

MagnaChip Management Presentation

February 2017

Forward-Looking Statements

Information in this presentation regarding MagnaChip's forecasts, business outlook, expectations and beliefs are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. All forward-looking statements included or incorporated by reference in this presentation, including expectations about estimated historical or future operating results, business strategies and plans, future growth and revenue opportunities from new and existing products and customers, expectations on capital expenditures, the timing and extent of future revenue contributions by our products and businesses, and on our the expected timing and adequacy of improvements to, and remediation of material weaknesses in, the Company's internal control environment and corporate culture, are based upon information available to MagnaChip as of the date of this report, which may change, and we assume no obligation to update any such forward-looking statements. These statements are not guarantees of future performance and actual results could differ materially from our current expectations. Factors that could cause or contribute to such differences include the impact of the internal investigation, restatement and delayed SEC report filings on the Company's business, including its customers, suppliers, counterparties, and under the Company's debt instruments; the extent of any material weakness or significant deficiencies in the Company's internal control over financial reporting; the outcome of litigation and other claims or proceedings arising out of the restatement; and other risks and uncertainties of the Company's business detailed from time to time in the Company's filings with the SEC, including without limitation those described under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as well as subsequent registration statements, amendments or other reports that we may file from time to time with the SEC and/or make available on our website. The Company assumes no obligation and does not intend to update the forward-looking statements provided, whether as a result of new information, future events or otherwise.

This presentation also includes references to certain non-GAAP financial measures. Management believes that non-GAAP financial measures, when viewed in conjunction with GAAP results, can provide a meaningful understanding of the factors and trends affecting MagnaChip's business and operations and assist in evaluating our core operating performance. However, such non-GAAP financial measures have limitations and should not be considered as a substitute for net income or as a better indicator of our operating performance than measures that are presented in accordance with GAAP. A reconciliation of GAAP results to non-GAAP results is included in this presentation.

Key Leadership

YJ Kim



CEO
Director of the Board

Young-Joon (YJ) Kim

Chief Executive Officer, Director of the Board

Mr. YJ Kim became our Director and Chief Executive Officer in May 2015, after serving as our Interim Chief Executive Officer and General Manager, Display Solutions Division since May 2014 and our Executive Vice President and General Manager, Display Solutions Division starting in May 2013. Prior to joining our company, Mr. Kim served at Cavium, Inc., provider of highly integrated semiconductor processors, as Vice President, Infrastructure Processor Division and General Manager of the Multi-Core Processor Group, its largest business, from January 2010 to April 2013. Prior to Cavium, Mr. Kim served as Core Team Lead and General Manager at Intel Corporation from August 2004 to June 2006. Mr. Kim has also served as Director of Marketing at Samsung Semiconductor, Inc. in San Jose from June 1996 to May 1998. Mr. Kim holds Bachelor of Science and Master of Engineering in Electrical Engineering degrees from Cornell University.

Jonathan Kim



CFO / CAO
Executive VP

Jonathan Kim

Chief Financial Officer, Executive Vice President, and Chief Accounting Officer

Mr. Jonathan Kim was appointed Chief Financial Officer and Executive Vice President in May 2015, after serving as our Interim Chief Financial Officer, Chief Accounting Officer and Senior Vice President since March 2014. Prior to joining our company, Mr. Kim served since July 2010 as the Chief Financial Officer of StartForce, Inc., a VC backed desktop virtualization company, which was acquired in February 2011 by ZeroDesktop, Inc., a leading developer of next-generation desktop virtualization and cloud computing solutions. Mr. Kim continued to serve as the Chief Financial Officer at ZeroDesktop through March 2014. Mr. Kim also served as a principal at a Silicon Valley based investment and advisory firm where he led investments in startup companies in the U.S. and Korea. Mr. Kim began his career in public accounting and held various positions with Deloitte for nearly 10 years, serving Global Fortune 500 and U.S. multinational publicly traded clients. Mr. Kim holds a B.A. degree in Business Administration from the Foster School of Business at the University of Washington and is a Certified Public Accountant.

– Building a Foundation for Growth With Foundry Services and Standard Products

Executive Summary

MagnaChip has a unique position in high-growth end markets

Largest Independent
Supplier of AMOLED
Display Driver IC's and #2
Overall, as of Q4 2016

- Increased adoption by leading OEMs and high-growth customers (e.g. mid-range smartphone makers in China) and in new applications (e.g. VR)
- MX has technology leadership; we began developing AMOLED IC's in 2007

Specialty 8" Foundry
with Differentiated
Process Technologies

- Trend towards greater use of the foundry business model by the semiconductor industry
- Efficient facilities and proven manufacturing expertise
- Focused on providing highly engineered analog and mixed-signal processes

Diversified portfolio of
Power products

- Diverse end markets including smartphones, TVs, consumer, industrial, and LED lighting

We made substantial progress in 2016 and continue to focus on improving gross margin, overall profitability, and investing in key initiatives to fuel long-term growth

- Revenue, Adj. EBITDA and utilization rate all improved significantly in 2016
- 2016 headcount reduction resulted in annual savings of approximately \$8mm; contemplated headcount reduction is expected to be approximately 2 to 3 times larger with an expected payback of approximately 1.5 years

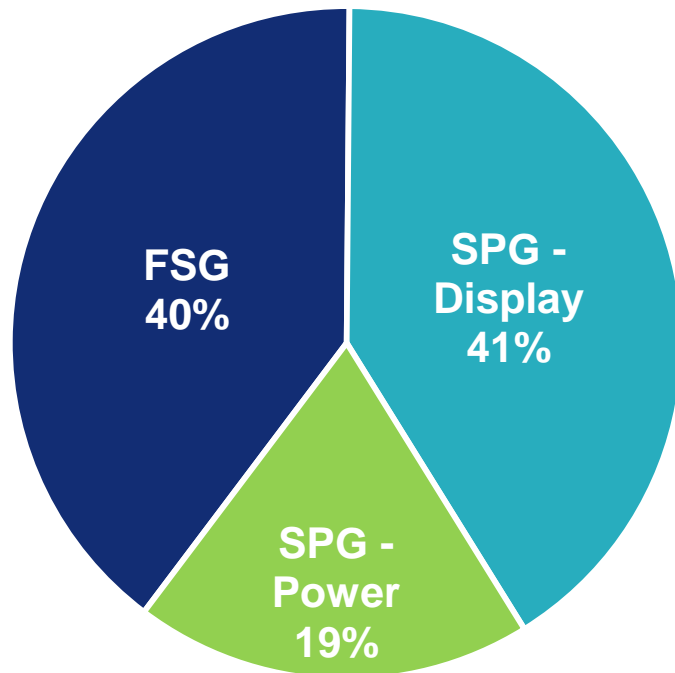
A microscopic view of a green circuit board with various electronic components. A magnifying glass is positioned over the board, focusing on a specific area. The image has a blue tint and a semi-transparent blue band across the middle.

MagnaChip Overview

MagnaChip 

Balanced Portfolio of Products and Services with Growth Opportunities in Three Business Lines

2016 Revenue
by Business Line



Business Lines



- Standard Products Group (SPG) - Display Solutions: **41%**
 - Global #2 in AMOLED display drivers for mobile devices and Virtual Reality headsets
 - Leading player in UHD 4K TVs



- SPG - Power Solutions: **19%**
 - Power IC and discretes for mobile, consumer electronics and industrial applications
 - Leading provider of battery protection discretes for a global smartphone maker



- Foundry Services Group (FSG): **40%**
 - Wafer foundry services utilizing competitive BCD, mixed-signal, high voltage, embedded memory and hybrid technology offerings

Product Breadth

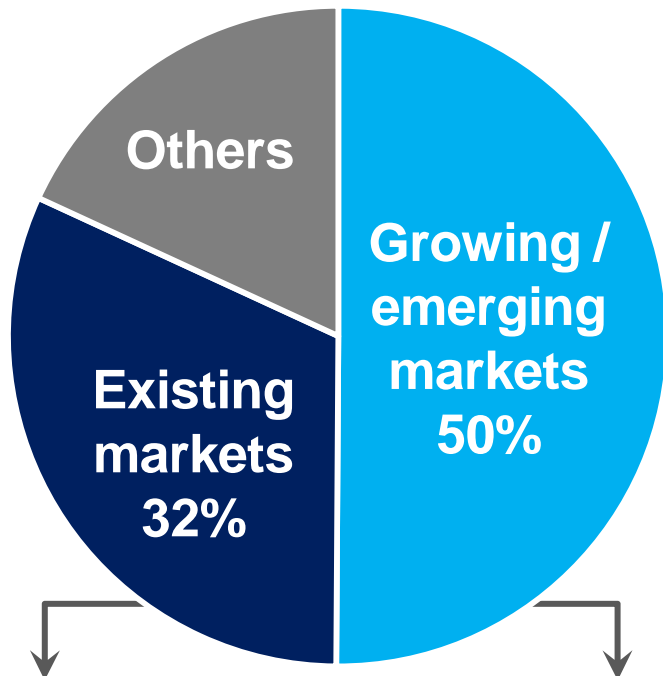
Intellectual Property

- Over 2,000 products (as of 12/31/16)
- 2,198 registered novel patents and 166 pending novel patent applications as of 12/31/16
- Leading AMOLED design capabilities and holder of valuable patents

Target Markets Forecast to Grow

Semiconductor market by application *

2019 = \$368bn



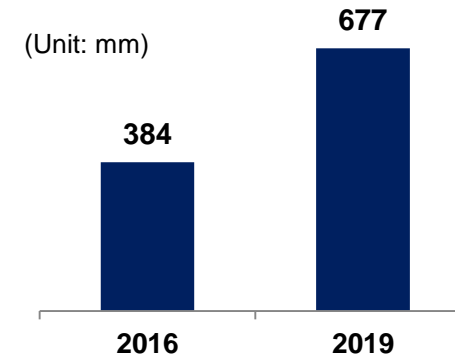
- Existing markets:
 - LCD TV
 - Notebook PCs
 - Computing
 - Consumer
- Growing / emerging markets:
 - Smartphones
 - Automotive / Industrial
 - LED Lighting
 - Wearable / Virtual Reality

* IHS Markit; MagnaChip internal estimates

Growing / Emerging markets

Smartphone (AMOLED display)

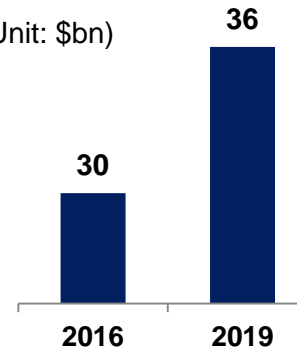
(CAGR 21%)



* IHS Markit, Q3'16

Automotive (CAGR 6%)

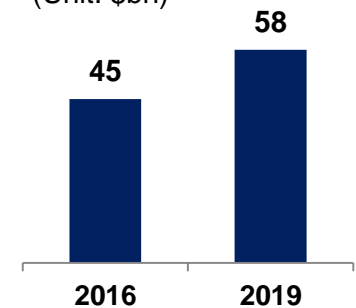
(Unit: \$bn)



* IHS Markit Q2'16

Industrial (CAGR 9%)

(Unit: \$bn)



* IHS Markit, Q2'16

In-House 8-inch Fabs + Growth from 12-inch Outsourced Foundry Relationships

MagnaChip's 8-inch Fabs for Foundry Services and Standard Products Group



- Two 8-inch analog/mixed signal fabs in Korea
- Proven analog and mixed signal technologies
- 466 specialized processes
- 0.11um - 0.5um technology
- Approximately 115,000 8-inch wafers/mo capacity

Outsourced 12-inch Foundry for AMOLED

- Access to significant capacity for our growing AMOLED operations
 - Foundry suppliers located globally
 - Uses our specialized AMOLED process technology
- Availability of our 8-inch fabs improves as our AMOLED business migrates to advanced technology nodes at 55 nm and below



A microscopic view of a circuit board with a magnifying glass. The image shows intricate circuitry, including various chips, resistors, and capacitors. A magnifying glass is positioned over the circuit, highlighting a specific area. The overall color scheme is blue and green, with a semi-transparent blue overlay at the bottom containing text and a logo.

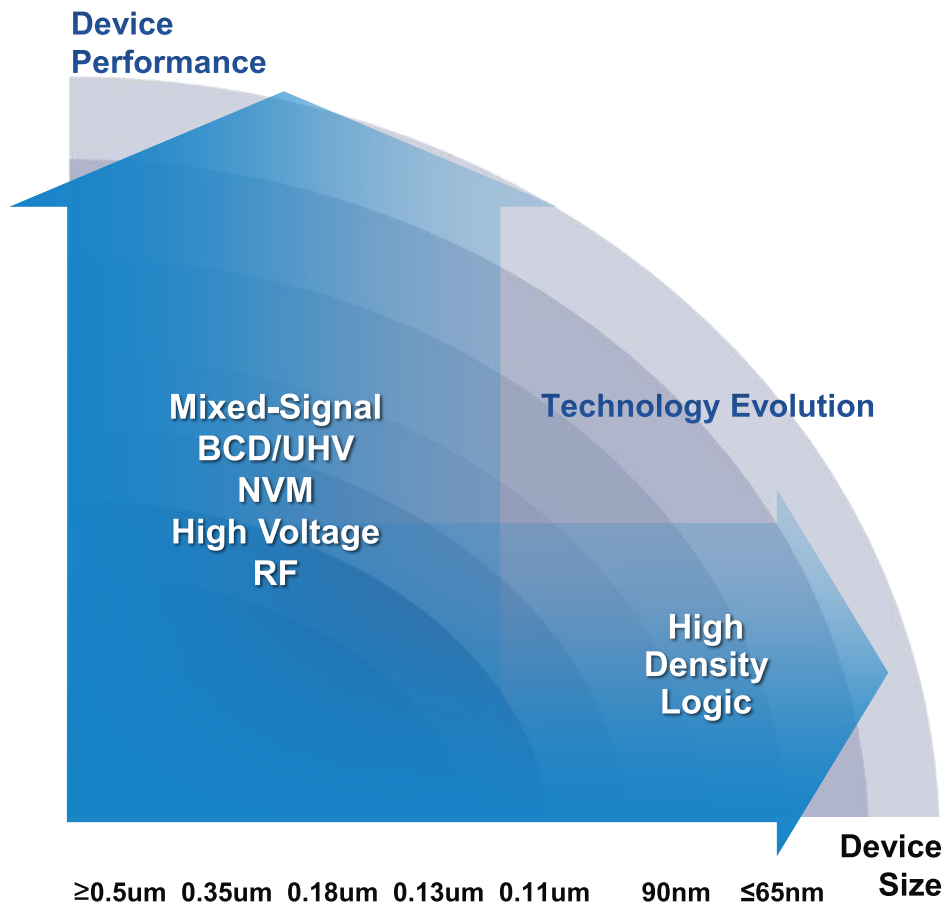
Foundry Services:

Analog and Mixed Signal Processes for
Global IC Customers

MagnaChip 

Foundry Services Overview

- MagnaChip serves niche markets in the foundry services industry that emphasize engineering expertise over capex
 - We believe 0.11-0.35um will remain important for many years
- We serve broad end markets including communications and IoT



We are focused on Specialty Foundry

Major Market
Segments

- Communications
- Consumer
- Computing

New Target
Markets

- Automotive
- Industrial
- IoT

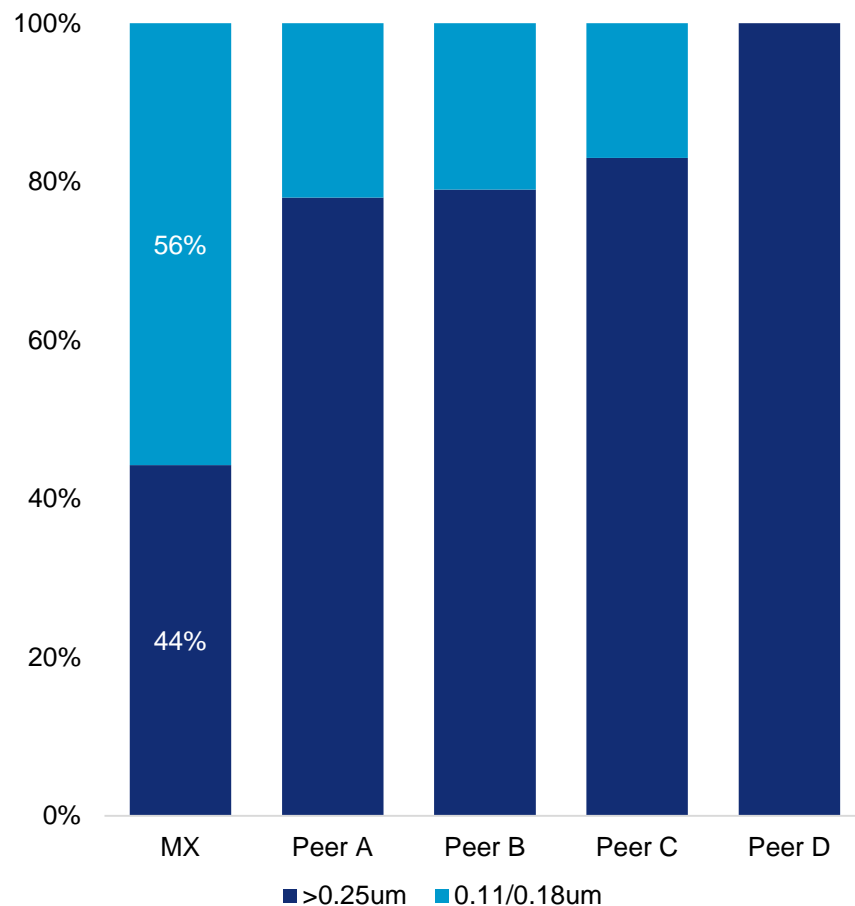
Key
Technologies

- Mixed-Signal
- BCD/UHV/HV
- NVM
- RF

MagnaChip has Highly Competitive Technology Positions for Growing Markets

0.11~0.18um Tech Portion

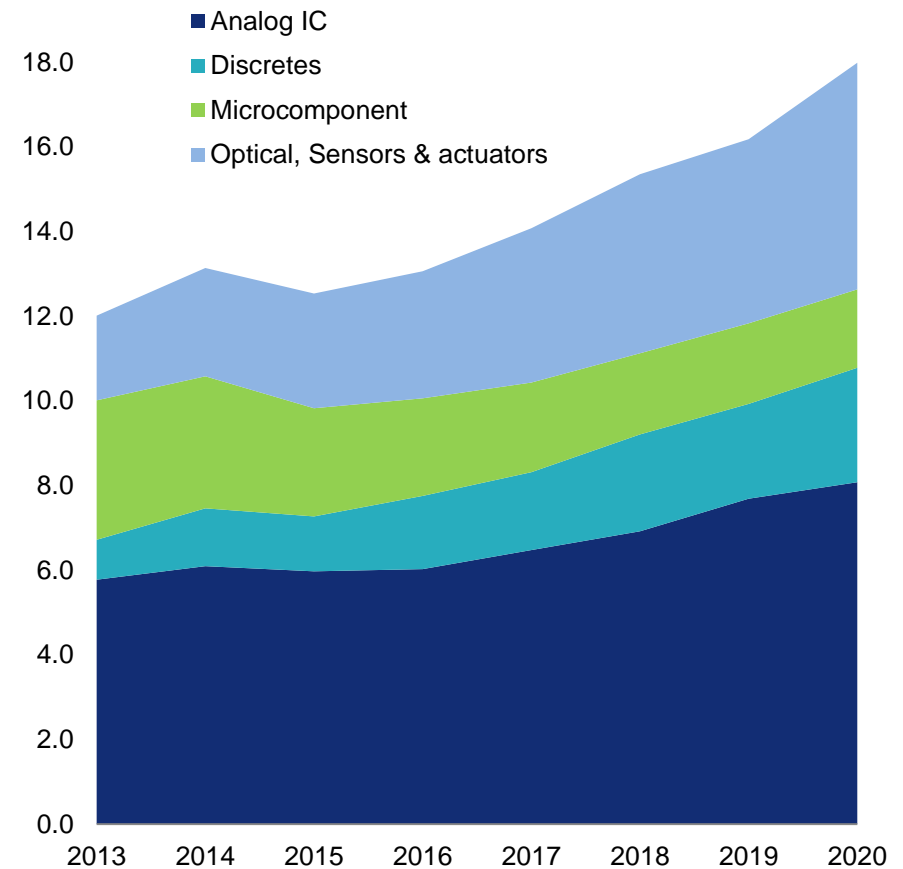
(% of Total Capacity)



Source: IHS Markit; MagnaChip internal estimates

DEMAND of 0.11~0.18um for Analog & Mixed-Signal

(mm wafers per year)



Source: IHS Markit, MX internal estimates

Core Foundry Competencies: Technology, Engineering Services, High Yields and Quality

Specialty Technology

- Specialty analog process
 - BCD/UHV, NVM, HV CMOS, Mixed-signal & RF SOI, Sensor
- Application specific technology
- Compatibility with Foundry de facto standard

Value-added Engineering Service

- Customized technology offering
- Customer friendly online foundry system (i-Foundry)
- Adaptation and porting of customer owned technology

Manufacturing Excellence

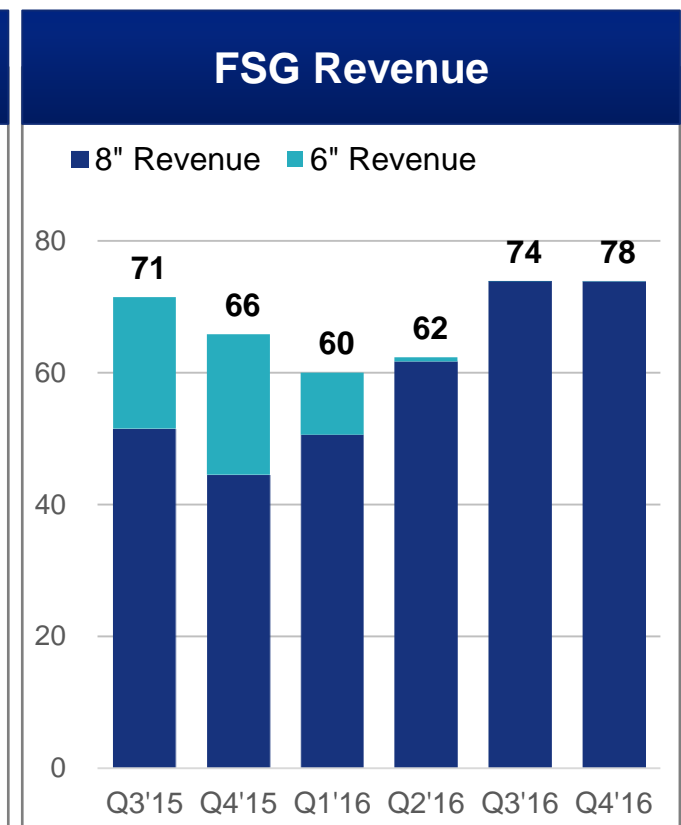
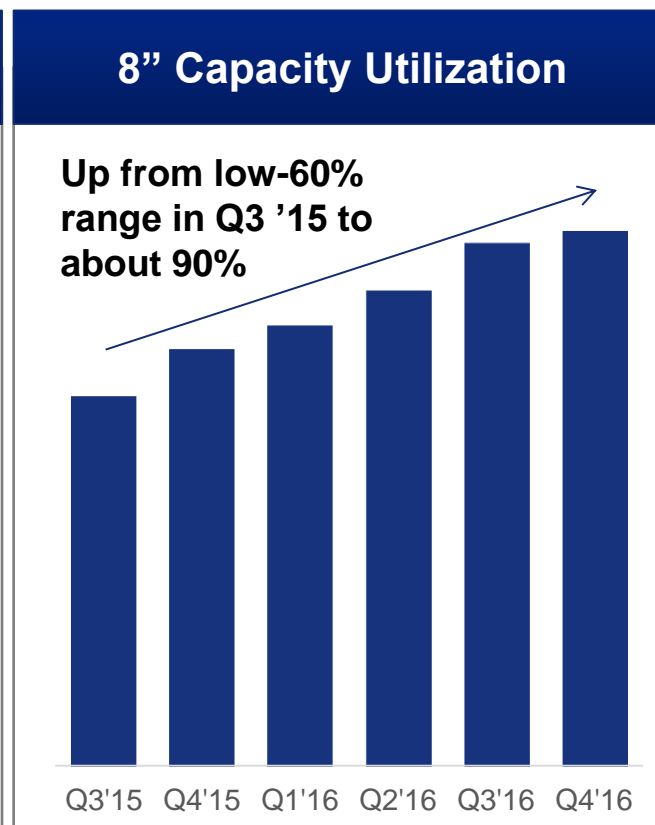
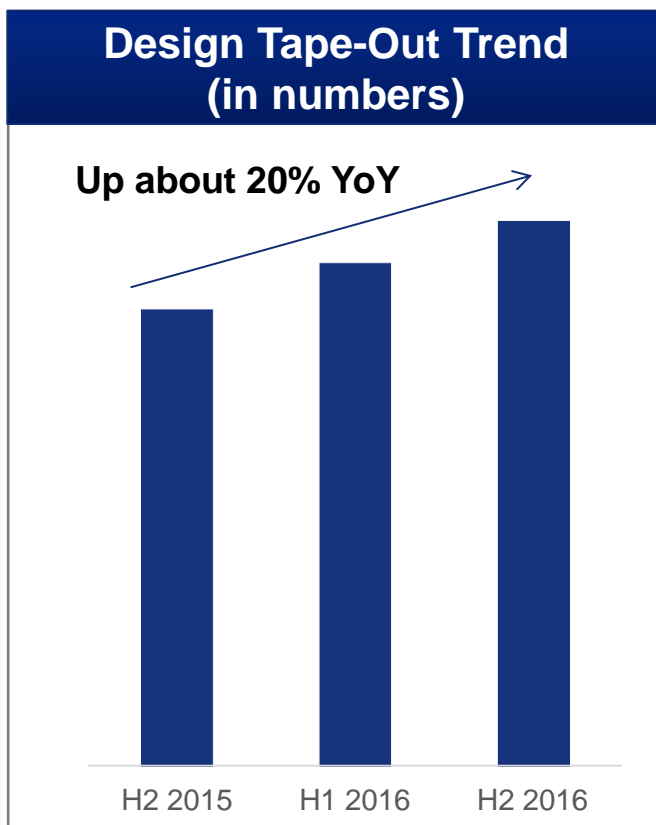
- Competitive cost of ownership solution
- Fast time to market
- High yield & quality

Why we believe we are the preferred foundry service provider (customer feedback)



Following a Strategic Re-positioning, Foundry Services Group Reported Improvement in Key Indicators

- We re-positioned FSG to target higher growth customers that fit well with our facilities and engineering expertise
- As a result, we have seen improvement in key indicators as well as financial results



A microscopic view of a green circuit board with various electronic components. A magnifying glass is positioned over the board, focusing on a specific area. The image has a blue tint and a semi-transparent blue band across the middle containing text.

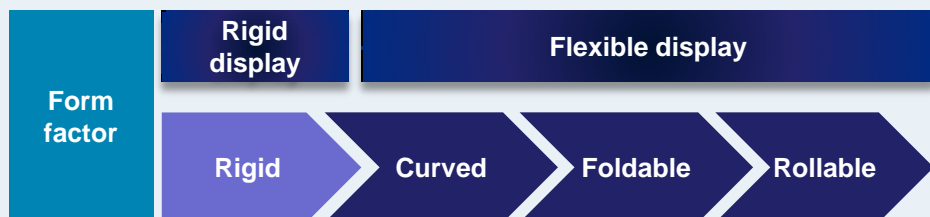
Standard Products:

Display and Power Solutions

MagnaChip 

Future Growth Opportunities – Mobile AMOLED, UHD TV and IoT

AMOLED

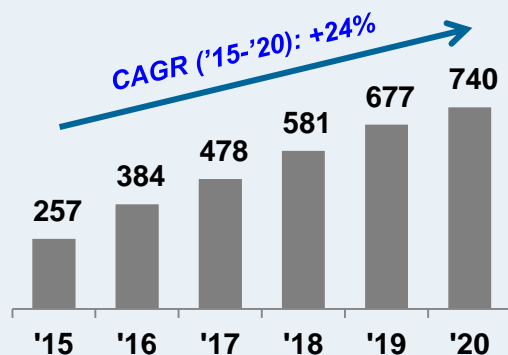


Display Technology

LCD

OLED

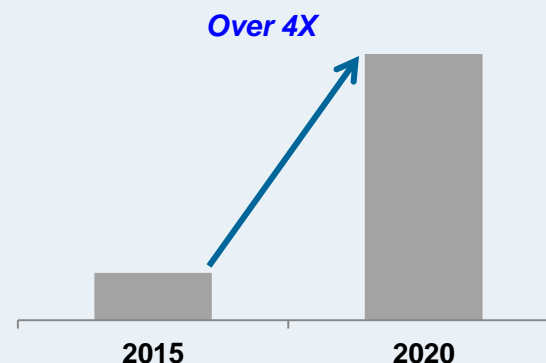
AMOLED smartphone panel shipment forecast
(mm units)



* Source: IHS Markit, Q3'16

UHD TV

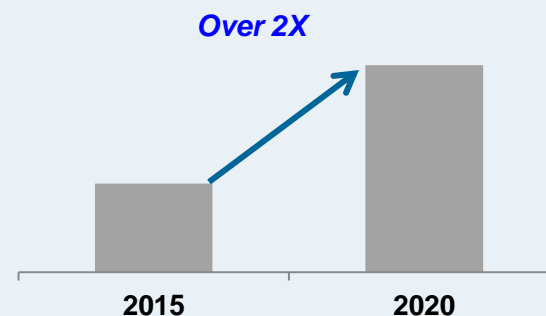
UHD TV display shipments



* Source: MX internal estimates

IoT (Internet of Things; e.g. VR)

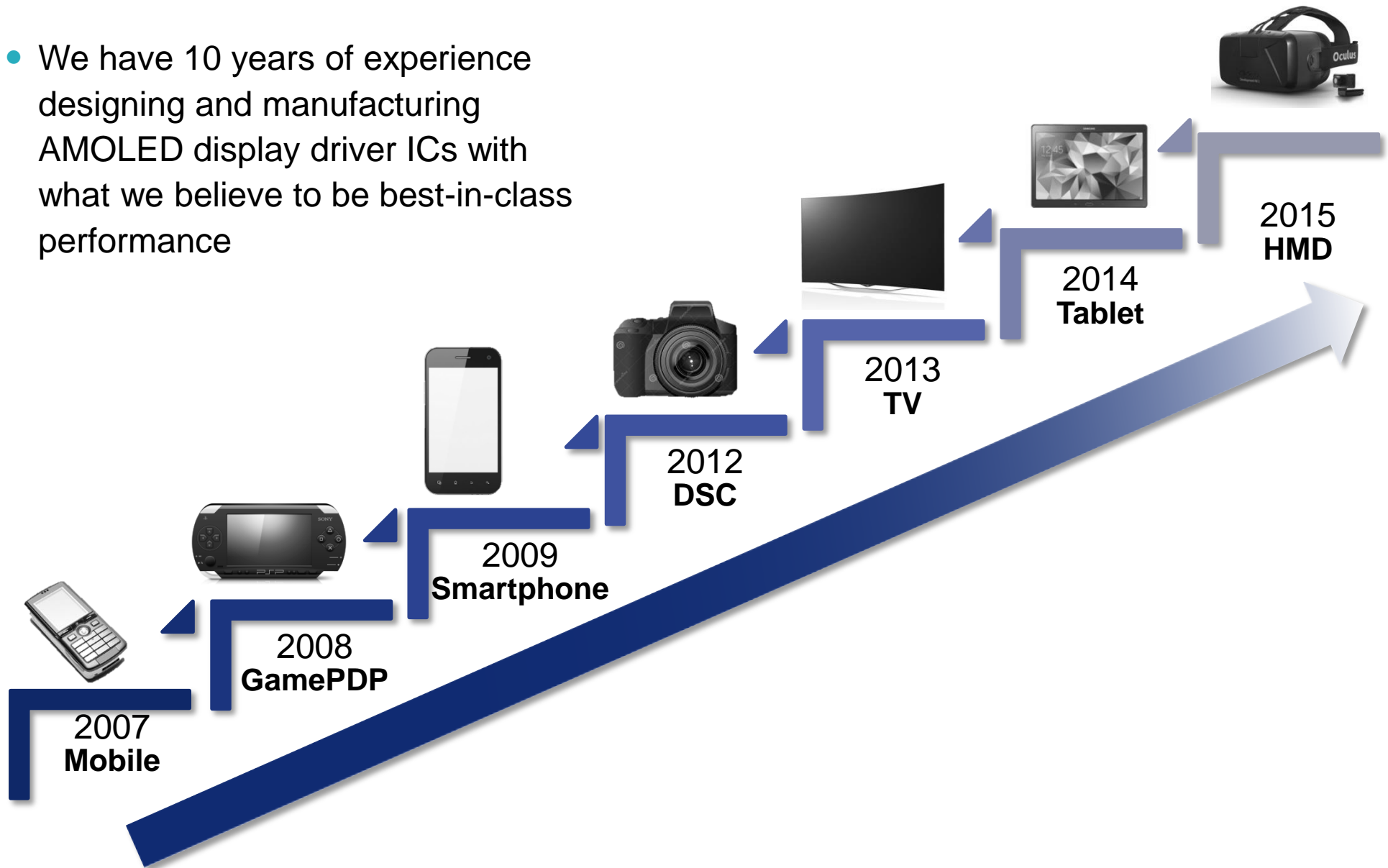
IoT Semiconductor market revenue



* Source: MX internal estimates

Long History of Expanding AMOLED Applications

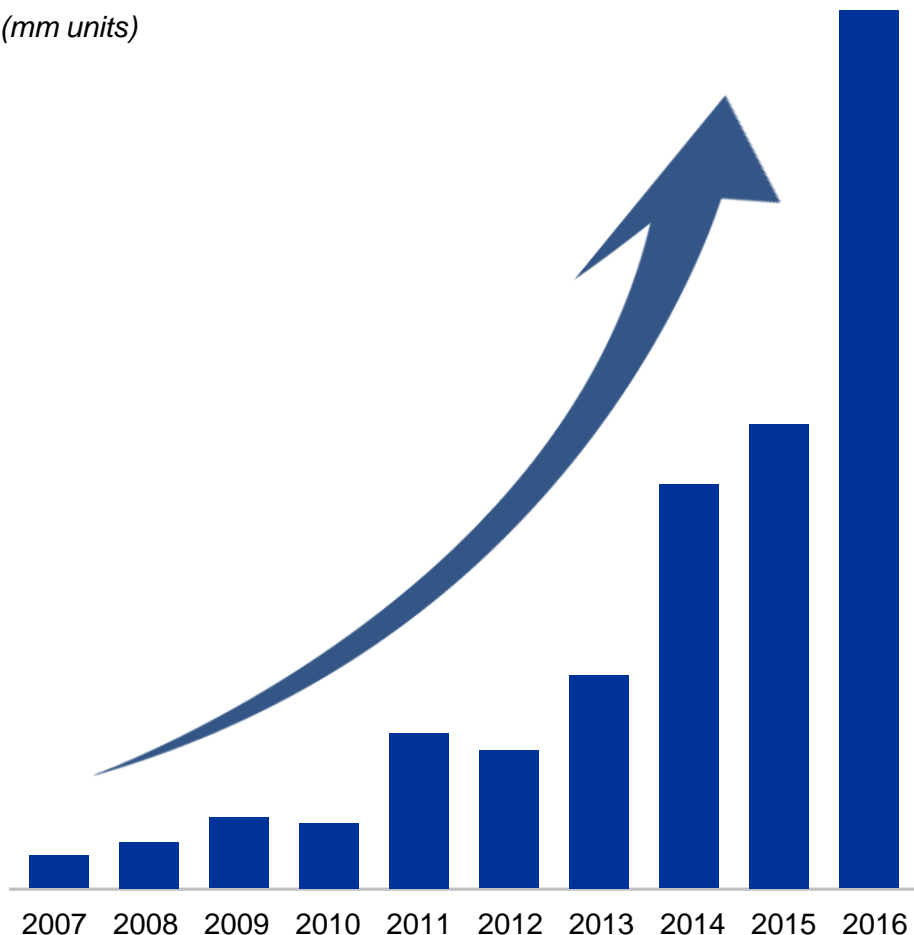
- We have 10 years of experience designing and manufacturing AMOLED display driver ICs with what we believe to be best-in-class performance



MX has Shipped Over 300 Million AMOLED Display Driver ICs

MX AMOLED DDIC Shipment

(mm units)



- First mover in the AMOLED display industry, supporting most advanced mobile OLED panels
- Global #2 and largest independent mobile AMOLED driver IC supplier as of Q4 2016; we have shipped over 300mm units since 2007
- Accumulated technological competitiveness with proprietary IP's built over the last 10 years working with the largest mobile OLED panel maker
- As a result of our analog design expertise, we believe we offer the smallest die size and lowest power consumption in a given geometry process
 - Our 55 nm chips are competitive with a competitor's 45/40 nm chips

SPG Power Solutions Overview

- SPG – Power Solutions business line was launched in late 2007, beginning with production of MOSFETs
 - Current product portfolio includes LV trench MOSFET, HV planar MOSFET and high end MOSFETs, IGBTs, Power ICs and Super Junction MOSFETs
- End markets are very diverse, including consumer applications such as TVs, smartphones, tablet PCs and desktop/notebook PCs, as well as industrial applications in power supplies, LED lighting and motor control
- MX has expanded the customer base: first engagement with a top Korean OEM in 2008, followed by engagements with other global customers
- Recent highlights include:
 - Revenue increased 16% year-over-year in Q4 2016
 - Portfolio optimization: We continue to reduce sale of low-margin products

A microscopic view of a green circuit board with various electronic components. A magnifying glass is positioned over the board, focusing on a specific area. The image has a blue tint and a semi-transparent blue band across the middle.

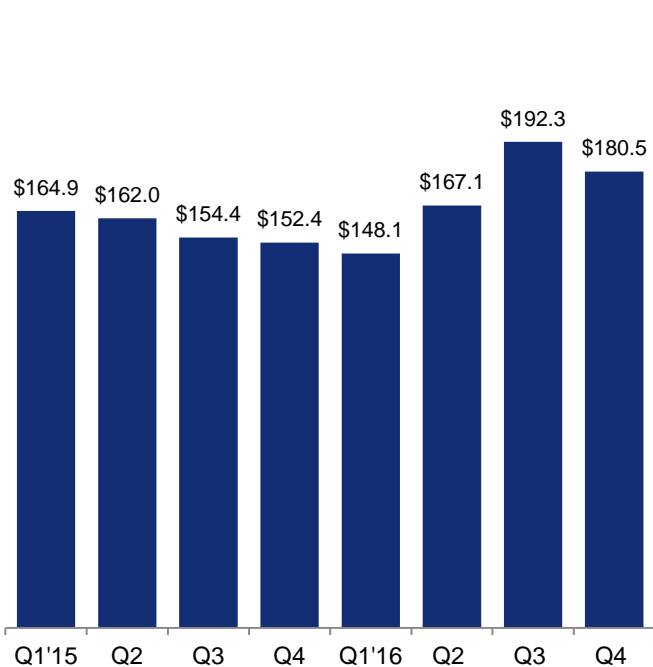
Financial Summary

MagnaChip 

Historical Financial Results

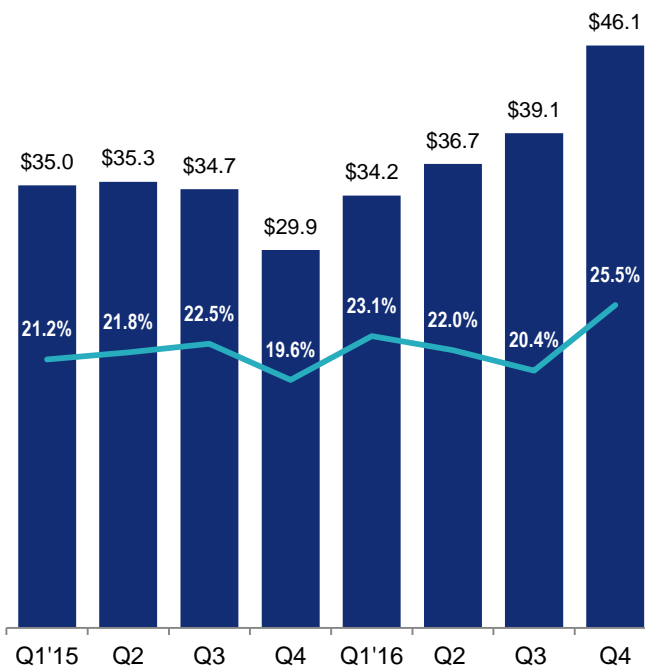
Total Revenue

(\$mm)



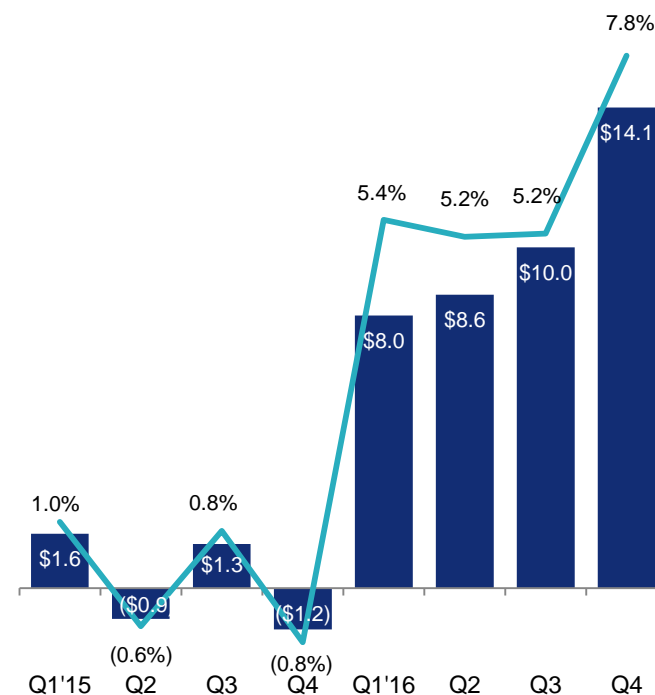
Gross Profit

(\$mm)



Adj. EBITDA⁽¹⁾

(\$mm)



1. A reconciliation of Adjusted EBITDA, a non-GAAP measure, to net income (loss) can be found in the Appendix to this presentation.

Income Statement Summary

Historical Financials

(\$mm)	2014	2015	2016
Standard Products Group - Display Solutions	\$199.9	\$207.5	\$282.0
Standard Products Group - Power Solutions	137.2	134.8	131.5
Foundry Services Group	360.5	290.8	274.0
Other	0.6	0.6	0.6
Total Revenue	\$698.2	\$633.7	\$688.0
% Growth	(4.9%)	(9.2%)	8.6%
COGS	545.4	498.8	531.7
Gross Profit	152.8	134.9	156.2
SG&A	127.0	94.4	89.1
R&D	92.8	83.4	72.2
Restructuring, impairment	10.3	0.0	(7.8)
Total Operating Expense	230.0	177.8	153.5
% of Revenue	32.9%	28.1%	22.3%
Operating Income	(77.2)	(42.9)	2.7
% of Revenue	(11.1%)	(6.8%)	0.4%
Interest expense	16.8	16.3	16.2
Other expense, net	21.8	40.8	12.4
Tax expenses (benefits)	1.5	(15.1)	3.7
Net Income	(\$117.2)	(\$84.8)	(\$29.6)
% of Revenue	(16.8%)	(13.4%)	(4.3%)
⁽¹⁾ Adj. EBITDA	\$8.5	\$0.8	\$40.7
% of Revenue	1.2%	0.1%	5.9%
Capex	\$17.4	\$6.4	\$18.7

Source: Company filings.

Note: Non-GAAP financials.

1. A reconciliation of Adjusted EBITDA, a non-GAAP measure, to net income (loss) can be found in the Appendix to this presentation.

Balance Sheet Summary

(\$mm)	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Assets								
Cash and cash equivalents	91.4	72.7	68.5	90.9	73.5	83.9	75.4	83.4
Accounts receivable, net	71.8	67.8	57.9	63.5	55.2	54.7	66.0	61.8
Inventories, net	76.4	71.8	58.2	57.6	71.0	70.4	72.1	57.0
Other current assets(*)	22.1	26.4	28.5	48.2	47.7	48.8	31.4	40.5
Property, plant and equipment, net	216.5	208.4	189.4	192.0	190.6	184.7	195.6	179.8
Intangibles, net	2.4	2.5	2.5	2.6	2.8	2.9	3.2	3.1
Other non-current assets	24.8	23.0	25.4	23.0	18.1	20.2	19.7	16.4
Total assets	505.5	472.5	430.4	477.9	458.8	465.7	463.4	442.0
Liabilities and Shareholders' equity								
Accounts payable	73.8	57.4	48.9	55.5	60.1	64.2	66.5	51.5
Other accounts payable	8.2	9.7	8.4	11.0	5.8	8.8	12.3	12.3
Accrued expenses	74.6	75.6	68.6	76.7	74.5	80.1	58.3	60.4
Other current liabilities(**)	4.6	5.9	6.8	23.4	6.8	16.1	15.7	29.3
Long-term borrowings	224.1	224.1	224.1	224.2	220.5	220.7	220.9	221.1
Accrued severance benefits	144.5	143.7	134.0	134.1	138.1	131.8	142.8	129.2
Other non-current liabilities	11.5	10.7	12.4	15.4	12.7	14.2	11.8	10.3
Total liabilities	541.2	527.2	503.2	540.2	518.5	536.0	528.3	514.1
Shareholders' equity								
Common stock	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Capital surplus	118.6	121.6	124.2	124.6	125.2	126.1	129.1	130.2
Accumulated deficit	(11.3)	(11.3)	(11.3)	(11.3)	(96.2)	(96.2)	(96.2)	(96.2)
Net income (loss)	(20.0)	(50.7)	(107.7)	(84.9)	8.1	(9.7)	20.2	(29.6)
Treasury stock	(90.9)	(90.9)	(90.9)	(90.9)	(90.9)	(90.9)	(90.9)	(90.9)
Other Comprehensive Income	(32.5)	(23.8)	12.5	(0.2)	(6.2)	(0.0)	(27.5)	14.0
Total shareholders' equity	(35.8)	(54.7)	(72.8)	(62.3)	(59.6)	(70.3)	(64.9)	(72.1)
Total liabilities and shareholders' equity	505.5	472.5	430.4	477.9	458.8	465.7	463.4	442.0

Source: Company filings.

Note: (*) Other current assets include the balances reported as "Restricted cash" on the balance sheet for this presentation only

(**) Other current liabilities include the balances reported as 'Deferred revenue' and 'Deposits received' on the balance sheet for this presentation only

Key Summary Takeaways

1

Largest Independent Supplier of
AMOLED Display Driver IC's and #2 Overall, as of Q4 2016

2

Established as a specialty 8" foundry with differentiated process technologies focused on
providing highly engineered analog and mixed-signal processes

3

Revenue, Adj. EBITDA and utilization rate all improved significantly in 2016
MagnaChip has beat the midpoint of revenue guidance for every quarter of 2016, and Q4 '16
gross margin was above guidance

4

2016 headcount reduction resulted in annual run-rate savings of approximately \$8mm
Contemplated headcount reduction expected to be 2 to 3 times larger with an expected
payback of approximately 1.5 years

A microscopic view of a green circuit board with various electronic components. A magnifying glass is positioned over the board, focusing on a specific area. The image has a blue tint and a semi-transparent blue band across the middle.

Appendix

MagnaChip 

Key Leadership Bios

YJ Kim



**CEO
Director of the Board**

- Became CEO and Director of the Board in May 2015
- Served as Interim CEO and GM, Display Solutions Division since May 2014 and our EVP and GM, Display Solutions Division in May 2013
- Prior to joining MX, served at Cavium as VP

Jonathan Kim



**CFO / CAO
Executive VP**

- Appointed CFO and CAO in May 2015
- Served as Interim CFO, CAO and SVP since March 2014
- Prior to joining MX, served at StartForce as CFO since July 2010

WM Lee



**Executive Vice
President and General
Manager, Standard
Products Group**

- Became EVP and GM of SPG in November 2015
- Served as SVP, Korea Sales from 2013
- Prior to joining MX, was one of the founding executives and served as VP, Global Strategy and Marketing at Samsung LED from 2009 to 2011

TJ Lee



**Executive Vice
President and General
Manager, Foundry
Services Group**

- Became GM of FSG in November 2015
- Became EVP in December 2011, after serving in various positions since September 2007
- Prior to joining MX, served at Chartered Semiconductor Manufacturing as Director of the Technology Development Division from 1999 to 2007

Ted Kim



**Chief Compliance
Officer, General
Counsel and Secretary**

- Became CCO and EVP on May 2015, and became General Counsel and Secretary in November 2013
- Prior to joining MX, served at Samsung Fire & Marine Insurance as Head Lawyer of Global Business Development from 2012 to 2013

Reconciliations of Adjusted EBITDA and Adjusted Net Income

(\$mm)	Year Ended		
	December 31, 2014	December 31, 2015	December 31, 2016
Net Loss	(117.2)	(84.9)	(29.6)
Interest expense, net	16.2	16.0	16.0
Income tax expenses (benefits)	1.5	(15.1)	3.7
Depreciation and amortization	30.0	26.5	25.4
EBITDA	(69.4)	(57.4)	15.5
Adjustments:			
Restructuring, impairment and other (gain)	10.3	—	(1.3)
Equity-based compensation expense	2.1	2.8	3.8
Foreign currency loss, net	24.6	42.5	15.4
Derivative valuation (gain), net	—	0.5	0.3
Restatement related expenses	40.9	12.4	7.0
Adjusted EBITDA	8.5	0.8	40.7
 Net Loss	 (117.2)	 (84.9)	 (29.6)
Adjustments:			
Restructuring, impairment and other (gain)	10.3	—	(1.3)
Equity-based compensation expense	2.1	2.8	3.8
Amortization of intangibles	1.2	—	—
Foreign currency loss, net	24.6	42.5	15.4
Derivative valuation loss, net	—	0.5	0.3
Restatement related expenses	40.9	12.4	7.0
Adjusted Net Loss	(38.1)	(26.7)	(4.5)

Disclaimer

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