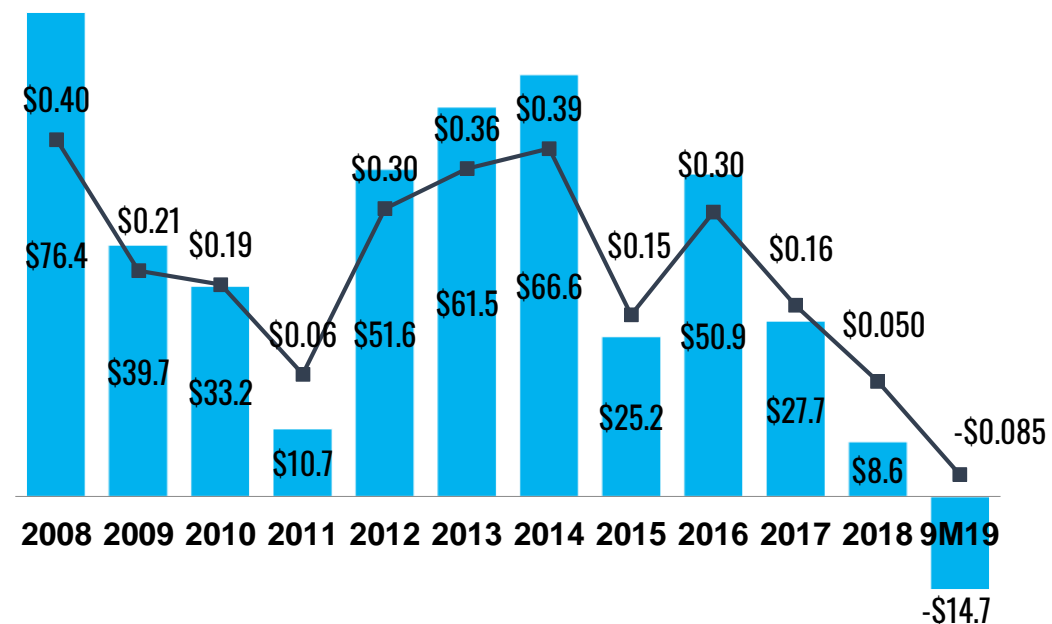
## OPEX and % of Total Sales

(US\$M / %)



## Profit and EPS

(US\$M / US\$)

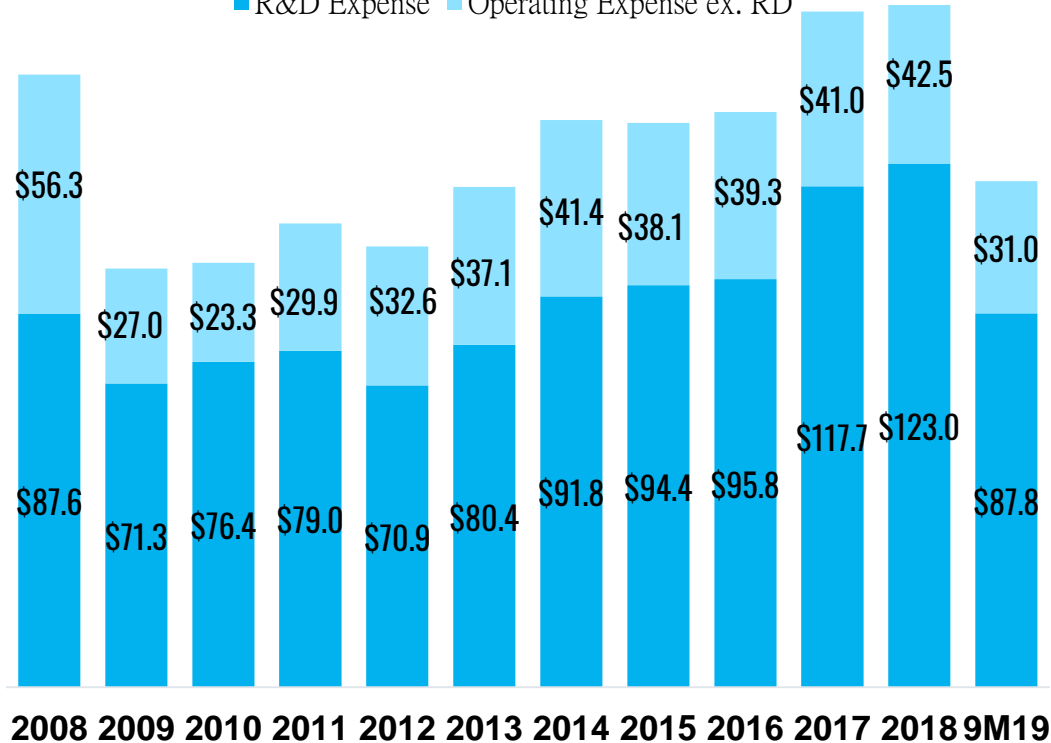


Revenues \$918 \$833 \$692 \$643 \$633 \$737 \$771 \$841 \$692 \$803 \$685 \$724 \$497

- Completion of the new building in 2018: house additional WLO capacity, the new active alignment equipment, and extra office spaces
- Higher capex to meet the demands of 3D sensing total solution or projector module or optics
- Continue committing on R&D and customer engineering on our strategic growth area that will bring in handsome return in the next few years
- Profitability decline in 2019 due to product mix change, weaker market demand, competition, lower ASP and higher costs
- Expect significant profitability improvement starting 2020

## Operating and R&D Expenses (in millions USD)

■ R&D Expense ■ Operating Expense ex. RD

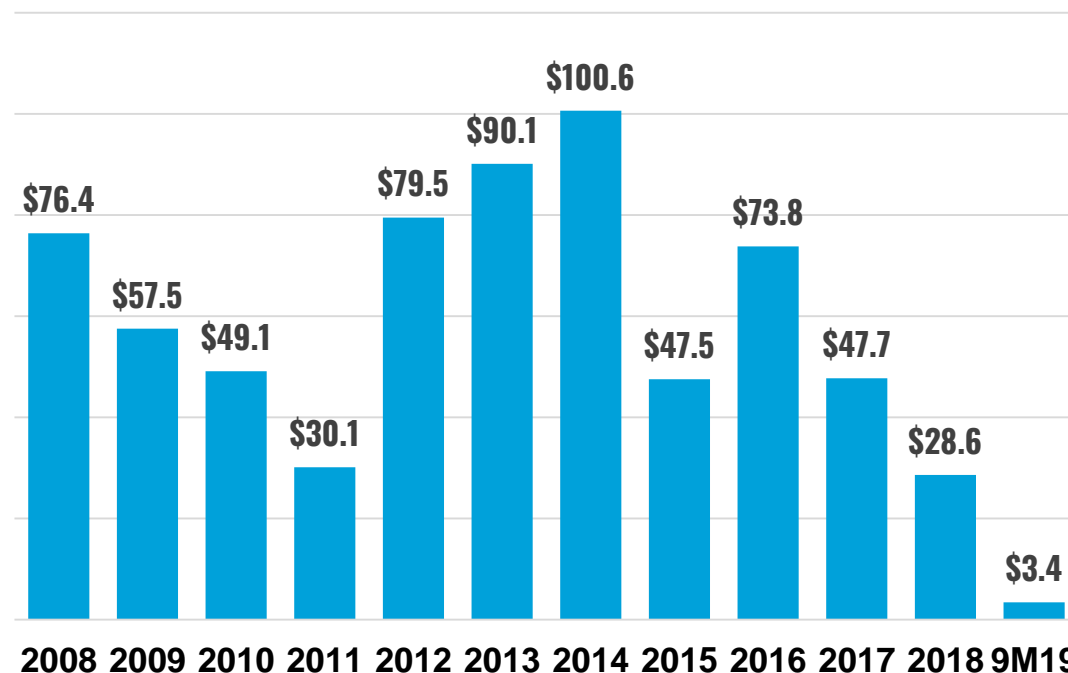


Total Operating and R&D Expense

\$143.9 \$98.3 \$99.7 \$108.9 \$103.5 \$117.5 \$133.2 \$132.5 \$135.1 \$158.7 \$165.5 \$118.8

- Continue investing heavily on R&D and customer engineering on our strategic growth areas including WLO, CIS, TDDI and AMOLED; OPEX in 2018 vs. 2017 up 4.3%
- 2014, 2015, 2016, 2017, 2018 and 2019 OPEX include share-based compensation \$11.1mn, \$6.2mn, \$10.2mn, \$6.9mn, \$4.1mn, and \$0

## EBITDA (in millions USD)



- Robust profit growth in 2016 as a result of revenue growth and GM enhancement from new product
- 2019 profit setbacks caused by lower gross margin due to product mix change
- Expect turnaround and positive profitability outlook starting 2020

# Income Statement



Himax Technologies, Inc.  
Consolidated Statements of Profit or Loss (Unaudited)

For the Fiscal Period Ended	3Q-2019 (Unaudited)	3Q-2018 (Unaudited)	2Q-2019 (Unaudited)	Y2018 (Audited)	Y2017 (Audited)
<b>Revenues</b>	\$164,254	\$188,383	\$169,318	\$723,605	\$685,167
<b>Cost of revenues</b>	132,239	144,241	136,370	554,690	518,142
<b>Gross profit</b>	32,015	44,142	32,948	168,915	167,025
<b>Gross margin</b>	19.5%	23.4%	19.5%	23.3%	24.4%
<b>Operating expenses</b>					
Research and development	29,156	32,129	28,302	123,037	117,662
General and administrative	6,053	5,635	6,155	21,823	20,461
Sales and marketing	4,447	5,588	4,436	20,670	20,543
<b>Total operating expenses</b>	39,656	43,352	38,893	165,530	158,666
<b>Operating income (loss)</b>	(7,641)	790	(5,945)	3,385	8,359
Non-operating income (loss)	(244)	(644)	48	3,635	21,733
<b>Profit (loss) before income taxes</b>	(7,885)	146	(5,897)	7,020	30,092
Income tax expense	0	26	0	994	4,554
<b>Profit (loss) for the period</b>	(7,885)	120	(5,897)	6,026	25,538
Add: Loss attributable to noncontrolling interests	705	769	746	2,543	2,142
<b>Profit (loss) attributable to Himax stockholders</b>	(\$7,180)	\$889	(\$5,151)	\$8,569	\$27,680
<b>Non-IFRS profit (loss) attributable to Himax stockholders</b>	(\$6,897)	\$4,471	(\$4,788)	\$12,907	\$33,889
<b>IFRS earnings (loss) per ADS attributable to Himax stockholders (in cents)</b>					
Basic	(4.2)	0.5	(3.0)	5.0	16.1
Diluted	(4.2)	0.5	(3.0)	5.0	16.1
<b>Non-IFRS earnings (loss) per ADS attributable to Himax stockholders (in cents)</b>					
Basic	(4.0)	2.6	(2.8)	7.5	19.7
Diluted	(4.0)	2.6	(2.8)	7.5	19.7

Himax Technologies, Inc.  
Consolidated Statements of Financial Position (Unaudited)

	<u>September 30, 2019</u> (Unaudited)	<u>June 30, 2019</u> (Unaudited)	<u>September 30, 2018</u> (Unaudited)
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$116,579	\$92,857	\$90,946
Financial assets at amortized cost	11,278	12,463	12,001
Financial assets at fair value through profit or loss	97	17,034	0
Accounts receivable, net	157,320	176,224	187,613
Inventories	167,581	188,535	145,812
Restricted deposit	164,000	164,322	164,328
Other current assets	20,987	23,373	21,613
<b>Total current assets</b>	<b>637,842</b>	<b>674,808</b>	<b>622,313</b>
Financial assets at fair value through profit or loss	9,761	9,768	1,529
Financial assets at fair value through other comprehensive income	703	710	772
Equity method investment	4,036	4,102	9,356
Property, plant and equipment, net	141,835	117,544	109,198
Goodwill	28,138	28,138	28,138
Other Assets	24,827	26,470	23,576
<b>Total Assets</b>	<b>\$847,142</b>	<b>\$861,540</b>	<b>\$794,882</b>
<b>Liabilities and Equity</b>			
<b>Current liabilities:</b>			
Unsecured borrowings	\$90,606	\$77,025	\$0
Secured borrowings*	164,000	164,000	164,000
Accounts payable	114,825	134,224	141,553
Other current liabilities	41,696	42,147	46,959
<b>Total current liabilities</b>	<b>411,127</b>	<b>417,396</b>	<b>352,512</b>
Other liabilities	6,060	5,934	6,575
Himax stockholders' equity	431,248	438,797	439,451
Noncontrolling interest	(1,293)	(587)	(3,656)
<b>Total Liabilities and Equity</b>	<b>\$847,142</b>	<b>\$861,540</b>	<b>\$794,882</b>

\* Short-term borrowings is guaranteed by restricted deposit



# Cash Flow Statement



	<b>3Q-2019</b> <b>(Unaudited)</b>	<b>2Q-2019</b> <b>(Unaudited)</b>	<b>2018FY</b> <b>(Audited)</b>	<b>2017FY</b> <b>(Audited)</b>
<b>Profit (loss) for the period</b>	<b>(\$7,885)</b>	<b>(\$5,897)</b>	<b>\$6,026</b>	<b>\$25,538</b>
Depreciation and amortization	6,004	6,209	20,327	16,680
Expected credit loss recognized on accounts receivable	0	0	290	155
Share-based compensation expenses	92	20	408	997
Gain on disposals of property, plant and equipment	0	0	0	(26)
Gain on re-measurement of the pre-existing relationships in a business combination	0	0	(1,662)	0
Changes in fair value of financial assets at fair value through profit or loss	1	(24)	(2,036)	(23,226)
Interest income	(416)	(514)	(2,429)	(2,225)
Finance costs	634	545	1,232	878
Income tax expense	0	0	994	4,554
Share of losses of associates	135	2	1,095	1,200
Inventories write downs	8,174	5,008	17,724	12,298
Foreign currency exchange losses (gains) of financial assets	182	(23)	294	0
	<b>6,921</b>	<b>5,326</b>	<b>42,263</b>	<b>36,823</b>
Changes in:				
Decrease (increase) in accounts receivable	18,905	(71)	(794)	(1,665)
Decrease (increase) in inventories	12,780	(4,226)	(45,085)	2,250
Increase (decrease) in accounts payable	(19,399)	(13,057)	10,567	(2,336)
Others	5,289	(1,731)	253	7,404
<b>Cash generated from operating activities</b>	<b>24,496</b>	<b>(13,759)</b>	<b>7,204</b>	<b>42,476</b>
Interest received	213	845	2,361	2,165
Interest paid	(639)	(574)	(877)	(565)
Income tax paid	(86)	(4,229)	(4,679)	(14,683)
<b>Net cash provided by (used in) operating activities</b>	<b>\$23,984</b>	<b>(\$17,717)</b>	<b>\$4,009</b>	<b>\$29,393</b>
Acquisitions of property, plant and equipment	(31,222)	(5,711)	(49,672)	(39,292)
Acquisitions of financial assets at amortized cost	(959)	(1,446)	(4,766)	(5,572)
Proceeds from disposal of financial assets at amortized cost	1,896	335	3,514	744
Acquisitions of financial assets at fair value through profit or loss	(4,339)	(34,537)	(26,277)	(41,523)
Proceeds from disposals of financial assets at fair value through profit or loss	21,287	17,634	48,764	56,375
Others	214	1,211	(9,829)	(5,820)
<b>Net cash used in investing activities</b>	<b>(\$13,123)</b>	<b>(\$22,514)</b>	<b>(\$38,266)</b>	<b>(\$35,088)</b>
Payments of cash dividends	0	0	(17,210)	(41,281)
Pledge of restricted deposit	0	0	(17,000)	(9,000)
Proceeds from unsecured borrowings	60,000	77,006	40,000	0
Repayments of unsecured borrowings	(46,385)	(40,000)	(20,000)	0
Proceeds from secured borrowings	67,000	27,000	91,000	151,161
Repayments of secured borrowings	(67,000)	(27,000)	(74,000)	(142,161)
Others	(392)	(460)	11	67
<b>Net cash provided by (used in) financing activities</b>	<b>\$13,223</b>	<b>\$36,546</b>	<b>\$2,801</b>	<b>(\$41,214)</b>
Effect of foreign currency exchange rate changes	(362)	(211)	(130)	480
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$23,722</b>	<b>(\$3,896)</b>	<b>(\$31,586)</b>	<b>(\$46,429)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>\$92,857</b>	<b>\$96,753</b>	<b>\$138,023</b>	<b>\$184,452</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$116,579</b>	<b>\$92,857</b>	<b>\$106,437</b>	<b>\$138,023</b>



**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 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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## Corporate Counsel



## SEC Legal Counsel

