Himax

Human Interface and Display Technologies

Nasdaq : **HIMX**

November 2020 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, 2019 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 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

June 2001
Himax Taiwan formed by B.S. Wu

October 2004
Forms Himax Display to focus on LCOS microdisplay technology

March 2006
Himax IPOs on Nasdaq. Raises $147M with Morgan Stanley

2009
GFC reduces sales ~$900 million to ~$700 million. Refocuses effort on non-driver products

June 2013
Himax completes take out financing of Chimei

September 2015
AR business hits inflection point with pilot production shipment made to a major US customer

August 2016
Start expansion for next generation LCOS and WLO production lines

2H2018
Industry first ASC 3D sensing reference design with MediaTek and Megvii. TDDI ramp with smartphone OEMs. WLO shipment

2020
Expect strong growth from products include TDDI for Smartphone and Tablets

2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

December 2003
Himax Taiwan begins trading on Emerging Stock Board (TW) under "3222"

August 2005
Himax Taiwan delists from Emerging Stock Board

February 2007
Himax acquired Wisepal, and forms Himax Semiconductor to focus on small and medium sized DDICs

2010 - 2012
Non-driver sales increase gross margins and BOM sales opportunities

July 2013
Signs investment agreement with Google

2016
Mass production and shipment of AR related LCOS and WLO, AMOLED DDIC, and in-cell TDDI

2017
Qualcomm and Himax jointly announced structured light-based 3D depth sensing solution

2019
TDDI for smartphone and WLO are the growth driver

Investment Highlights

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, 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, 3D sensing, AoS CMOS, ultralow power smart sensing, LCOS microdisplay's leading specs and continued design wins position us at the forefront of new Structured Light & ToF, AR/VR, Medical Devices, Robotics, AIoT, Edge AI, Smart Home, Automotive LiDAR, HUD development and future product releases

Visionary Management Team

Himax on NASDAQ

HIMX
Nasdaq Listed

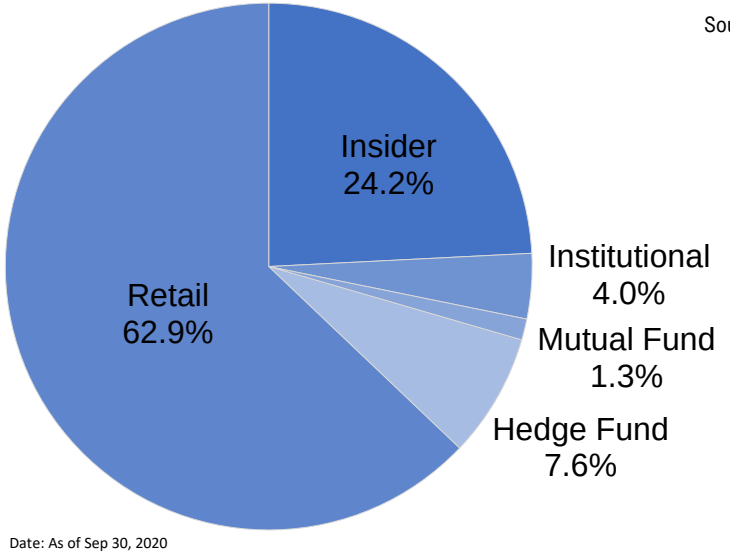
Fiscal Year	December 31
Last-Traded Price (11/11/20)	$4.10
Diluted Weighted Ave. Out. ADS	173.4M
Equivalent ADS Out	172.4M
Market Capitalization (11/11/20)	$706.8M
Daily Volume (11/11/20)	1.55M
Insider Ownership*	24.2%

* Insider ownership includes executives and board members

12 Month Trading Chart

Source: www.nasdaq.com

Shareholder Type



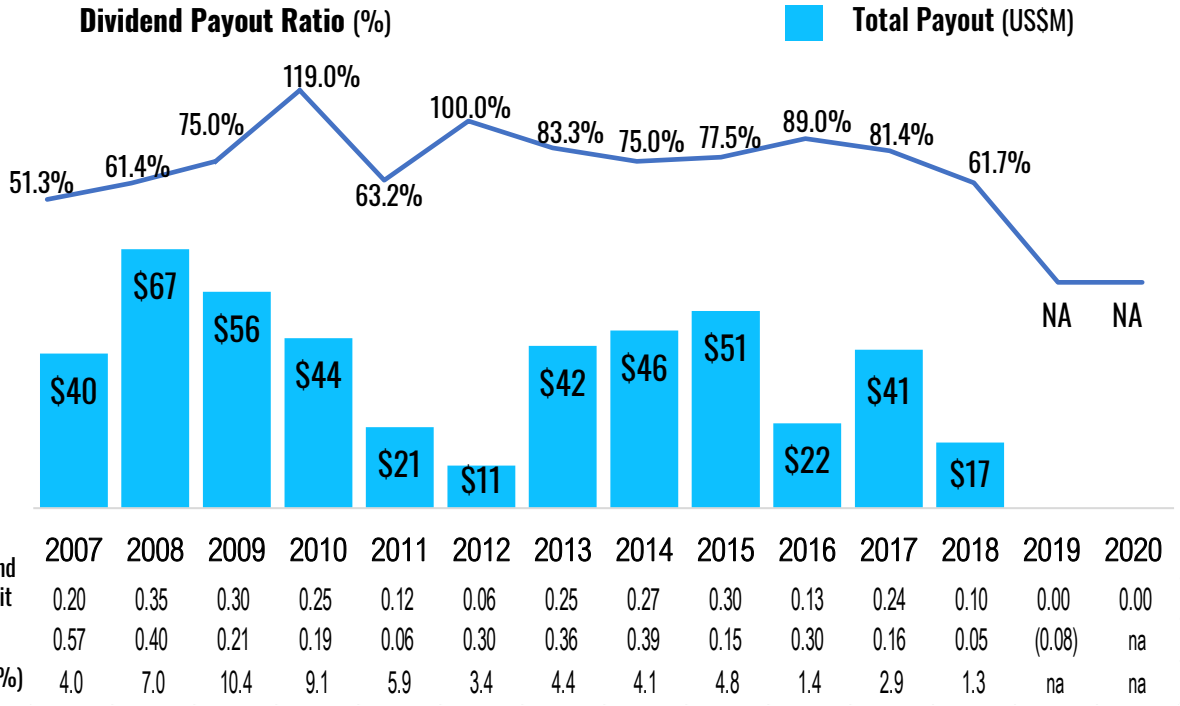
Date: As of Sep 30, 2020

Analysts

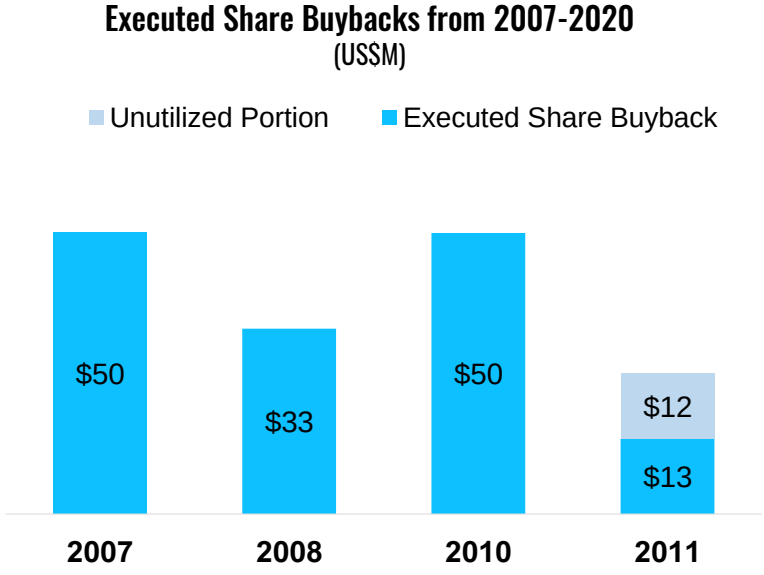
Credit Suisse	Jerry Su
Lake Street Capital Markets	Jaeson Schmidt
Mizuho Securities Asia Ltd	Kevin Wang
Nomura Securities	Donnie Teng
Northland Securities, Inc.	Tim Savageaux
Baird Equity Research	Tristan Gerra

Shareholder-Focused, Returning Profits

$604 MILLION HAS BEEN RETURNED TO SHAREHOLDERS INCLUDING DIVIDENDS AND SHARE BUYBACKS SINCE IPO



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Dividend per unit	0.20	0.35	0.30	0.25	0.12	0.06	0.25	0.27	0.30	0.13	0.24	0.10	0.00	0.00
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	(0.08)	na
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	na	na



Himax Dividend and Policy

- Company is committed to pay annual cash dividend
- Distributed a total of $458 million of cash dividend since IPO
- Dividends referenced primarily on prior year's profitability and cash demand for future growth
- Typically pays out annual cash dividend at approximately the middle of the current calendar year, e.g., 2018 dividend payouts in July is for fiscal year 2017
- In 2020, Himax did not pay an annual cash dividend for fiscal year 2019. The decision was made with full consideration of Himax's 2020 operations and capital requirement to support its future growth and to drive gains in market share

Himax Share Buyback

- Initiated four share buyback programs totaling $158 million since 2007
- Repurchased a total of 46.5 million ADSs through Sep 30, 2020 at average purchase price per ADS: $3.15

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

Q3 Summary and Q4 Guidance

	3Q2020	2Q2020	3Q2019	YoY	QoQ
Revenues	$239.9M	$187.0M	$164.3M	+46.1%	+28.3%
Gross Margin (%)	22.3%	21.0%	19.5%	+2.8%	+1.3%
IFRS Profit (Loss)	$8.5M	$1.4M	($7.2M)	+217.7%	+511.1%
IFRS Earnings (Loss) per ADS	$0.049	$0.008	($0.042)	+217.1%	+510.0%
Non-IFRS Profit (Loss)	$12.6M	$1.7M	($6.9M)	+282.6%	+627.1%
Non-IFRS Earnings (Loss) per ADS	$0.073	$0.010	($0.040)	+281.6%	+625.9%

	9M20 YTD	9M19 YTD	YoY
Revenues	$611.5M	$496.9M	+23.1%
Gross Margin (%)	22.0%	20.5%	+1.5%
IFRS Profit (Loss)	$13.1M	($14.7M)	+189.6%
IFRS Earnings (Loss) per ADS	$0.076	($0.085)	+189.2%
Non-IFRS Profit (Loss)	$18.1M	($13.6M)	+232.8%
Non-IFRS Earnings (Loss) per ADS	$0.105	($0.079)	+232.2%

4Q2020 Guidance

Revenues	Increase by around 10% sequentially
Gross Margin (%)	Around 29%, depending on our final product mix
IFRS Profit	To be around 15.0 cents to 16.0 cents
Non-IFRS Profit	To be around 15.1 cents to 16.1 cents

A Global Semiconductor Company

- 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
- 2,915 patents granted and 551 patents pending approval worldwide as of September 30, 2020
- 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

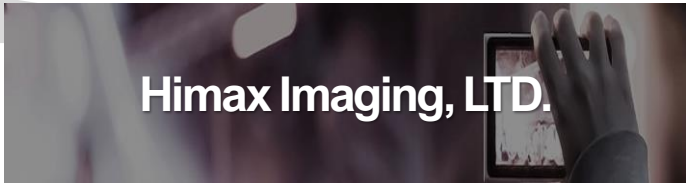
Corporate Structure

Nasdaq Listed

Himax Technologies, Inc.

- TFT-LCD Drivers, EPD Drivers, Micro LED Drivers and AMOLED Drivers
- TCON and Bridge IC
- Touch Controllers
- Pure in-cell Touch (TDDI)
- AIoT Edge AI Processors
- 3D Decoder Processors
- ASIC Service and IP Licensing
- Power Management ICs, P-Gamma OP, Level Shifter and LED Driver
- Wafer Level Optics and 3D Sensing Modules
- In-house Color Filter Fab for LCOS and CIS

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



- CMOS Image Sensors
- Ultralow Power Always-on (AOS) CMOS Image Sensors

Himax

Our Technologies Are Used by Consumer Brands Worldwide

LG Display lenovo SAMSUNG oppo mi Google

Display Driver IC (DDIC)

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 businesses that use all types of flat panel displays

In what devices can you find Himax DDIC technologies

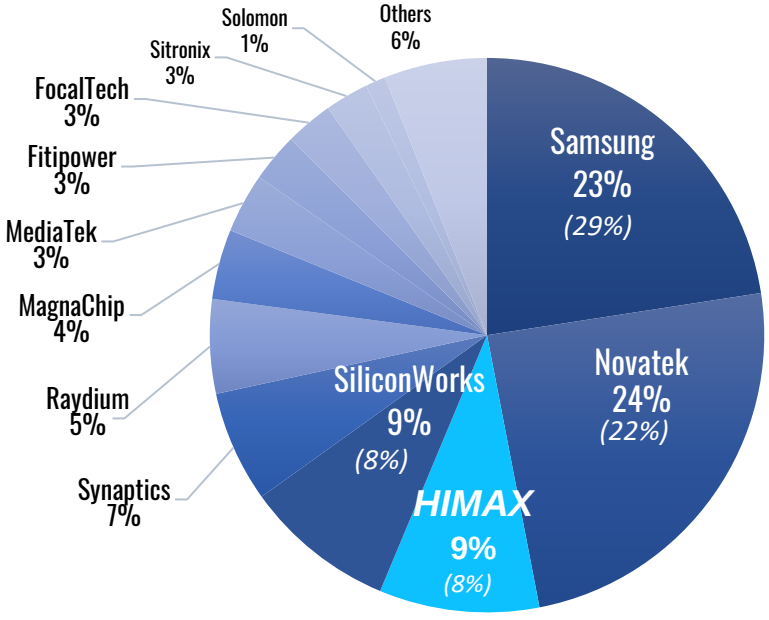
Who uses Himax DDICs

SAMSUNG, SHARP, Panasonic, HKC 惠科股份, BOE, KYOCERA, INNOLUX 群創光電, 华星光电 CSOT, vivo, CEC 中国电子 | CHOT, TRULY, lenovo, TCL, MEIZU, E Ink, HannStar, 上海天馬微電子有限公司 SHANGHAI TIANMA MICRO-ELECTRONICS CO., LTD., TECNO, JDI, Japan Display Inc., TOPPAN, AUO, IVO, LG Display, oppo, amazon, AVIC

Our DDIC Market Share

2Q20 Driver Market Share

(1Q20 Market Share %, Revenue)



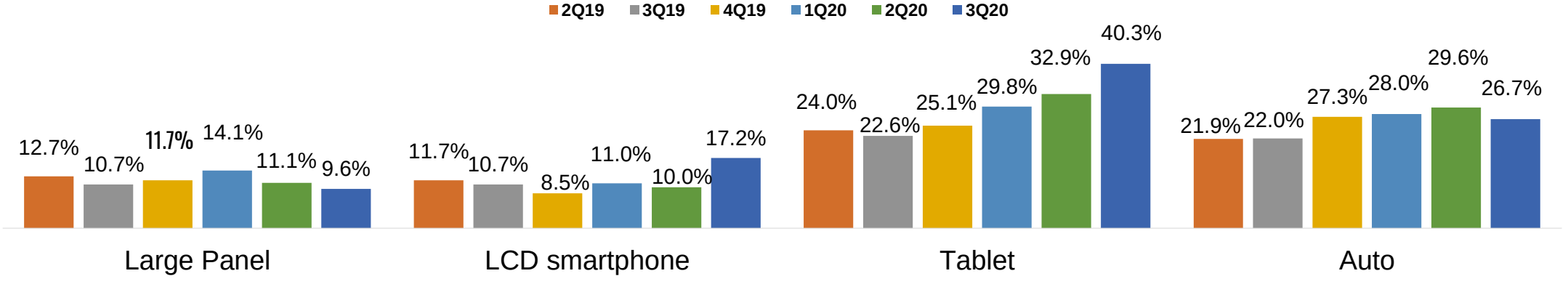
Source: Omdia and company estimates (This covers TFT-LCD and OLED DDICs)

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 continues to benefit from Chinese panel customers' capacity expansion as well as Korean fab restructuring
- Strong market share in fastest moving consumer devices including automotive application
- Major TDDI design-wins and shipments for smartphones, tablets and automotive well executed in 2020 and accelerating into 2021

HIMX's Strong Driver IC Market Share in Mass Market Devices

(Quarterly Market Share %, Shipment)



Source: Omdia 2020 Q3 data ,IDC and Company Estimates (This covers TFT-LCD DDICs)

TDDI Technologies

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 from late 2019

- Smart Phone: Higher penetration of TDDI is refreshing smartphone life cycle starting end of 2016. Expect robust growth in 2020 and beyond due to major addition of TDDI capacity, new products and shipment to new customers
- Tablet: New In-cell TDDI refreshed tablet life cycle starting end of 2019. Himax, the primary source for Android tablet tier-1 customers, expects strong growth for 2020 and beyond
- Automotive: Himax's TDDI selected by many leading tier-1 and OEMs for their upcoming first launches of vehicles. Expect meaningful full production shipments into 2021
- Higher ASP & higher margin versus traditional discrete driver ICs

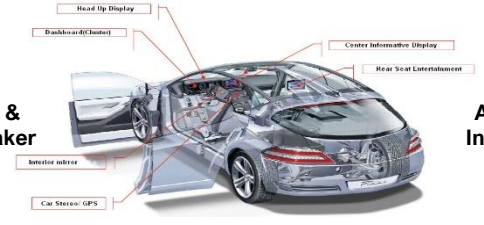
In what devices can you find Himax TDDI technologies

A-Si HD+ Smartphone

LTPS FHD+ and HD+ Smartphone

8" and Large-sized Tablets, In-cell TDDI

Tablet PC & Smart Speaker



Auto CID & Infotainment

Who uses Himax Touch and TDDI Technologies

oppo vivo mi lenovo motorola a Lenovo company LG SAMSUNG

WLO and CIS

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 ultralow 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
Human/ body detection, 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

Who uses Himax WLO and CMOS technologies

Panasonic NEC SONY TRULY lenovo
ASUS hp Chicony Logitech acer LG Innotek LED
FOXCONN LITEON JVCKENWOOD DELL Quanta Computer SAMSUNG

3D Sensing and Smart Sensing

Himax 3D sensing SLiM total solution targets in payment, industrial robotics and access control systems. Company's smart sensing total solution brings computer vision and audio command AI to edge devices with extremely low power consumption. Offer key components, 3D decoder IC and AI processor to partners' ecosystems to reach out diversified market segment

MARKETS WE SERVE

3D Sensing: Payment, Smart Door Lock, Access Control, Shoe Cementing, Industrial Robotics

Smart Sensing: AIoT, Notebook, Door Bell, Surveillance, TV, Air Conditioner, Home Appliances.

AI ECOSYSTEM PARTNERS

Google TensorFlow Lite for Microcontroller

emza visual sense

sparkfun START SOMETHING

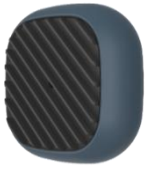
CyberLink

国家金融科技测评中心 National FinTech Evaluation Center

银行卡检测中心 Bank Card Test Center

Others

In what applications can you find Himax 3D/Smart Sensing 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

Optinvent Google lenovo LUMUS

Our Customers

DISPLAY DRIVERS

WAFER LEVEL OPTICS

CMOS IMAGE SENSORS

ASIC SERVICE & IP LICENSNING

LCOS MICRODISPLAYS

TDDI & TOUCH CONTROLLERS

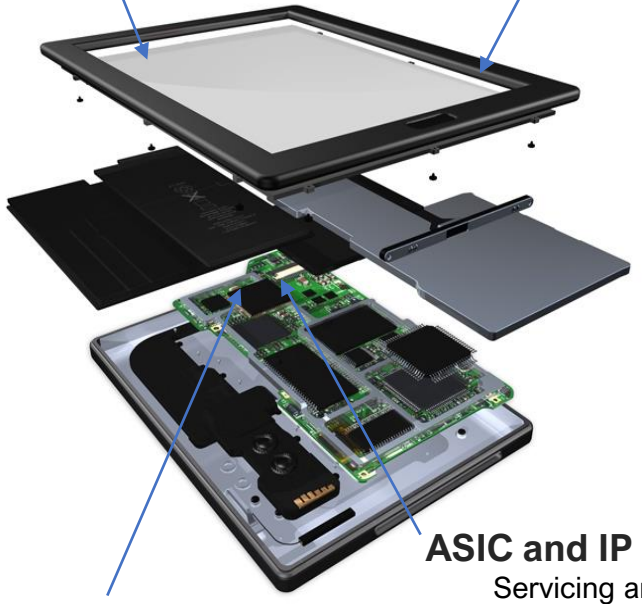
POWER MANAGEMENT IC & LED DRIVERS

TIMING CONTROLLERS

We are In Displays

Display Driver
TCON
PMIC
LED Driver
P-gamma OP

On Touch Panels
Controller IC



ASIC and IP
Servicing and licensing

In Camera Modules
CMOS Image Sensor
Wafer Level Optics

In AR Devices
LCOS, WLO

In VR Devices
OLED SOC

Fabless Manufacturing Expertise

Himax

Display Driver

Wafer Fabrication

SK hynix system ic
MX LISTED NYSE
力積電
UMC
VIS
Nexchip
SMIC
tsmc
华虹-NEC
GLOBALFOUNDRIES
MXIC

Gold Bumping

CHIPBOND Chipbond Technology Corporation.
CHIPMORE
ChipMOS
LB Semicon
USC UNIONSEMICON

Processed Tape

CHIPBOND Chipbond Technology Corporation.
STEMCO
LG Innotek
JMC 易華電子股份有限公司 JMC ELECTRONICS CO.,LTD.

Chip Probe Testing

CHIPBOND Chipbond Technology Corporation.
CHIPMORE
ChipMOS
USC UNIONSEMICON
LB Semicon
Micro Silicon
YTEC
KYEC

Assembly and Testing

CHIPBOND Chipbond Technology Corporation.
CHIPMORE
ChipMOS
LUSEM
LB Lusem
USC UNIONSEMICON
nepes
YTEC

CMOS Image Sensor Back-end

Package

Xintec
KINGPAK
LCSP MINIATURIZATION PROCESS
networks

Chip Probe Testing

KYEC

FT

Vate
networks

RW

th

SOC

Chip Probe Testing

KYEC
Global Testing Corporation 宏邦科技股份有限公司
GREATEK ELECTRONICS INC.
Silicon 微矽電子

Package

OSE A partner you can count
台灣典範半導體 Taiwan IC Packaging Corporation
長电科技 CHANGJIANG ELEC.TECH.
ASE GROUP
GREATEK ELECTRONICS INC.
Sigurd

FT

Sigurd 矽格股份有限公司 SIGURD MICROELECTRONICS CO.
長电科技 CHANGJIANG ELEC.TECH.
OSE A partner you can count
ASE GROUP
GREATEK ELECTRONICS INC.
KYEC
Global Testing Corporation 宏邦科技股份有限公司
Ardentec 欣銓科技

Market Opportunities by Product Application and Himax Strategies

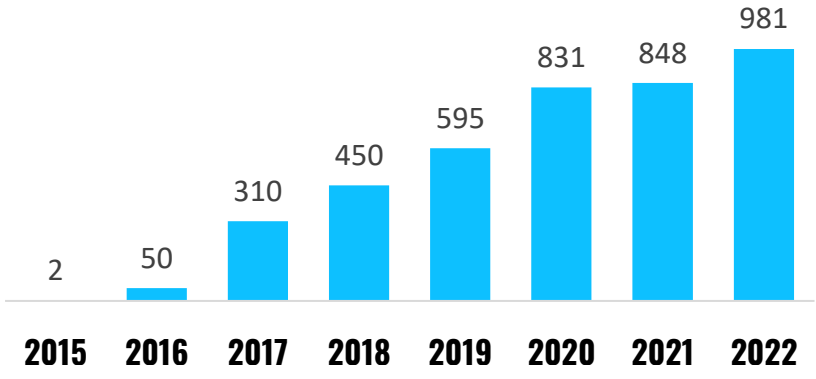
GROWTH OPPORTUNITY 1

TDDI

Market Trends

- Expect higher TDDI penetration in smartphones, tablet, and auto going forward
- OEMs are meeting consumer demand for slimmer devices
- Higher penetration of TDDI is refreshing smartphone and tablet life cycle, creating higher dollar content and margin opportunities

TDDI Demand Forecast 2015-2022 In Millions of Units (IHS Market, 2020)



Himax Strategies and Market Position

TDDI pure in-cell solution

- TDDI will be the biggest growth driver for Himax in 2020; Higher ASP and better margin than traditional driver IC
- 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
- In-cell TDDI becoming mainstream for tablet, Himax is the primary source for Android tablets. MP started for major tier-1 OEMs in 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
- The new TDDI design-wins for smartphone and tablet applications with mass shipment started from late 2019; expect robust growth by increasing market share from 5% to around 15% in 2020
- Himax is the dominant automotive TDDI technology provider with mass production experience for leading panel makers. Although only small volume shipments in 2020, we anticipate meaningful shipment volume to ramp up moving into 2021

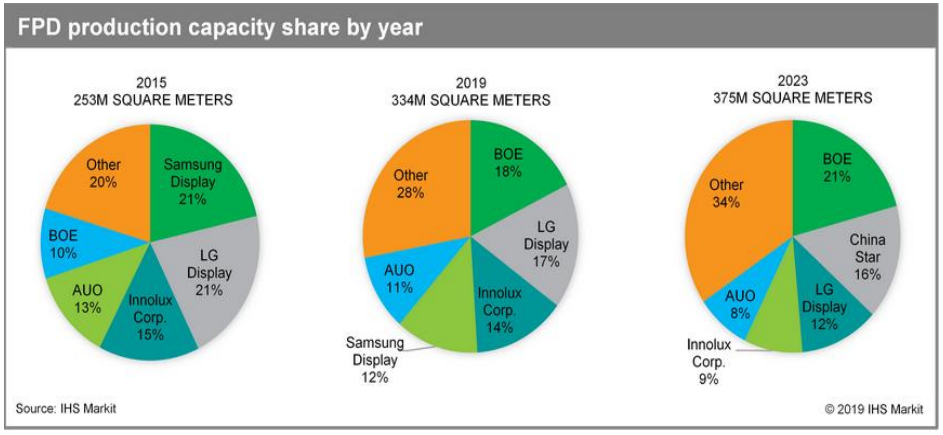
TDDI Technology Enables OEMs to Manufacture Thinner, Better and Less Expensive Phones

Display Driver IC (DDIC)

Market Trends

- Korean fab restructuring will further help Chinese panel makers to increase their global market share and will drive volume for the Taiwan DDI supply chain
- Leading Chinese panel makers' shipments continues to dominate in the No. 1 position of its total TFT-LCD capacity
- 4K TV penetration accelerates; 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

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



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, and local dimming timing controller
- 8K TV is a strategic area for Himax due to its higher display driver and Tcon content and high technical barrier of entry

WLO and 3D Sensing

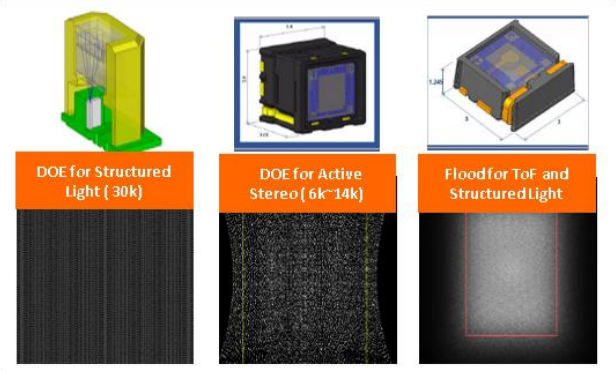
Market Trends

- Wafer-Level Optics (WLO) remains the best technology for structured light, Time-of-Flight (ToF) 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

Himax Strategies and Market Position

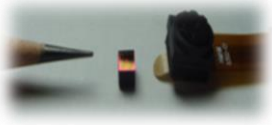
- WLO: Exceptional design know-how and mass production expertise deliver consistent product quality and high yields for WLO anchor customer's large-scale adoption since 2015 with ongoing shipment in 2020
- Continue to participate in most ongoing 3D sensing projects covering structured light for non-smartphone application and time-of-flight (ToF) for smartphone 3D. Focus 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. Ongoing design-in activities providing optical component or projector to our tier-1 smartphone OEM customers
- 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 and payment systems
- 3D Sensing will be the 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



WLO for 3D ToF / Structured Light

CIS and Ultralow Power Smart Sensing

Market Trends

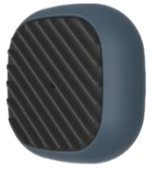
- Smart AI devices demand boosted, but very few companies can provide ultralow power solutions in vision AI in the area of human detection, people tracking, people counting, wake on approach, walk away detection, and unauthorized peek warning
- AI-based ultralow power smart sensing solution adoption 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 Ultralow power CMOS Image Sensor:
  - Industry first ultralow 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
- WiseEye solution contains Himax's industry leading AoS sensor, AI processor and TinyML AI algorithm, all with low power for emerging computer vision based edge AI devices for NB, TV, air conditioner, surveillance, door lock, door bell and many other markets. Expect shipment in 2020.
- WiseEye WE-I Plus as an edge AI computing ASIC solution, is aggressively joining the edge-to-cloud ecosystem by working closely with machine learning framework provider, AI algorithm developers, cloud service providers and OEM/ODM to provide flexible and cost-effective solutions to fulfill this booming but diversified market
  - Collaborated with Google to offer TensorFlow Lite for Microcontrollers ecosystem to let developer to train and deploy the TensorFlow model/inference on to the TensorFlow Lite for Microcontrollers kernel
- CIS include near infrared (NIR) sensors for 3D sensing and ultralow power computer vision Always-on-Sensor (AoS) for smart building and security applications, next generation NB, and AR/VR for mobile devices

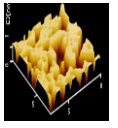
Lenovo JVCKENWOOD ASUS hp
Logitech Quanta Computer DELL acer LG Innotek LED
TRULY Chicony LITEON FOXCONN
Panasonic NEC SAMSUNG

Ultra Low Power Sensor Applications



Best For IoT/Smart Sensing

Face/Body Detection, Eye Tracking & Gesture Control, 3D Depth Sensing




Google TensorFlow Lite for Microcontroller

emza visual sense

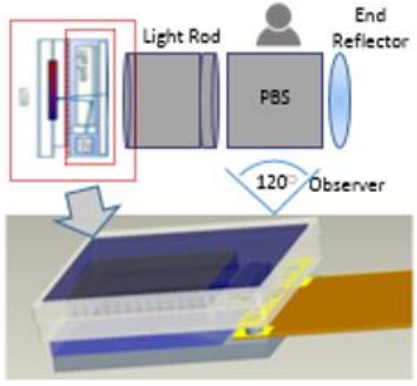
sparkfun START SOMETHING

GROWTH OPPORTUNITY 5

LCoS Microdisplays

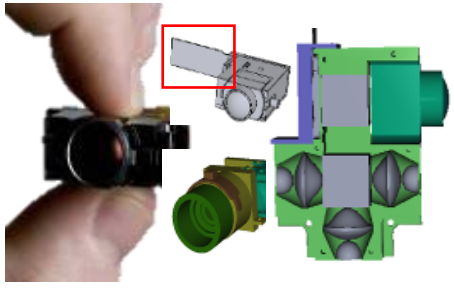
Market Trends

- 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

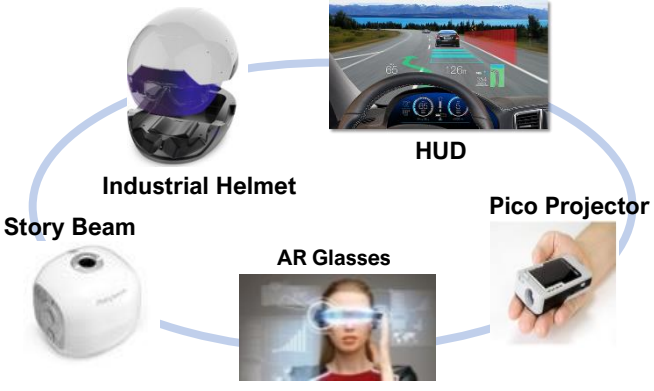
- Compact Form Factor
- Brightness
- Power Efficiency
- MP Efficiency & Readiness



Optical Engine with LCOS Module

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 2022 MP
- LCOS is one of the mainstream technology for AR goggle devices
- LCOS represents a long-term growth opportunity for Himax

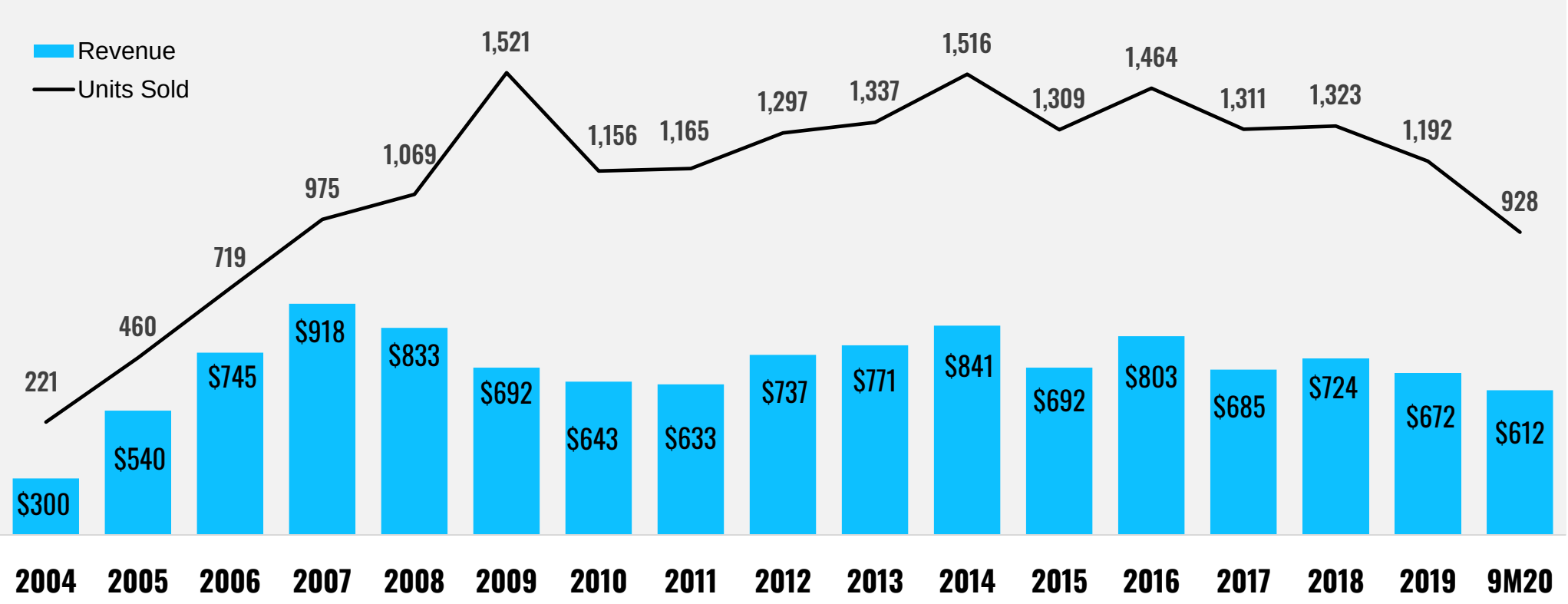


2020 YTD
Financial Review

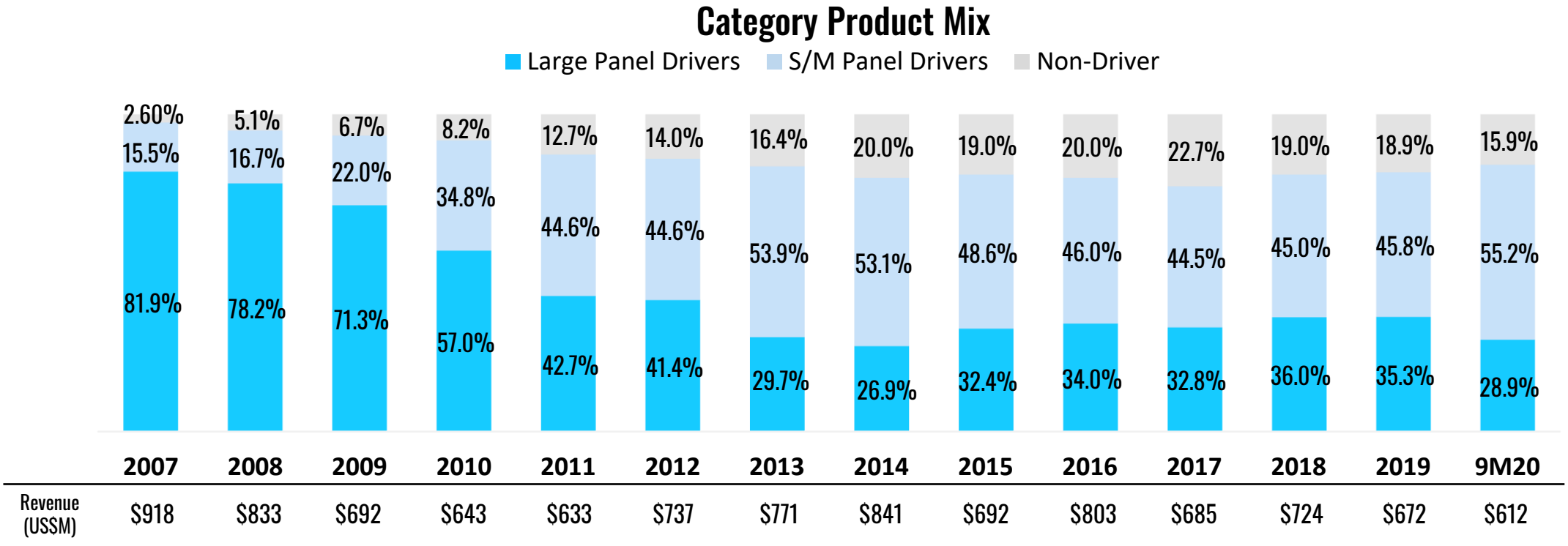
Unit and Revenue History

We are One of the Leading Semiconductor Companies in the World

Units Sold and Revenue (in millions of units and millions of USD)



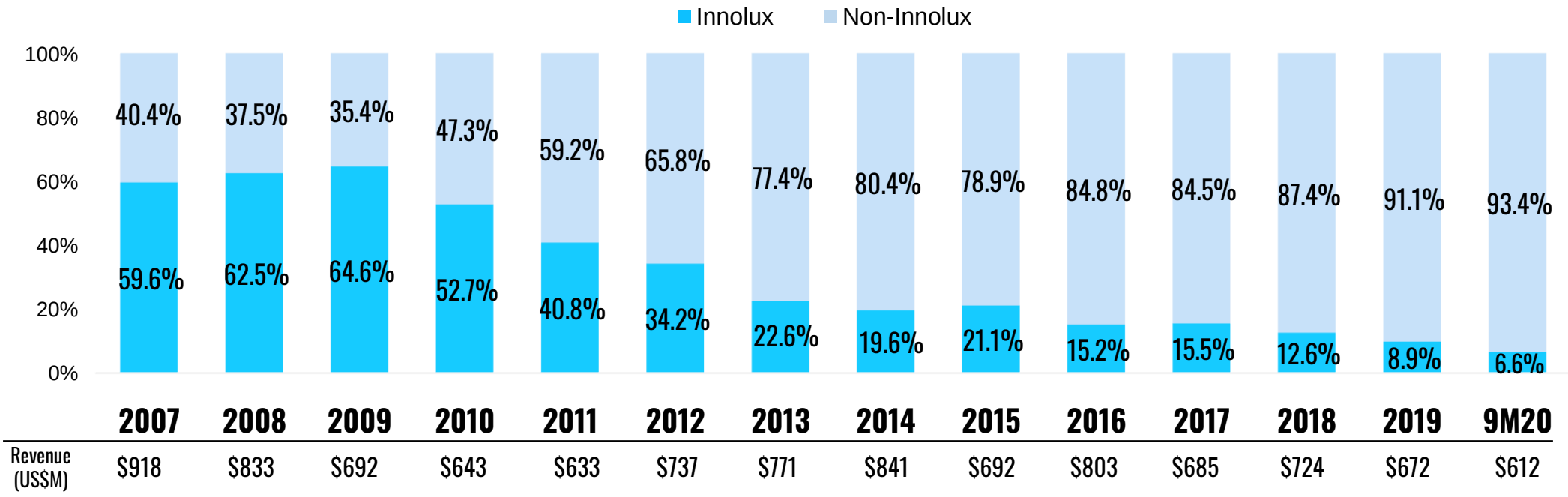
A Balanced Product Mix…



- Global market leader in driver ICs for large and small & medium-sized panels
  - Extensive design-wins of TDDI for smartphone and tablet, with foundry capacity support backed by foundry partners
  - Market leader in tablet TDDI with mass production from late 2019
  - Advantages of leading technology and mass production record in automotive driver. Major panel customers lead to gain greater market share in which we are the major supplier
- In non-driver category, we enjoy diversified customer base, strengthened product mix and improved gross margin
- Innovative technologies in advanced Wafer Level Optics, CIS, Smart Sensing and LCOS microdisplays
  - Market leader in 3D sensing for both Structured Light and TOF
  - The first to offer 2-in-1 ultralow power sensor with RGB and IR/AI features
  - Collaborate with global edge-AI solution partners by actively engaging edge-to-cloud platforms
  - Top choice of global leaders to jointly develop AR technology
  - Flexible business models by providing a total solution and key components
  - GM significantly higher than corporate average

…and a Diversified Customer Base

Largely reduced dependence on one single customer, Innolux

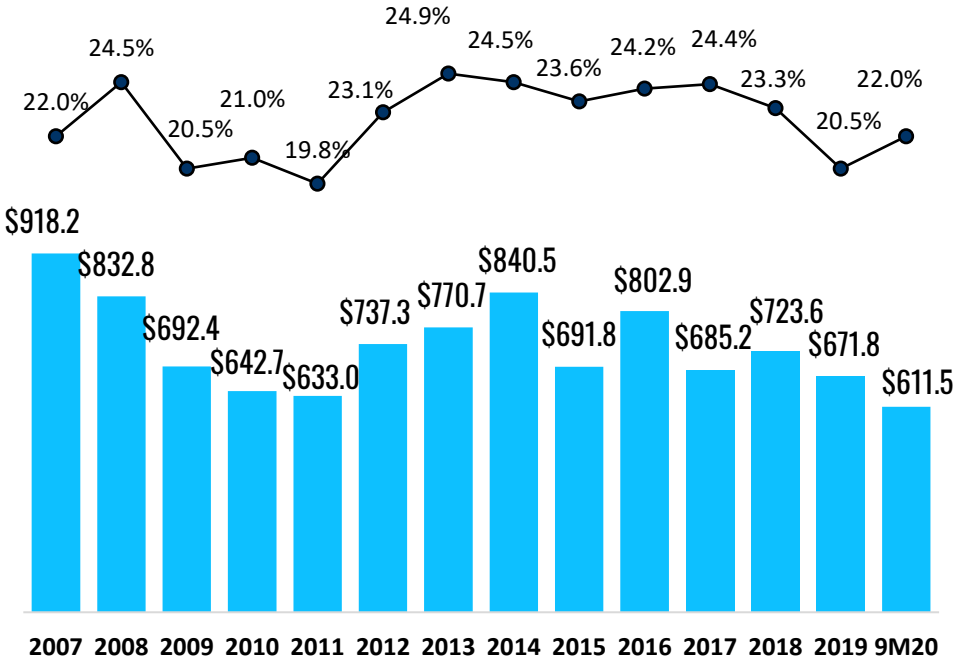


- Diversifying product revenues by non-driver product wins and leveraging existing customers
- Innolux disposed of its entire equity holding in Himax on June 19th, 2013, ending its status as Himax's related party
- Growing shipment to new panel manufacturer customers in China, Korea and Taiwan since 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, Smart Sensing and CMOS image sensors

Gross Margin is a Key Business Focus

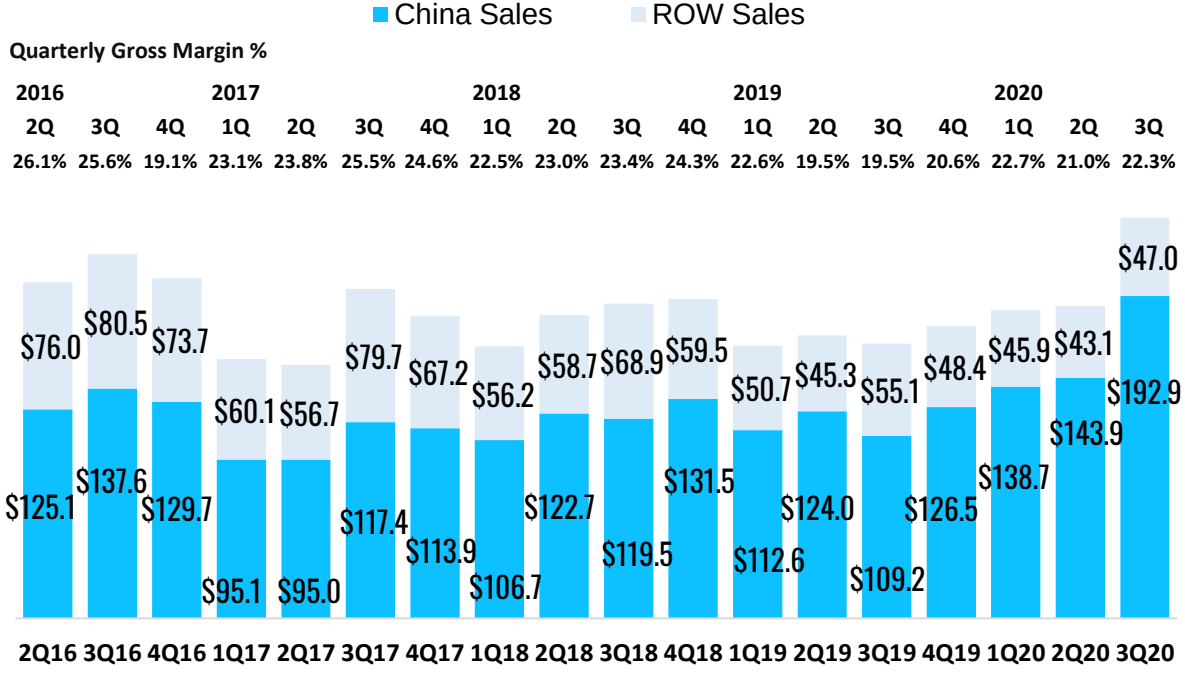
Revenue & Gross Margin

US$M in Revenue and Gross Margin %



Geographical Revenue Mix & Quarterly GM

US$M in Revenue and Quarterly Gross Margin %

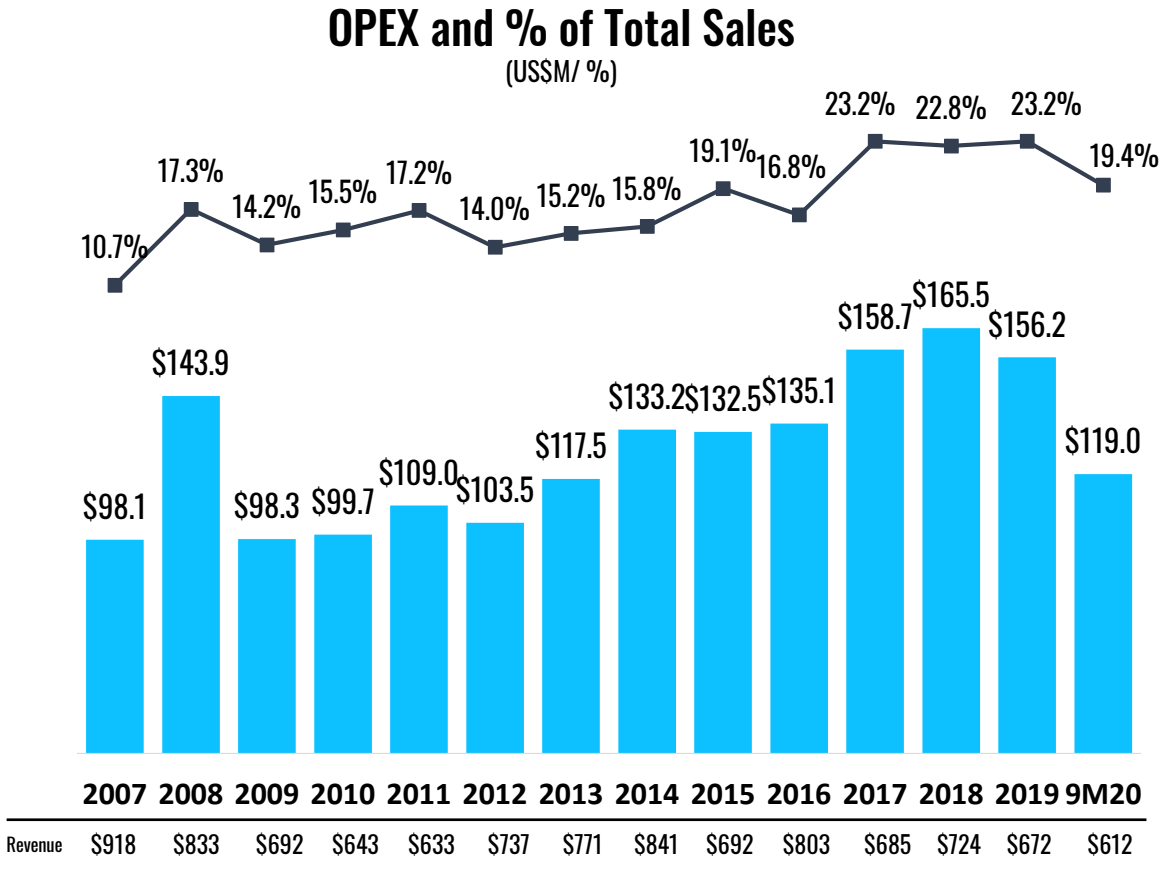


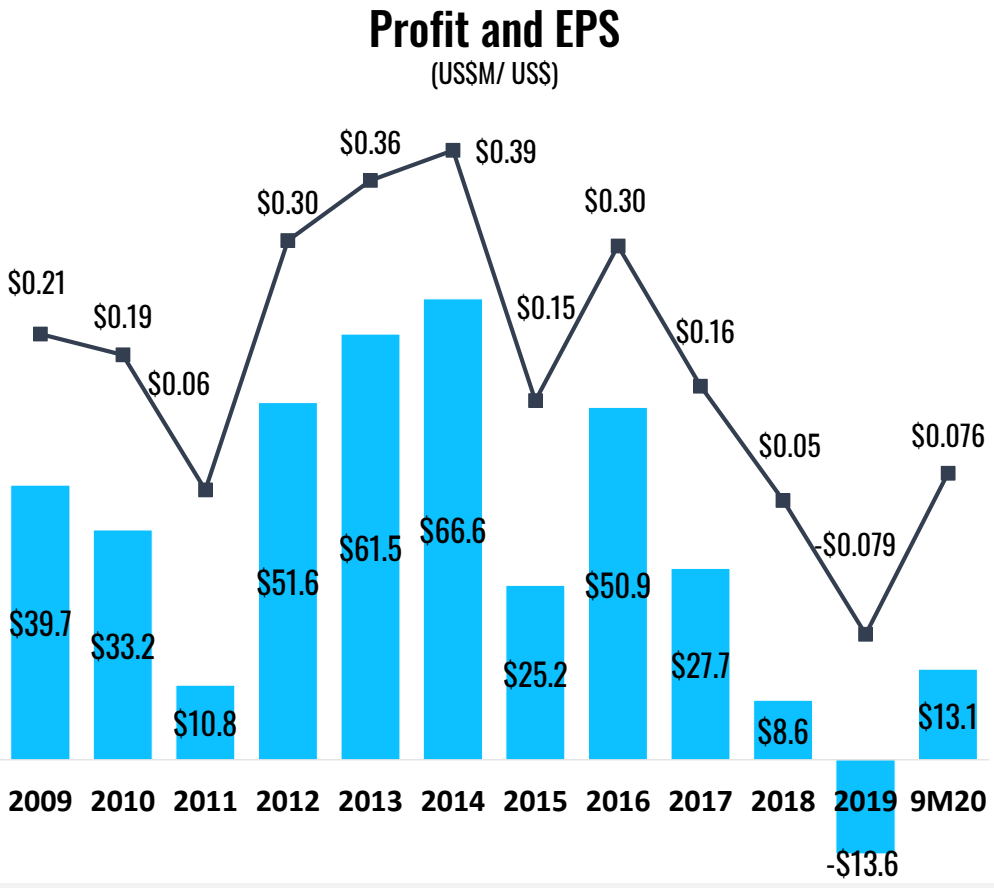
Better product mix lifts blended margin

- Successful transformation since 2011
- Revenue growth with improved gross margin in 2016 due to product mix
- Positive about long term growth

- 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, 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 financial performance to improve in 2020 and beyond

OPEX and the Bottom Line

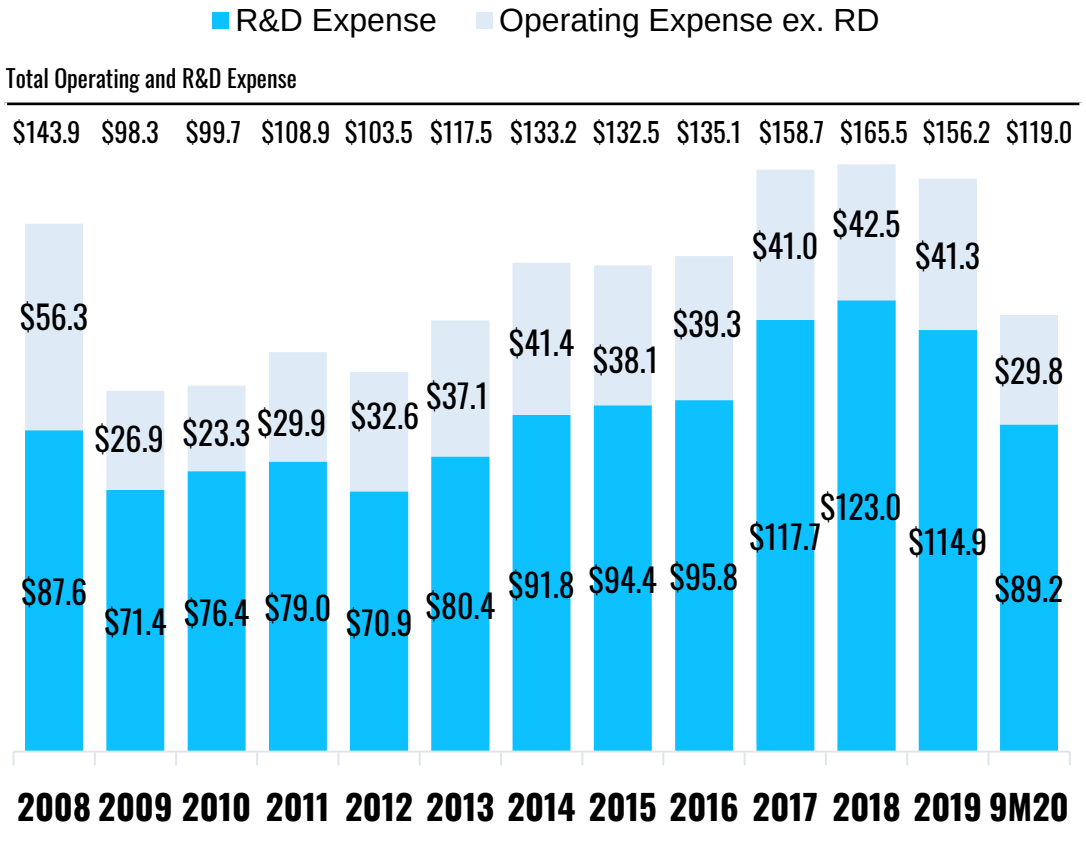




- Completion of the new building in 2019: house additional WLO capacity, the new active alignment equipment and extra office spaces
- Higher capex to meet the demands of 3D sensing total solution or projector module or optics
- Continue committing on R&D and customer engineering on our strategic growth 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
- Global market hit by COVID-19 in 1H20. Re-bounce in 2H20 benefited from “stay-at-home” economy.

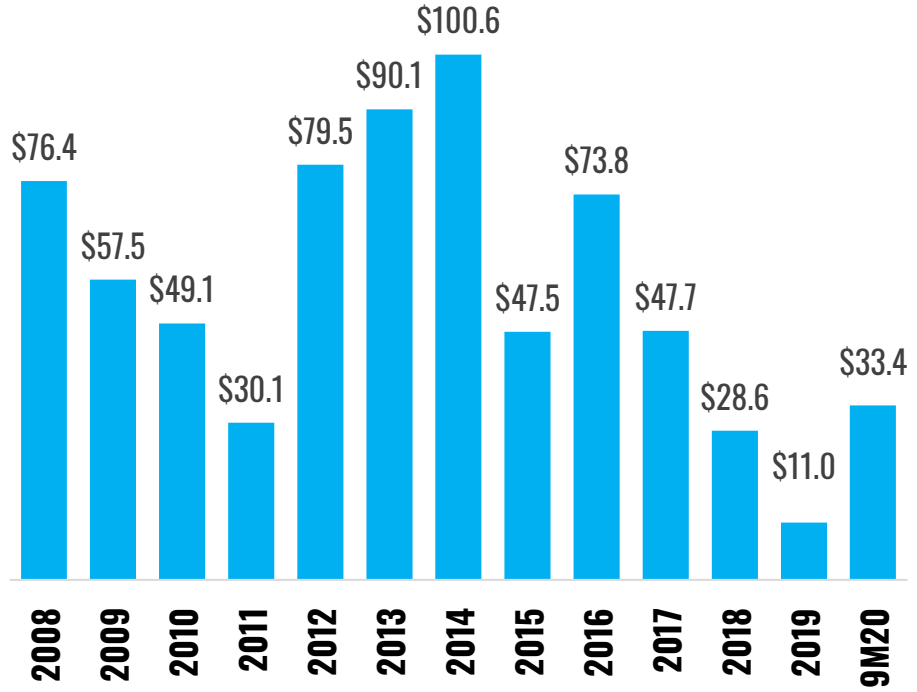
Performance History

Operating and R&D Expenses (US$M)



- 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%
- Share-based compensation included in OPEX from 2014 to 9M20: $11.1mn, $6.2mn, $10.2mn, $6.9mn, $4.1mn, $0.4mn, and $5.4mn

EBITDA (US$M)



- 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, though with COVID-19 negative impact

Income Statement

(US$'000, Except Per Share Data)

	3Q-2020 (Unaudited)	3Q-2019 (Unaudited)	2Q-2020 (Unaudited)	Y2019 (Audited)	Y2018 (Audited)	Y2017 (Audited)
Revenues	**$239,934**	**$164,254**	**$186,984**	**$671,835**	**$723,605**	**$685,167**
Cost of revenues	**186,329**	**132,239**	**147,726**	**533,916**	**554,690**	**518,142**
Gross profit	**53,605**	**32,015**	**39,258**	**137,919**	**168,915**	**167,025**
Gross margin	***22.3%***	***19.5%***	***21.0%***	***20.5%***	***23.3%***	***24.4%***
Operating expenses						
Research and development	**33,073**	**29,156**	**28,403**	**114,859**	**123,037**	**117,662**
General and administrative	**6,530**	**6,053**	**5,662**	**23,672**	**21,823**	**20,461**
Sales and marketing	**4,558**	**4,447**	**3,548**	**17,695**	**20,670**	**20,543**
Total operating expenses	**44,161**	**39,656**	**37,613**	**156,226**	**165,530**	**158,666**
Operating income (loss)	**9,444**	**(7,641)**	**1,645**	**(18,307)**	**3,385**	**8,359**
Non-operating income (loss)	**(260)**	**(244)**	**(336)**	**2,539**	**3,635**	**21,733**
Profit (loss) before income taxes	**9,184**	**(7,885)**	**1,309**	**(15,768)**	**7,020**	**30,092**
Income tax expense	**1,124**	**0**	**365**	**416**	**994**	**4,554**
Profit (loss) for the period	**8,060**	**(7,885)**	**944**	**(16,184)**	**6,026**	**25,538**
Add: Loss attributable to noncontrolling interests	**391**	**705**	**439**	**2,570**	**2,543**	**2,142**
Profit (loss) attributable to Himax stockholders	**$8,451**	**($7,180)**	**$1,383**	**($13,614)**	**$8,569**	**$27,680**
Non-IFRS profit (loss) attributable to Himax stockholders	**$12,594**	**($6,897)**	**$1,732**	**($12,128)**	**$12,907**	**$33,889**
IFRS earnings (loss) per ADS attributable to Himax stockholders (in cents)						
Basic	**4.9**	**(4.2)**	**0.8**	**(7.9)**	**5.0**	**16.1**
Diluted	**4.9**	**(4.2)**	**0.8**	**(7.9)**	**5.0**	**16.1**
Non-IFRS earnings (loss) per ADS attributable to Himax stockholders (in cents)						
Basic	**7.3**	**(4.0)**	**1.0**	**(7.0)**	**7.5**	**19.7**
Diluted	**7.3**	**(4.0)**	**1.0**	**(7.0)**	**7.5**	**19.7**

Balance Sheet

(US$'000)

	September 30, 2020 (Unaudited)	June 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
Assets			
Current Assets:			
Cash and cash equivalents	$131,823	$96,130	$116,579
Financial assets at amortized cost	8,294	10,929	11,278
Financial assets at fair value through profit or loss	2,734	0	97
Accounts receivable, net	221,100	206,075	157,320
Inventories	125,725	161,474	167,581
Restricted deposit	104,000	164,000	164,000
Other current assets	27,575	25,521	20,987
Total current assets	**621,251**	**664,129**	**637,842**
Financial assets at fair value through profit or loss	13,480	13,352	9,761
Financial assets at fair value through other comprehensive income	730	737	703
Equity method investments	3,761	3,660	4,036
Property, plant and equipment, net	135,123	137,530	141,835
Goodwill	28,138	28,138	28,138
Other Assets	24,507	24,658	24,827
Total Assets	**$826,990**	**$872,204**	**$847,142**
Liabilities and Equity			
Current liabilities:			
Short-term unsecured borrowings	$0	$58,437	$90,606
Current portion of long-term unsecured borrowings	6,000	0	0
Short-term secured borrowings*	104,000	164,000	164,000
Accounts payable	153,153	161,474	114,825
Other current liabilities	46,520	41,449	41,696
Total current liabilities	**309,673**	**425,360**	**411,127**
Long-term unsecured borrowings	54,000	0	0
Other liabilities	17,962	11,323	6,060
Himax stockholders' equity	442,751	433,494	431,248
Noncontrolling interest	2,604	2,027	-1,293
Total Liabilities and Equity	**$826,990**	**$872,204**	**$847,142**

* Short-term secured borrowing is guaranteed by restricted deposit

Cash Flow Statement

(US$'000)

	3Q-2020 (Unaudited)	2Q-2020 (Unaudited)	2019FY (Audited)	2018FY (Audited)
Profit (loss) for the period	**$8,060**	**$944**	**($16,184)**	**$6,026**
Depreciation and amortization	5,530	5,881	24,399	20,327
Expected credit loss recognized on accounts receivable	0	0	67	290
Share-based compensation expenses	251	168	457	408
Gain on disposal of property, plant and equipment, net	(2)	(242)	(90)	0
Gain on re-measurement of the pre-existing relationships in a business combination	0	0	0	(1,662)
Changes in fair value of financial assets at fair value through profit or loss	(131)	83	(3,746)	(2,036)
Interest income	(157)	(263)	(2,013)	(2,429)
Finance costs	314	551	2,325	1,232
Income tax expense	1,124	365	416	994
Share of losses (profits) of associates	191	(12)	477	1,095
Inventories write downs	2,205	3,413	25,447	17,724
Unrealized foreign currency exchange losses (gains)	32	(59)	121	294
	17,417	10,829	31,676	42,263
Changes in:				
Decrease (increase) in accounts receivable	(15,025)	(19,340)	23,992	(794)
Decrease (increase) in inventories	33,544	(16,456)	(6,660)	(45,085)
Increase (decrease) in accounts payable	(8,321)	15,875	(36,180)	10,567
Others	7,061	1,064	(420)	253
Cash generated from operating activities	34,676	(8,028)	12,408	7,204
Interest received	120	548	2,060	2,361
Interest paid	(313)	(555)	(2,372)	(877)
Income tax paid	(1,010)	(1,123)	(4,440)	(4,679)
Net cash provided by (used in) operating activities	**$33,473**	**($9,158)**	**$7,656**	**$4,009**
Acquisitions of property, plant and equipment	(1,162)	(708)	(45,922)	(49,672)
Acquisitions of financial assets at amortized cost	(866)	(1,425)	(4,023)	(4,766)
Proceeds from disposal of financial assets at amortized cost	3,787	1,446	4,171	3,514
Acquisitions of financial assets at fair value through profit or loss	(9,547)	(2,483)	(50,487)	(26,277)
Proceeds from disposal of financial assets at fair value through profit or loss	6,866	2,502	50,648	48,764
Others	1,140	415	(2,154)	(9,829)
Net cash provided by (used in) investing activities	**$218**	**($253)**	**($47,767)**	**($38,266)**
Payments of cash dividends	(4)	0	0	(17,210)
Proceeds from short-term unsecured borrowings	10,000	58,403	244,224	40,000
Repayments of short-term unsecured borrowings	(68,403)	(67,818)	(207,006)	(20,000)
Proceeds from long-term unsecured borrowings	60,000	0	0	0
Proceeds from short-term secured borrowings	107,000	87,000	158,000	91,000
Repayments of short-term secured borrowings	(167,000)	(87,000)	(158,000)	(74,000)
Release (pledge) of restricted deposit	60,000	0	0	(17,000)
Others	428	(496)	(1,957)	11
Net cash provided by (used in) financing activities	**$2,021**	**($9,911)**	**$35,261**	**$2,801**
Effect of foreign currency exchange rate changes	(19)	(225)	(532)	(130)
Net increase (decrease) in cash and cash equivalents	**$35,693**	**($19,547)**	**($5,382)**	**($31,586)**
Cash and cash equivalents at beginning of period	**$96,130**	**$115,677**	**$106,437**	**$138,023**
Cash and cash equivalents at end of period	**$131,823**	**$96,130**	**$101,055**	**$106,437**

Management Team

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. Jordan Wu, co-founder of Himax, previously served as the chairman of the board of Himax Taiwan from April 2003 to October 2005. 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. Prior to that, he was an investment banker in Hong Kong with Merrill Lynch (Asia Pacific) Limited, Barclays de Zoete Wedd (Asia) Limited and Baring Securities. 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.

Jessica Pan, Chief Financial Officer - Jessica joined Himax in 2006 with over 22 years of experience in finance and accounting. Jessica has played an integral role at Himax on finance, accounting, financial planning and analysis, forecasting and tax, having served as interim Chief Financial Officer from October 2010 to January 2012. Prior to joining Himax, Jessica worked as Assistant Finance Manager for Advanced Semiconductor Engineering, Inc. from 2002 to 2006 and as Auditor at Arthur Andersen LLP in Taiwan from 1998 to 2001. She holds a B.S. degree in Agriculture Chemistry from National Taiwan University and an M.B.A. degree from the State University of New York at Buffalo.

Eric Li, Chief IR/PR Officer -Joining Himax in 2012, Mr. Eric Li has an extensive experience in image processing related IC design, having worked in the areas of sales, marketing, R&D and served as Associate Vice President at Himax covering the Intelligent Sensing AI product line. Mr. Li has previously worked in video processing ASIC service and TV/monitor ASSP products before he was put in charge of the fab construction and operation of Himax's WLO advanced optics operation. Prior to Himax, Mr. Eric Li served in executive positions of Cadence Design Systems, Socle Technology, Macronix International and Powerchip Semiconductor. He holds a B.S. degree in Nuclear Engineering from National Tsing Hua University and an M.S. degree in Computer Science from New Jersey Institute of Technology.

Contact Us

Company

Eric Li, Chief IR/PR Officer
Tel: +886-6-505-0880
hx_ir@himax.com.tw

Karen Tiao, IR Relations
Tel: +886-2-2370-3999
hx_ir@himax.com.tw

Corporate Counsel

BAKER & MCKENZIE

SEC Legal Counsel

DAVIS POLK & WARDWELL

Auditor

KPMG