

Hermes Microvision, Inc.

Investor Presentation

November 2014



I. Introduction to HMI



HMI Highlights

Company Profile

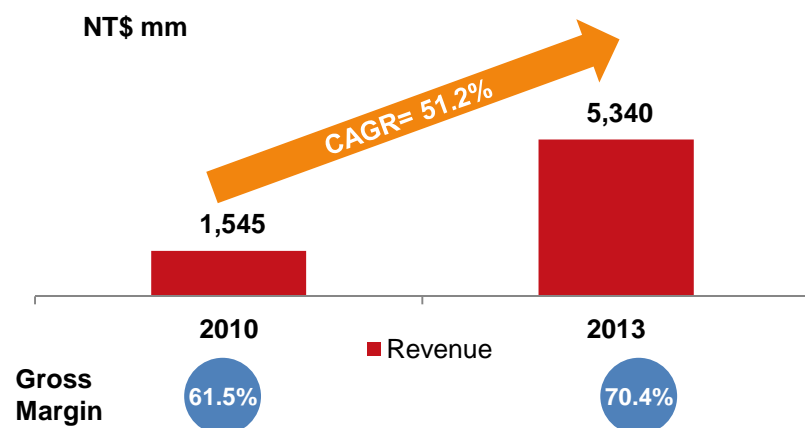
- World's leading supplier of EBI tools and solutions
- Founded in 1998, headquartered in Hsinchu, Taiwan
- Listed on GreTai Securities Market (Ticker: 3658)
- 660 employees, of which 231 are R&D engineers, as of September 30, 2014

Leading-edge Inspection Tools and Solutions

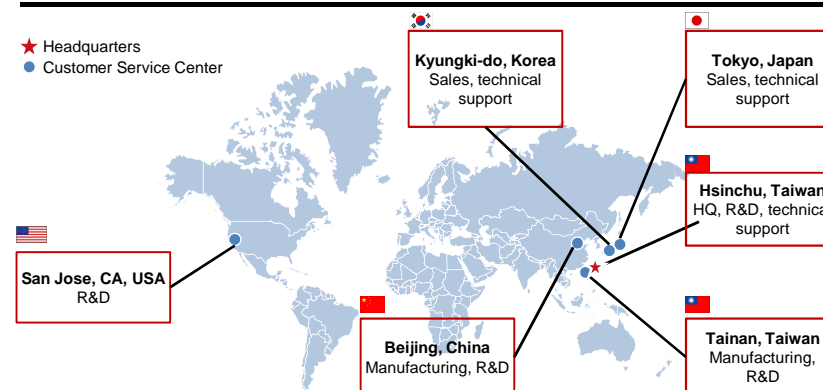


HMI HERMES
MICROVISION

Robust Growth Momentum



Global Footprint

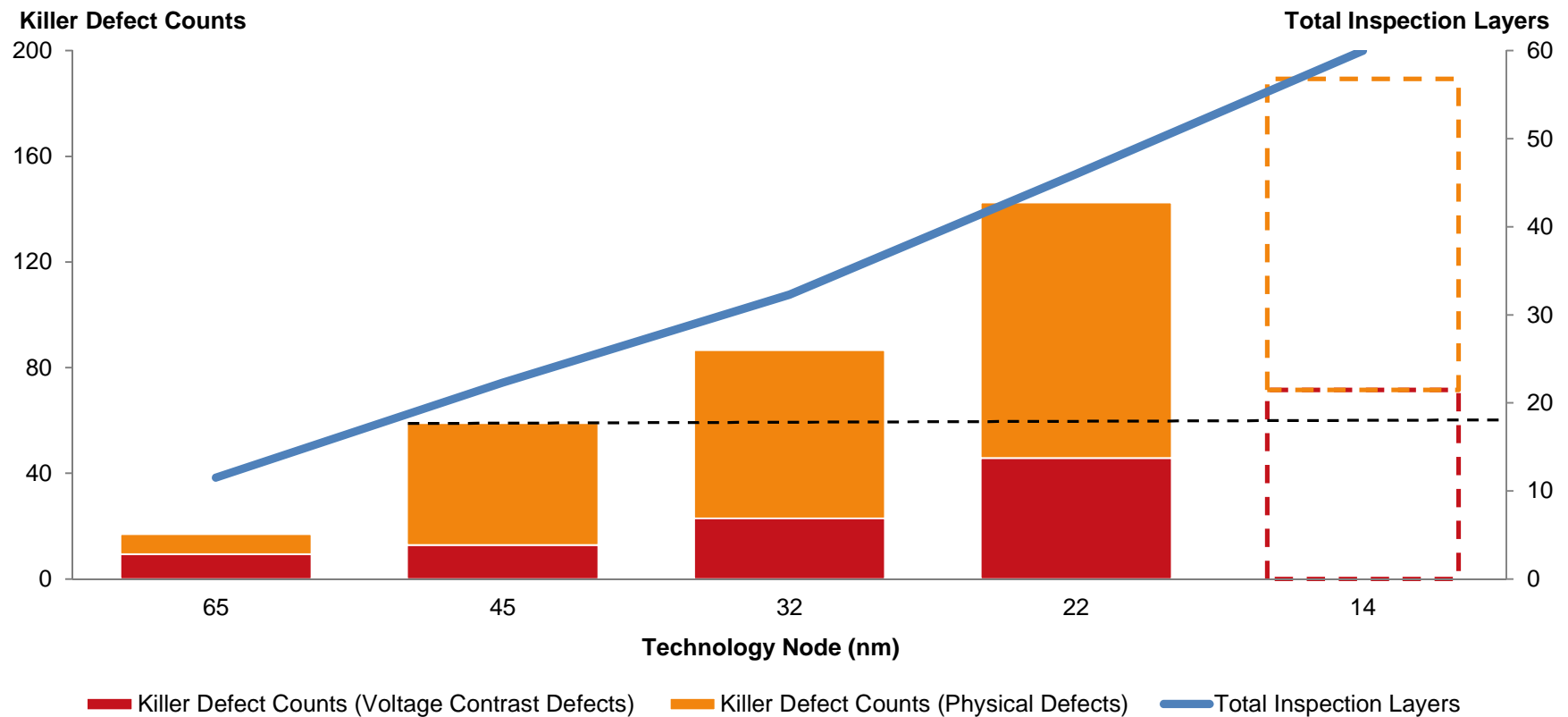


Source: Company Filings

HMI HERMES
MICROVISION

Advanced Geometries and Complex Processes Require Enhanced Precision for Yield Improvement

As technology nodes become smaller, inspection tools with higher resolutions will be required to meet the needs



Source: Company Data

E-Beam Meeting the Challenges of Technology Advancement

Optical inspection does not meet the challenges of advanced node evolution due to low sensitivity and the inability to detect electrical defects in addition to physical defects



Optical Inspection



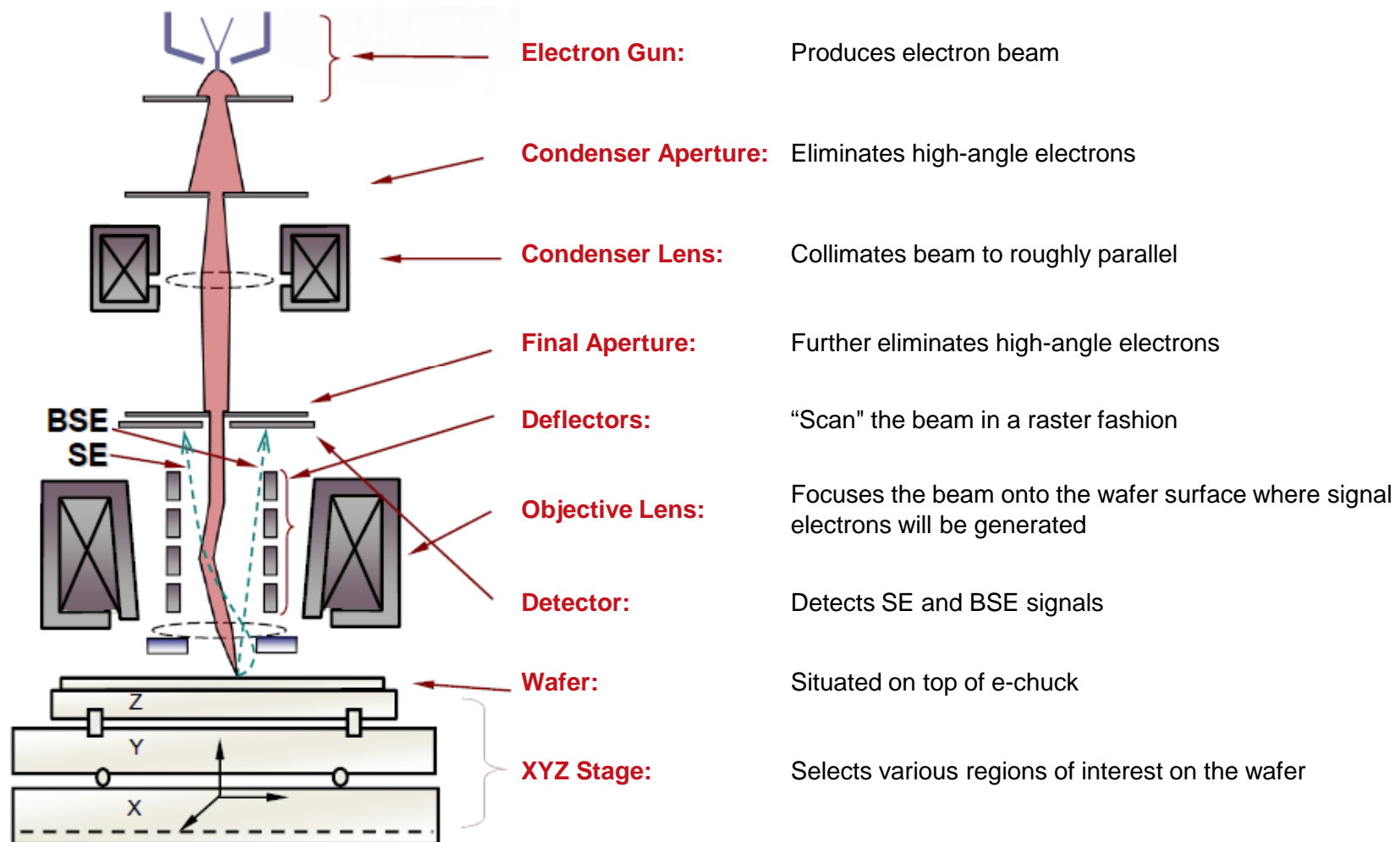
E-Beam Inspection

Optical Inspection	vs.	E-Beam Inspection
Medium	Resolution	High
Fast	Scanning Speed	Slower
Physical defects	Defects Capability	Nano-scaled physical defects; electrical defects
45nm: Image blurred 28nm: Extremely difficult	Sensitivity	Below 10nm
Largely adopted in manufacturing process above 40nm	Current Application	Advanced process research and development and mass production
Sampling at each stop Large area scanning	Scanning	At crucial process stops Used for high risk wafer areas
~90%	Market Share	~10%
High	Technology Difficulty	High
High	Price	Lower
KLA Tencor; Applied Materials	Major Suppliers	HMI; KLA Tencor

Source: Company Data



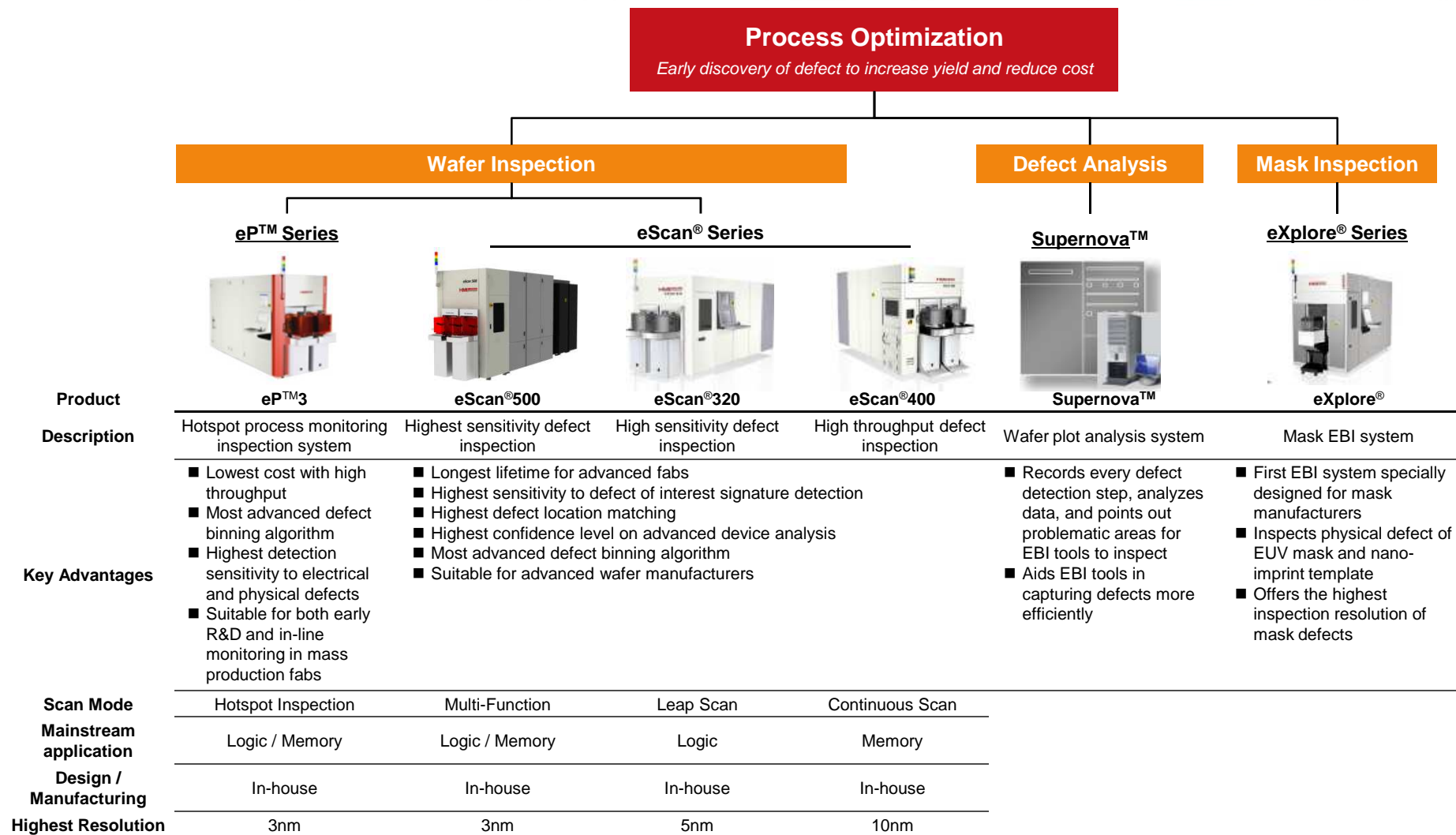
How Does E-Beam Technology Work



Source: Company Filings

Overview of HMI's Product Portfolio

Diversified Product Offerings and Capabilities



Source: Company Filings, Company Website



II. Key Investment Highlights



Key Investment Highlights

1

Clear Beneficiary of Fast Growing Semiconductor Process Control Segment

2

Leading Expertise in E-Beam Inspection Technology

3

Strong Partnerships with Industry Leaders Based on Technology and Services

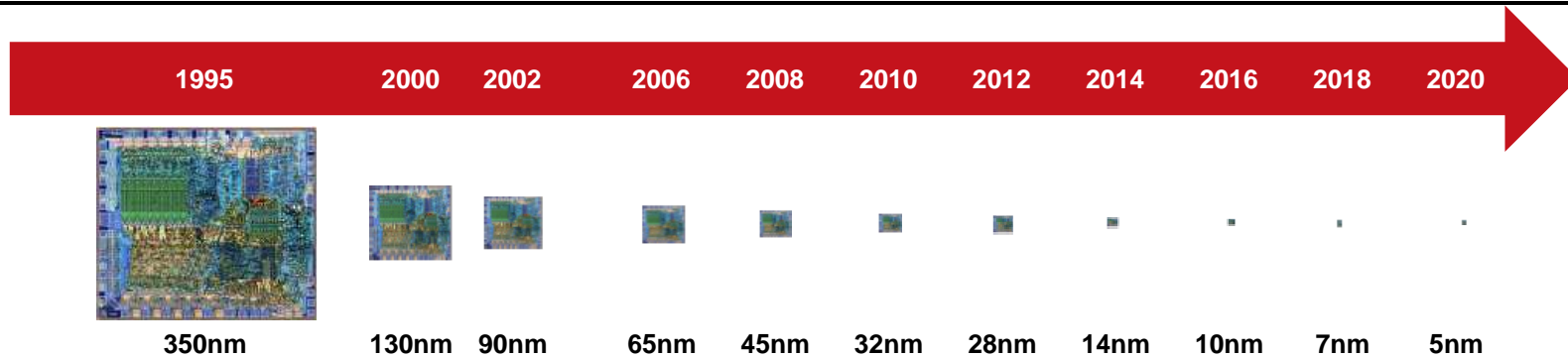
4

Integrated Business Model Delivering Superior Operating Efficiency

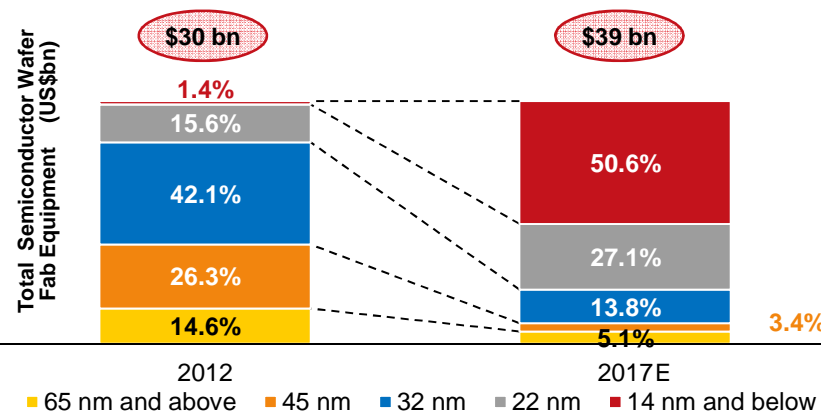
1

Clear Beneficiary of Fast Growing Semiconductor Process Control Segment

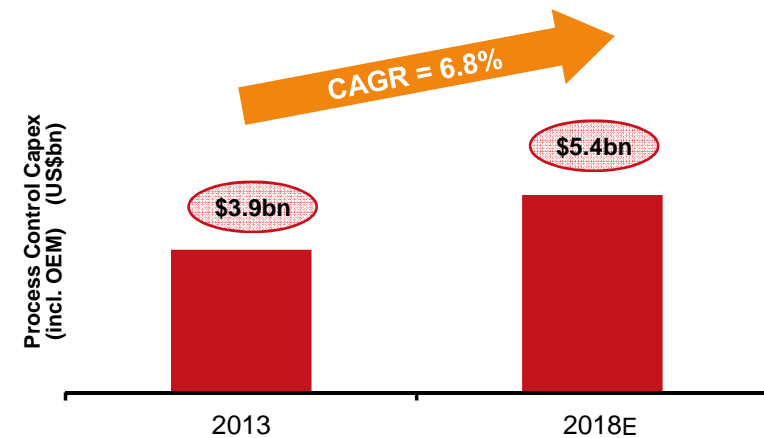
Industry Transitioning to Smaller Technology Nodes



Increasing Importance of Advanced Technology Nodes



Investment in Process Control Tools on the Rise



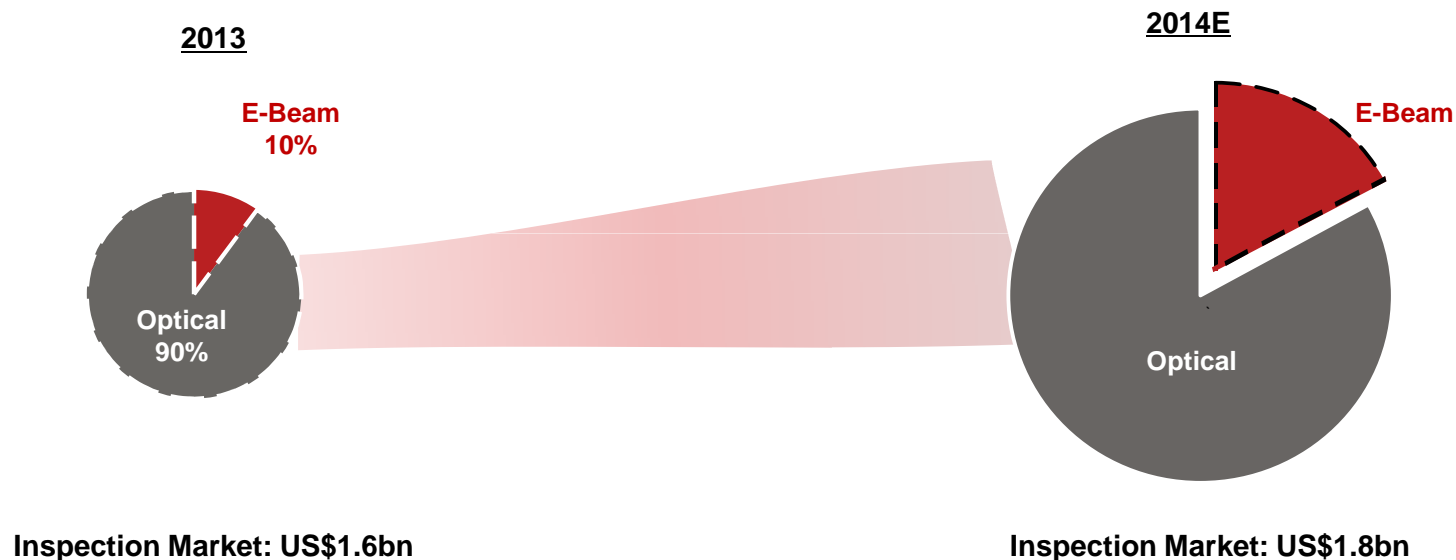
Source: Company Filings, Gartner Research

HMI HERMES
MICROVISION

1

Clear Beneficiary of Fast Growing Semiconductor Process Control Segment

The distinct advantages of EBI over optical at advanced technology nodes encourages increasing adoption of EBI in wafer inspection. HMI continues to focus on new growth initiatives that include Multi-Column, EUV and TSV (3D)

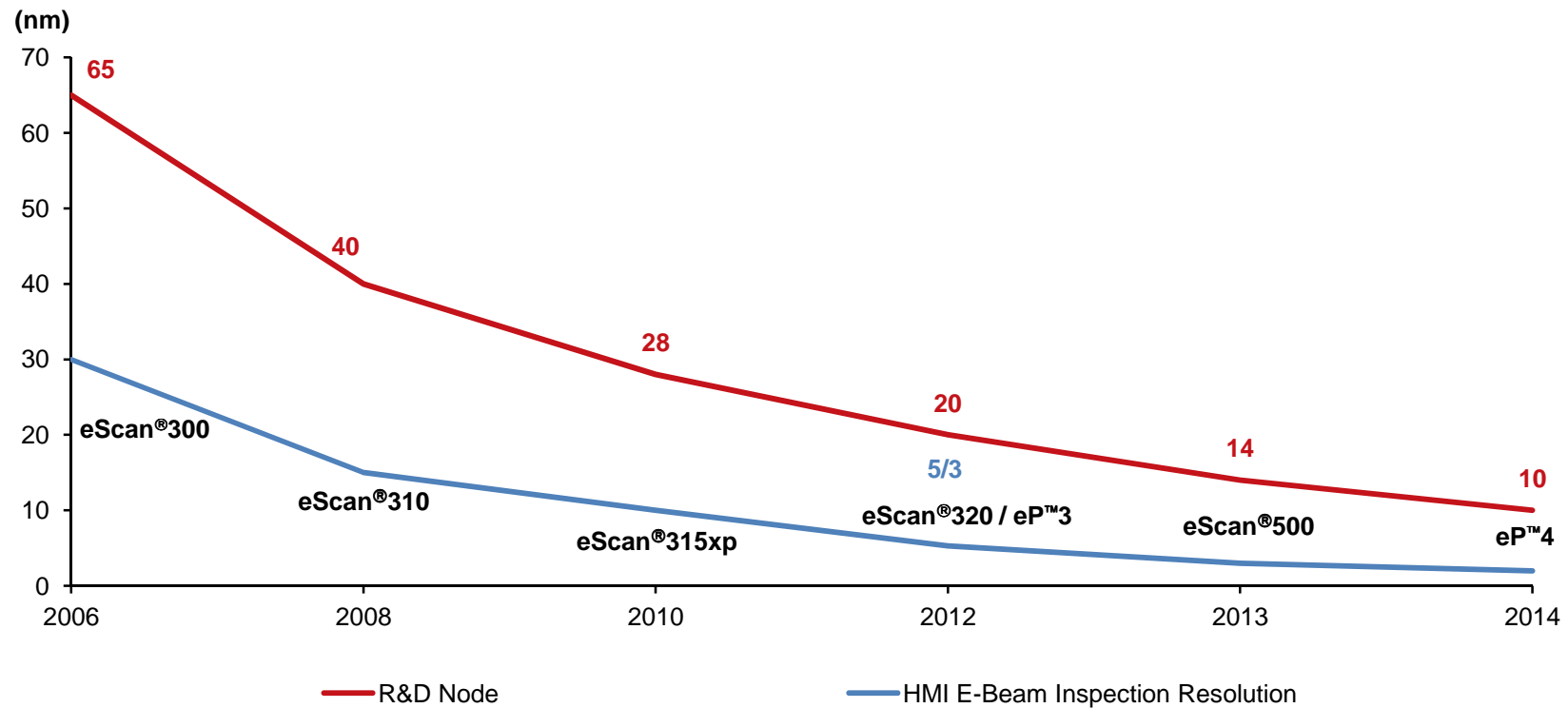


Source: Company Filings, Gartner Research

2

Leading Expertise in E-Beam Inspection Technology

HMI has achieved approximately a 30% improvement in resolution with every generation of tech node evolution



HMI is committed to leading technology innovation through R&D

Source: Company filings

HMI HERMES
MICROVISION

3

Strong Partnerships with Industry Leaders Based on Technology and Services

Partnerships for Long-term Success

Top IDMs¹



Top Foundries



¹ IDM (Integrated Device Manufacturers) includes both logic and memory IC companies.
Source: Company Filings, Gartner Research

HMI's Winning Business Model

- ☑ HMI *teams up with customers in R&D* and shares the benefits of innovation
- ☑ HMI *customizes to meet different needs*
- ☑ HMI *provides instant customer service globally*
- Our customer service centers are located where our customers are located

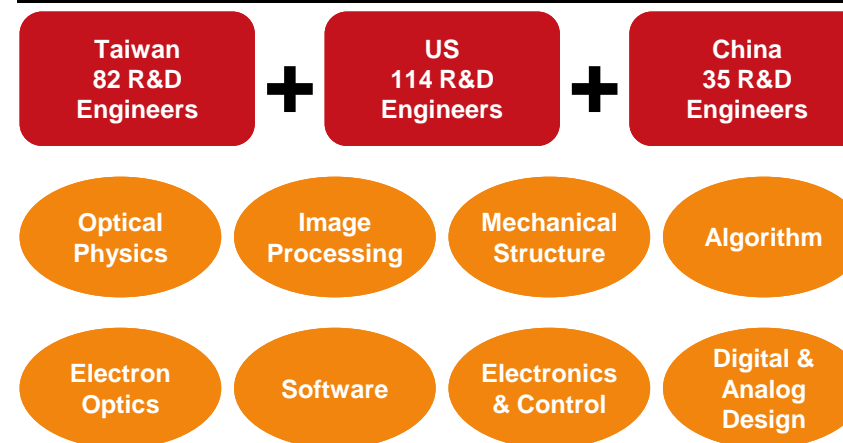
4

Integrated Business Model Delivering Superior Operating Efficiency

Key Technologies

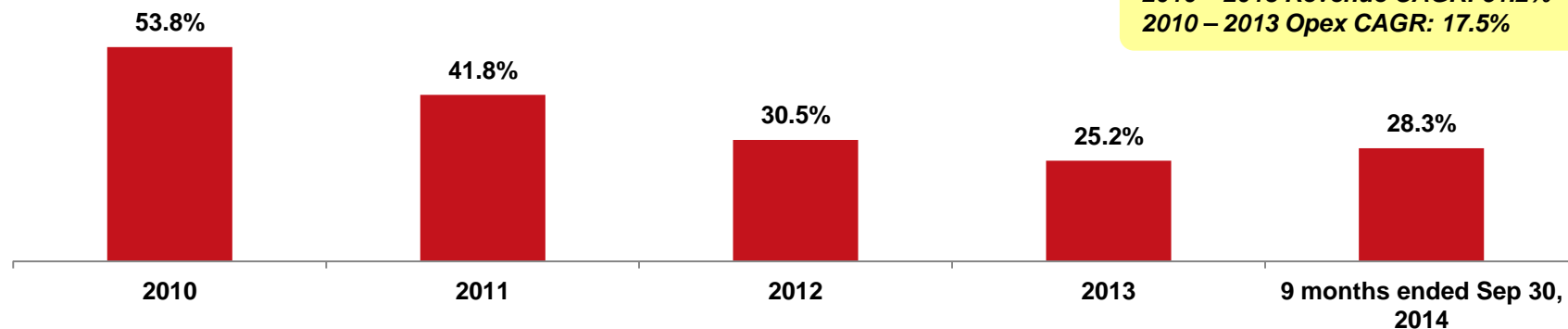
- ☑ Designs all and manufactures 80% of the key components, modules and systems in-house, which ensures uniqueness, quality, performance and lifetime of products while providing cost advantages
- ☑ Extensive technological expertise in:
 - E-Beam system: e-optics, deflection, imaging
 - Algorithm: image comparison and defect detection
 - Mechanical systems: vacuum and precision movement
 - GDS analysis: defect tracking and analysis database

Multi-Disciplinary R&D Team



Strong Operating Leverage

Operating Expense as % of Revenues



Source: Company Filings

Growth Strategies

1

Continue to focus on R&D to extend technology leadership

2

Diversify product offerings and capabilities

3

Continue to strengthen partnerships with customers

4

Continue to evaluate and make strategic investments

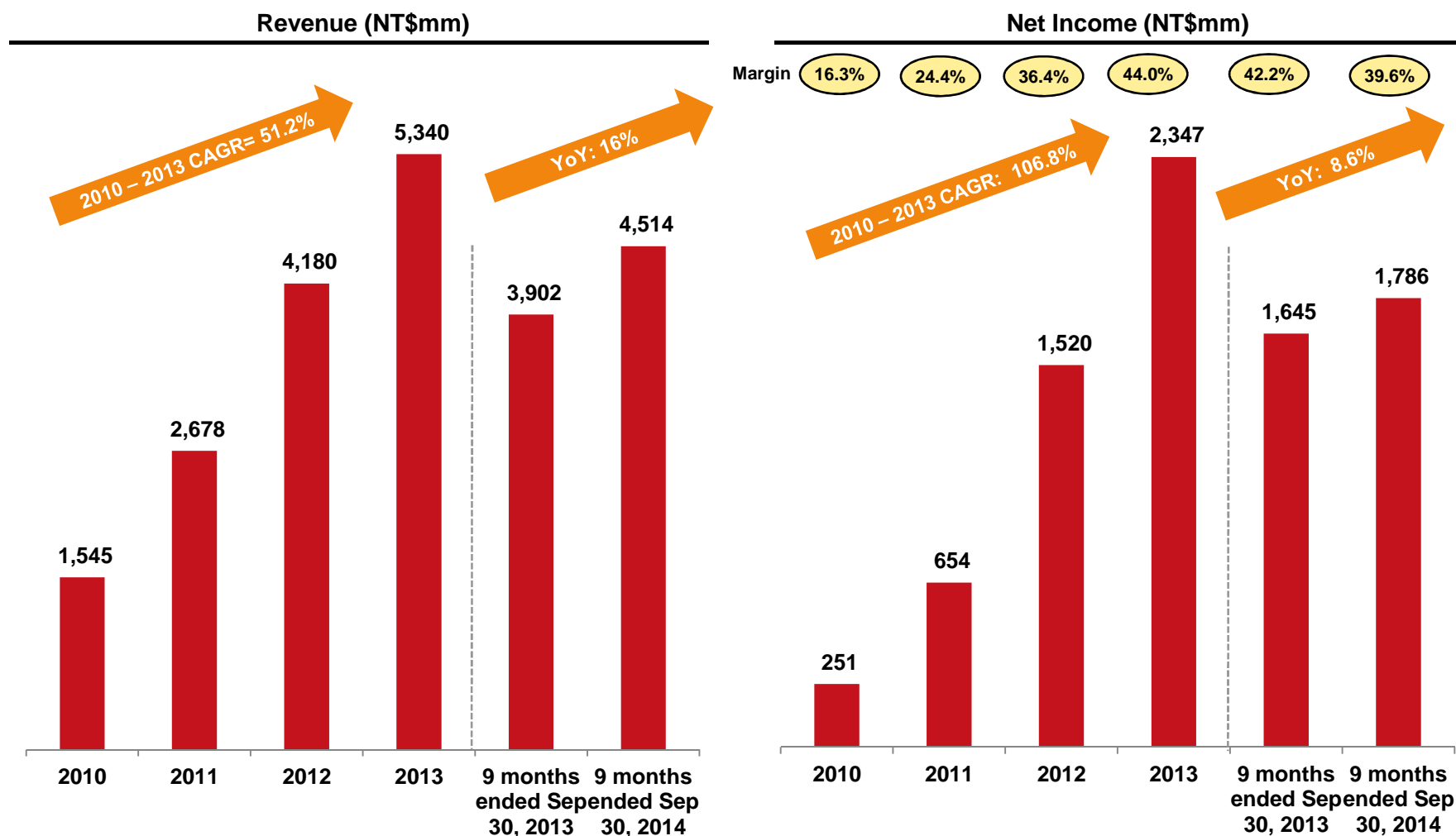
5

Attract, train, and retain top talent

III. Financial Highlights



Robust Revenue Momentum and Profitability



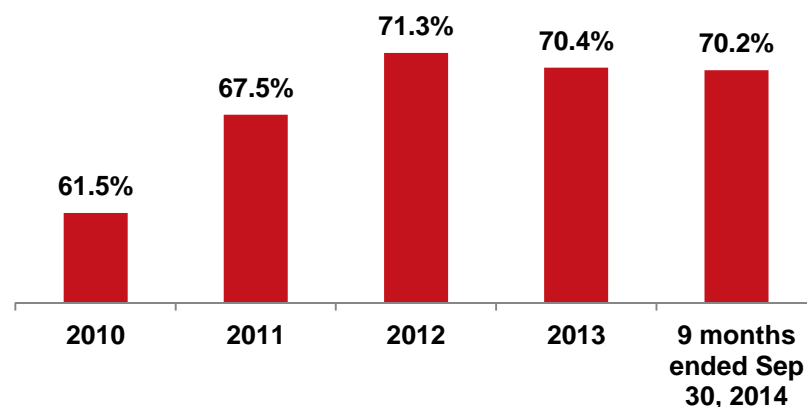
Source: Company Filings

* Profit for the period, excluding other comprehensive income.

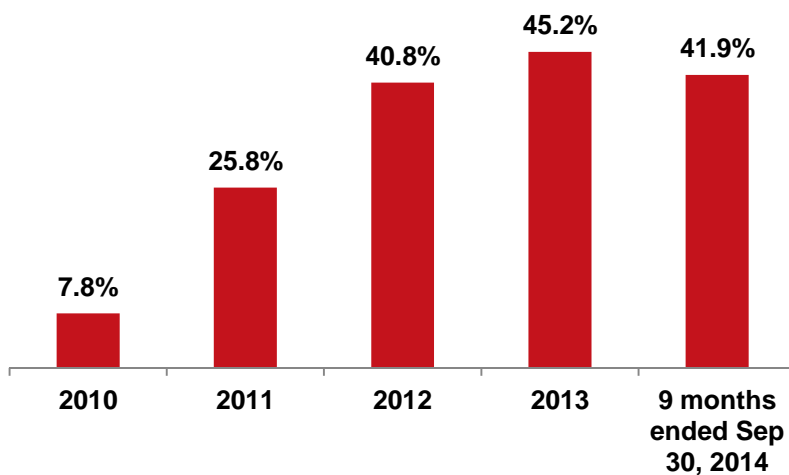


Attractive Margin Profile Attributable to Competitive Cost Structure

Gross Margin



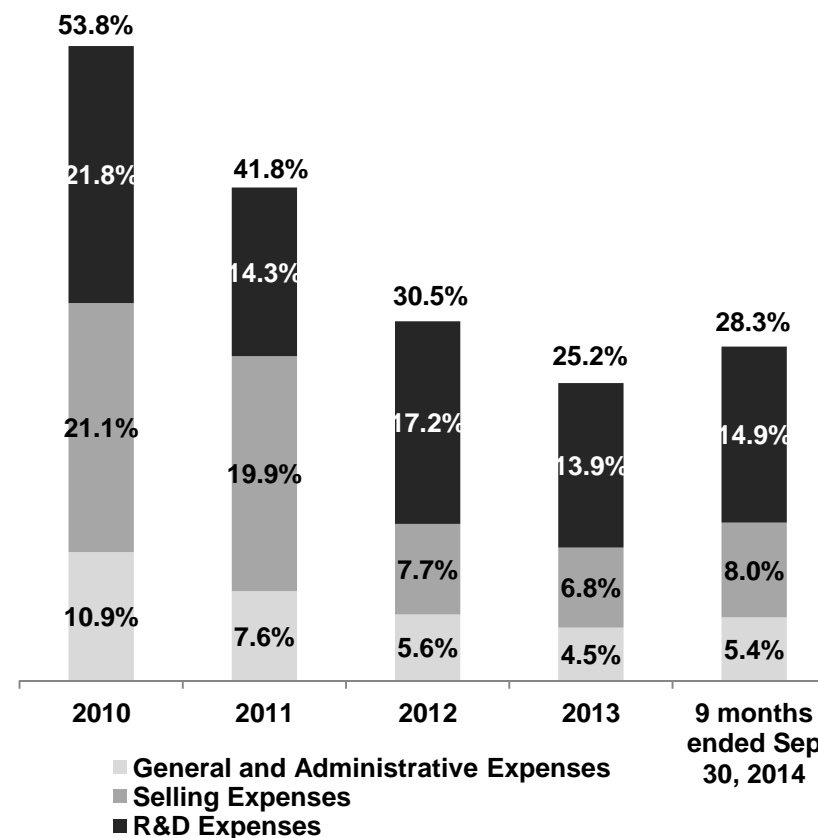
Operating Margin



Source: Company Filings

Disciplined Cost Structure

Operating Expense
as % of Revenues



Healthy Balance Sheet and Strong Cash Flow Position

Selected Balance Sheet Items

NT\$mm	2010	2011	2012	2013	3Q14
Cash and Cash Equivalents	742	612	2,776	5,371	5,578
Financial Asset at Fair Value through Profit or Loss	-	-	-	-	1,100
Bond Investment without Active Market- Current	-	-	-	2,891	2,160
Short-Term Borrowings	1,571	657	-	-	-
Long-Term Debt	-	-	-	-	-
Total Debt	1,571	657	-	-	-
Total Common Equity	729	1,354	3,867	9,694	10,357
Minority Interest	13	21	33	39	43
Total Equity	742	1,375	3,900	9,733	10,400
Total Liabilities And Equity	2,777	2,740	5,188	11,852	12,889

Selected Cash Flow Statement Items

NT\$mm	2010	2011	2012	2013	9 months ended Sep 30, 2014
Cash from Operations	(267)	821	1,858	2,171	2,084
Capex	(15)	(53)	(46)	(147)	(370)
Cash from Investing	(19)	(62)	(52)	(3,048)	(744)
Dividend	-	-	(264)	(792)	(1,136)
Cash from Financing	699	(902)	347	3,446	(1,146)

Source: Company Filings

Q&A

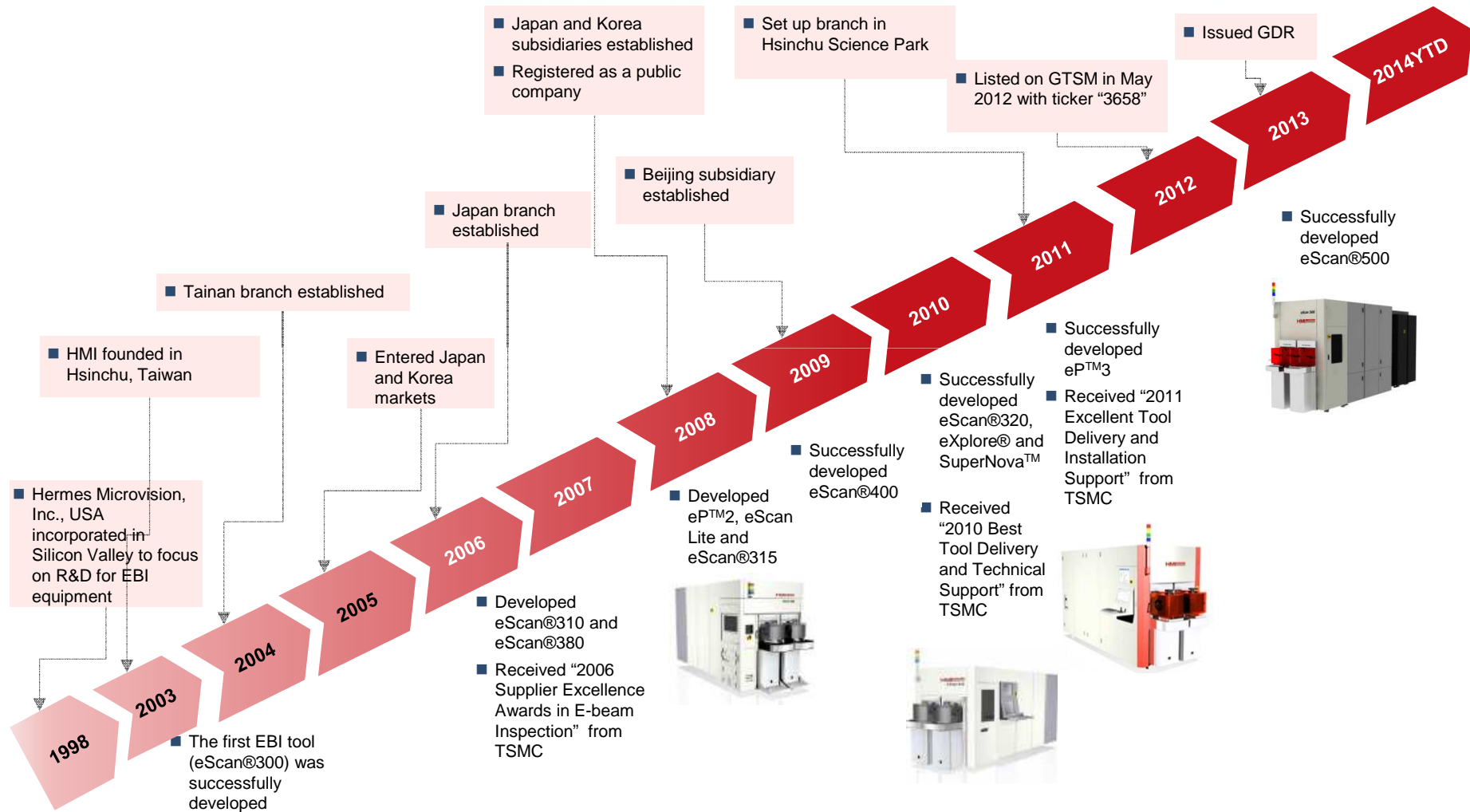
**[http://www.hermes-microvision.com/
investor@hermes-microvision.com](http://www.hermes-microvision.com/investor@hermes-microvision.com)**



APPENDIX



History and Key Milestones



Source: Company Filings

Summary Income Statement

NT\$mm, unless otherwise stated	2010	2011	2012	2013	9 months ended Sep 30, 2014
Total Revenue	1,545	2,678	4,180	5,340	4,514
<i>YoY Growth %</i>	32.3%	73.3%	56.1%	27.8%	15.7%
Gross Profit	951	1,808	2,981	3,758	3,171
<i>Margin %</i>	61.5%	67.5%	71.3%	70.4%	70.2%
Operating Expenses	(831)	(1,118)	(1,274)	(1,347)	(1,279)
<i>As % of Total Revenue</i>	(53.8)%	(41.8)%	(30.5)%	(25.2)%	(28.3)%
Operating Income	120	690	1,707	2,412	1,892
<i>Margin %</i>	7.8%	25.8%	40.8%	45.2%	41.9%
Net Income	251	654	1,520¹	2,347¹	1,786¹
<i>Margin %</i>	16.3%	24.4%	36.4%	44.0%	39.6%
Diluted EPS (NT\$)	6	11	23	35	25
<i>YoY Growth %</i>	NM	89.5%	116.1%	50.3%	1.0%

Source: Company Filings

¹ Profit for the period, excluding other comprehensive income.

Summary Balance Sheet

NT\$mm	2010	2011	2012	2013	3Q14
Cash and Cash Equivalents	743	612	2,776	5,371	5,578
Financial Asset at Fair Value through Profit or Loss	-	-	-	-	1,100
Bond Investments without Active Markets- Current	-	-	-	2,891	2,160
Accounts Receivable – Third Parties	722	653	848	1,557	1,460
Inventories, Net	1,074	1,190	1,279	1,516	1,783
Total Current Assets	2,587	2,523	4,972	11,444	12,230
Property, Plant and Equipment	132	168	170	335	584
Total Assets	2,777	2,740	5,188	11,852	12,889
Short-term Loans	1,571	657	-	-	-
Provisions for Liabilities – Current	130	219	577	972	1,220
Total Current Liabilities	2,008	1,300	1,199	2,035	2,416
Other Liabilities	27	65	89	84	73
Total Liabilities	2,035	1,365	1,288	2,119	2,489
Total Stockholders' Equity	742	1,375	3,900	9,733	10,400
Total Liabilities and Stockholders' Equity	2,777	2,740	5,188	11,852	12,889

Source: Company Filings

Summary Cashflow Statement

NT\$mm	2010	2011	2012	2013	9 months ended Sep 30, 2014
Depreciation & Amortization	46	52	63	60	46
Cash from Operations	(267)	821	1,858	2,171	2,084
Capex	(15)	(53)	(46)	(147)	(370)
Cash from Investing	(19)	(62)	(52)	(3,048)	(774)
Dividend	-	-	(264)	(792)	(1,136)
Cash from Financing	699	(902)	347	3,446	(1,146)

Source: Company Filings