
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): August 6, 2015

MagnaChip Semiconductor Corporation
(Exact name of Registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-34791
(Commission
File Number)

83-0406195
(IRS Employer
Identification No.)

c/o MagnaChip Semiconductor S.A.
1, Allée Scheffer, L-2520
Luxembourg, Grand Duchy of Luxembourg
(Address of Principal Executive Offices)

Not Applicable
(Zip Code)

Registrant's telephone number, including area code: (352) 45-62-62

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

Item 2.02. Results of Operations and Financial Condition.

Attached hereto as Exhibit 99.1 and incorporated by reference herein is financial information for MagnaChip Semiconductor Corporation and its consolidated subsidiaries for the second quarter ended June 30, 2015, as presented in a press release dated August 6, 2015.

The information disclosed under this Item 2.02, including Exhibit 99.1 hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be deemed incorporated by reference into any filing made under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibit is furnished as part of this report:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release for MagnaChip Semiconductor Corporation dated August 6, 2015, announcing the results for the second quarter ended June 30, 2015.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MAGNACHIP SEMICONDUCTOR CORPORATION

Dated: August 6, 2015

By: /s/ Theodore Kim

Theodore Kim
Chief Compliance Officer, Executive Vice President, General Counsel
and Secretary

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release for MagnaChip Semiconductor Corporation dated August 6, 2015, announcing the results for the second quarter ended June 30, 2015.



Press Release

MagnaChip Reports Second Quarter 2015 Financial Results

- **Reports Revenue of \$162.0 Million and Total Gross Profit of 21.8%**
- **Begins Reporting Gross Profit for Semiconductor Manufacturing Services and Standard Products Group**
- **Comprehensive Cost Reduction Plans Initiated**

SEOUL, South Korea and SAN JOSE, Calif., August 6, 2015 — MagnaChip Semiconductor Corporation (“MagnaChip”) (NYSE: MX), a Korea-based designer and manufacturer of analog and mixed-signal semiconductor products, today announced financial results for the second quarter ended June 30, 2015.

Revenue for the second quarter of 2015 was \$162.0 million, a 1.7% decline compared to \$164.9 million for the first quarter of 2015, and down 5.8% compared to \$172.1 million for the second quarter of 2014. Semiconductor Manufacturing Services (Foundry) revenue in the second quarter of 2015 was \$79.0 million, Display Solutions revenue was \$48.9 million and Power Solutions revenue was \$34.0 million.

Gross profit was \$35.3 million, or 21.8% as a percent of revenue, for the second quarter of 2015. This compares to gross profit of \$35.0 million, or 21.2%, for the first quarter of 2015 and \$35.5 million, or 20.6%, for the second quarter of 2014. Gross profit improvement stemmed from improved product mix and cost savings activities. Aside from reporting its total gross profit, beginning with this second quarter, MagnaChip is now also reporting the gross profit for its Foundry business segment, and its new Standard Products Group business segment, which includes the Display Solutions and Power Solutions business lines. In the second quarter of 2015, Foundry gross profit was 21.8% and Standard Products Group gross profit was 21.7%.

Net loss, on a GAAP basis, for the second quarter of 2015 totaled \$30.6 million, or \$0.90 per diluted share, compared to net loss of \$20.0 million, or \$0.59 cents per diluted share, for the first quarter of 2015 and net income of \$15.0 million, or \$0.43 per diluted share, for the second quarter of 2014. Net loss was impacted primarily by lower revenue and gross profit as well as by non-cash foreign currency translation loss.

“Revenue in the second quarter was in line with our guidance and gross profit was higher than expected, but the near-term foundry business remains weak and we continue to face major challenges for the remainder of the year,” said YJ Kim, Chief Executive Officer. “We have identified new foundry opportunities to broaden our customer base and position MagnaChip for longer-term growth, but these engagements typically take several quarters to ramp up.”

In commenting on MagnaChip’s previously announced plan to implement a comprehensive cost reduction program, Chief Financial Officer Jonathan Kim said, “Given the current business outlook, we have already reduced our spending by approximately \$20 million in the first half of 2015. We are moving to reduce total normalized spending by over \$40 million in 2015 and have launched a comprehensive review to assess the feasibility of further cost reductions in 2016.”

Second Quarter and Recent Company Events

- Established a task force to offer diversified products with ultra-low power technology for the fast growing Internet of Things (IoT) market
- Introduced a new premium 0.18 micron Bipolar-CMOS-DMOS (BCD) 100V high voltage process featuring operability up to 100V for various applications
- Received the Korea Patent Technology “King Sejong” grand prize award for the first half of 2015 granted by the Korean Intellectual Property Office
- Initiated the co-development of a 0.18 micron automotive MCU process with several partners

Business Outlook

For the third quarter of 2015, MagnaChip anticipates:

- Revenue to be in the range of \$145 million to \$155 million
- Gross profit to be 20% to 22% as a percent of revenue

Conference Call

MagnaChip will hold a conference call at 5 p.m. EDT today (August 6, 2015) to discuss the second quarter 2015 financial results. The conference call will be webcast live and is also available by dialing 1-866-776-2061 in the U.S. or 1-706-679-0298 for all other locations. The conference ID number is 92718867 and participants are encouraged to initiate their calls at least 10 minutes in advance of the 5 p.m. EDT start time to ensure a timely connection. The webcast and earnings release will be accessible at www.magnachip.com.

A replay of the conference call will be available the same day and will run for 72 hours. The replay access numbers are 1-855-859-2056 or 1-404-537-3406. The access code is 92718867.

About MagnaChip Semiconductor Corporation

Headquartered in South Korea, MagnaChip is a Korea-based designer and manufacturer of analog and mixed-signal semiconductor products for high-volume consumer applications. MagnaChip believes it has one of the broadest and deepest ranges of analog and mixed-signal semiconductor platforms in the industry, supported by its 30-year operating history, a large portfolio of registered and pending patents, and extensive engineering and manufacturing process expertise. For more information, please visit www.magnachip.com. Information on or accessible through, MagnaChip’s website is not a part of, and is not incorporated into, this release.

Safe Harbor for Forward-Looking Statements

Information in this release 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. These statements include statements about our future operating and financial performance, including third quarter 2015 revenue and gross profit and expectations related to future spending and cost reduction initiatives. All forward-looking statements included in this release are based upon information available to MagnaChip as of the date of this release, 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 general economic conditions, the impact of competitive products and pricing, timely design acceptance by our customers, timely introduction of new products and technologies, ability to ramp new products into volume production, industry wide shifts in supply and demand for semiconductor products, industry and/or company overcapacity, effective and cost efficient utilization of manufacturing capacity, financial stability in foreign markets and the impact of foreign exchange rates, unanticipated costs and expenses or the inability to identify expenses which can be eliminated, compliance with U.S. and international trade and export laws and regulations by us and our distributors, and other risks detailed from time to time in MagnaChip's filings with the SEC, including our Form 10-K filed on May 28, 2015 and 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. MagnaChip 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.

CONTACTS:

In the United States:

Robert Pursel
Director of Investor Relations
Tel. +1-408-625-1262
robert.pursel@magnachip.com

In Korea:

Chankeun Park
Senior Manager, Public Relations
Tel. +82-2-6903-3195
chankeun.park@magnachip.com

###

MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of US dollars, except share data)
(Unaudited)

	Three Months Ended		
	June 30, 2015	March 31, 2015	June 30, 2014
Net sales	\$ 162,015	\$ 164,885	\$ 172,070
Cost of sales	<u>126,729</u>	<u>129,908</u>	<u>136,613</u>
Gross profit	35,286	34,977	35,457
Gross profit %	21.8%	21.2%	20.6%
Operating expenses			
Selling, general and administrative expenses	28,588	25,030	30,746
Research and development expenses	<u>21,931</u>	<u>22,160</u>	<u>24,059</u>
Total operating expenses	<u>50,519</u>	<u>47,190</u>	<u>54,805</u>
Operating loss	(15,233)	(12,213)	(19,348)
Interest expense, net	(3,933)	(4,063)	(4,007)
Foreign currency gain (loss), net	(12,296)	(3,176)	38,424
Other income, net	234	556	597
Income (loss) before income taxes	<u>(31,228)</u>	<u>(18,896)</u>	<u>15,666</u>
Income tax expenses (benefits)	<u>(602)</u>	<u>1,133</u>	<u>656</u>
Net income (loss)	<u>\$ (30,626)</u>	<u>\$ (20,029)</u>	<u>\$ 15,010</u>
Earnings (loss) per common share :			
- Basic	\$ (0.90)	\$ (0.59)	\$ 0.44
- Diluted	<u>\$ (0.90)</u>	<u>\$ (0.59)</u>	<u>\$ 0.43</u>
Weighted average number of shares—Basic	34,092,402	34,056,468	34,056,359
Weighted average number of shares—Diluted	34,092,402	34,056,468	35,177,915

MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA AND ADJUSTED NET INCOME
(In thousands of US dollars, except share data)
(Unaudited)

	Three Months Ended		
	June 30, 2015	March 31, 2015	June 30, 2014
Net income (loss)	\$ (30,626)	\$ (20,029)	\$ 15,010
Adjustments:			
Depreciation and amortization	6,797	6,870	7,754
Interest expense, net	3,933	4,063	4,007
Income tax expenses (benefits)	(602)	1,133	656
Equity-based compensation expense	1,792	185	455
Foreign currency loss (gain), net	12,296	3,176	(38,424)
Derivative valuation loss, net	306	—	36
Restatement related expenses	5,168	7,058	8,477
Adjusted EBITDA	<u>\$ (936)</u>	<u>\$ 2,456</u>	<u>\$ (2,029)</u>
Adjusted EBITDA per common share:			
- Diluted	\$ (0.03)	\$ 0.07	\$ (0.06)
Weighted average number of shares— Diluted	34,092,402	34,056,468	34,056,359
Net income (loss)	\$ (30,626)	\$ (20,029)	\$ 15,010
Adjustments:			
Amortization of intangibles	—	—	371
Equity-based compensation expense	1,792	185	455
Foreign currency loss (gain), net	12,296	3,176	(38,424)
Derivative valuation loss, net	306	—	36
Restatement related expenses	5,168	7,058	8,477
Adjusted net loss	<u>\$ (11,064)</u>	<u>\$ (9,610)</u>	<u>\$ (14,075)</u>
Adjusted net loss per common share:			
- Diluted	\$ (0.32)	\$ (0.28)	\$ (0.41)
Weighted average number of shares — Diluted	34,092,402	34,056,468	34,056,359

We define Adjusted EBITDA as net income (loss), adjusted to exclude (i) depreciation and amortization, (ii) interest expense, net, (iii) income tax expenses (benefits), (iv) equity-based compensation expense, (v) foreign currency loss (gain), net, (vi) derivative valuation loss, net and (vii) restatement related expenses.

We present Adjusted Net Income as a further supplemental measure of our performance. We prepare Adjusted Net Income by adjusting net income to eliminate the impact of a number of non-cash expenses and other items that may be either one time or recurring that we do not consider to be indicative of our core ongoing operating performance. We believe that Adjusted Net Income is particularly useful because it reflects the impact of our asset base and capital structure on our operating performance. We define Adjusted Net Income as net income (loss), adjusted to exclude (i) amortization of intangibles, (ii) equity-based compensation expense, (iii) foreign currency loss (gain), net, (vi) derivative valuation loss, net and (v) restatement related expenses.

MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands of US dollars, except share data)
(Unaudited)

	June 30, 2015	December 31, 2014
Assets		
Current assets		
Cash and cash equivalents	\$ 72,672	\$ 102,434
Accounts receivable, net	67,780	72,957
Inventories, net	71,800	75,334
Other receivables	5,450	10,616
Prepaid expenses	7,142	7,560
Current deferred income tax assets	43	237
Hedge collateral	6,380	—
Other current assets	7,383	6,898
Total current assets	238,650	276,036
Property, plant and equipment, net	208,351	223,766
Intangible assets, net	2,476	2,451
Long-term prepaid expenses	9,875	10,916
Deferred income tax assets	260	415
Other non-current assets	12,876	14,147
Total assets	\$472,488	\$ 527,731
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 57,432	\$ 70,767
Other accounts payable	9,724	10,986
Accrued expenses	75,556	81,060
Other current liabilities	5,946	6,460
Total current liabilities	148,658	169,273
Long-term borrowings, net	224,095	224,035
Accrued severance benefits, net	143,727	139,289
Other non-current liabilities	10,703	13,636
Total liabilities	527,183	546,233
Stockholders' equity		
Common stock, \$0.01 par value, 150,000,000 shares authorized, 40,840,685 shares issued and 34,261,920 outstanding at June 30, 2015 and 40,635,233 shares issued and 34,056,468 outstanding at December 31, 2014	408	406
Additional paid-in capital	121,602	118,419
Accumulated deficit	(61,998)	(11,343)
Treasury stock, 6,578,765 shares at June 30, 2015 and December 31, 2014	(90,918)	(90,918)
Accumulated other comprehensive loss	(23,789)	(35,066)
Total stockholders' equity (deficit)	(54,695)	(18,502)
Total liabilities and stockholders' equity	\$472,488	\$ 527,731

MAGNACHIP SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of US dollars)
(Unaudited)

	Three Months	Six Months	
	Ended	Ended	
	June 30,	June 30,	June 30,
	2015	2015	2014
Cash flows from operating activities			
Net loss	\$ (30,626)	\$ (50,655)	\$ (6,595)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities			
Depreciation and amortization	6,797	13,667	15,022
Provision for severance benefits	4,617	11,877	9,426
Bad debt expenses (reversal of allowance)	17	(3)	3,724
Amortization of debt issuance costs and original issue discount	162	324	301
Loss (gain) on foreign currency, net	12,967	17,146	(31,969)
Gain on disposal of investments	—	—	(1,524)
Stock-based compensation	1,792	1,977	1,072
Other	1,769	1,547	758
Changes in operating assets and liabilities			
Accounts receivable	3,012	3,145	6,712
Inventories, net	3,324	1,623	(11,537)
Other receivables	(617)	5,523	781
Other current assets	3,888	2,235	4,590
Deferred tax assets	15	339	391
Accounts payable	(18,333)	(12,431)	4,556
Other accounts payable	(669)	(5,550)	(8,560)
Accrued expenses	(3,084)	(10,710)	20,260
Other current liabilities	(284)	(2,058)	1,230
Other non-current liabilities	(864)	(1,084)	292
Payment of severance benefits	(2,890)	(4,231)	(3,490)
Other	220	(147)	13
Net cash provided by (used in) operating activities	<u>(18,787)</u>	<u>(27,466)</u>	<u>5,453</u>
Cash flows from investing activities			
Payment of hedge collateral	(6,555)	(6,555)	—
Proceeds from disposal of investments	—	—	2,003
Purchase of plant, property and equipment	(1,407)	(1,964)	(12,058)
Payment for intellectual property registration	(186)	(263)	(490)
Payment of guarantee deposits	(231)	(642)	(308)
Other	222	237	39
Net cash used in investing activities	<u>(8,157)</u>	<u>(9,187)</u>	<u>(10,814)</u>
Cash flows from financing activities			
Proceeds from issuance of common stock	1,208	1,208	67
Net cash provided by financing activities	<u>1,208</u>	<u>1,208</u>	<u>67</u>
Effect of exchange rates on cash and cash equivalents	7,013	5,683	(7,315)
Net decrease in cash and cash equivalents	<u>(18,723)</u>	<u>(29,762)</u>	<u>(12,609)</u>
Cash and cash equivalents			
Beginning of the period	<u>91,395</u>	<u>102,434</u>	<u>153,606</u>
End of the period	<u>\$ 72,672</u>	<u>\$ 72,672</u>	<u>\$140,997</u>