

Himax Technologies, Inc.  
Form 20-F  
April 13, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM 20-F**

(Mark One)

**REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
OR**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934  
For the fiscal year ended December 31, 2015  
OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**OR**

**SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
Date of event requiring this shell company report \_\_\_\_\_**

Commission file number: 000-51847

**HIMAX TECHNOLOGIES, INC.**

(Exact name of Registrant as specified in its charter)

**Not Applicable**

(Translation of Registrant's name into English)

**CAYMAN ISLANDS**

(Jurisdiction of incorporation or organization)

**NO. 26, ZIH LIAN ROAD**

**SINSHIH DISTRICT, TAINAN CITY 74148**

**TAIWAN, REPUBLIC OF CHINA**

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**Taiwan, Republic of China**

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
<b>Ordinary Shares, par value \$0.3 per ordinary share</b>	<b>The NASDAQ Global Select Market Inc.*</b>

\* Not for trading, but only in connection with the listing on the NASDAQ Global Select Market, Inc. of American Depositary Shares representing such Ordinary Shares

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report. 343,815,424 Ordinary Shares.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
 Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.  Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer       Accelerated filer       Non-accelerated  
filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP  International Financial Reporting Standards as issued by the International Accounting Standards Board  
 Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.       Item 17       Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).       Yes       No

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Although these forward-looking statements, which may include statements regarding our future results of operations, financial condition, or business prospects, are based on our own information and information from other sources we believe to be reliable, you should not place undue reliance on these forward-looking statements, which apply only as of the date of this annual report. The words “anticipate,” “believe,” “expect,” “intend,” “plan,” “estimate” and similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. Our actual results of operations, financial condition or business prospects may differ materially from those expressed or implied in these forward-looking statements for a variety of reasons, including, among other things and not limited to, our anticipated growth strategies, our and our customers’ future business developments, results of operations and financial condition, our ability to develop new products, the future growth and pricing trend of the display driver markets, the future growth of end-use applications that use flat panel displays, particularly TFT-LCD panels, development of alternative flat panel display technologies, market acceptance and competitiveness of the driver and non-driver products developed by us, our ability to protect intellectual property, changes in customer relations and preference, shortage in supply of key components, our ability to collect accounts receivable and manage inventory, changes in economic and financial market conditions, and other factors. For a discussion of these risks and other factors, please see “Item 3.D. Key Information—Risk Factors.”

## CERTAIN CONVENTIONS

Unless otherwise indicated, all translations from U.S. dollars to NT dollars in this annual report were made at a rate of \$1.00 to NT\$32.79, the exchange rates set forth in the H.10 weekly statistical release of the Federal Reserve System of the United States (the “Federal Reserve Board”) on December 31, 2015. No representation is made that the NT dollar amounts referred to herein could have been or could be converted into U.S. dollars at any particular rate or at all. On April 8, 2016, the noon buying rate was \$1.00 to NT\$32.4. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

Unless otherwise indicated, in this annual report,

the terms “we,” “us,” “our company,” “our,” and “Himax” refer to Himax Technologies, Inc., its predecessor entities and subsidiaries;



the term “Himax Taiwan” refers to Himax Technologies Limited, our wholly owned subsidiary in Taiwan and our predecessor;

“shares” or “ordinary shares” refers to our ordinary shares, par value \$0.3 per share;

“RSUs” refers to restricted share units;

“ADSs” refers to our American depositary shares, each of which represents two ordinary shares;

“ADRs” refers to the American depositary receipts that evidence our ADSs;

“AR” refers to the augmented reality;

“ROC” or “Taiwan” refers to the island of Taiwan and other areas under the effective control of the Republic of China;

“PRC” or “China” for purposes of this annual report refers to the People’s Republic of China, excluding Taiwan and the special administrative regions of Hong Kong and Macau;

“AMOLED” refers to active matrix organic light-emitting diode;

“ASIC” refers to application specific integrated circuit;

“CMOS” refers to complementary metal oxide semiconductor;

“head-mounted-display” refers to a display device, worn on the head or as part of a helmet, that has a small display optic in front of one or each;

“IC” refers to integrated circuit;

“IGZO” refers to indium gallium zinc oxide;

“Innolux” refers to Innolux Corporation, its predecessor and consolidated subsidiaries, unless the context otherwise requires;

“LCOS” refers to liquid crystal on silicon;

“LED” refers to light-emitting diode;

“LTPS” refers to low temperature poly silicon;

“MEMS” refers to micro-electro mechanical systems;

“OLED” refers to organic light-emitting diode;

“TFT-LCD” refers to amorphous silicon thin film transistor liquid crystal display, or “a-Si TFT-LCD”;

“VGA” refers to Video Graphics Array;

“VR” refers to the virtual reality;

“wafer level optics” are optical products manufactured using semiconductor process on wafers;

“processed tape” refers to polyimide tape plated with copper foil that has a circuit formed within it, which is used in tape-automated bonding packaging;

“semiconductor manufacturing service providers” refers to third-party wafer fabrication foundries, gold bumping houses, and assembly and testing houses;

“large-sized panels” refers to panels that are typically above ten inches in diagonal measurement;

“small and medium-sized panels” refers to panels that are typically around ten inches or less in diagonal measurement;

all references to “New Taiwan dollars,” “NT dollars” and “NT\$” are to the legal currency of the ROC; and

all references to “dollars,” “U.S. dollars” and “\$” are to the legal currency of the United States.

On August 10, 2009, we effected: (i) a stock split in the form of a stock dividend of 5,999 ordinary shares for each ordinary share held by shareholders of record, followed by a consolidation of every 3,000 ordinary shares into one ordinary share; (ii) a change of the par value of our ordinary shares from \$0.0001 each to \$0.3 each; and (iii) a change in our ADS ratio from one ADS representing one ordinary share to one ADS representing two ordinary shares. See “Item 7.A. Major Shareholders and Related Party Transactions—Major Shareholders” for more information. Unless otherwise indicated, all shares, per share and share equity data in this annual report have been retroactively adjusted to reflect the effect of the stock split and the change in par value for all periods presented.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

3.A. Selected Financial Data

The selected consolidated statement of income data and selected consolidated cash flow data for the years ended December 31, 2013, 2014 and 2015 and the selected consolidated balance sheet data as of December 31, 2014 and 2015 are derived from our audited consolidated financial statements included herein, which are presented in accordance with U.S. GAAP. The selected consolidated statement of income data and selected consolidated cash flow data for the years ended December 31, 2011 and 2012 and the selected consolidated balance sheet data as of December 31, 2011, 2012 and 2013 are derived from our audited consolidated financial statements that have not been included herein and are presented in accordance with U.S. GAAP. Our historical results do not necessarily indicate results expected for any future periods. The selected financial data set forth below should be read in conjunction with “Item 5. Operating and Financial Review and Prospects” and the consolidated financial statements and the notes to those statements included herein.

	Year Ended December 31,				
	2011	2012	2013	2014	2015
	(in thousands, except per share data)				
Consolidated Statement of Income Data:					
Revenues from third parties, net	\$374,788	\$485,281	\$684,184	\$840,542	\$691,789
Revenues from related parties, net	258,233	251,974	86,555	-	-

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Costs and expenses <sup>(1)</sup> :					
Cost of revenues	507,449	566,700	578,886	634,660	528,651
Research and development	79,042	70,913	80,368	91,839	94,422
General and administrative	17,095	17,139	18,147	20,192	18,470
Bad debt expense (recovery)	(1,541 )	-	173	554	310
Sales and marketing	14,368	15,443	18,822	20,572	19,264
Operating income	\$16,608	\$67,060	\$74,343	\$72,725	\$30,672
Net income <sup>(2)</sup>	\$9,507	\$50,138	\$55,924	\$63,903	\$21,462
Net income attributable to Himax stockholders	\$10,706	\$51,596	\$61,476	\$66,598	\$25,195
Earnings per ordinary share attributable to Himax stockholders <sup>(2)</sup> :					
Basic	\$0.03	\$0.15	\$0.18	\$0.19	\$0.07
Diluted	\$0.03	\$0.15	\$0.18	\$0.19	\$0.07
Earnings per ADS attributable to Himax stockholders:					
Basic	\$0.06	\$0.30	\$0.36	\$0.39	\$0.15
Diluted	\$0.06	\$0.30	\$0.36	\$0.39	\$0.15
Weighted-average number of ordinary shares used in earnings per share computation:					
Basic	353,771	341,056	340,423	342,190	343,570
Diluted	353,827	341,524	343,618	343,997	344,132
Weighted-average number of ADS equivalent used in earnings per share computation:					
Basic	176,886	170,528	170,211	171,095	171,785
Diluted	176,914	170,762	171,809	171,999	172,066
Cash dividends declared per ordinary share <sup>(3)</sup>	\$0.060	\$0.032	\$0.125	\$0.135	\$0.150
Cash dividends declared per ADS	\$0.120	\$0.063	\$0.250	\$0.270	\$0.300

Note: (1) The amount of share-based compensation included in applicable costs and expenses categories is summarized as follows:

	Year Ended December 31,				
	2011	2012	2013	2014	2015
	(in thousands)				
Cost of revenues	\$124	\$176	\$235	\$121	\$110
Research and development	5,062	5,625	6,705	7,610	4,289
General and administrative	872	1,191	1,308	1,688	865
Sales and marketing	1,005	1,230	1,425	1,847	1,010
Total	\$7,063	\$8,222	\$9,673	\$11,266	\$6,274

Of the \$7.1 million, \$8.2 million, \$9.7 million, \$11.3 million and \$6.3 million in share-based compensation in 2011, 2012, 2013, 2014 and 2015, \$2.9 million, \$6.3 million, \$7.8 million, \$9.3 million and \$4.5 million were settled in cash, respectively.

Under the ROC Statute for Upgrading Industries, we are exempt from income taxes for income attributable to expanded production capacity or newly developed technologies. The effect of such tax exemption on our historical results was an increase on net income and basic and diluted earnings per share attributable to our stockholders of (2) \$0.8 million, \$0.002 and \$0.002, respectively, for the year ended December 31, 2011, \$2.9 million, \$0.01 and \$0.01, respectively, for the year ended December 31, 2012, \$2.4 million, \$0.01 and \$0.01, respectively, for the year ended December 31, 2013, \$2.8 million, \$0.01 and \$0.01, respectively, for the year ended December 31, 2014 and \$1.8 million, \$0.01 and \$0.01, respectively, for the year ended December 31, 2015. A portion of these tax exemptions expired or will expire on December 31, 2013 and December 31, 2018.

The above cash dividends should not be considered representative of the dividends that would be paid in any future (3) periods or our dividend policy. See “Item 8.A.8. Financial Information—Dividends and Dividend Policy” for more information on our dividends and our dividend policy.

	As of December 31,				
	2011	2012	2013	2014	2015
	(in thousands)				
Consolidated Balance Sheet Data:					
Cash and cash equivalents	\$106,164	\$138,737	\$127,320	\$185,466	\$129,829
Accounts receivable, net	101,280	135,747	200,725	219,368	177,198
Accounts receivable from related parties, net	79,833	73,258	-	-	-
Inventories	112,985	116,671	177,399	166,105	171,374
Total current assets	515,709	567,088	639,657	729,576	697,835
Total assets	644,978	674,598	759,327	832,994	802,337
Accounts payable	134,353	135,546	151,290	179,328	124,423

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Total current liabilities	245,360	242,117	303,833	355,405	352,730
Total liabilities	249,920	246,440	307,112	361,041	357,340
Redeemable noncontrolling interest	-	-	3,656	3,656	3,656
Ordinary shares	107,010	107,010	107,010	107,010	107,010
Treasury shares, at cost	(4,502 )	(12,469 )	(11,120 )	(10,144 )	(9,157 )
Total equity	395,058	428,158	448,559	468,297	441,341

Note:Himax Display, Inc., a consolidated subsidiary of our company, issued redeemable convertible preferred shares to a non-controlling shareholder in 2013. The noncontrolling shareholder may, solely at its option, convert its preferred shares at any time into ordinary shares of Himax Display, Inc. on a one to one basis. The redeemable noncontrolling interest was originally recognized on the balance sheet at fair value. Each reporting period, the redeemable noncontrolling interest is presented at the greater of its carrying amount or redemption value. Changes in value from period to period are charged to Himax stockholders on our consolidated balance sheets.

	Year Ended December 31,				
	2011	2012	2013	2014	2015
	(in thousands)				
Consolidated Cash Flow Data:					
Net cash provided by operating activities	\$43,448	\$52,167	\$51,123	\$93,719	\$22,529
Net cash provided by (used in) investing activities	(10,197)	(695 )	(30,525)	10,644	(28,342)
Net cash used in financing activities	(24,015)	(18,931)	(32,103)	(46,204)	(49,608)

Note: More detail explanation, please see “ Item 5.B. Liquidity and Capital Resources.”

#### Exchange Rate Information

The following table sets forth the average, high, low and period-end noon buying rates between NT dollars and U.S. dollars for the periods indicated. The exchange rates reflect the exchange rates set forth in the H.10 statistical release of the Federal Reserve Board.

Period	Noon Buying Rate			
	Average	High	Low	Period-end
	(NT dollars per U.S. dollar)			
2011	29.42	30.67	28.50	30.27
2012	29.47	30.28	28.96	29.05
2013	29.73	30.20	28.93	29.83
2014	30.38	31.80	29.85	31.60
2015	31.80	32.98	30.64	32.79
October				