

Hermes Microvision Inc. (HMI)

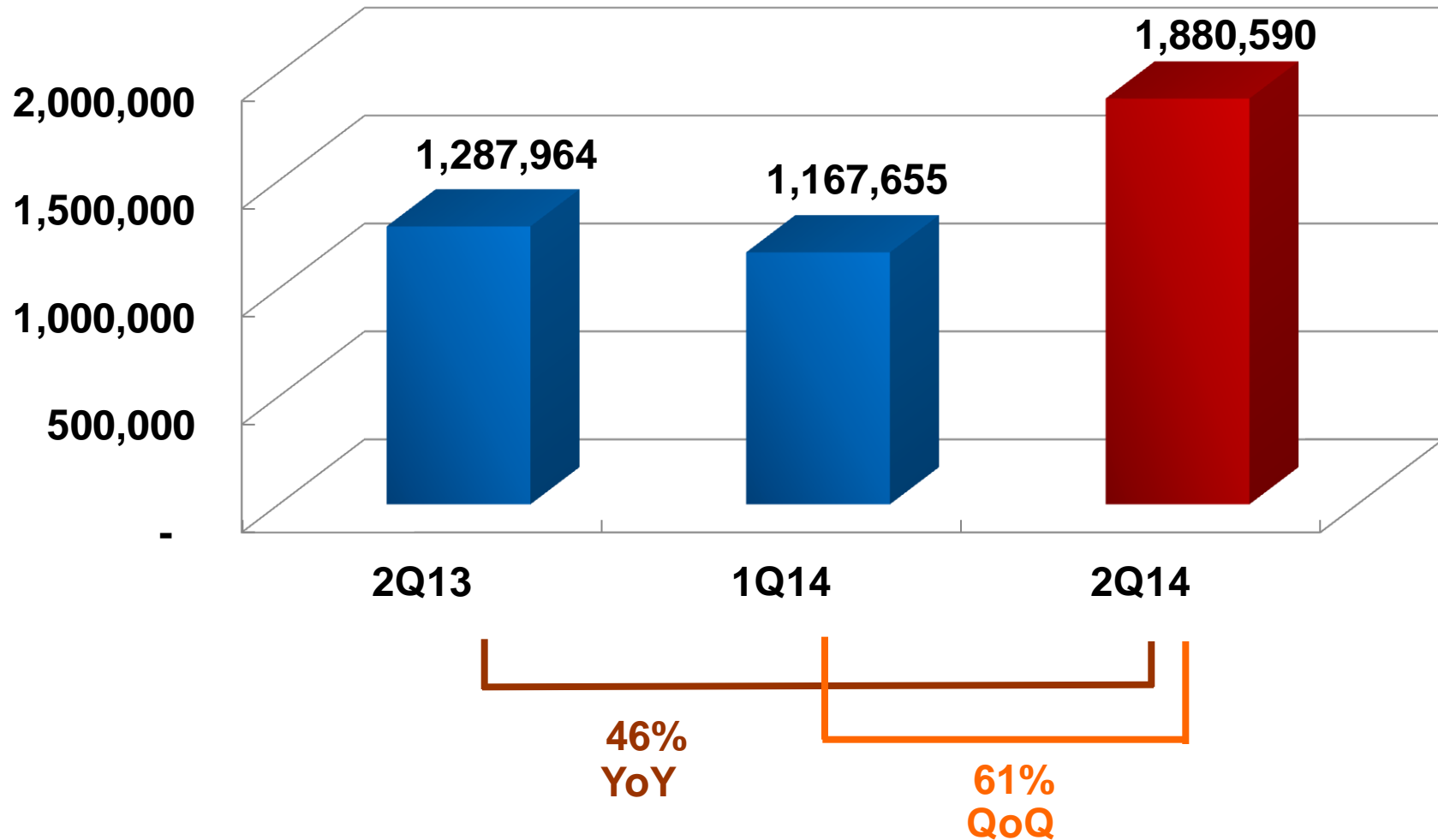
2014 Second Quarter Investor Conference

July 29, 2014

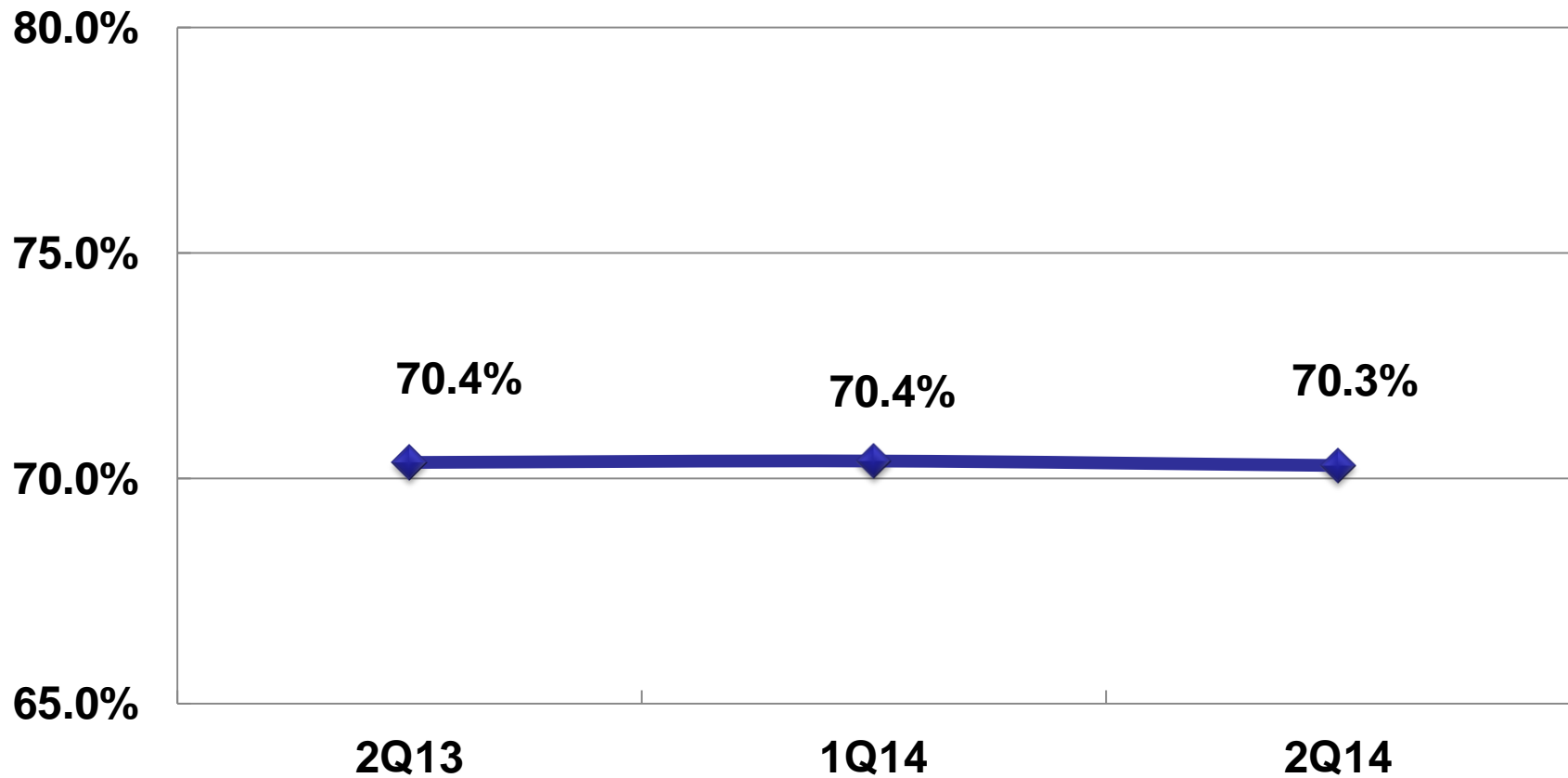
- HMI's statements of its current expectations are forward-looking statements subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statements.
- Please consider these forward-looking statements carefully because such statements are only our expectations or projections about future events, and actual results may differ materially from those expressed or implied by such statements.
- The forward-looking statements contained in this presentation are made only as of the date of this presentation and we undertake no obligation to update the forward-looking statements to reflect subsequent events or circumstances, except as required by law.

Operating revenue (Consolidated)

(In NT\$ Thousands)

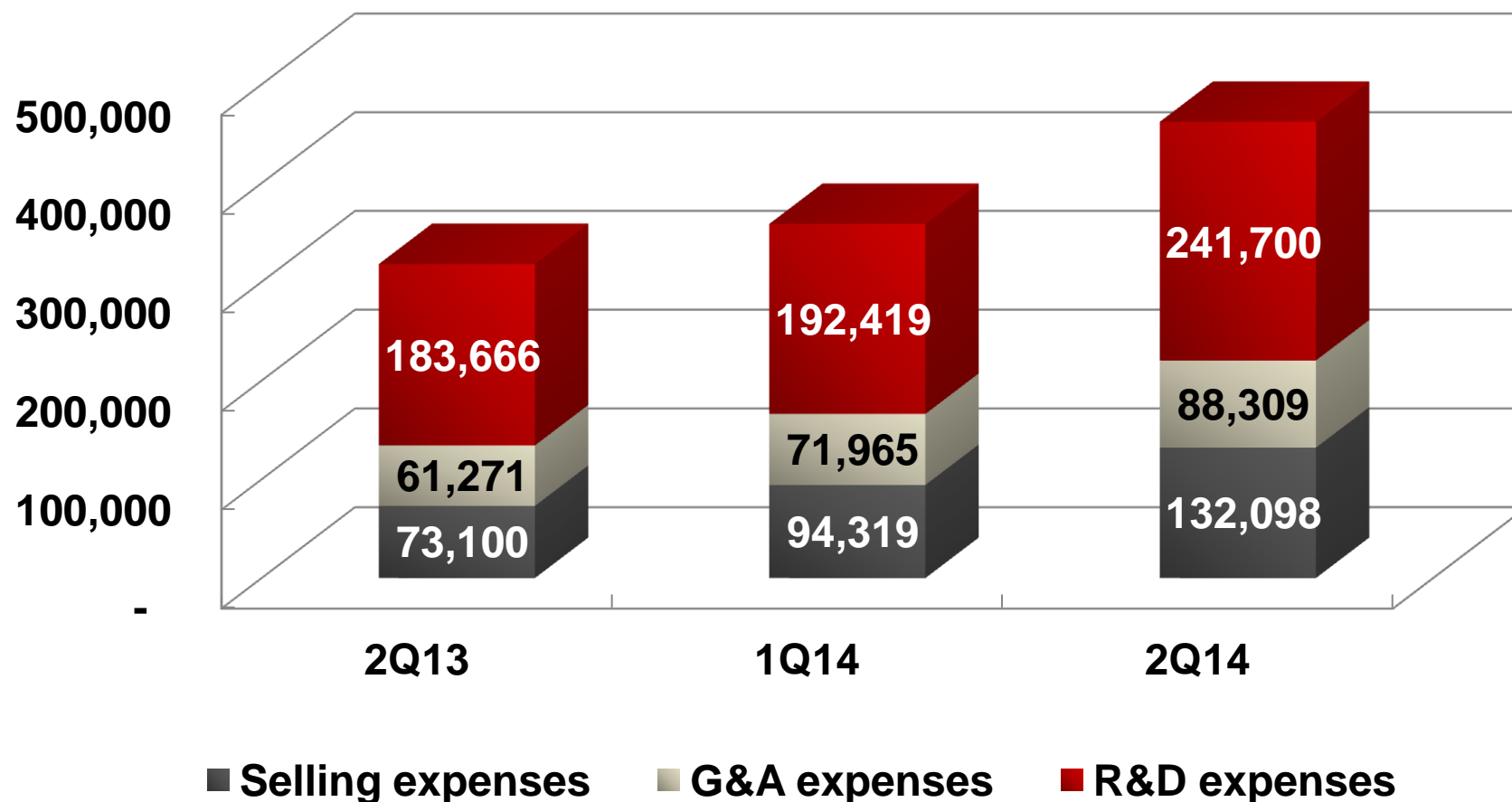


Gross Margin (Consolidated)



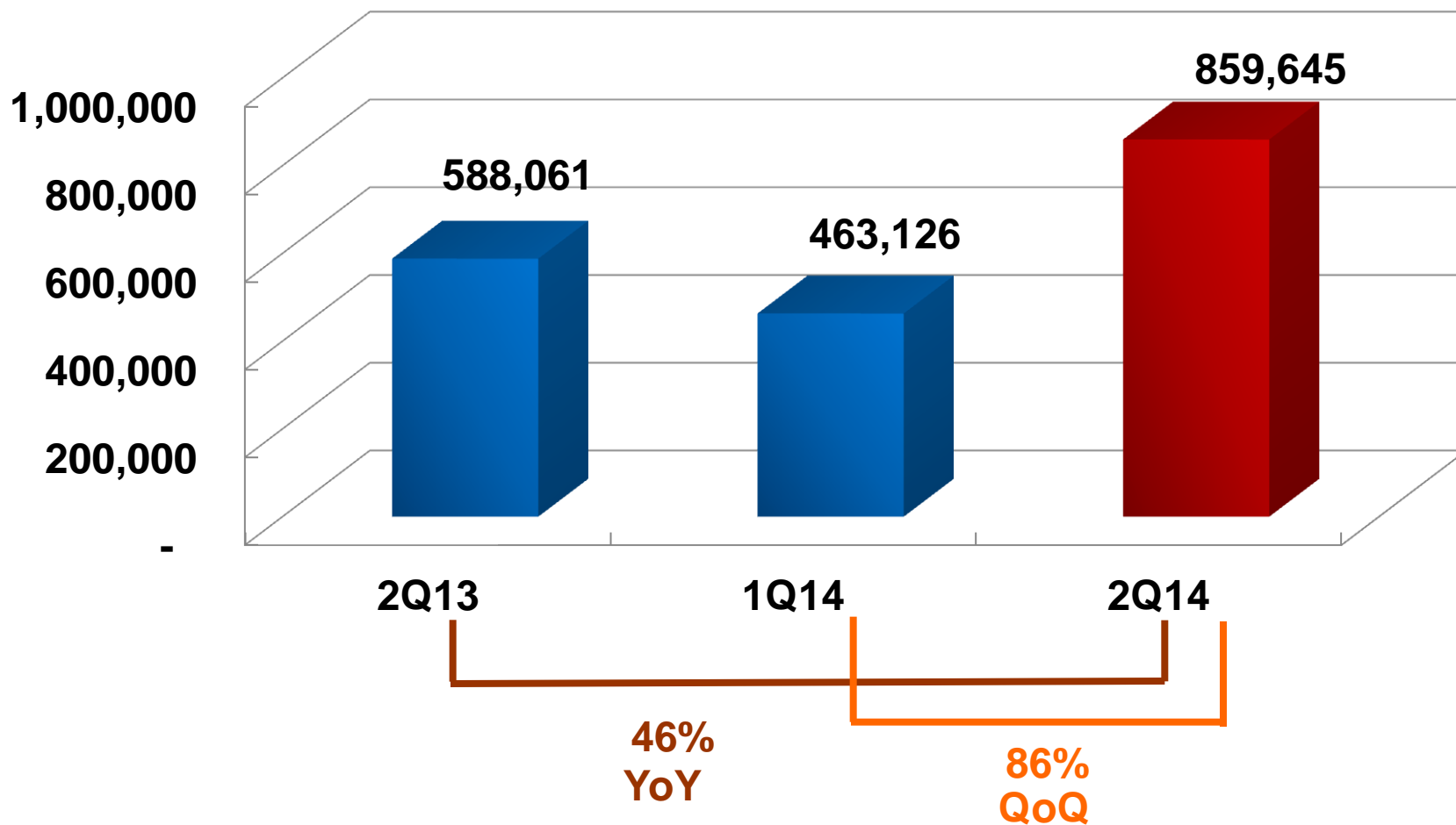
Operating Expenses (Consolidated)

(In NT\$ Thousands)

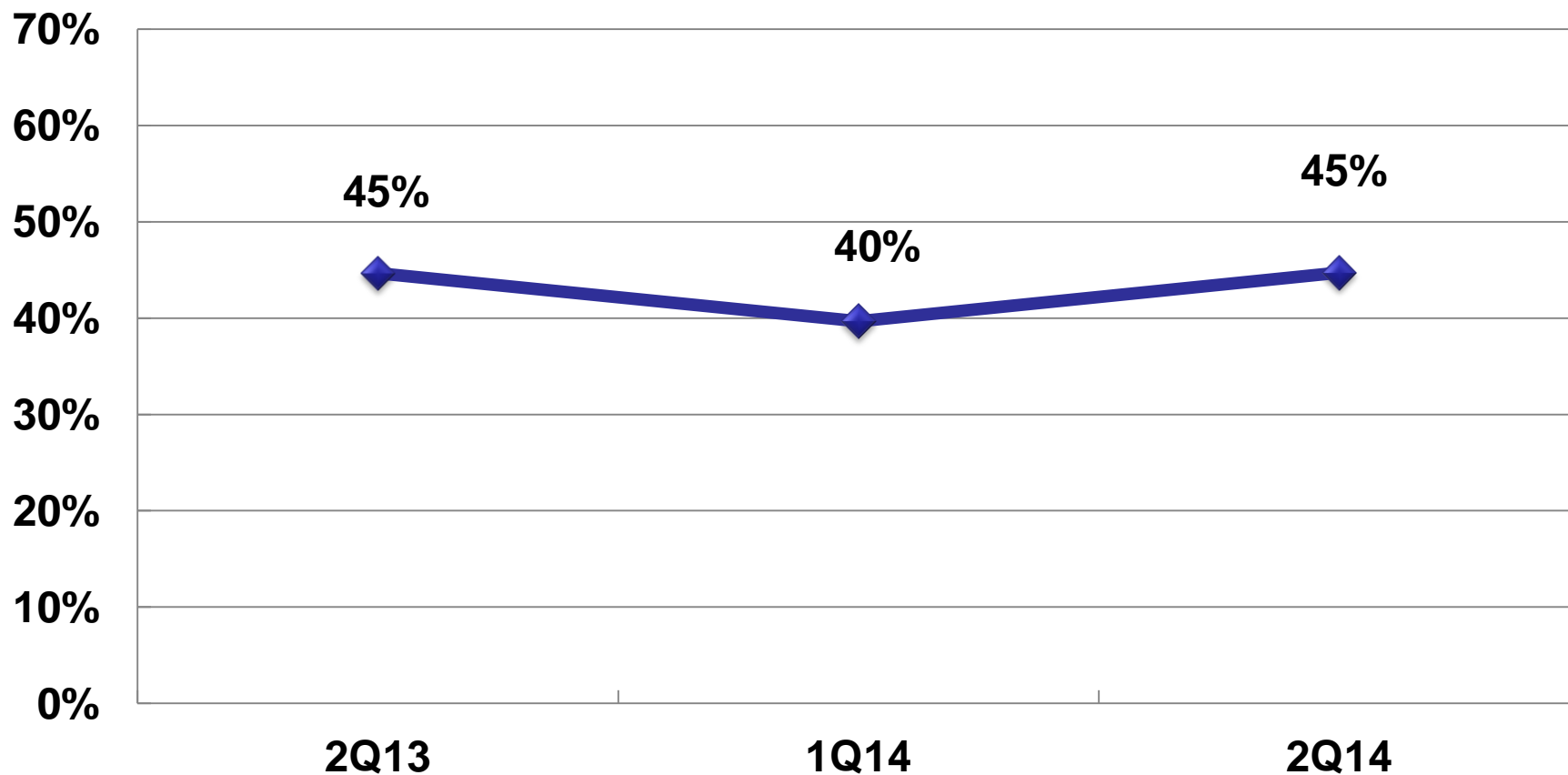


Operating Profit (Consolidated)

(In NT\$ Thousands)

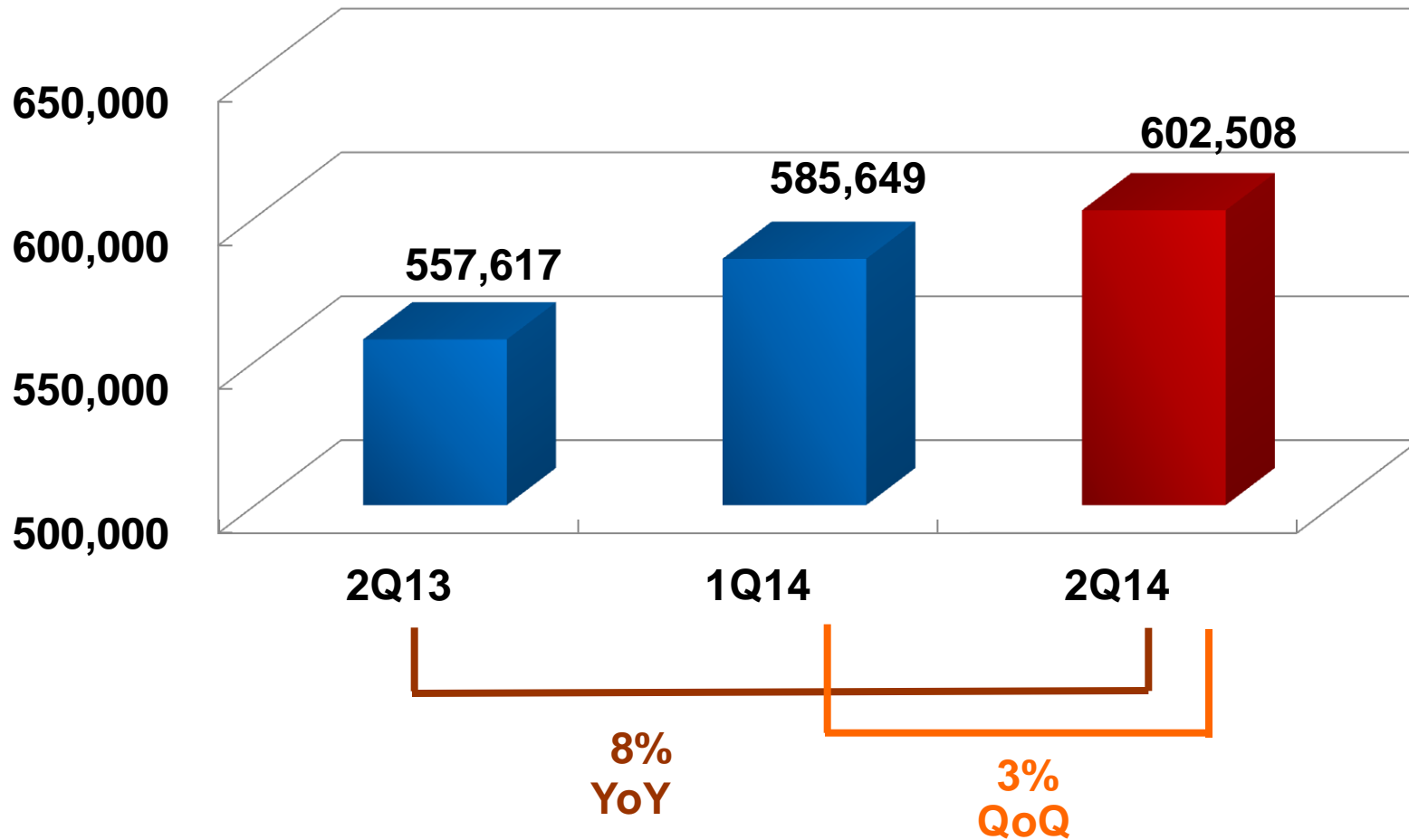


Operating Margin (Consolidated)

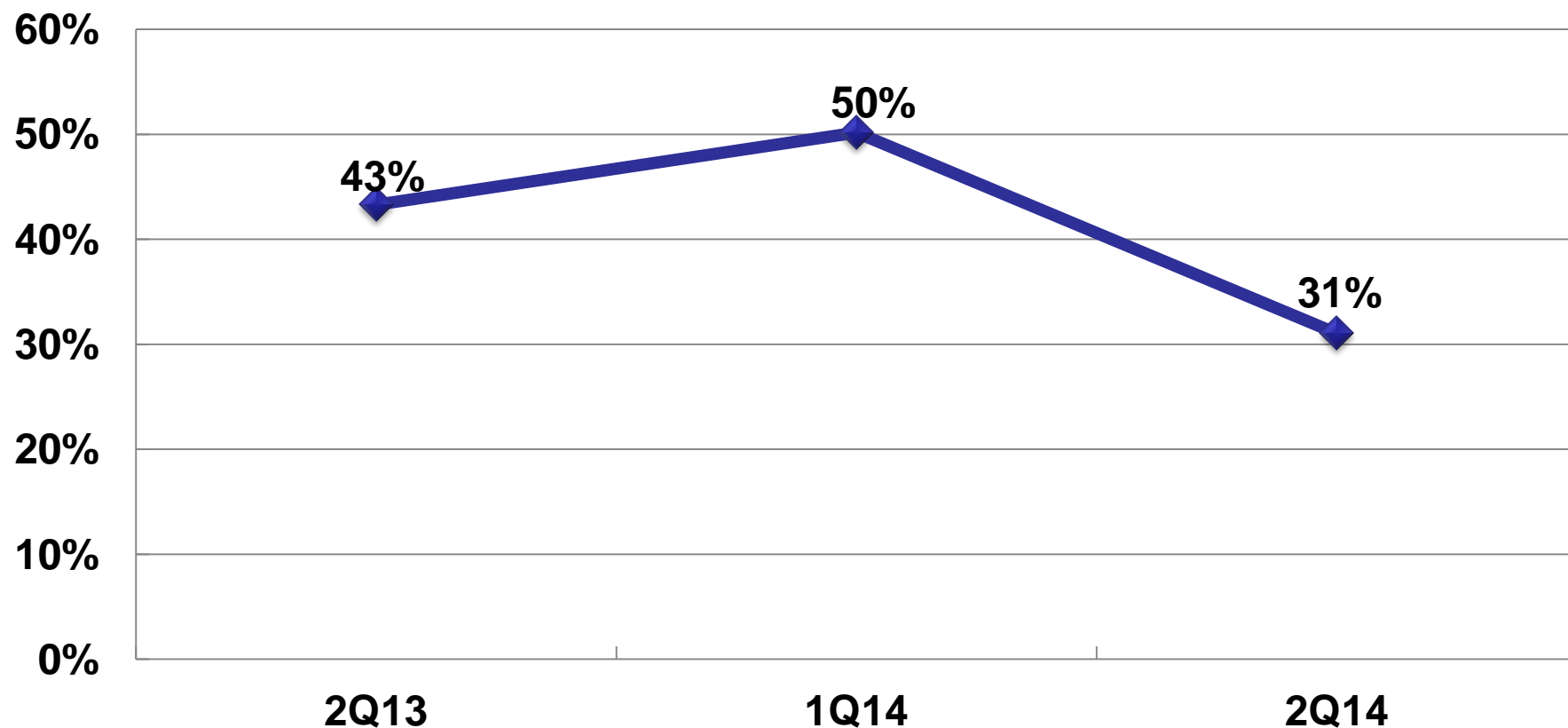


Net Income after Tax (Consolidated)

(In NT\$ Thousand)



Margin of Net Income after Tax (Consolidated)



Basic EPS (Consolidated)

(In NT\$)

10.0

8.5

7.0

2Q13

1Q14

2Q14

8.44

8.23

8.47

0.3%
YoY

3%
QoQ

Income Statement (Consolidated)

(In NT\$ Thousands)

	2Q14	%	1Q14	%	2Q13	%	QoQ	YoY
Sales revenue	1,880,590	100	1,167,655	100	1,287,964	100	61%	46%
Operating costs	(558,838)	(30)	(345,826)	(30)	(381,866)	(30)		
Operating margin	1,321,752	70	821,829	70	906,098	70	61%	46%
Selling expenses	(132,098)	(7)	(94,319)	(8)	(73,100)	(6)		
G&A expenses	(88,309)	(5)	(71,965)	(6)	(61,271)	(5)		
R&D expenses	(241,700)	(13)	(192,419)	(16)	(183,666)	(14)		
Total operating expenses	(462,107)	(25)	(358,703)	(30)	(318,037)	(25)	29%	45%
Operating income	859,645	45	463,126	40	588,061	45	86%	46%
Non-operating G&L	(94,648)	(5)	167,060	14	60,455	5	-157%	-257%
Profit before income tax	764,997	41	630,186	54	648,516	50		
Income tax expense	(162,489)	(9)	(44,537)	(4)	(90,899)	(7)		
Net income	602,508	32	585,649	50	557,617	43	3%	8%
Other comprehensive income	(16,027)	1	16,328	2	5,947	1		
	586,481	31	601,977	52	563,564	44		
Basic EPS	8.47		8.23		8.44		3%	0%

Balance Sheet (Consolidated)

(In NT\$ Thousands)

	2Q14	%	1Q14	%	2Q13	%
Cash and cash equivalents	7,260,790	54	6,050,229	48	4,048,454	31
Bond investment without active markets-current	2,120,415	16	2,955,590	23	-	-
Accounts receivable	1,552,777	12	1,373,370	11	867,657	6
Other receivables	28,936	-	37,955	-	14,477	-
Inventories	1,789,492	13	1,809,370	14	1,373,488	10
Prepayments	65,083	1	55,584	1	51,657	0
Other current assets	4,721	-	20,431	-	13,558	-
Available-for-sale financial assets-noncurrent	4,412	-	4,412	-	-	-
Property, plant and equipment	453,125	4	329,281	3	168,507	1
Intangible assets	14,403	-	13,545	-	10,177	-
Deferred income tax assets	48,626	-	48,627	-	32,192	-
Other assets	7,543	-	7,592	-	7,969	-
Total assets	13,350,323	100	12,705,986	100	6,588,136	100
Accounts payable	142,197	1	230,662	2	124,740	1
Other payables	1,968,611	15	652,036	5	1,294,802	10
Current income tax liabilities	184,884	1	192,021	2	123,921	1
Provision for liabilities-current	1,173,113	9	1,052,688	8	721,215	5
Other current liabilities	9,504	-	158,426	1	2,209	-
Non-current liabilities	84,017	1	84,180	1	91,151	1
Equity	9,787,997	73	10,335,973	81	4,230,098	32
Total liabilities and equity	13,350,323	100	12,705,986	100	6,588,136	100

Statement of Cash flow (Consolidated)

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(In NT\$ Thousands)

	1H14	1Q14	1H13
Cash at beginning of period	5,370,702	5,370,702	2,776,308
Cash inflow from operating activities	1,470,816	829,114	1,277,432
Acquisition of bond investments without active markets-current	787,017	-	-
Acquisition of PP&E	(202,477)	(86,242)	(30,927)
Other activities	(165,268)	(63,345)	25,641
Cash at end of period	7,260,790	6,050,229	4,048,454
Financing activities not affecting cash flows			
Declaration of dividends(shown in other payables)	1,136,000	-	792,000

- Flattish quarterly revenue.
- New products development on schedule.
eP4 on schedule to provide high performance and high resolution E-beam solution for yield control
- Increasing demand of EBI from technology node migration.
20nm mass production
16/14nm R&D/ mass production
Top fabs competing to accelerate 10nm R&D

Q & A

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