



SECTOR: TECHNOLOGY
INDUSTRY: SEMICONDUCTOR - SPECIALIZED

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Himax Technologies, Inc. (NASDAQ: HIMX) is a fabless semiconductor solution provider dedicated to display imaging processing technologies. Himax is a worldwide market leader in display driver ICs and timing controllers used in TVs, laptops, monitors, mobile phones, tablets, digital cameras, car navigation, and many other consumer electronics devices. Additionally, Himax designs and provides controllers for touch sensor displays, LCOS micro-displays used in palm-size projectors and head-mounted displays, LED driver ICs, power management ICs, scaler products for monitors and projectors, tailor-made video processing IC solutions and silicon IPs. The company also offers digital camera solutions, including CMOS image sensors and wafer level optics, which are used in a wide variety of applications such as mobile phone, tablet, laptop, TV, PC camera, automobile, security and medical devices. Founded in 2001 and headquartered in Tainan, Taiwan, Himax currently employs over 1,600 people from three Taiwan-based offices in Tainan, Hsinchu and Taipei and country offices in China, Korea, Japan and the US. Himax has 2,377 patents granted and 907 patents pending approval worldwide as of June 30, 2014. Himax has retained its position as the leading display imaging processing semiconductor solution provider to consumer electronics brands worldwide.

Investment Highlights

- Worldwide leading display driver player with a wide range of drivers portfolio for panels of all sizes and in-house intellectual property
- Image technology solutions provider
- Diversifying revenues from mobile display drivers, CMOS image sensors, LCOS microdisplay solutions, touch panel controllers, timing controllers and ASIC service
- Maintained strong profitability, disciplined cost control, consistent dividends and share buyback programs, strong cash flow and no debt
- Growth from non-driver products, including CMOS image sensors, LCOS microdisplay solutions, touch panel controllers, timing controllers, wafer-level optics, array lens, and ASIC service
- Public float accounts for 68.4% of total shares outstanding



SELECT FINANCIALS	
NASDAQ : HIMX	
Fiscal Year End	Dec. 31st
Price (8/06/14)	\$6.55
Market Cap (8/06/14)	~\$1.12 B
52-Week Price Range	\$5.57 - \$16.15
3 Month Ave. Daily Vol.	5.49 M
Basic Weighted Average Outstanding ADS	170.9 M
Cash (6/30/14)	\$172.9 M
2013 Revenues	\$770.7 M
2013 GAAP Net Income	\$61.5 M
2013 GAAP EPS	\$0.358 per ADS
2014 Annual Cash Dividend	\$0.27 per ADS
Legal	Davis Polk & Wardwell
Auditor	KPMG

Q2 2014 Financial Performance & Comparisons / FY2013 and FY2012

	Q2 2014	Q1 2014	Q2 2013	QoQ	YoY	FY2013	FY2012	YoY
Revenue	\$196.4 M	\$194.6 M	\$207.0 M	+0.9%	-5.1%	\$770.7 M	\$737.3 M	+4.5%
Gross Profit	\$47.5 M	\$48.0 M	\$50.9 M	-1.2%	-6.8%	\$191.9 M	\$170.6 M	+12.5%
GAAP Net Income	\$24.1 M	\$15.7 M	\$19.4 M	+53.4%	+24.6%	\$61.5 M	\$51.6 M	+19.1%
GAAP EPS Per Diluted ADS	\$0.140	\$0.091	\$0.112	+53.5%	+24.5%	\$0.358	\$0.302	+18.4%
Non-GAAP Net Income ¹	\$24.5 M	\$16.2 M	\$20.1 M	+51.0%	+21.9%	\$71.0 M	\$60.3 M	+17.8%
Non-GAAP EPS ¹ Per Diluted ADS	\$0.142	\$0.094	\$0.117	+51.1%	+21.8%	\$0.414	\$0.353	+17.1%

1) Excluding Share-based Compensation, Acquisition-Related Charges and Net of Tax

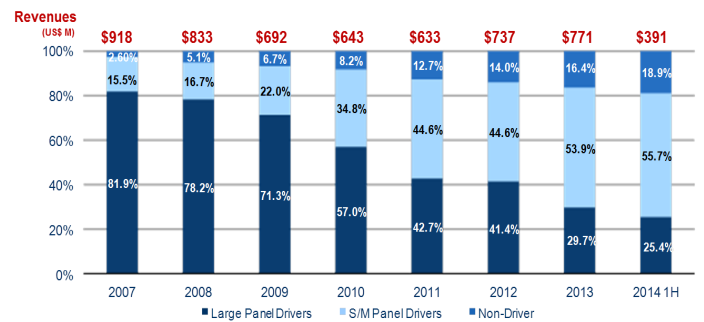
Market Opportunities

Small and medium flat panel displays are experiencing demand growth due to the fast-growing smartphone sector and increasing popularity of tablet devices. TFT-LCD technology has established itself as the mainstream technology in the smartphone, tablet, notebook, computer, and a variety of other electronics.

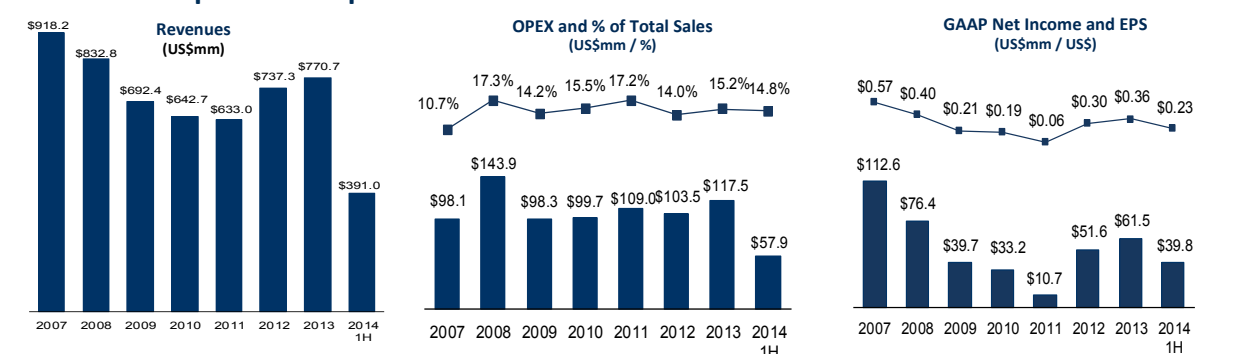
Market growth is attributed to the rising unit shipments of TFT-LCD displays given that displays are trending towards higher resolution with enhanced and improved performance.

Large scale, leading brand manufacturers are outsourcing more of their driver IC production and cooperating on new driver and display technologies with Himax.

HIMX Product and Revenue Mix



Financial Comparison Graphs



- Analyst Coverage**
- BOAML
 - Brean Capital
 - Chardan Capital
 - Craig-Hallum
 - Credit Suisse
 - Lake Street Capital Markets
 - Nomura Securities
 - Northland Securities
 - Oppenheimer
 - Topeka Capital Markets
 - UBS Securities
 - Wedge Partners

2014 Growth Strategies

1. Continue to grow driver IC market share, customer revenues and shipments for all sizes of flat panels in the marketplace.
2. Enhance technologies and products for fast-growing global smartphone and tablet markets via volume growth and resolution upgrade. Further leverage Himax's customer base while enhancing gross margins through product diversification.
3. Increase CMOS image sensor, WLO, touch panel controller, power management IC and LED driver IC unit sales and revenues for notebook, net book, tablet and smartphone manufacturers incorporating hi-resolution cameras built into consumer electronics.
4. Develop new technologies with multiple customers using LCOS microdisplay for HMD such as Google Glass, HUD, pico-projector and other wearable computing applications.

Product Segments, Applications and Customers

Display Driver IC (Handset/CE/OA/TV)

- INNOLUX** • World leader in display driver IC, covering all panel makers for all applications
- SAMSUNG** • 26.3% worldwide smartphone DDIC market share (2013 Q4)
- 京东方 BOE** • Comprehensive coverage of handset display resolutions from qqVGA (128x160) to FHD (1080 x 1920)
- 华星光电 CSOT** • Supports all common interfaces: i80 CPU/RGB /MIPI DSI
- SHARP** • Innovative frame buffer compression to reduce cost and power
- AUO** • Content adaptive backlight control for power saving
- JDI** • Color enhancement for improved image quality
- TIANMA** • Embedded P-gamma OP can adjust its gamma curve more accurately and efficiently
- TRULY**
- LG Display**

Large Panel Applications



CMOS Image Sensor with FSI/BSI Technologies

- lenovo** • Main supplier for higher-end (non-VGA) segments in NB and mainstream sensor products up to 8MP
- SONY** • High sensitivity, low noise, and low power consumption design in highly integrated products including 8 MP FSI and BSI
- Coolpad** • Advanced FSI/BSI in high resolution for mobile/tablet
- ASUS** • BrightSense™ boosts low light performance for still image and video with low power consumption
- MOTOROLA** • ClearSense™ offers enhanced dynamic range
- hp** • ClearView™ enhances resolution
- Logitech** • Ultra small-die design for compact module size
- HUAWEI**
- ZTE中兴**

Wafer Level Optics

- SHARP** • Solution provider for customized WLO, Micro/Nano optical elements and micro-mechanism structures
- SONY** • Re-flowable solution to allow for SMT assembly
- HUAWEI** • Ultra small and thin dimension
- Coolpad** • Standard part design for effective supply chain management
- FOXCONN** • Added new applications including light-field camera, advanced array camera (4*4, 2*2 and 2*3) and micro light guide
- Start sampling WLO with 4*4 array lens and mass production from 2Q14

Timing Controller IC (Tcon)

- SHARP** • For tablet/NB/monitor/TV applications
- 京东方 BOE** • eDP 1.1a & 1.2 passed Intel CTS and MP proven in Ultrabooks; eDP 1.3 MP
- INNOLUX** • Proprietary point-to-point interface for high resolution display with slim PCB and low EMI
- 群創光電**
- Panasonic** • Overdrive technology for minimum motion blur
- IVO** • Super high resolution (SHR) scaling engine
- 中興** • Sunlight readability (SLR) enhancement
- JDI** • Cost efficient 3D TV Tcon solution
- Japan Display Inc.**

Consumer Electronics



Touch Panel Controller IC

- htc** • MP proven in first-tier smartphone and international NB brand customers
- NEC** • Multi-point sensing (mutual capacitance)
- ASUS** • HiTouch™ universal firmware for GG / GFF / OGS sensor structures
- 金立** • Proprietary one layer multi-point sensor pattern for low cost
- LONGCHEER** • Proprietary auto-calibration for user environment changes
- Committed to the development of new technologies ex: on-cell and in-cell touch sensors for next generation products

Power Management IC (PMIC) and LED Driver

- INNOLUX** • PMIC offers reliable and precise voltage for source/gate drivers, Tcon and panel cells
- 京东方 BOE** • LED drivers provide precise voltage/current to light up LED diodes efficiently and keep the brightness of LEDs uniform and stable
- TCL** • Power management unit offers a high integration IC for power supply and charger on tablets
- JDI**
- FUNAI** • No flicker
- LITEON** • LED driver for automotive
- AOT**
- Panasonic**

Handset Applications



LCOS and MEMS Microdisplays

- SAMSUNG** • Market leader of the LCOS industry
- 3M** • Offers color-filter type LCOS, color-sequential type LCOS, MEMS microdisplays and controller ICs
- Nikon** • Over 2 million units of LCOS modules shipping track record
- NDA** • 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 at early stages and 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
- Primary product focus is Head-Mounted Display and Heads-up Display
- Applied by numerous partners and customers to create products targeting a wide range of applications

ASIC Media Processor and IP

- Microsoft** • UHD video processor, ASIC Service and IP licensing
- SONY** • Monitor and Projector Scalars
- SHARP** • Leading 3D technologies
- EPSON** • Infinity color and sunlight readable technologies
- PHILIPS**
- TCL**

Management Team

Dr. Biing-Seng Wu, Chairman of the Board & Founder - 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 two years in 1992 and 1993, ERSO Award from Pan Wen Yuan Foundation in 2008 and numerous other industry recognitions and accolades.

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, CFO - Before joining Himax, Ms. Chang was the CFO of Castlink Corporation. From 2006-2008, she was VP of Finance and Operations for PlayHut, Inc. Prior to joining PlayHut, Ms. Chang was an executive for Nissan North America where she held several positions in finance, treasury planning, operations and accounting. She holds an MBA in Finance from Memphis State University and a BBA in Accounting from the National Chung-Hsing University in Taiwan.