



Drive for better vision



Himax

Nasdaq : HIMX

2024 Q3 Earnings Updates



Earnings Call Presenters



Jordan Wu
President and
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Chief Financial Officer



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Chief IR/PR Officer

Forward Looking Statements



Factors that could cause actual events or results to differ materially from those described in this conference call include, but are not limited to, the effect of the Covid-19 pandemic on the Company's business; 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; shortage in supply of key components; changes in environmental laws and regulations; changes in export license regulated by Export Administration Regulations (EAR); 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, 2023 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.

2024 Q3 Financial Summary



Revenues & profits both surpassed guidance

GM in-line with guidance

Stronger orders in auto, tablet & Tcon

Revenues \$222.4M Beat

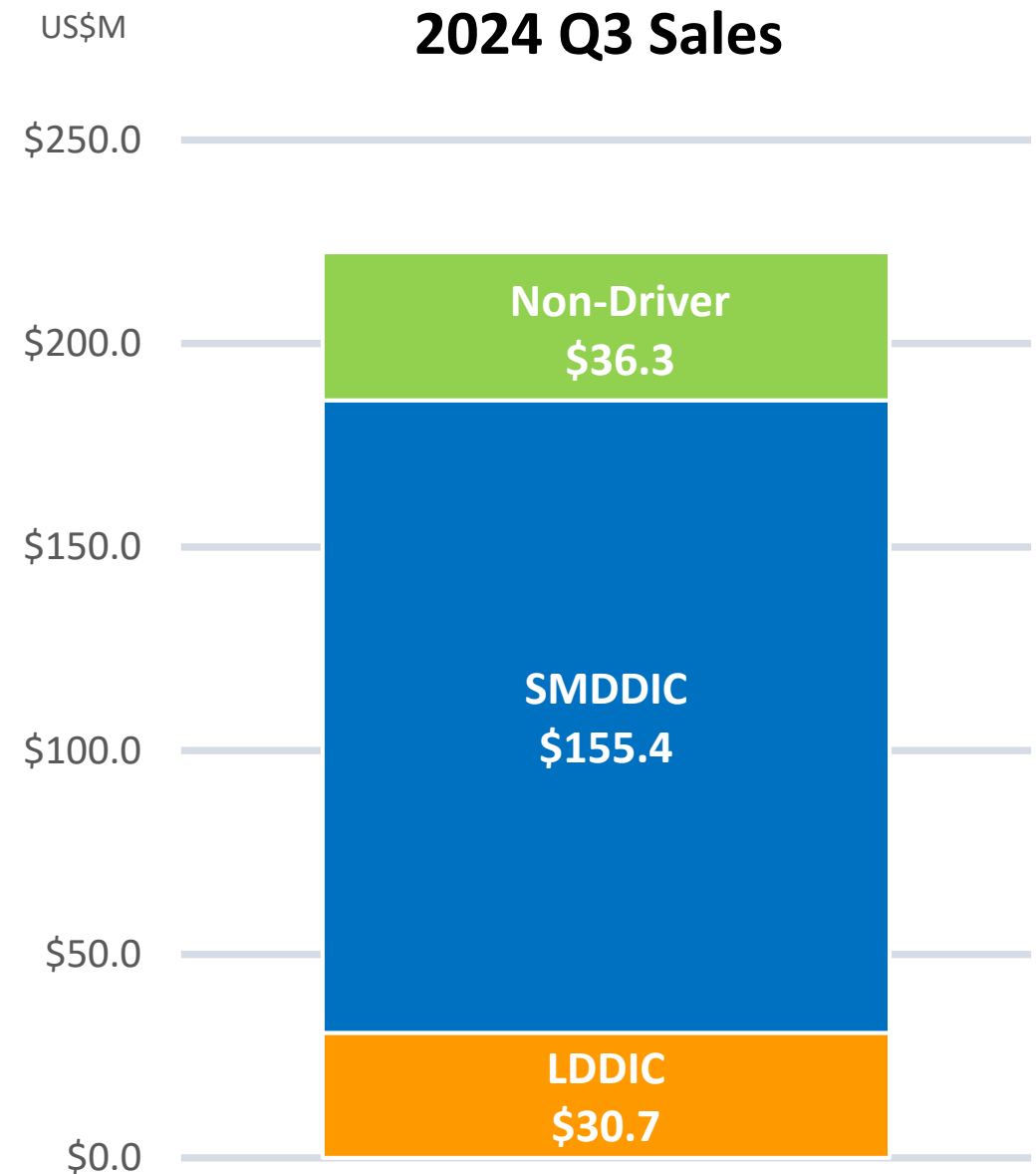
- -7.2% QoQ
- Guidance: decrease 12% to 17% QoQ

GM 30.0% In-line

- -2.0% QoQ
- Guidance: around 30%

EPS 7.4 Cents Beat

- Guidance: 1.5 cents to 4.5 cents



2024 Q3 Financial Summary by Segment



LDDIC Revenue \$30.7M

- -21.2% QoQ
- Weaker monitor and TV IC sales due to customers' destocking following substantial Q2 replenishment

SMDDIC Revenue \$155.4M **Beat**

- -2.2% QoQ (Guidance: Low Teens Decline)
- Stronger-than-expected auto & tablet sales

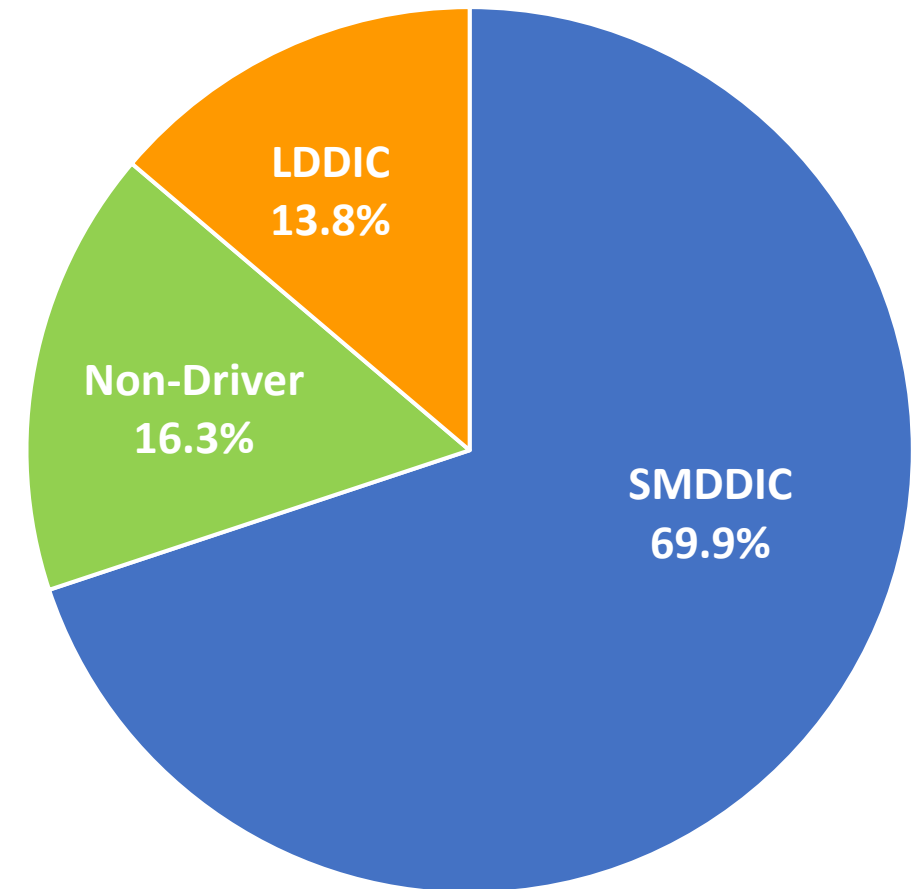
Auto Driver Sales mid single-digit decline QoQ

- Largely outperform guidance of high-teens decline
- Rush orders from CN panel customers following gov.'s mid-August trade-in stimulus
- Auto business nearly half of total sales

Non-Driver Revenue \$36.3M

- -13.1% QoQ
- Mainly drop in monitor Tcon as customers pulled forward inventory in Q2

2024 Q3 Sales Breakdown



2024 Q3 Operating Expenses & Profits



Operating Expenses \$60.8M

- QoQ Up 28.4%: Primarily from expense for annual employee bonus compensation awarded at end of September each year
- YoY Decrease 4.7%: Due to lower amortized portion of prior years' bonus compensation

Operating Income \$5.9M

Operating Margin 2.6%

Net Profit \$13.0M

- 24Q2 \$29.6M / 23Q3 \$11.2M

EPS 7.4 cents

- 24Q2 16.9 cents / 23Q3 6.4 cents

Annual Employee Bonus Compensation

Unit: US\$M

	2024	2023	2022
Q3 employee bonus expense	13.9	15.9	26.7
Annual grant for the year	12.5	10.4	39.6
Immediately vested portion (expense in Q3)	11.2	9.7	18.5
Q3 amortized portion from previous years	2.7	6.2	8.2

Balance Sheet as of September 30, 2024



Q3 Free Cash Balance

\$206.5M

Q3 Inventories

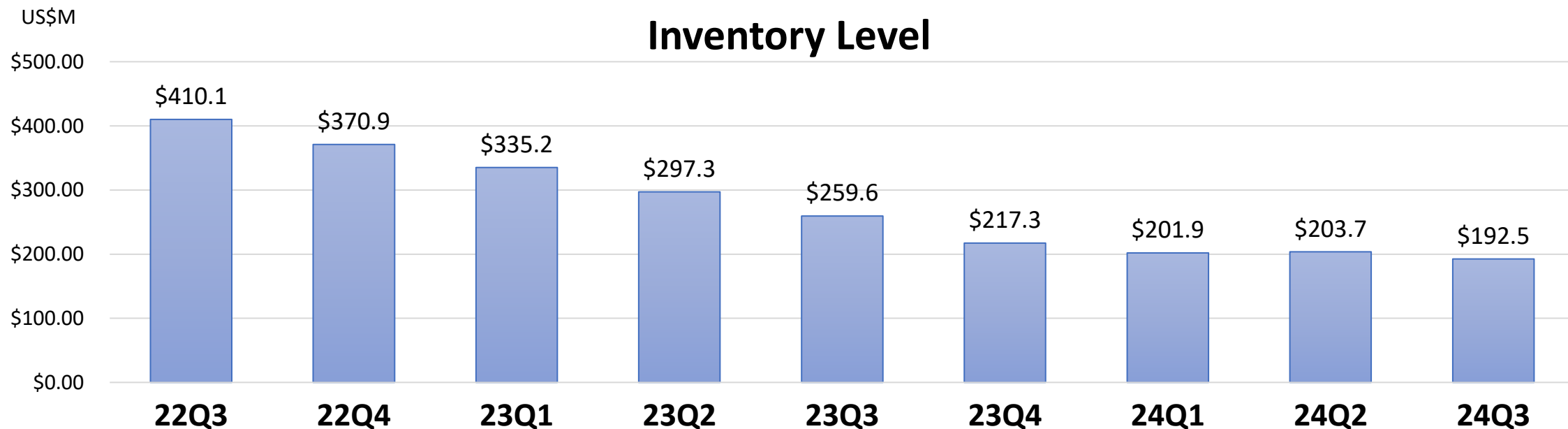
\$192.5M

Q3 Cash Balance Declined

- Mainly due to \$50.7M annual dividend payment

Q3 Operating Cash Outflow \$3.1M

- Compared to \$26.9M inflow in Q2
- Primarily from employee bonus awards of \$30.1M
- \$27.0M cash inflow excluding employee bonus



Revenues

Flat to slightly down sequentially

Gross Margin

Flat to slightly up sequentially

Net Profit

9.3 cents to 11.0 cents per diluted ADS

Macro environment remains challenging

- Panel customers reduce production to stabilize panel prices
- End brands are cautious in panel procurement, keeping low inventory levels

Continued strict expense control and cost optimization through efficiency improvements & foundry/backend diversification

2025 positive business outlook for auto, AI, WLO, and OLED

Optimistic in long-term outlook for auto business

Significant fluctuations in auto market demands in recent quarters

- Mainly driven by CN market, over 30% of global vehicle sales

Greater challenges in handling rush orders for auto ICs, which have long production lead time

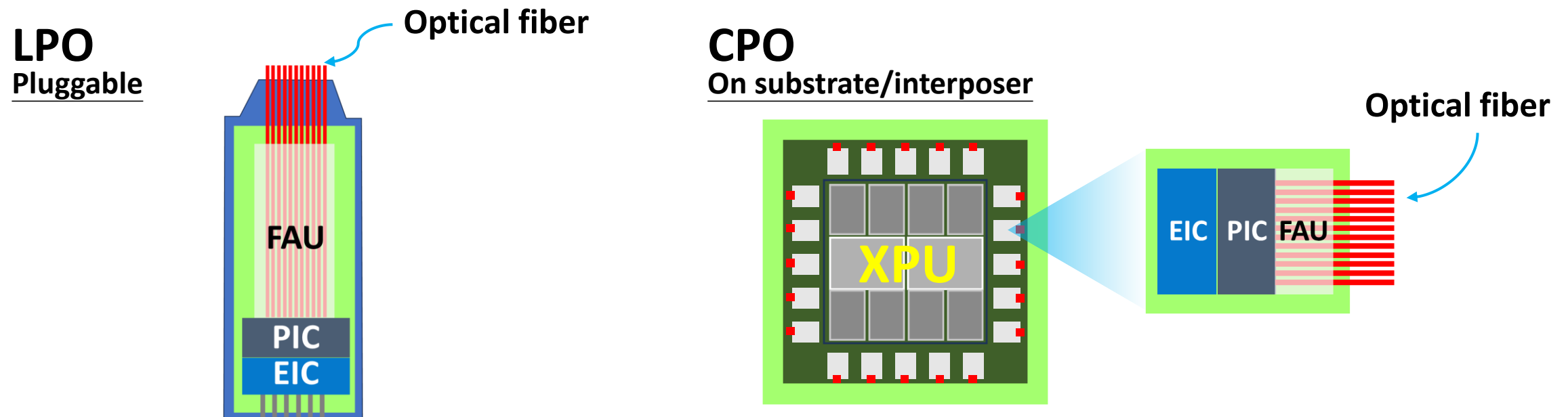
Himax well-equipped to navigate market fluctuations, thanks to leading market share and substantial shipment volume

Ability to respond to rush auto demands instrumental in achieving Q3 revenues, exceeding guidance midpoint by as much as 7%

Decent progress in LPO/CPO in initial small-scale production of gen-1 solution

Surging demand for our LPO/CPO technologies

Himax and FOCl, along with top AI semi companies & foundry, are developing technologies & products for future generations



Q4 LDDIC sales to decrease double digit QoQ due to weak holiday demand, customer destocking, and intensified CN local competition

- Panel manufacturers reducing production to protect prices
- End brands enforcing procurement control and maintaining low inventory

AI PC emergence prompts display upgrades to OLED and touch displays

Strategic partnerships with KR/CN panel makers for NB ICs

- TDDI & Tcon for LCD
- DDIC, Tcon & touch controller for OLED

Proprietary architecture with embedded touch controller inside TDDI

- Leverages conventional DDIC configuration to maintain existing Tcon adoption
- Multi-chip cascade and increased channel output for up to 4K and 16" screens
- Enables compact PCB and narrow bezel, suitable for mainstream & high-end LCD laptops
- In-cell touch TDDI Q3 MP for a prominent brand's first AI PC

Pioneering on-cell touch controller, along with DDIC and Tcon for OLED NB

- Multiple projects underway with top laptop leaders

Developing next-gen eDP 1.5 display interface for Tcon

- Applicable to LCD and OLED
- Supporting high frame rates, low power panel replay, adaptive sync, and high resolution
- Target to launch in H2 2025

LCD & OLED NB solutions key catalysts for our NB IC business for the coming years

Q4 SMDDIC sales to be flat QoQ

Q4 auto IC sales to grow single digit QoQ

- Car makers' promotions in CN & government's renewed trade-in stimulus

FY24 auto driver IC sales to grow high-teens YoY

- Significantly outperforming global auto growth
- Driven by TDDI expansion

Q4 auto TDDI sales expected to surpass DDIC for the first time

FY24 auto DDIC sales to decline YoY

- Partially replaced by TDDI
- Yet quantity to increase modestly
- Long product life cycle and display-only segments (cluster, HUD, rear/side mirrors)

Customers opt for Himax auto TDDI/LTDI with local dimming Tcon as standard development platforms

Himax leads auto display IC market with broadest product coverage and leading market share

New launch of auto TED solution

- Combining TDDI with local dimming Tcon into a single chip
- Ideal for cost-effective, smaller panels (requiring only 1 ~ 2 ICs)
- MP in early 2025

Q4 smartphone sales to slightly decline QoQ

Q4 tablet sales to be down low teens QoQ

- End customers extending replacement cycles

Auto OLED

- Strategic partnerships with key KR/CN/JP panel manufactures
- Broad auto OLED offerings (DDIC/Tcon/Touch)
- New touch standard of >45 dB SNR for glove-wearing/wet-finger operations
- Touch IC MP in Q2; more revenue starting in 2025

Tablet and NB OLED

- Comprehensive offerings (DDIC/Tcon/Touch)
- New projects with top KR/CN panel makers to start MP from Q4

Smartphone OLED

- Target to MP next year with KR/CN panel partners

Q4 non-driver revenue to increase mid-teens QoQ

Q4 Tcon sales to increase mid-teens QoQ

- Driven by auto & one-time ASIC Tcon shipment to a leading projector customer

Auto Tcon

- Q4 sales to be up high-teens QoQ
- FY24 YoY > 80%, nearly 4% of total sales
- Dominant local dimming Tcon market position with 100+ design-wins
- Adoption from premium to mainstream car models

OLED Tcon

- Actively developing next-gen OLED Tcon for tablet, NB, and auto
- Promising results for OLED tablet & NB applications
- Auto OLED Tcon MP started in 2021; new products to launch in 2025

Cutting-edge endpoint AI integration

- Ultralow power AI processor
- AoS CMOS image sensor
- CNN based AI algorithm

Catered to fast-changing AI landscape

- On-device tinyML expertise
- Single-digit mW ultralow power
- Enables AI for battery-powered endpoint devices

Diverse AI applications

- Smart door lock; MP with DESMAN of CN
- Reaching to other world-leading door lock makers
 - Parcel recognition / anti-pinch protection / palm vein biometric access

WiseEye™ Drive for AI Everywhere



Diverse AI Coverage



Lower barriers for AI developers

- Plug-and-play modules
- Low-code / no-code AI development

Progress across various domains

- Smart parking
- Access control
- Palm vein authentication
- Smart offices
- Smart homes

PnP WiseEye Modules



Low-Code / No-Code AI



Broad AI Use Cases



MP by year-end by a U.S. customer for smart access control

Collaborations with world-leading players underway

- Door locks, access control, NB, auto

Anticipate increasing sales contribution across applications starting 2025

WiseEye™ PalmVein



- WiseEye module with proven palm vein algorithm
- Swift authentication <100 ms
- Single digit mW power consumption
- Anti duplication and spoofing
- Industry-leading low false acceptance and rejection rates

Himax and FOCI LPO/CPO partnership (announced in June '24)

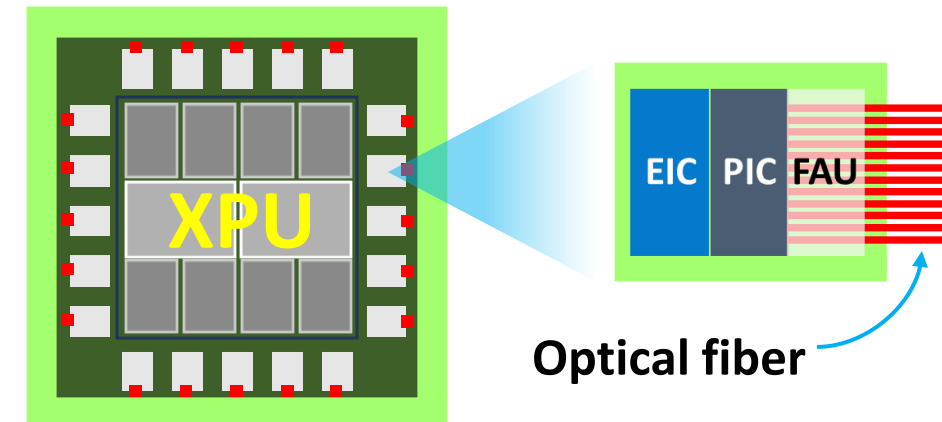
- Optical communication for the most advanced multi-chip modules
- Small-scale MP of first-gen LPO architecture
- Development with FOCI and partners for more sophisticated next-gen CPO architecture

Key role of WLO in LPO/CPO

- Nano-scale precision optics
- Precision-engineered optical design and manufacturing technologies
- Precise fiber-to-PIC coupling



Cutting-edge CPO Solutions



- Enhanced bandwidth
- Improved data rate
- Minimized signal loss
- Reduced latency
- Lower energy consumption



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