

Drive for better vision



NASDAQ HIMX

A fabless semiconductor solution provider dedicated for imaging processing technologies

Investor Presentation

February, 2014

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, 2012 filed with the SEC, as may be amended.

Investment Highlights



Selected Financials

Fiscal Year	December 31 st				
Last-Traded Price (02/13/14)	\$ 14.13				
Basic Weighted Ave. Out. ADS (2013)	170.2M				
Diluted Weighted Ave. Out. ADS (2013)	171.8M				
Equivalent ADS Out. (4Q2013)	170.5M				
Market Capitalization (02/13/14)	~\$ 2.4B				
Insider Ownership*	~31.7%				
	4Q2013	4Q2012	3Q2013	YoY	QoQ
Revenues	\$195.2M	\$190.6M	\$192.8M	+2.4%	+1.3%
Gross Margin (%)	25.1%	23.3%	25.3%	+1.8%	-0.2%
GAAP Net Income	\$15.8M	\$14.8M	\$12.3M	+7.2%	+29.0%
GAAP Earnings per ADS	\$0.092	\$0.086	\$0.072	+6.4%	+28.5%
Non-GAAP Net Income	\$16.6M	\$15.7M	\$19.3M	+5.7%	-14.0%
Non-GAAP Earnings per ADS	\$0.097	\$0.092	\$0.113	+4.9%	-14.3%
	FY2013	FY2012	YoY		
Revenues	\$770.7M	\$737.3M	+4.5%		
Gross Margin (%)	24.9%	23.1%	+1.8%		
GAAP Net Income	\$61.5M	\$51.6M	+19.1%		
GAAP Earnings per ADS	\$0.358	\$0.302	+18.4%		
Non-GAAP Net Income	\$71.0M	\$60.3M	+17.8%		
Non-GAAP Earnings per ADS	\$0.414	\$0.353	+17.1%		
1Q2014 GUIDANCE					
Revenues	To be around flat or slightly down vs. 4Q13, representing around +11.1% from 1Q13				
Gross Margin	To be slightly down from 4Q13 (1Q13: 24.6%)				
GAAP Earnings per diluted ADS	\$0.08-\$0.095 (1Q13: \$0.082)				
Non-GAAP Earnings per diluted ADS	\$0.083-\$0.098 (1Q13: \$0.088)				

* Insider ownership includes executives and board members

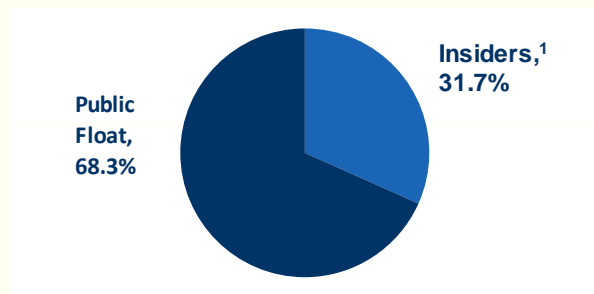
**FY2013 includes 2013 grant of Restricted Share Units at the end of September, 2013

Company Overview

Overview

- Fabless semiconductor provider with world leading visual imaging processing technologies
- Global market leader in TFT-LCD display driver and timing controller ICs
- Strong growth momentum in non-driver products
- 200+ customers across Taiwan, China, Japan, Korea, U.S. and Europe
- 2,207 patents granted and 1,008 patents pending approval worldwide as of December 31, 2013
- NASDAQ-listed since March 2006 (HIMX)
- Headquartered in Tainan, Taiwan with 5 R&D centers in Taiwan and U.S., out of a total of 20 offices across Taiwan, China, Japan, Korea and U.S.
- Over 1,600 employees worldwide; more than 90% are engineers

Shareholding Structure As of December 31st, 2013



Note:

1. Insider ownership includes executives and board members.

Headquarter: Tainan, Taiwan



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.

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



Himax Technologies, Inc.

Himax Display, Inc.

- LCOS Modules for Head-Mounted Display, Head-up Display and Pico-projector Applications
- MEMS Microdisplays and Controller ICs

Himax Analogic, Inc.

- Power Management ICs
- LED Drivers

Himax Imaging, Inc.

- CMOS Image Sensors



Himax's Products – Strength in Mobile Devices

CMOS Image Sensors



Display Drivers

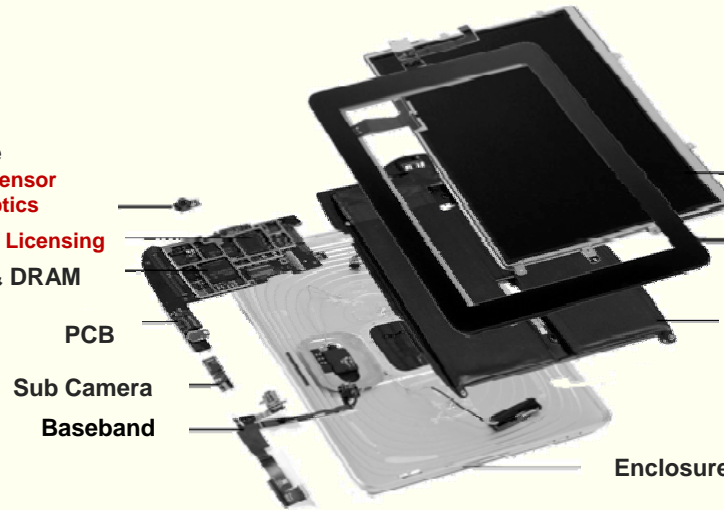


Wafer Level Optics



Camera Module
 • CMOS Image Sensor
 • Wafer Level Optics

ASIC service & IP Licensing
 NAND & DRAM



Display Panel
 • Display Driver
 • Tcon
 • PMIC
 • LED Driver

Touch Panel
 • Controller IC

Battery pack

Timing Controllers (Tcon)



ASIC Service and IP Licensing



Power Management IC (PMIC) and LED Drivers



LCOS Microdisplays Solutions



Touch Panel Controllers

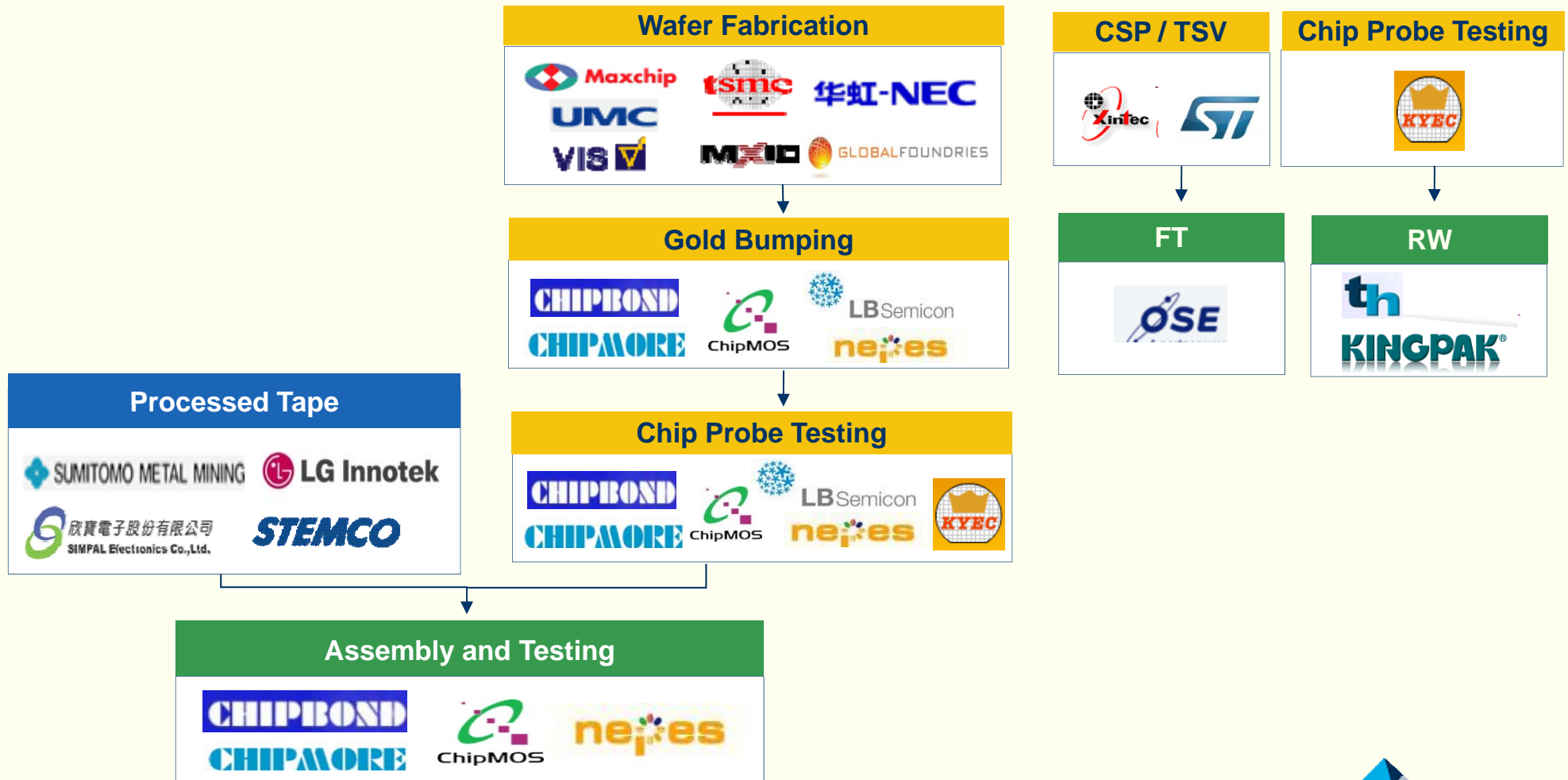


Note: Himax product offerings highlighted in red

Skilled Management of Complex Supply Chains

Display Driver

CMOS Image Sensor Back-end



Himax's Global Footprint



Taiwan - Headquarters

Tainan

Headquarters
Design
Manufacturing
Operations
Sales/Marketing
Technical support

Taipei

Design
Sales/Marketing
Technical support
Investor Relations

Hsinchu

Design
Sales/Marketing
Technical support

U.S.

Irvine

Design
Investor Relations

Campbell

Design
Sales
Technical Support

China

Beijing

Sales
Technical support

Shanghai

Sales
Technical support

Suzhou

Sales
Technical support

Fuzhou

Technical support

Ninbo

Sales
Technical support

Fuqing

Sales
Technical support

Foshan

Sales
Technical support

Wuhan

Sales
Technical support

Shenzhen

Sales
Technical support

Hefei

Sales
Technical support

Qingdao

Technical support

Xiamen

Sales
Technical support

Japan

Tokyo

Sales
Technical support

Korea

Cheonan

Sales
Technical support

Suwon

Sales
Technical support

Shipment and Revenue Track Record

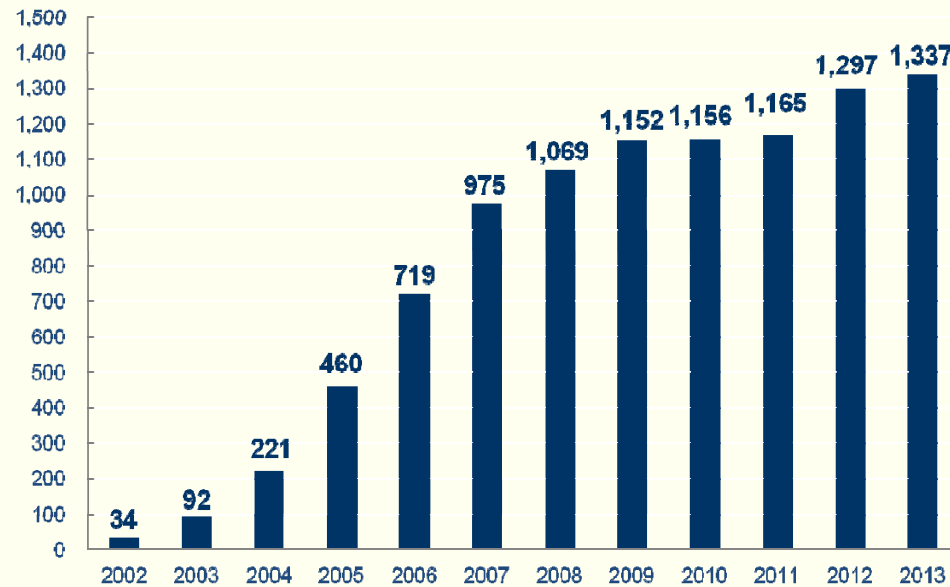
Consistent shipment growth

Strong revenue rebound

Volume

Revenues

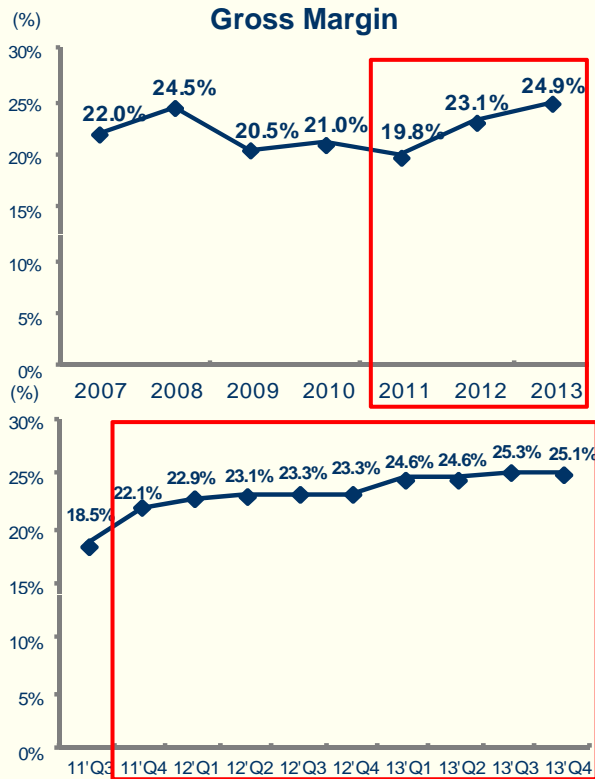
(unit, M)



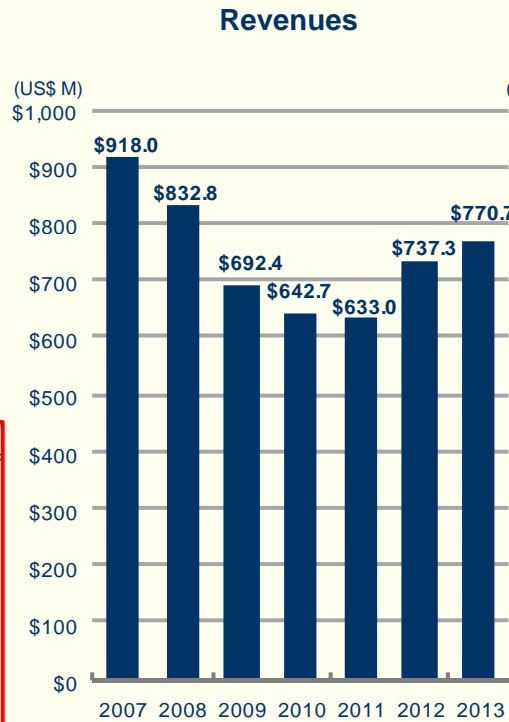
(US\$ M)



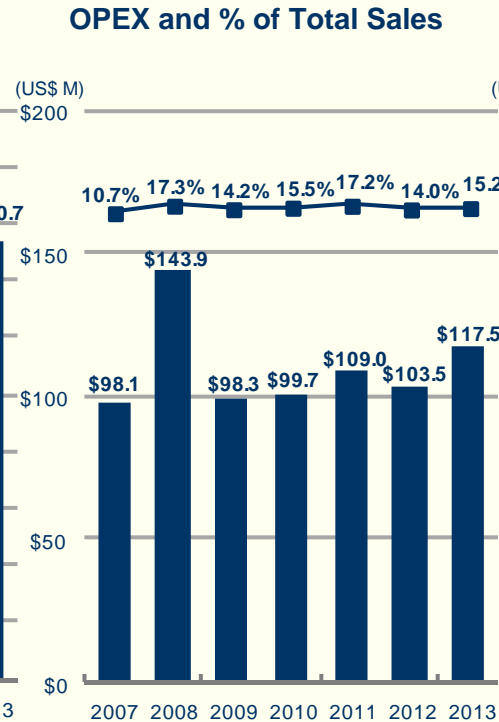
Improved Margin and Profitability



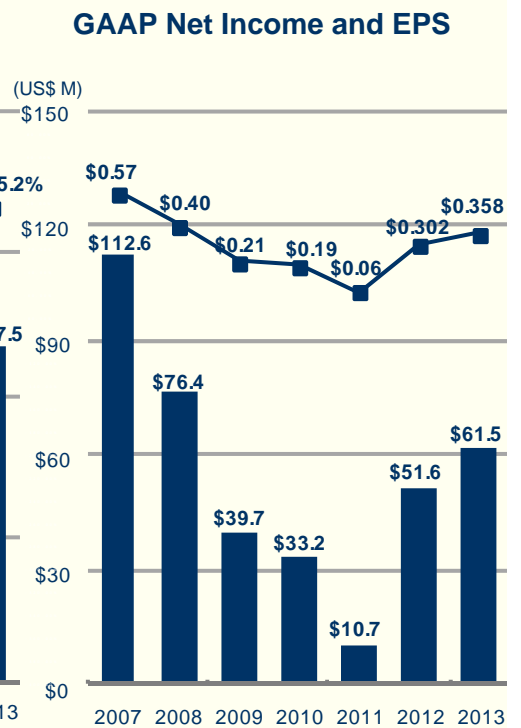
- 2011 4Q marks the inflection point for gross margin expansion
- Gross margin improvement for 2 years due to better product mix



- Successful transformation in 2012 to increase sales by 16.5%
- 2013 sales increase 4.5 %
- Non-Innolux sales up 23% in 2013
- 2014 positive outlook expect revenue to hit record high in 2014



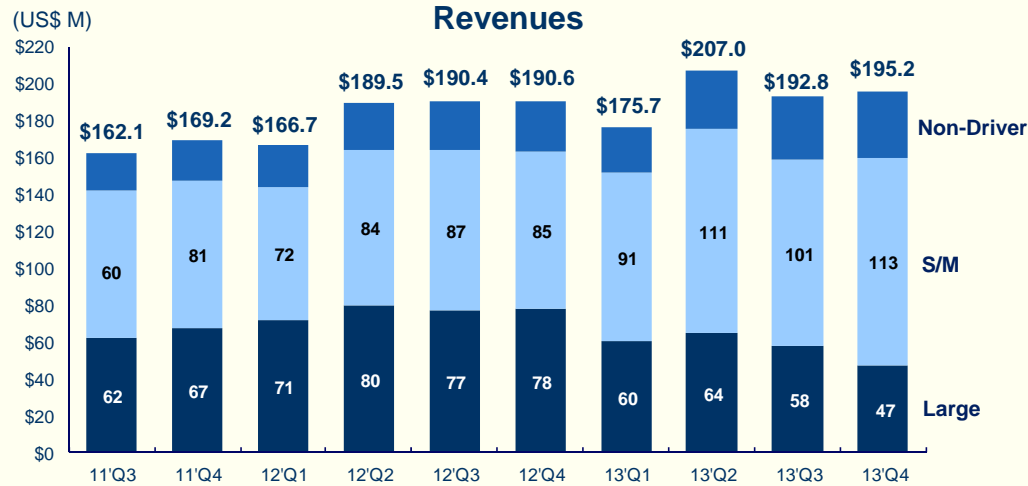
- Disciplined OPEX control
- Expect higher OPEX in 2014 to capture growth opportunities
- Revenue growth rate outpace OPEX increase contributing to profitability growth



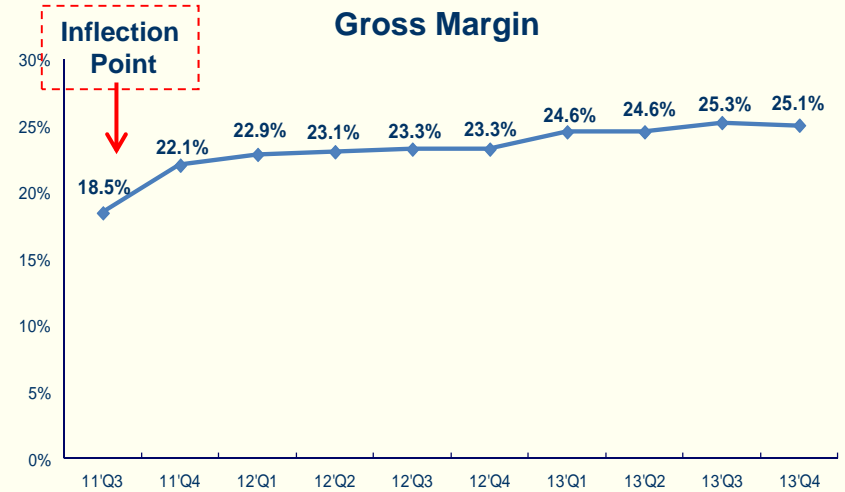
- 2012 EPS surged 3.9 times
- Both 2012 and 2013 profit before taxes exceeds 2008 level with less revenues
- Debt Free
- 2013 EPS YoY growth 18.4%



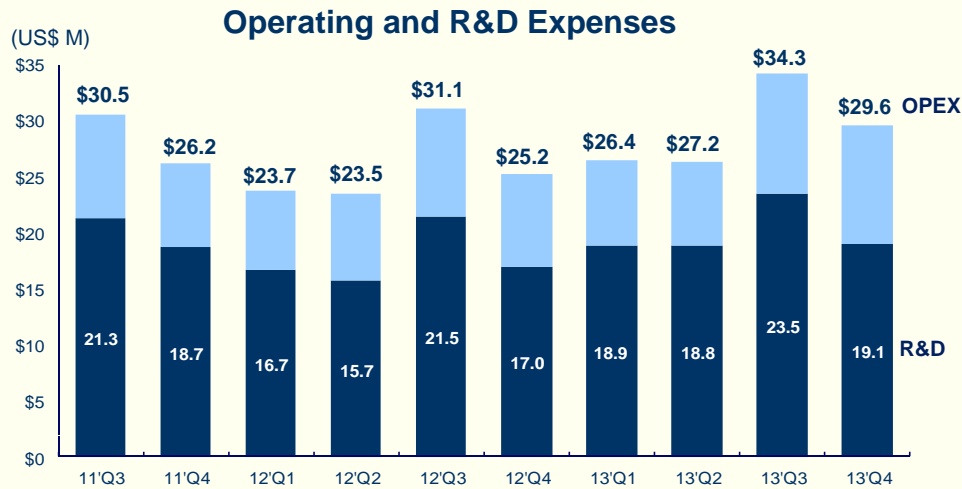
Quarterly Financial Performance



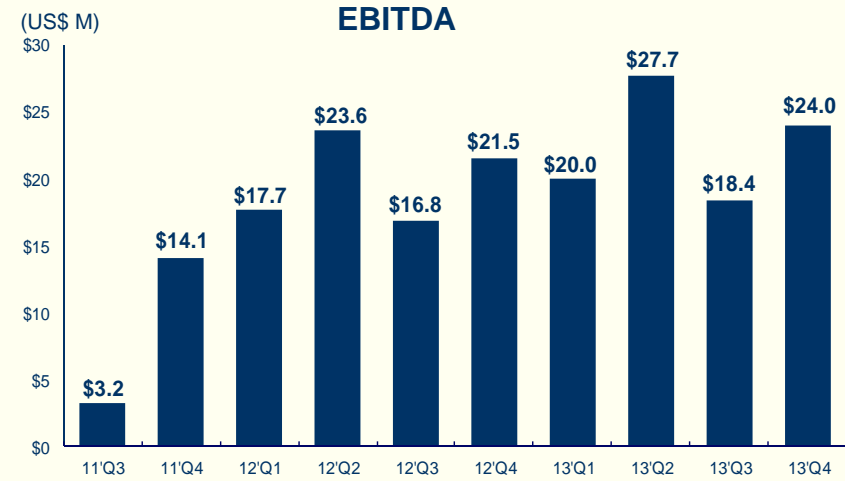
- Successfully embarked on business transformation in 4Q11
- 2Q13 revenues were the highest since 4Q08



- 3Q13 GM is the highest GM level since 3Q08
- Gross margin improvement continues to be one of major business goals



- More controlled OPEX
- Continuous R&D commitment

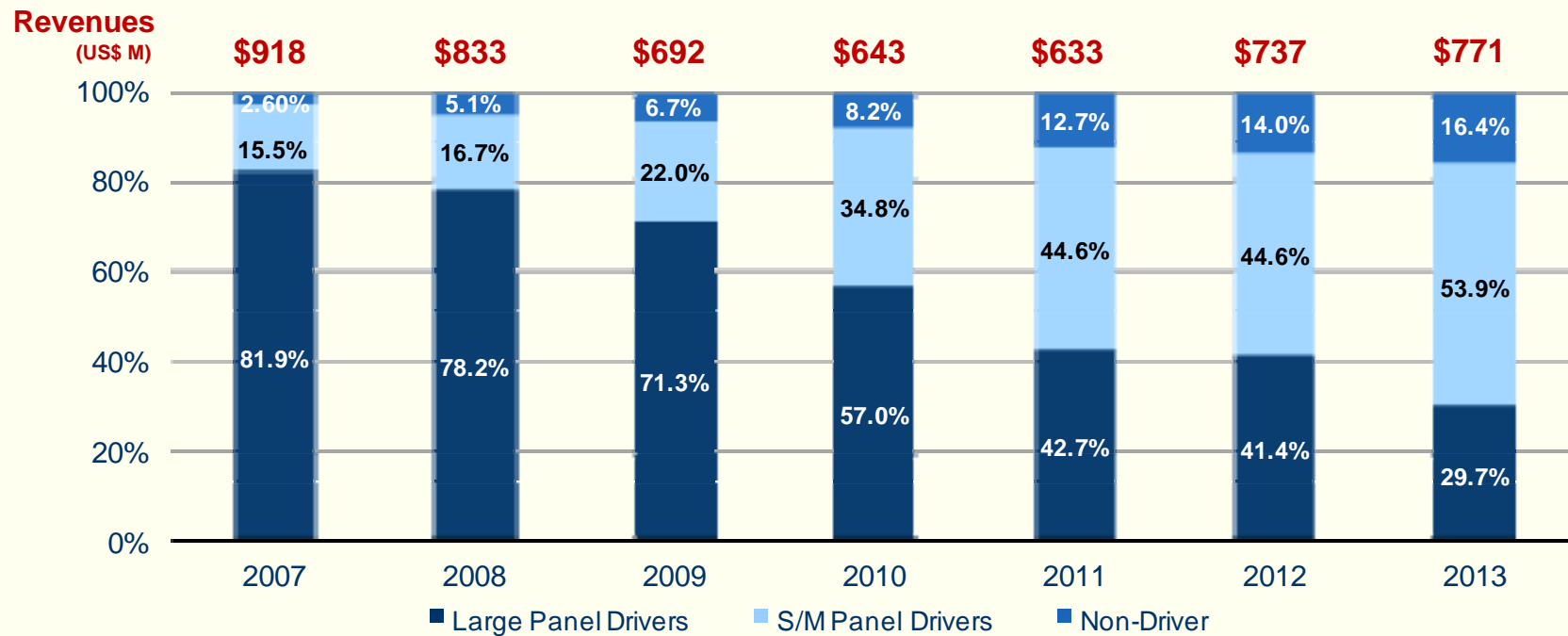


- Positive profitability outlook with strong growth in S/M panel driver & non-driver products



More Balanced Product Mix

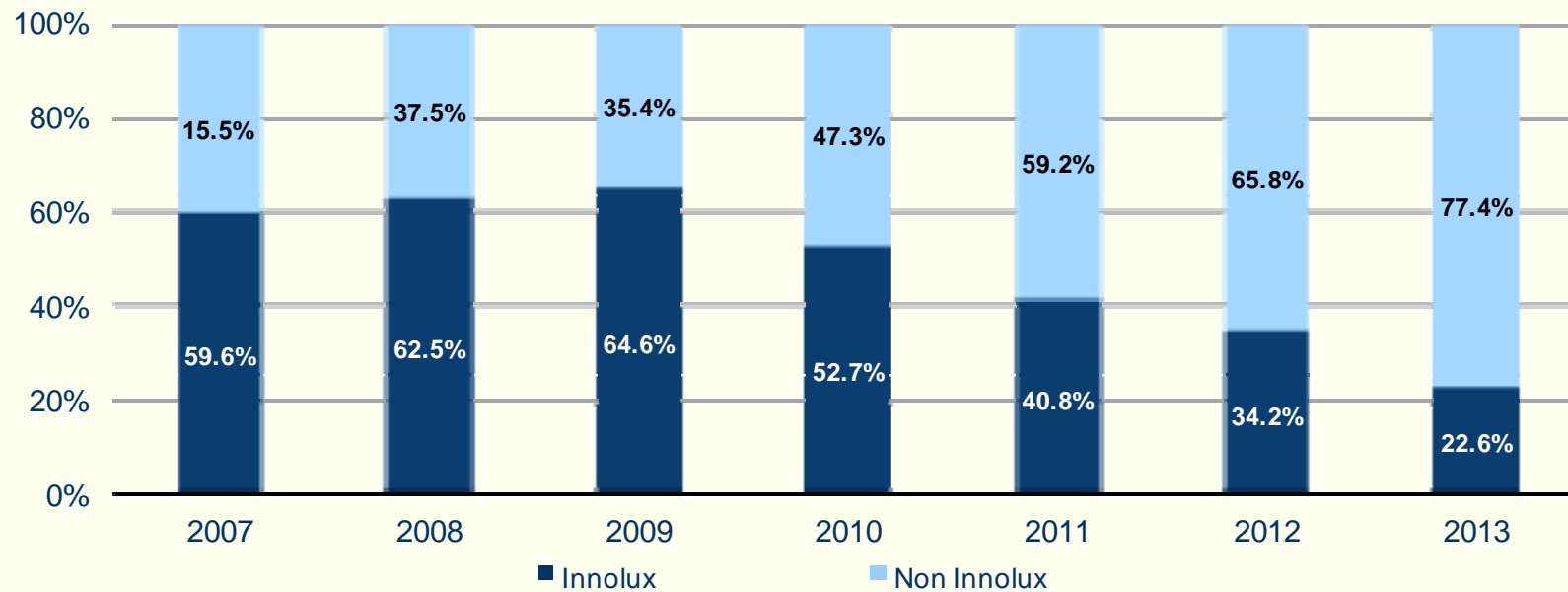
- Fast growing small and medium-sized panel driver business
- Increasing non-driver sales to diversify sales base and improve gross margin
- New product shipments from LCOS and WLO in 2014



Customer Mix

Largely reduced dependence on one single customer:

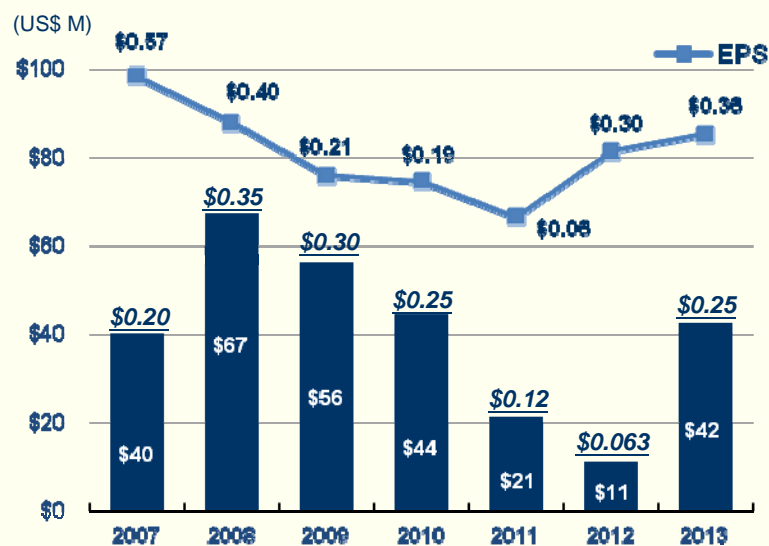
- Diversifying product revenues by non-driver product wins and leveraging existing customers
- Non-Innolux revenues increased 23.0% YoY in 2013
- Innolux disposed of its entire equity holding in Himax on June 19th, 2013, ending its status as Himax's related party
- Innolux sales represent 18.0% in Q413 vs. 31.8% in Q412. Only 31.6% of DDIC for large panel are Innolux in Q413 vs. 58.3% in Q412



Cash Dividend and Share Buyback

Cash Dividend

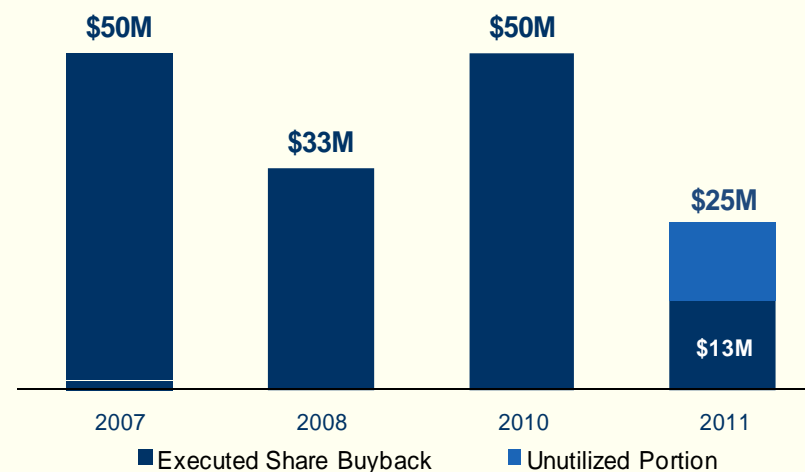
- Distributed a total of \$281 million of dividend since IPO
- Committed to paying annual dividends referenced primarily on prior year's profitability



Dividend Yield	4.0%	7.0%	10.4%	9.1%	5.9%	3.4%	4.4%
Payout Ratio	51.3%	61.4%	75.0%	119%	63.2%	100%	83.3%

Share Buyback

- Initiated four share buyback programs totaling \$158 million since 2007
- Repurchased a total of 46.5 million ADSs through December 31, 2013
- Average purchase price per ADS: \$3.15

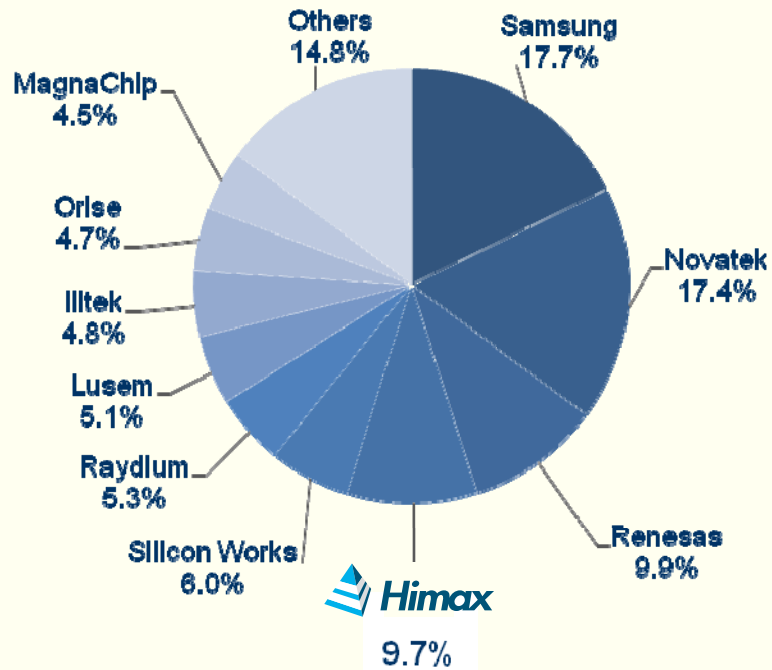


Total Cash Returned to Shareholders Including both Dividend Payment and Share Buyback Amounted to US \$427 Million Since IPO



Leading Display Driver Provider

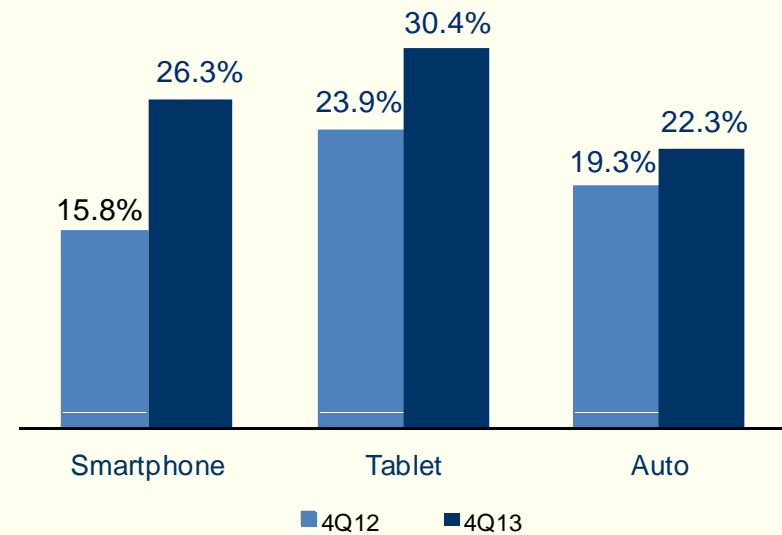
2013 Q3 Display Driver Market Share



- One of the leading players in display driver ICs
- Key differentiation from IC peers - total solution offering of image processing related technologies and leverage of existing strength in mobile devices

Source: iSuppli, Display Driver IC Q4 2013 Market Tracker Database

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



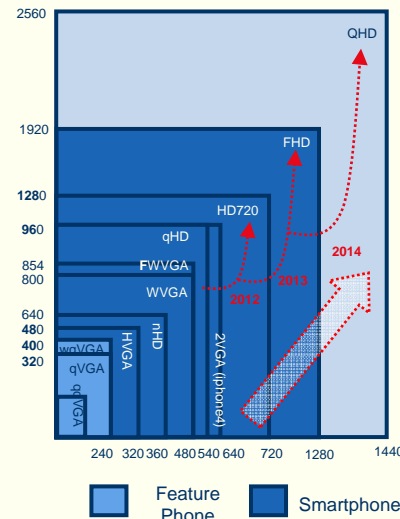
- Strong growth in small and medium-sized display driver market driving overall growth momentum
- Smartphone and tablet driver market share leader

Source: Display Search, Gartner and Company Estimates

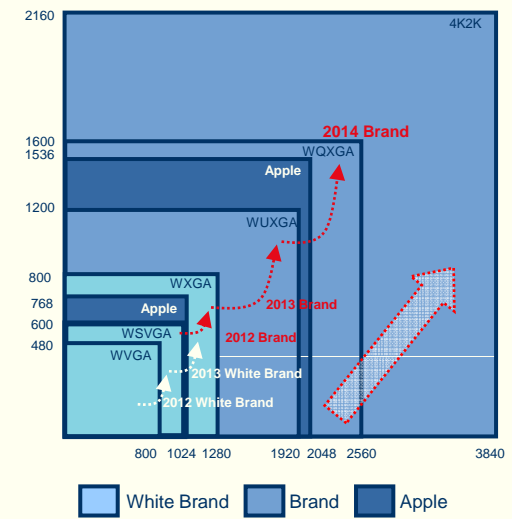
Growth Opportunity #1 – Mobile Display Drivers

- Leading position to be solidified due to higher resolution migration trend
- Panel makers are direct customer but need to work closely with end-customers:
 - ❖ Top-tier international brands
 - ❖ China brands
 - ❖ China white-box market
- Advanced technology in smartphone driver ICs including FHD, HD720, qHD, WVGA, and hVGA; tablet driver ICs including higher resolution products up to WQXGA
- Sales for smartphone and tablet reached \$108.5M in Q413, 55.6% of Q413 revenues
- Anticipate growth opportunity to continue in 2014 and beyond

Display Trends for Smartphone



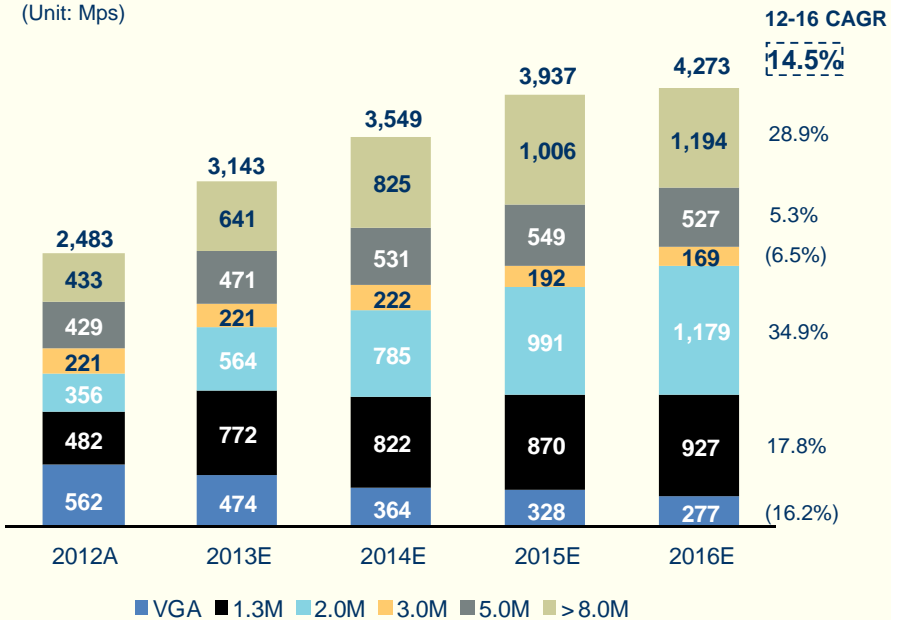
Display Trends for Tablet



Growth Opportunity #2 – CMOS Image Sensors

- Premium quality CMOS image sensor products to capture the US \$12.3B¹ market (2017):
 - ❖ High sensitivity, low noise, cost effective, and low power consumption design in highly integrated products by BSI and FSI technologies
 - ❖ Targeting smartphone, tablet, automotive, and surveillance markets
 - ❖ Offer mainstream sensor products up to 8MP
 - ❖ Sales surged starting 2Q13, highest revenue contributor in non-driver product group
 - ❖ Expected to gain 1st tier smartphone/tablet customers, enter BM/AM markets for automotive, and penetrate into several segments in surveillance
- Advanced Wafer-Level Optics (WLO) is the future trend for array camera, computational optics, and lens for new innovative features
 - ❖ New applications including light-field camera, array camera, and dual color LED in flash
 - ❖ Start sampling WLO with 4*4 and 2*2 array lens and mass production from 2Q14
 - ❖ Start developing customized lens component for smartphones, wearables, and medical relative optical component
 - ❖ In-house process know-how and facilities

Resolution Trend by CMOS Image Sensor²



Source:
 1. iSuppli
 2. 2012 2H TSR Report



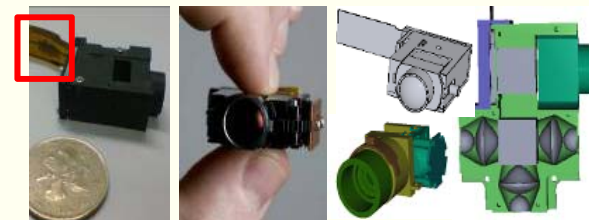
Growth Opportunity #3 – LCOS Micro Display

- Proprietary LCOS microdisplay solutions:
 - ❖ Market leader of the LCOS industry
 - ❖ Successfully adopted in camera and handset applications
 - ❖ Volume track record - over 2 mn units
 - ❖ In-house process know-how and facilities – liquid crystal process and module package
 - ❖ Proprietary technologies with strong patent protection
 - ❖ Technological flexibility in new form factor product development with customers throughout revisions to new versions
 - ❖ Discreet LCOS design avails more design options and the ability to rapidly produce customized LCOS models for its wearable computing application (WCA) customers
 - ❖ Further expanded leadership by launching next generation technology to enhance product performance and greatly simplify customers’ manufacturing process - successfully engaged top-tier customers
- Primary product focus is Head-Mounted Display (HMD) and HUD
 - ❖ New design wins, and on-going pilot shipments since 2Q 2013
 - ❖ LCOS technology superior to other competing technologies in HMD and HUD
 - ❖ Working with multiple customers on developing new applications of HMD and HUD using Himax LCOS panels
- Applied by numerous partners and customers to create products targeting a wide range of applications
- Higher gross margin than company average without much increase of OPEX
- Continue to gain new project engagements

Microdisplay Applications



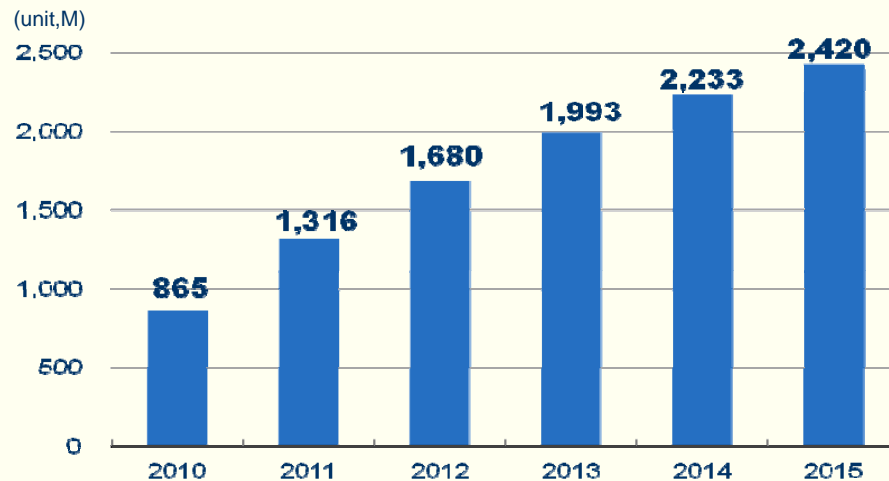
Optical Engine with Himax LCOS Module



Growth Opportunity #4 – Touch Panel Controller

- Sales tripled in 2012 due to increased share of sales to leading smartphone brand customer and new shipments to China handset players
- Product line covers cellphone and tablet markets
- Expect a strong growth in 2014 supported by numerous new design-win projects covering China and international customers
- Committed to the development of new technologies ex: on-cell and in-cell touch sensors for next generation products

Touch Controller IC Units Forecast



Source: iSuppli



Income Statement

(US\$'000)

For the Fiscal Period Ended	<u>4Q-2013</u> (Unaudited)	<u>4Q-2012</u> (Unaudited)	<u>3Q-2013</u> (Unaudited)	<u>Y2013</u> (Unaudited)	<u>Y2012</u> (Audited)
Revenues from others, net	\$195,232	\$129,973	\$192,814	\$684,184	\$485,281
Revenues from related parties, net*	0	60,666	0	86,555	251,974
Revenues	195,232	190,639	192,814	770,739	737,255
Cost of revenues	146,205	146,216	144,092	578,886	566,700
Gross profit	49,027	44,423	48,722	191,853	170,555
Gross margin	25.1%	23.3%	25.3%	24.9%	23.1%
Operating expenses					
Research and development	19,078	17,003	23,549	80,368	70,913
General and administrative	4,938	4,328	5,027	18,147	17,139
Sales and marketing	5,605	3,863	5,701	18,995	15,443
Total operating expenses**	29,621	25,194	34,277	117,510	103,495
Operating income	19,406	19,229	14,445	74,343	67,060
Non-operating income (loss)	597	(1,505)	82	1,057	(1,174)
Income before income tax and noncontrolling interest	20,003	17,724	14,527	75,400	65,886
Income tax expense	5,627	3,708	3,631	19,476	15,748
Net income	14,376	14,016	10,896	55,924	50,138
Add: Net loss attributable to the noncontrolling interest	1,448	751	1,374	5,552	1,458
GAAP-Net income attributable to Himax shareholders	\$15,824	\$14,767	\$12,270	\$61,476	\$51,596
Non-GAAP Net income attributable to Himax shareholders	\$16,613	\$15,712	\$19,326	\$71,047	\$60,289
Earnings per ADS attributable to Himax shareholders (in cents)					
Basic	9.3	8.7	7.2	36.1	30.3
Diluted	9.2	8.6	7.2	35.8	30.2

*For September 30th, 2013 and forward, Himax will no longer report related party sales from Innolux.

** Including employee RSU expense of \$8.2 million and \$6.6 million in 3Q13 and 3Q12, respectively



Balance Sheet

(US\$'000)	<u>December 31, 2013</u> (Unaudited)	<u>September 30, 2013</u> (Unaudited)	<u>December 31, 2012</u> (Audited)
Assets			
Current Assets:			
Cash, cash equivalents and marketable securities available-for-sale	\$128,108	\$133,879	\$138,909
Restricted cash equivalents and marketable securities	108,399	115,000	74,100
Accounts receivable, net	200,725	202,201	135,747
Inventories	177,399	159,615	116,671
Other current assets	25,026	25,570	101,661
<u>Total current assets</u>	<u>639,657</u>	<u>636,265</u>	<u>567,088</u>
Investment securities	21,877	17,877	12,688
Property and equipment, net	60,588	59,332	52,609
Goodwill	28,138	28,138	28,138
Other Assets	9,067	15,127	14,075
<u>Total Assets</u>	<u>\$759,327</u>	<u>\$756,739</u>	<u>\$674,598</u>
Liabilities and Stockholders' Equity			
Current liabilities:			
Short-term debt	105,500	115,000	73,000
Accounts payable	151,290	162,522	135,546
Other current liabilities	47,043	40,981	33,571
<u>Total current liabilities</u>	<u>303,833</u>	<u>318,503</u>	<u>242,117</u>
Other liabilities	3,279	2,846	4,323
Redeemable noncontrolling interest	3,656	-	-
Himax shareholders' equity	449,824	433,019	427,943
Noncontrolling interest	(1,265)	2,371	215
<u>Total Liabilities and Stockholders' Equity</u>	<u>759,327</u>	<u>\$756,739</u>	<u>\$674,598</u>

Summary Cash Flow

	<u>4Q-2013</u> (Unaudited)	<u>4Q-2012</u> (Unaudited)	<u>2013FY</u> (Unaudited)	<u>2012FY</u> (Audited)
(US\$'000)				
<u>Net income</u>	<u>\$14,376</u>	<u>\$14,016</u>	<u>\$55,924</u>	<u>\$50,138</u>
Depreciation and amortization	3,843	3,669	14,309	13,299
Share-based compensation expenses	356	458	1,840	1,936
Deferred income tax expense	3,722	1,913	7,409	8,851
Inventories write downs	3,179	2,445	10,759	12,418
Decrease (increase) in accounts receivable	1,503	9,319	8,161	(27,876)
Decrease (increase) in inventories	(20,964)	9,222	(71,488)	(16,104)
Increase (decrease) in accounts payable	(11,232)	5,586	15,744	1,192
Increase in income tax payable	832	1,669	8,326	6,711
Increase (decrease) in other accrued expenses and other current liabilities	3,028	857	2,812	(172)
Others	(423)	3,290	(1,402)	1,774
Net cash provided by (used in) operating activities *	<u>(\$1,780)</u>	<u>\$52,444</u>	<u>\$52,394</u>	<u>\$52,167</u>
Net cash used in investing activities	<u>(\$8,185)</u>	<u>(\$1,930)</u>	<u>(\$30,525)</u>	<u>(\$695)</u>
Net cash provided by (used in) financing activities	<u>\$4,175</u>	<u>(\$640)</u>	<u>(\$33,374)</u>	<u>(\$18,931)</u>
Effect of foreign currency exchange rate changes	20	41	88	32
Net increase (decrease) in cash and cash equivalents	<u>(\$5,770)</u>	<u>\$49,915</u>	<u>(\$11,417)</u>	<u>\$32,573</u>
Cash and cash equivalents at beginning of period	<u>\$133,090</u>	<u>\$88,822</u>	<u>\$138,737</u>	<u>\$106,164</u>
Cash and cash equivalents at end of period	<u>\$127,320</u>	<u>\$138,737</u>	<u>\$127,320</u>	<u>\$138,737</u>

*Company expects to generate significant cash inflow in 2013

Management



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 consecutive 2 years in 1992 and 1993, ERSO Award from Pan Wen Yuan Foundation in 2008, etc.



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

Position	Name	Title
Chairman	Dr. Biing-Seng Wu	Founder of the Company
Director	Jordan Wu	President and CEO, Himax Technologies, Inc.
Independend Director	Dr. Yan-Kuin Su	President, Kun Shan University
Independend Director	Dr. Hsiung-Ku Chen	Consultant, Color Imaging Promotion Office
Independend Director	Yuan-Chuan Horng	Assistant Vice President of Finance Division, China Steel Corporation

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SEC Legal Counsel

Davis Polk & Wardwell

Corporate Auditor

KPMG



Drive for better vision

