

Drive for better vision



**NASDAQ** HIMX

A fabless semiconductor solution provider dedicated for imaging processing technologies

**Investor Presentation**

May, 2012

Himax Technologies, Inc.  
奇景光電股份有限公司

## *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, 2011 filed with the SEC, as may be amended.

# Investment Highlights

- **A leading “fabless” manufacturer in TFT-LCD panel display drivers**
  - ❖ Pioneer in technology with a complete portfolio of display drivers for panels in all kind of sizes
  - ❖ Business model with sophisticated supply chain management expertise
- **Product and customer diversification**
  - ❖ Increasing revenues from smartphone, touch panel controller, CMOS image sensor and LCOS micro display solutions
  - ❖ A diverse customer base to reduce reliance on single customer
- **Growth Opportunities**
  - ❖ Strong smartphone growth momentum benefits both display driver and touch controller products
  - ❖ Substantial business opportunities from non-drivers, including CMOS image sensor, touch panel controller and LCOS micro display

# Selected Financials

<b>Fiscal Year</b>	December 31 <sup>st</sup>				
<b>Last-Traded Price (05/11/12)</b>	\$2.12				
<b>Basic Weighted Average Outstanding ADS (2011)</b>	176.9M				
<b>Diluted Weighted Average Outstanding ADS (2011)</b>	176.9M				
<b>Equivalent ADS Outstanding (Q1 2012)</b>	170.1M				
<b>Market Capitalization (05/10/12)</b>	\$360 M				
<b>Insider Ownership</b>	~46.8%				
	2012Q1	2011Q1	2011Q4	FY2011	FY2010
<b>Revenues</b>	\$166.7M	\$141.1M	\$169.2M	\$633.0M	\$642.7M
<b>Gross Margin</b>	22.9%	20.1%	22.1%	19.8%	21.0%
<b>GAAP Net Income</b>	\$11.3M	\$2.7M	\$3.7M	\$10.7M	\$33.2M
<b>GAAP Earnings per ADS</b>	\$0.066	\$0.015	\$0.021	\$0.061	\$0.187
<b>Non-GAAP Net Income</b>	\$12.1M	\$4.1M	\$4.3M	\$18.3M	\$45.2M
<b>Non-GAAP Earnings per ADS</b>	\$0.071	\$0.023	\$0.025	\$0.103	\$0.254
<b>Non-GAAP Adjusted Pre-tax Income</b>	\$15.6M	\$3.5M	\$10.3M	\$25.7M	\$45.0M
<b>Non-GAAP Adjusted Pre-tax Earnings per ADS</b>	\$0.090	\$0.020	\$0.059	\$0.145	\$0.253
<b>Q2 2012 GUIDANCE</b>					
<b>Revenues</b>	15% to 20% sequential growth				
<b>Gross Margin</b>	To be slightly up from the first quarter of 2012				
<b>GAAP Net Income</b>	\$0.08-\$0.10 per diluted ADS				

# Company Overview

- Fabless semiconductor solutions provider with leading imaging processing technologies
- A global market leader in TFT-LCD driver ICs
- Pioneer in mobile projector microdisplays
- Momentum in display system solutions, power management ICs, CMOS image sensors and wafer level optics
- 150+ customers across Taiwan, China, Japan, Korea, U.S. and Europe
- 1,396 patents granted worldwide as of Mar. 31, 2012
- Strong commitment to innovation and customer service
- Headquartered in Tainan, Taiwan with around 1,400 employees; >90% engineers
- Listed on the NASDAQ (HIMX) since March 2006



# Display Driver ICs & Timing Controllers



Display driver ICs and timing controllers are used in TVs, laptops, monitors, mobile phones, tablets, digital cameras, car navigation, and many other consumer electronics devices.

# Himax Operating Companies

## Himax Technologies Ltd

- Display Drivers and Tcon
- Touch Controllers
- Wafer Level Optics and modules for CIS
- In-house Color Filter Fab for LCOS and CIS



## Himax Media Solutions, Inc.

- TV Chipsets
- Monitor Scalers
- Infinity Color Technology
- 2D to 3D Conversion
- 3D Color Engine
- ASIC Service and IP Licensing

## Himax Display, Inc.

- LCOS Modules for Pico-projector Applications

## Himax Analogic, Inc.

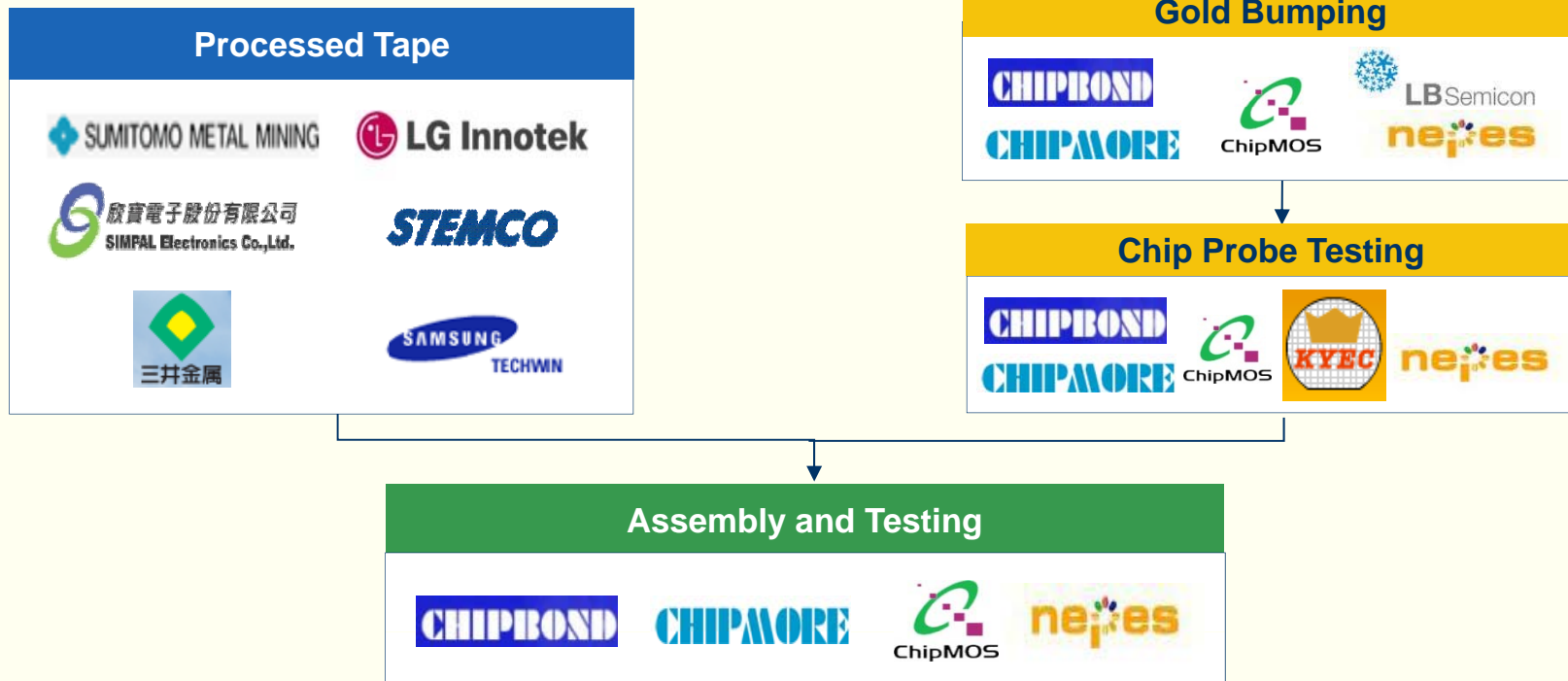
- Power Management ICs
- LED Drivers

## Himax Imaging, Inc.

- CMOS Image Sensors

# Skilled Management of Complex Supply Chains

## Large Panel Display Driver Supply Chain





# Himax's Global Footprint



## Taiwan - Headquarters

### Taipei

Design  
Sales/Marketing  
Technical support

### Hsinchu

Design  
Sales/Marketing  
Technical support

### Tainan

Headquarters  
Design  
Manufacturing  
Operations  
Sales/Marketing  
Technical support

## U.S.

**Irvine**  
Design

## China

**Beijing**  
Sales  
Technical support  
**Shanghai**  
Sales  
Technical support  
**Suzhou**  
Sales  
Technical support

**Ninbo**  
Sales  
Technical support  
**Fuqing**  
Sales  
Technical support

**Foshan**  
Sales  
Technical support  
**Shenzhen**  
Sales  
Technical support

## Japan

**Yokohama**  
Sales  
Technical support  
**Matsusaka**  
Sales  
Technical support

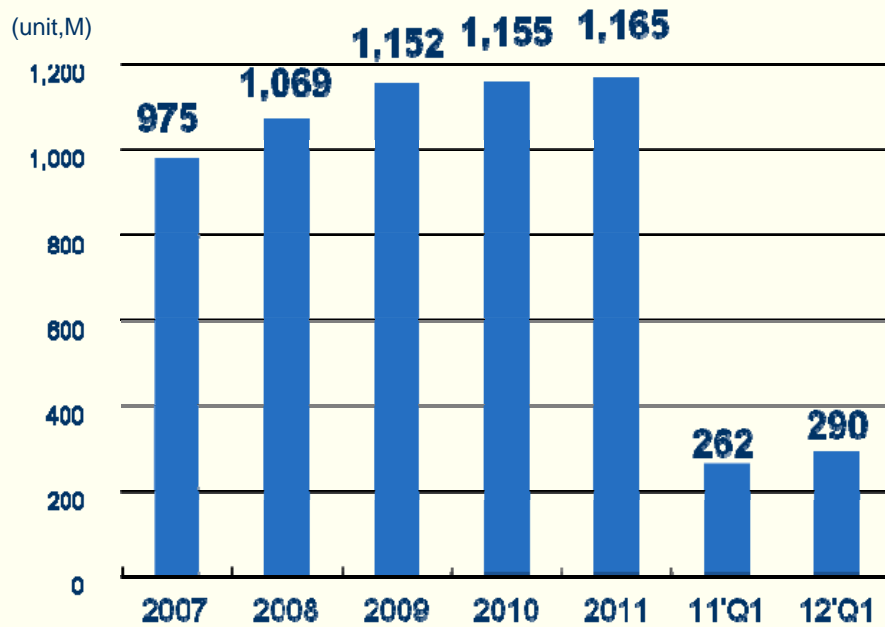
## Korea

**Cheonan**  
Sales  
Technical support

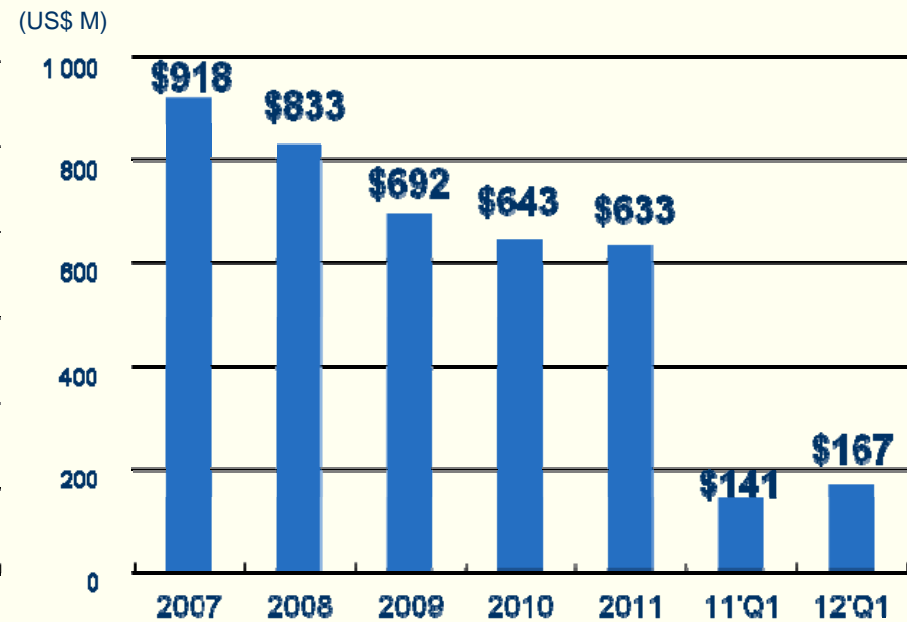
# Shipment and Revenue Track Record

## Consistent shipment growth

### Volume



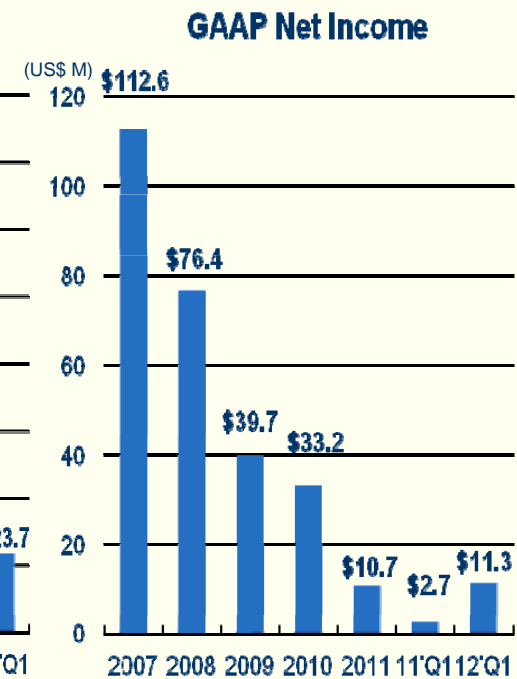
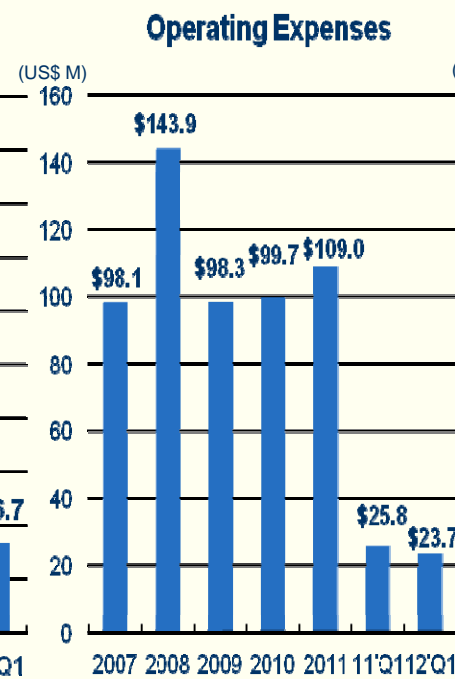
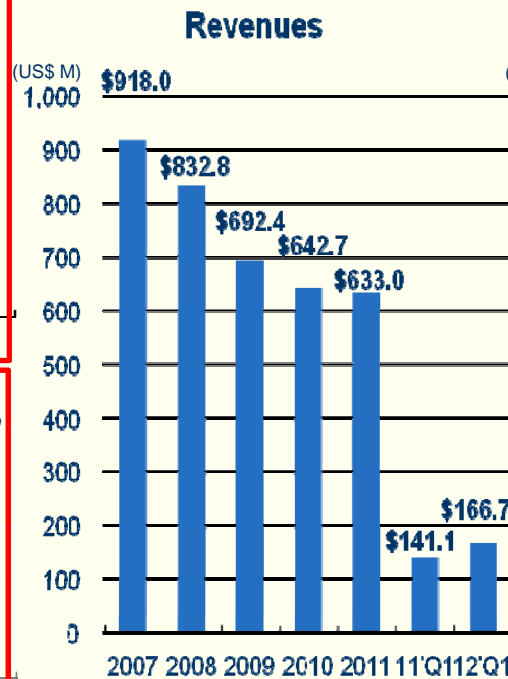
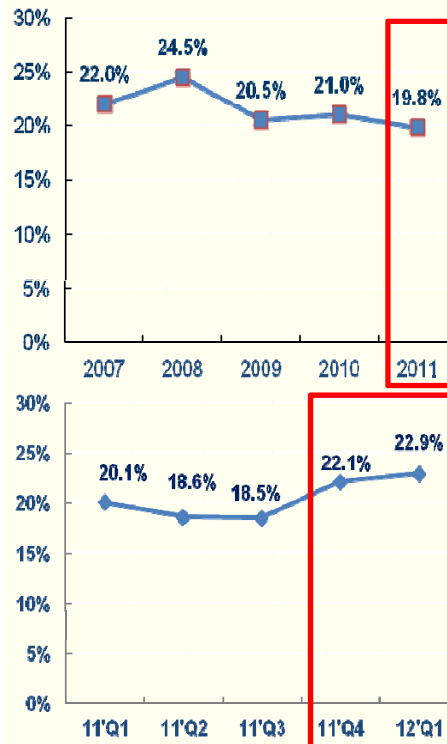
### Revenues



# Gross Margin and Net Income (2007~2012Q1)

- With a better product mix, gross margin has improved to 22.1% in 4Q11 and 22.9% in 1Q12
- Improvement will continue exceeding current levels

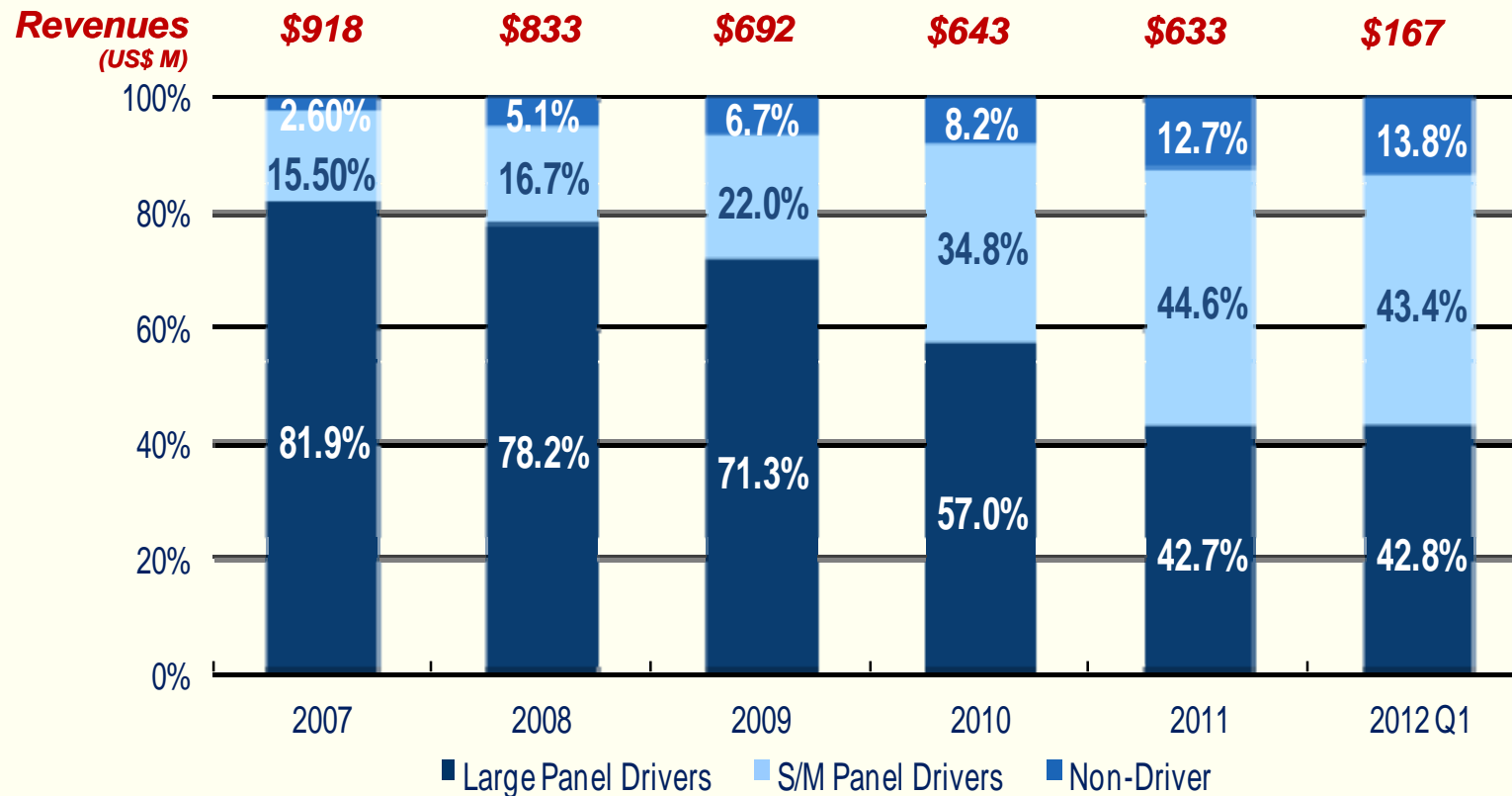
## Gross Margin



# Product Mix

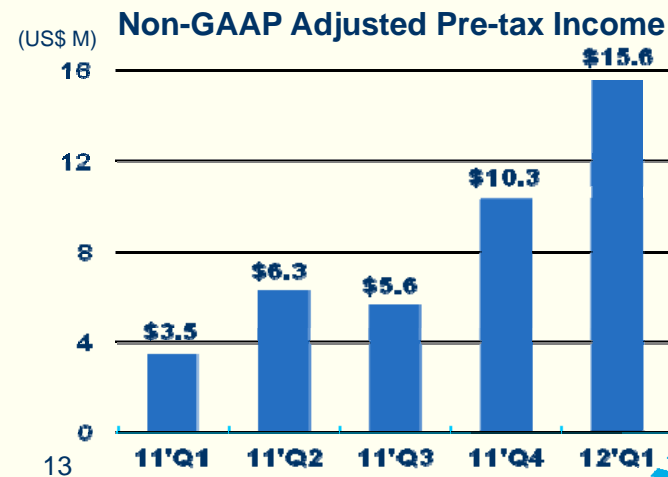
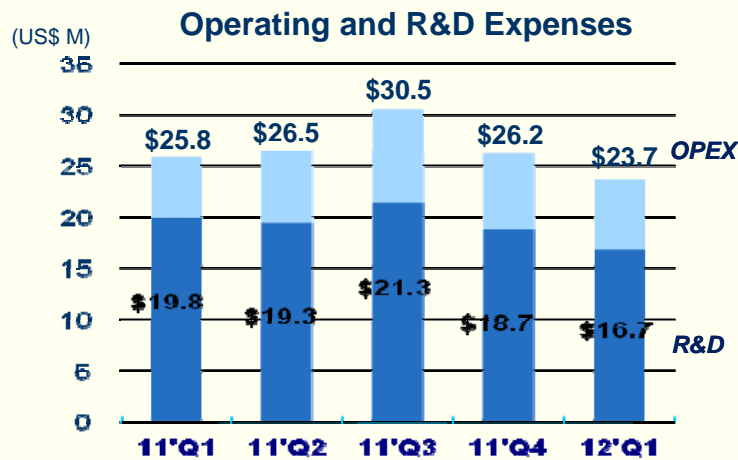
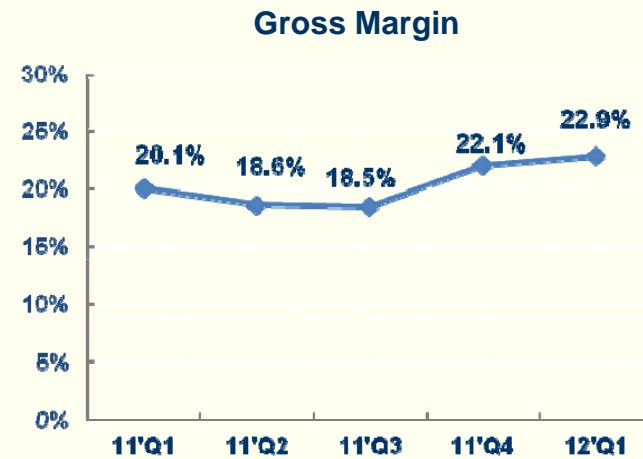
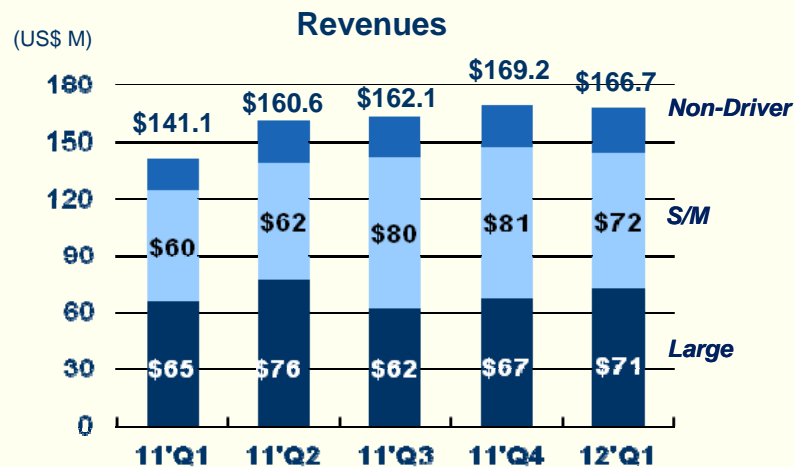
## More balanced product mix:

- Fast growing small and medium-sized panel driver
- Increasing non-driver products



# Quarterly Gross Margin and Net Income

- Revenues outperformed peers
- Gross margin improvement due to better product mix
- Continuous R&D commitment
- Positive Outlook



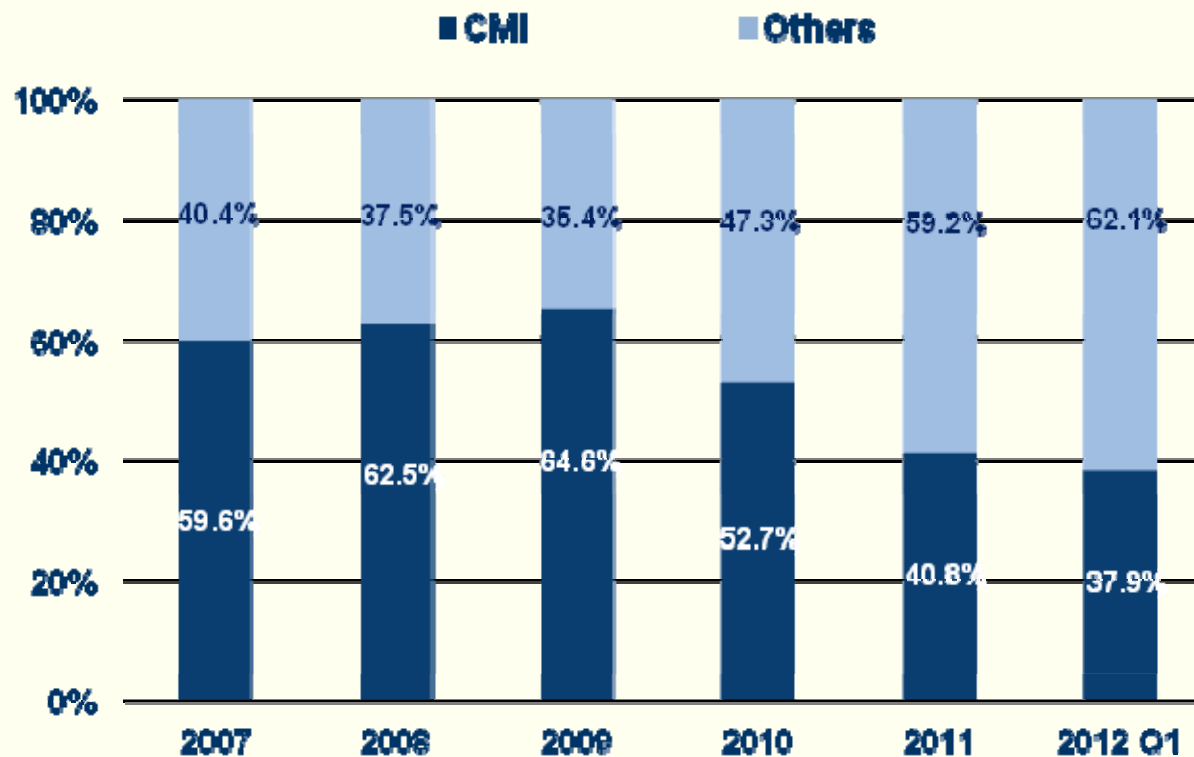
# Panel and Component Makers 1Q12 Top Line

	1Q12 Revenues			1Q12 Revenues	
	QoQ	YoY		QoQ	YoY
<b>Driver IC Makers:</b>			<b>Component Makers:</b>		
<i>Himax (consolidated)</i>	-1.5%	18.1%	<i>Optimax / 力特光電</i>	-5.1%	36.5%
<i>Novatek / 聯詠</i>	-10.2%	-10.4%	<i>ROEC / 瑞儀光電</i>	68.8%	7.9%
<i>Raydium / 瑞鼎</i>	10.6%	6.1%	<i>Coretronic / 中光電</i>	5.6%	0.5%
<i>Orise / 旭曜</i>	-11.3%	-32.6%	<i>Forhouse / 輔祥</i>	-3.5%	20.8%
<i>Sitronix / 矽創電子</i>	-6.5%	-2.5%	<i>WahHong / 華宏</i>	16.0%	2.4%
<i>Ilitek / 奕力</i>	-20.2%	16.8%	<i>ChangWah / 長華</i>	4.7%	-16.2%
<i>Fitipower / 天鈺</i>	-25.2%	-54.8%	<i>SPIL / 矽品</i>	-3.6%	5.8%
<b>Panel Makers:</b>			<i>Chipbond / 碩邦</i>	-1.7%	2.7%
<i>Samsung (TFT only) / 三星</i>	-4.3%	22.0%	<i>Chipmos / 南茂</i>	-2.9%	-2.2%
<i>LGD / 樂金</i>	-1.1%	15.2%			
<i>AUO / 友達</i>	-7.9%	-12.1%			
<i>CMI / 奇美</i>	N.A.	N.A.			
<i>CMI / 奇美</i>	-13.9%	-11.8%			
<i>CPT (TFT only) / 華映</i>	-18.2%	-32.5%			
<i>HannStar / 瀚宇彩晶</i>	-12.4%	-21.6%			

# Revenue Breakdown

## Largely reduced dependence on one single customer:

- Chi Mei Electronics is the large panel manufacturer that owns 14.9% of HIMX
- Revenue in 1Q12 down to 37.9% from as high as 66.5% in 1Q08



# Cash Dividend and Share Buyback

## Cash Dividend Per ADS

- Cumulatively distributed ~\$228 million of cash dividend since IPO
- \$21 million in 2011 and \$44 million in 2010
- Dividend paid out since IPO

(US\$ M) **Total cash dividend payment** **Cash Dividend Per ADS**

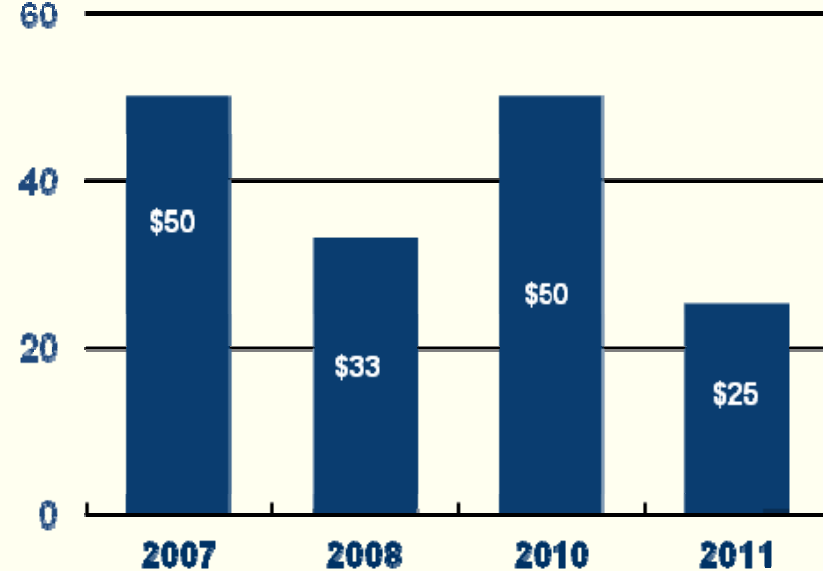


Dividend Yield 3.9% 7.0% 11.6% 9.1% 5.9%

## Share Buyback Programs

- Initiated 4 share buyback programs totaling ~\$158 million since 2007
- With regards to the Company's \$25 million dollars share buyback program announced in June 2011, Himax has purchased a total of \$11.2 million, or approximately 8.3 million ADSs through March 31, 2012

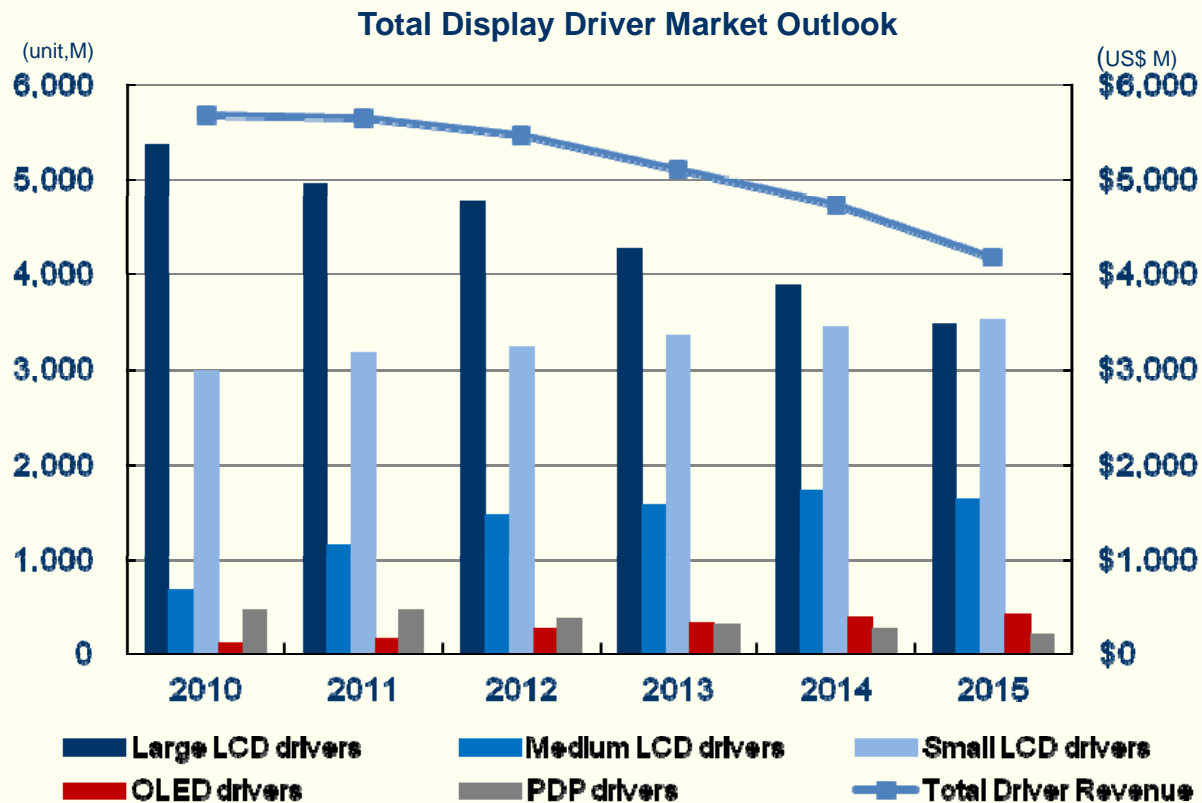
(US\$ M)





# Global Display Driver Market

- Compared with maturing large display drivers, small and medium display drivers will continue to grow in next few years
- Smartphone and tablet segments continue at stronger annual growth rates



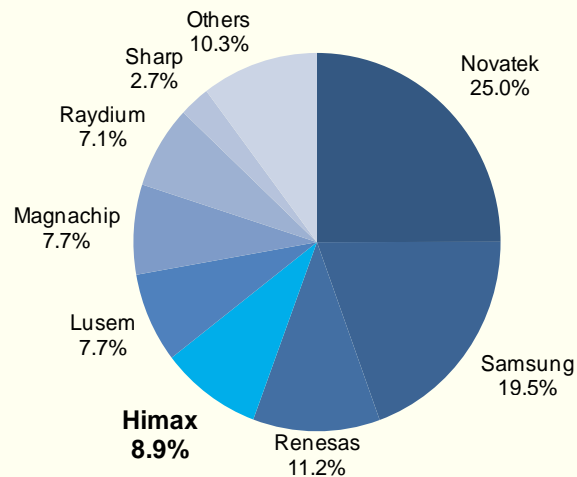
(Source: iSuppli)



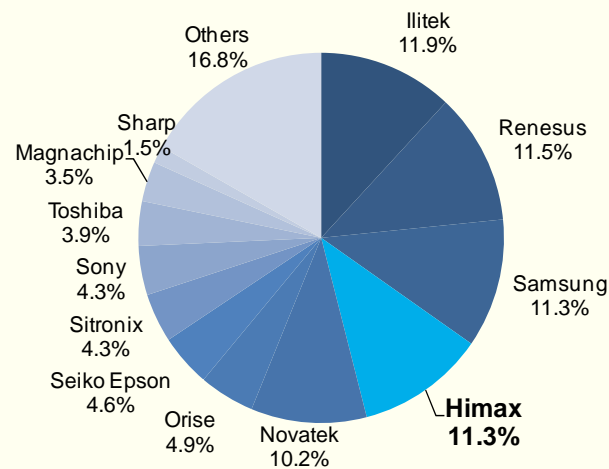
# Himax Display Driver Market Share (2011)

- One of the leading players in display driver IC designs
- Superior growth in small/medium-sized display driver market driving overall growth momentum

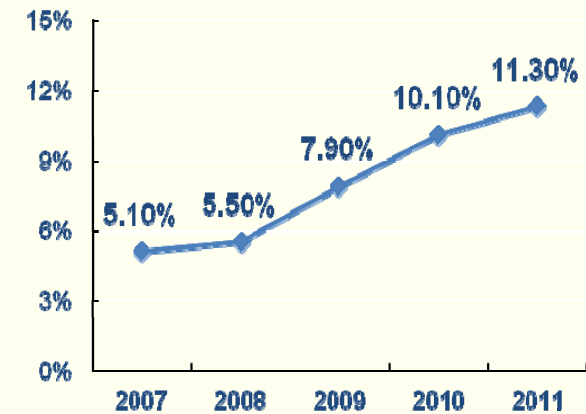
**Large-sized Panel Driver**



**Small/Medium-sized Panel Driver**



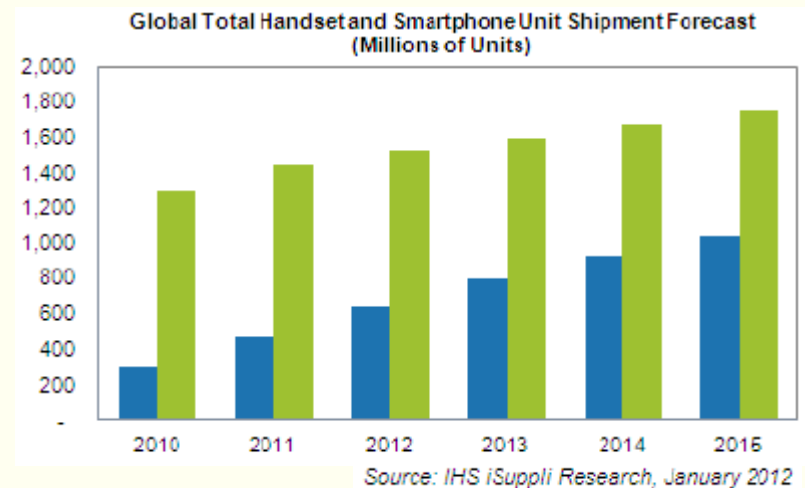
**Growing Market Share of HIMX Small/Medium-sized Panel Driver**



Source: iSuppli, Display Driver IC Q2 2011 Market Tracker Database

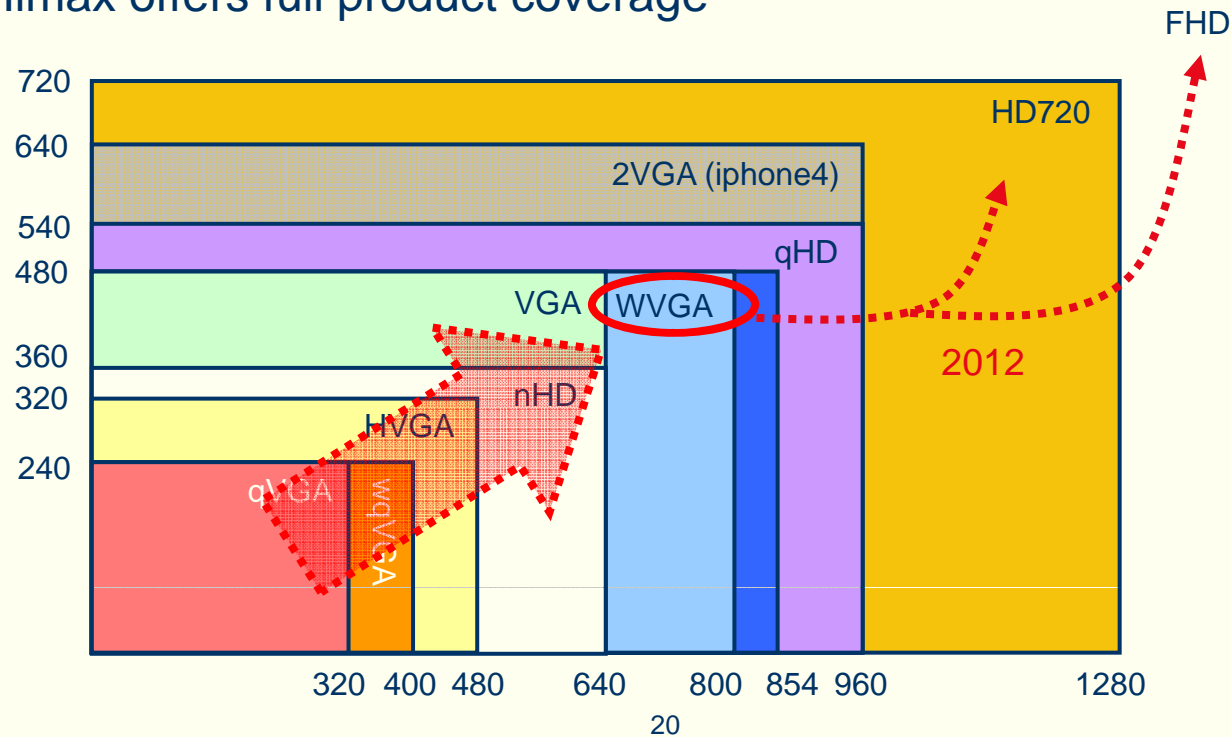
# Growth Opportunity #1 – Smartphone Display Drivers

- Technology leader in smartphone driver ICs including hVGA, nHD, WVGA, qHD and HD720
- Strong grow momentum from international and Chinese smartphone brands
- Anticipate growth opportunity to continue in 2012 and beyond
- Sales for smartphone application:
  - ❖ Reached record high level of \$31.0M in Q4 2011
  - ❖ Expect quarterly sales to exceed Q4 2011 record in 2012 and shipment record growth in 2012

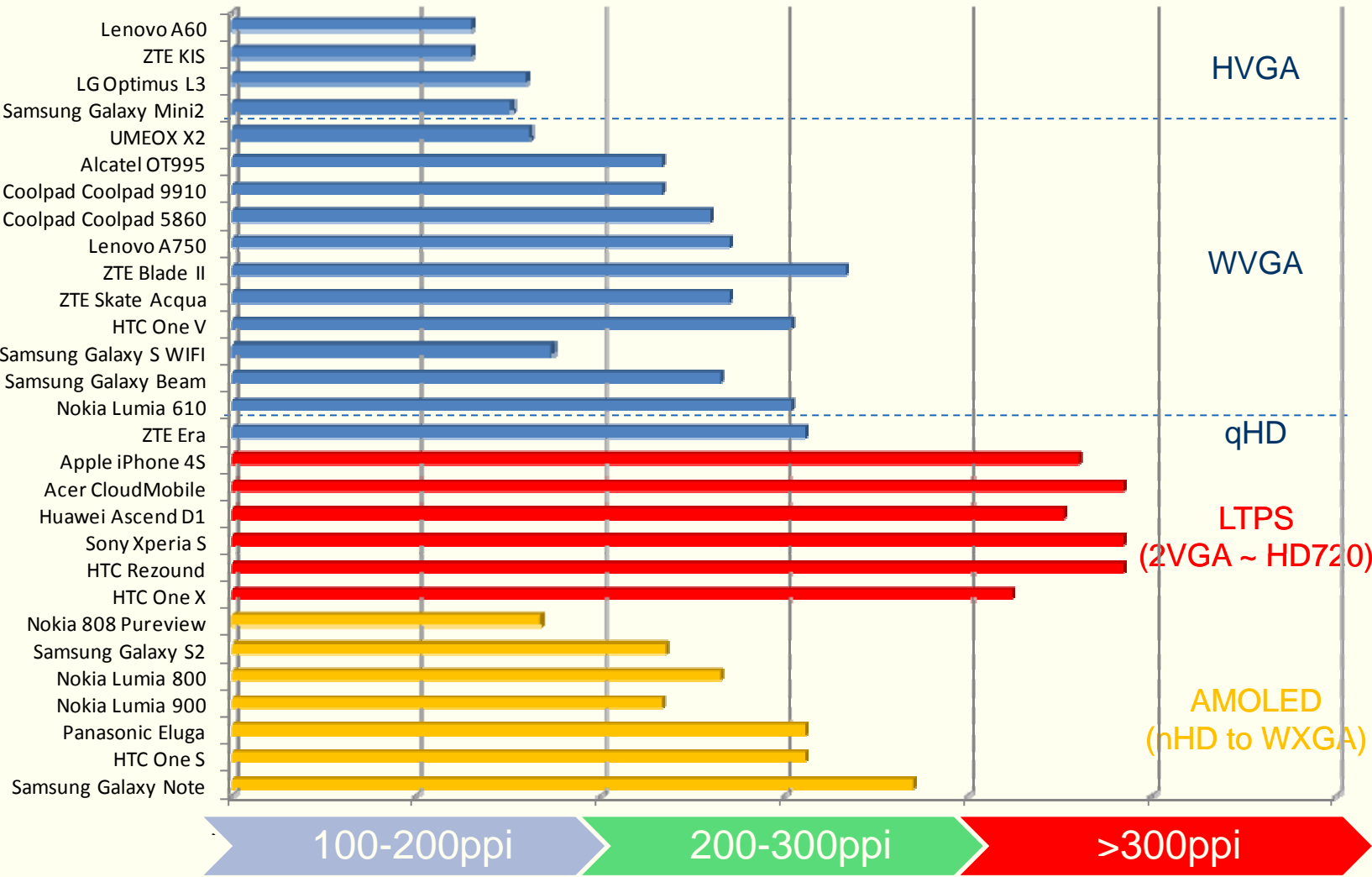


# Display Resolution Trends for Smartphone

- For the entry smart phone
  - ❖ Mainstream is HVGA now; WVGA expected to be mid-to-entry in 2012 to 2013
  - ❖ Low-cost oriented
- For high-end smart phone
  - ❖ Himax is ready for high-end smart phones with HD720/ WXGA with LTPS/ GIP
  - ❖ Eg., 4.3" HD720 → 342ppi; 4.7" HD720 → 312ppi
- Himax offers full product coverage



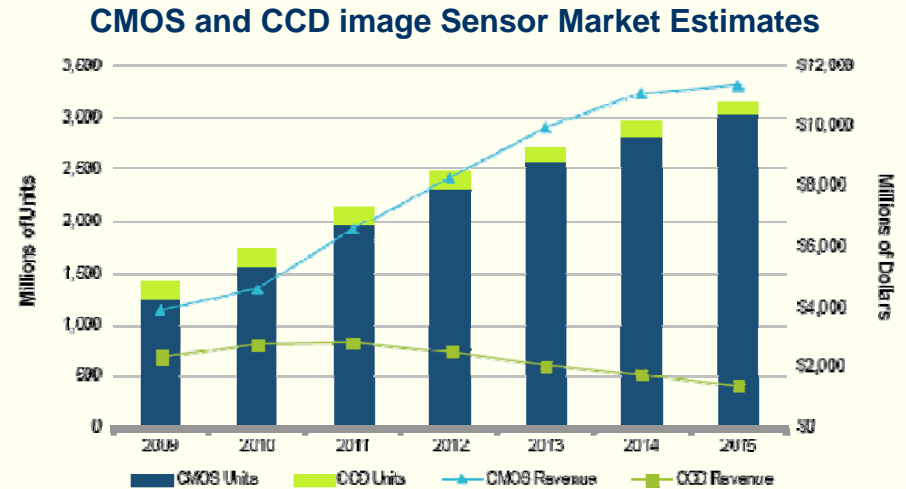
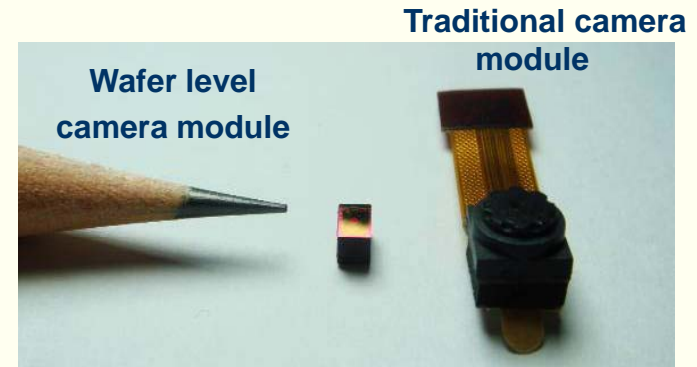
# Recent Smartphone Display Market Trend



# Growth Opportunity #2 – CMOS Image Sensors

## Traditional Camera Module

- Premium quality CMOS image sensor products to capture the US\$10 bn market (2015):
  - ❖ High sensitivity and low noise design in highly integrated products
  - ❖ Sales grew 10 times YOY vs. 20+% market growth
  - ❖ Targeting NB, Tablet and Smartphone markets
  - ❖ Expect sales to double again in 2012 driven by share gains at leading brands
- Advanced Wafer-Level Optics (WLO) and Wafer-Level Module (WLM) are future trends for camera modules and various other sensor applications

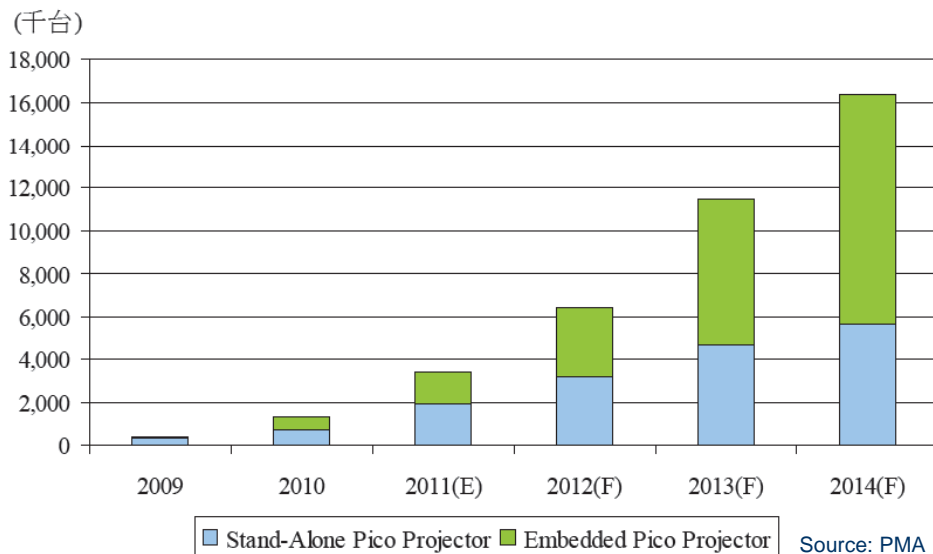
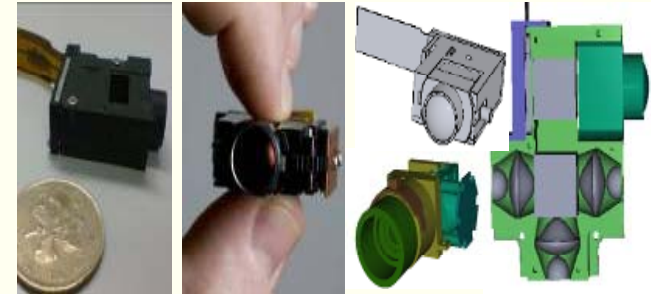


Source: iSuppli



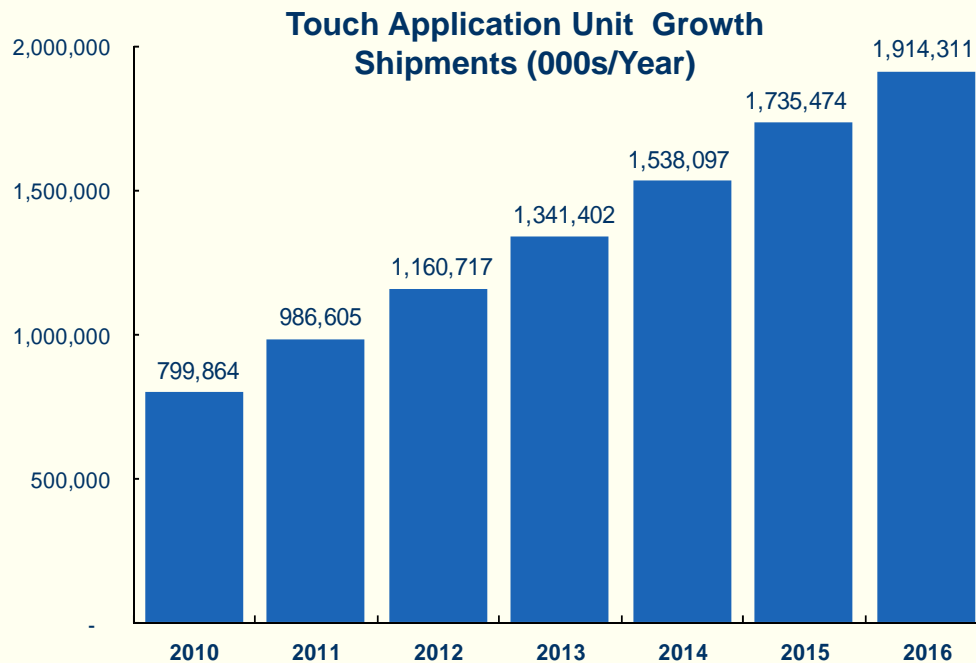
# Growth Opportunity #3 – LCOS Micro Display

- Proprietary LCOS pico-projector solutions:
  - ❖ Successfully adopted in camera and handset applications
  - ❖ Cumulative shipment over 1.5 M
- Working with customers on developing new applications using Himax LCOS panels; anticipate new business starting 2012



# Growth Opportunity #4 – Touch Panel Controller

- Successfully mass-produced and shipped our multi-touch capacitive touch controllers to a world leading smartphone brand leader in 2011
- Himax has been awarded with multiple new projects with that same customer in 2012
- With high product quality and proven commercial production track record with the tier 1 client, we have won projects with other brand-names in 2012
- Anticipate sales growth in 2012 and beyond



Source: Display Search





# Income Statement

For the Fiscal Period Ended	<u>1Q-2012</u> <u>USD'000</u> <u>Unaudited</u>	<u>1Q-2011</u> <u>USD'000</u> <u>Unaudited</u>	<u>Y2011</u> <u>USD'000</u> <u>Audited</u>	<u>Y2010</u> <u>USD'000</u> <u>Audited</u>
Revenues from others, net	\$103,473	\$74,093	\$374,788	\$304,068
Revenues from related parties, net	63,220	67,000	258,233	338,624
<b>Revenues</b>	<b>166,693</b>	<b>141,093</b>	<b>633,021</b>	<b>642,692</b>
Cost of revenues	128,577	112,783	507,449	507,647
<b>Gross profit</b>	<b>38,116</b>	<b>28,310</b>	<b>125,572</b>	<b>135,045</b>
<b>Gross margin</b>	<b>22.9%</b>	<b>20.1%</b>	<b>19.8%</b>	<b>21.0%</b>
Operating expenses				
Research and development	16,699	19,790	79,042	76,426
General and administrative	3,689	4,281	17,095	18,770
Sales and marketing	3,264	1,697	12,827	4,491
<b>Total operating expenses</b>	<b>23,652</b>	<b>25,768</b>	<b>108,964</b>	<b>99,687</b>
<b>Operating income</b>	<b>14,464</b>	<b>2,542</b>	<b>16,608</b>	<b>35,358</b>
Non-operating income (loss)	(218)	(155)	200	(64)
<b>Income before income tax and noncontrolling interest</b>	<b>14,246</b>	<b>2,387</b>	<b>16,808</b>	<b>35,294</b>
Income tax expense	3,205	597	7,301	6,228
Net income	11,041	1,790	9,507	29,066
Add: Net loss attributable to the noncontrolling interest	272	933	1,199	4,140
<b>GAAP-Net income attributable to Himax shareholders</b>	<b>\$11,313</b>	<b>\$2,723</b>	<b>\$10,706</b>	<b>\$33,206</b>
<b>Non-GAAP Net income attributable to Himax shareholders</b>	<b>\$12,149</b>	<b>\$4,129</b>	<b>\$18,292</b>	<b>\$45,248</b>
<b>Earnings per ADS attributable to Himax shareholders (in cents)</b>				
Basic	6.6	1.5	6.1	18.7
Diluted	6.6	1.5	6.1	18.7

# Balance Sheet

	<u>March 31, 2012</u> <u>USD'000</u> <u>Unaudited</u>	<u>March 31, 2011</u> <u>USD'000</u> <u>Unaudited</u>	<u>December 31, 2011</u> <u>USD'000</u> <u>Audited</u>	<u>December 31, 2010</u> <u>USD'000</u> <u>Audited</u>
<b><u>Assets</u></b>				
<b>Current Assets:</b>				
Cash, cash equivalents and marketable securities available-for-sale	\$102,081	\$116,353	\$106,329	\$105,474
Restricted cash equivalents and marketable securities	84,200	57,500	84,200	58,500
Accounts receivable, net	189,005	166,788	181,113	176,176
Inventories	118,515	130,057	112,985	117,988
Other current assets	32,173	28,007	31,082	27,786
<b><u>Total current assets</u></b>	<b><u>525,974</u></b>	<b><u>498,705</u></b>	<b><u>515,709</u></b>	<b><u>485,924</u></b>
Investment securities	24,658	24,568	24,506	24,622
Property and equipment, net	55,873	48,658	57,150	47,561
Goodwill	26,846	26,846	26,846	26,846
Other Assets	20,714	33,451	20,767	34,667
<b><u>Total Assets</u></b>	<b><u>\$654,065</u></b>	<b><u>\$632,228</u></b>	<b><u>\$644,978</u></b>	<b><u>\$619,620</u></b>
<b><u>Liabilities and Stockholders' Equity</u></b>				
<b>Current liabilities:</b>				
Short-term debt	84,200	57,000	84,200	57,000
Accounts payable	134,931	124,066	134,353	115,922
Other current liabilities	29,333	35,119	26,807	32,826
<b><u>Total current liabilities</u></b>	<b><u>248,464</u></b>	<b><u>216,185</u></b>	<b><u>245,360</u></b>	<b><u>205,748</u></b>
Other liabilities	5,112	6,786	4,560	6,896
Himax shareholders' equity	399,216	408,924	393,437	405,878
Noncontrolling interest	1,273	333	1,621	1,098
<b><u>Total Liabilities and Stockholders' Equity</u></b>	<b><u>\$654,065</u></b>	<b><u>\$632,228</u></b>	<b><u>\$644,978</u></b>	<b><u>\$619,620</u></b>

# Summary Cash Flow

	<u>March 31, 2012</u>	<u>March 31, 2011</u>	<u>December 31, 2011</u>	<u>December 31, 2010</u>
	<u>USD'000</u>	<u>USD'000</u>	<u>USD'000</u>	<u>USD'000</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>	<u>Audited</u>
<b><u>Net income</u></b>	<b><u>\$11,014</u></b>	<b><u>\$1,790</u></b>	<b><u>\$9,507</u></b>	<b><u>\$29,066</u></b>
Depreciation and amortization	3,313	3,279	12,795	13,626
Share-based compensation expenses	517	1,162	4,190	6,311
Inventories write downs	2,617	2,764	9,138	10,557
Decrease (increase) in accounts receivable	(7,888)	9,403	(4,887)	26,524
Decrease (increase) in inventories	(8,147)	(14,833)	(4,135)	(60,777)
Increase (decrease) in accounts payable	578	8,144	18,431	27,843
Decrease in income tax payable	4,142	52	(5,616)	(5,793)
<b>Net cash provided by operating activities</b>	<b>\$3,606</b>	<b>\$12,225</b>	<b>\$43,448</b>	<b>\$57,631</b>
<b>Net cash provided by (used in) investing activities</b>	<b>(\$1,630)</b>	<b>\$871</b>	<b>(\$10,197)</b>	<b>(\$17,599)</b>
<b>Net cash used in financing activities</b>	<b>(\$6,236)</b>	<b>(\$440)</b>	<b>(\$24,015)</b>	<b>(\$54,195)</b>
Effect of foreign currency exchange rate changes	8	21	86	81
<b>Net increase (decrease) in cash and cash equivalents</b>	<b><u>(\$4,252)</u></b>	<b><u>\$12,677</u></b>	<b><u>\$9,322</u></b>	<b><u>(\$14,082)</u></b>
<b>Cash and cash equivalents at beginning of period</b>	<b><u>\$106,164</u></b>	<b><u>\$96,842</u></b>	<b><u>\$96,842</u></b>	<b><u>\$110,924</u></b>
<b>Cash and cash equivalents at end of period</b>	<b><u>\$101,912</u></b>	<b><u>\$109,519</u></b>	<b><u>\$106,164</u></b>	<b><u>\$96,842</u></b>

# Management



**Dr. Biing-Seng Wu, Chairman of the Board** - Previously Dr. Wu served as President, CEO and a director of Himax Taiwan. Dr. Wu has been active in the TFT-LCD panel industry for over 20 years and is a member of the boards of the Taiwan TFT-LCD Association and the Society for Information Display. Dr. Wu holds a B.S. degree, an M.S. degree and a Ph.D. degree in Electrical Engineering from National Cheng Kung University.



**Jordan Wu, President, CEO and Director** - Mr. Wu 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.



**Chih-Chung Tsai, Chief Technology Officer, Senior VP** - Prior to joining Himax Taiwan, Mr. Tsai served as vice president of IC Design of Utron Technology from 1998 to 2001, and manager and director of the IC Division of Sunplus Technology from 1994 to 1998. Mr. Tsai holds a B.S. degree and an M.S. degree in Electrical Engineering from National Chiao Tung University.



**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.

# Board of Directors

**Biing-Seng Wu, Chairman**

20+ years in TFT-LCD industry  
Founder of the company

**Dr. Chun-Yen Chang, Independent  
Director**

Fellow, IEEE

**Dr. Yan-Kuin Su, Independent Director**

President, Kun Shan University

**Yuan-Chuan Horng, Independent  
Director**

Finance VP, China Steel

**Tien-Jen Lin, Director**

Special Assistant to General Manager, CMI

**Jordan Wu, Director**

CEO, Himax

**Chih-Chung Tsai, Director**

CTO, Himax

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Baker & McKenzie

## SEC Legal Counsel

Davis Polk & Wardwell

## Corporate Auditor:

KPMG

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