

**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): November 1, 2012

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., 74, rue de Merl,
B.P. 709, L-2017 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 third quarter ended September 30, 2012, as presented in a press release dated November 1, 2012.

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 exhibits are furnished as part of this report:

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 99.1 | Press release for MagnaChip Semiconductor Corporation dated November 1, 2012, announcing the results for the third quarter ended September 30, 2012. |

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: November 1, 2012

By: /s/ Margaret Sakai

Margaret Sakai

Executive Vice President and Chief Financial Officer

Exhibit Index

| <u>Exhibit No.</u> | <u>Description</u> |
|---------------------------|--|
| 99.1 | Press release for MagnaChip Semiconductor Corporation dated November 1, 2012, announcing the results for the third quarter ended September 30, 2012. |



MagnaChip Reports Third Quarter 2012 Financial Results

- **Revenue Increased 9.5% Sequentially and 10.7% Year-Over-Year Driven By Solid Foundry Revenue Growth**
- **Gross Margin of 34.5% Expanded 350 Basis Points Sequentially and 450 Basis Points Year-Over-Year**
- **Achieved GAAP EPS of \$1.30 Per Diluted Share and Adjusted EPS of \$0.81 Per Diluted Share**

SEOUL, South Korea and CUPERTINO, Calif., November 1, 2012 — 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 third quarter ended September 30, 2012.

Revenue for the third quarter of 2012 was \$221.9 million, a 9.5% increase compared to \$202.6 million for the second quarter of 2012, and a 10.7% increase compared to \$200.4 million for the third quarter of 2011.

Gross margin was \$76.4 million or 34.5%, as a percent of revenue, for the third quarter of 2012. This compares to gross margin of \$62.9 million or 31.0% for the second quarter of 2012 and \$60.1 million or 30.0% for the third quarter of 2011.

Net income, on a GAAP basis, for the third quarter of 2012 totaled \$48.4 million or \$1.30 per diluted share. This compares to net income of \$4.3 million or \$0.12 per diluted share for the second quarter of 2012 and net loss of \$56.0 million or \$1.43 per diluted share for the third quarter of 2011. Net income was impacted primarily by a foreign currency gain of \$21.8 million during the quarter which was primarily related to non-cash foreign currency translation for intercompany balances that were denominated in U.S. dollars.

“Our sequential revenue growth of nearly 10% put us at the high end of the semiconductor group in terms of top line performance with smartphone and tablet PC demand remaining strong going into the fourth quarter. This smartphone and tablet PC demand is well diversified with MagnaChip supplying about 50 unique products to 26 different customers,” said Sang Park, MagnaChip Chairman and CEO. “In addition to strong revenue growth, our Q3 gross margin was up 350 basis points sequentially and up 630 basis points since Q1 due to higher fab utilization and improved product mix shift.”

Adjusted net income, a non-GAAP measurement, for the third quarter of 2012 totaled \$30.4 million or \$0.81 per diluted share compared to \$17.9 million or \$0.48 per diluted share for the second quarter of 2012 and \$18.2 million or \$0.46 per diluted share for the third quarter of 2011.

Management believes that non-GAAP financial measures, when viewed in conjunction with GAAP results, can provide a more meaningful understanding of the factors and trends affecting MagnaChip's business and operations. 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.

Combined cash balances (cash and cash equivalents plus restricted cash) totaled \$165.8 million at the end of the third quarter of 2012, an increase of \$4.8 million from the end of the prior quarter. Cash provided from operations totaled approximately \$23.0 million for the third quarter of 2012.

Revenue by Segment

| In thousands of US dollars | Three Months Ended | | |
|--------------------------------------|--------------------|---------------|--------------------|
| | September 30, 2012 | June 30, 2012 | September 30, 2011 |
| Semiconductor Manufacturing Services | \$ 117,978 | \$ 91,318 | \$ 81,571 |
| Display Solutions | 69,415 | 76,784 | 91,767 |
| Power Solutions | 33,849 | 33,699 | 26,358 |
| Other | 630 | 833 | 709 |
| Total Revenue | \$ 221,872 | \$ 202,634 | \$ 200,405 |

Third Quarter and Recent Company Highlights

- Seventh Consecutive Quarter of Achieving Financial Guidance.
- Expanded Gross Margins to \$76.4 million or 34.5%.
- Achieved GAAP EPS of \$1.30 Per Diluted Share and Adjusted EPS of \$0.81 Per Diluted Share.
- Repurchased 444 Thousand Shares under MagnaChip's 2011 Stock Repurchase Program.

Business Outlook

For the fourth quarter of 2012, MagnaChip expects:

- Revenue will be in the range of \$213 million to \$222 million.
- Gross margin will be 33.5% to 34.5%.

Non-GAAP Metrics

Adjusted EBITDA excludes charges related to depreciation and amortization, interest expense, net, income tax expense, restructuring and impairment charges, stock-based compensation expense, foreign currency loss (gain), net, derivative valuation loss (gain), net, secondary offering and others, and loss on early extinguishment of senior notes. Adjusted net income (loss) excludes charges related to restructuring and impairment charges, stock-based compensation expense, amortization of intangible assets associated with continuing operations, foreign currency loss (gain), net, derivative valuation loss (gain), net, secondary offering and others, and loss on early extinguishment of senior notes. A reconciliation of GAAP results to non-GAAP results is included following the financial statements.

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 ability to capitalize on improving market dynamics and future operating and financial performance including fourth quarter 2012 revenue and gross margin. 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 March 8, 2012 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.

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

| | Three Months Ended | | |
|--|-----------------------|------------------|-----------------------|
| | September 30, 2012 | June 30, 2012 | September 30, 2011 |
| Net sales | \$ 221,872 | \$ 202,634 | \$ 200,405 |
| Cost of sales | 145,432 | 139,776 | 140,284 |
| Gross profit | 76,440 | 62,858 | 60,121 |
| Gross profit % | 34.5% | 31.0% | 30.0% |
| Selling, general and administrative expenses | 21,388 | 20,093 | 17,881 |
| Research and development expenses | 19,470 | 19,762 | 19,003 |
| Restructuring and impairment charges | — | — | 1,621 |
| Operating income | 35,582 | 23,003 | 21,616 |
| Other income (expense) | | | |
| Interest expense, net | (5,746) | (5,619) | (5,860) |
| Foreign currency gain (loss), net | 21,782 | (10,586) | (68,058) |
| Loss on early extinguishment of senior notes | — | — | (1,357) |
| Other | 695 | 701 | (558) |
| | 16,731 | (15,504) | (75,833) |
| Income (loss) before income taxes | 52,313 | 7,499 | (54,217) |
| Income tax expense | 3,901 | 3,159 | 1,793 |
| Net income (loss) | \$ 48,412 | \$ 4,340 | \$ (56,010) |
| Earnings (loss) per common share : | | | |
| – Basic | \$ 1.34 | \$ 0.12 | \$ (1.43) |
| – Diluted | \$ 1.30 | \$ 0.12 | \$ (1.43) |
| Weighted average number of shares—Basic | 36,199,655 | 36,713,569 | 39,064,071 |
| Weighted average number of shares—Diluted | 37,324,787 | 37,566,699 | 39,064,071 |

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 | | |
|--|-----------------------|------------------|-----------------------|
| | September 30, 2012 | June 30, 2012 | September 30, 2011 |
| Net income (loss) | \$ 48,412 | \$ 4,340 | \$ (56,010) |
| Adjustments: | | | |
| Depreciation and amortization | 8,443 | 7,923 | 13,053 |
| Interest expense, net | 5,746 | 5,619 | 5,861 |
| Income tax expense | 3,901 | 3,159 | 1,793 |
| Restructuring and impairment charges | — | — | 1,621 |
| Stock-based compensation expense | 535 | 457 | 552 |
| Foreign currency loss (gain), net | (21,782) | 10,586 | 68,058 |
| Derivative valuation loss (gain), net | (695) | (701) | 558 |
| Secondary offering and others | 2,119 | 1,216 | — |
| Loss on early extinguishment of senior notes | — | — | 1,357 |
| Adjusted EBITDA | <u>\$ 46,679</u> | <u>\$ 32,599</u> | <u>\$ 36,843</u> |
| Adjusted EBITDA per common share: | | | |
| – Diluted | \$ 1.25 | \$ 0.87 | \$ 0.92 |
| Weighted average number of shares—Diluted | 37,324,787 | 37,566,699 | 39,973,691 |
| Net income (loss) | \$ 48,412 | \$ 4,340 | \$ (56,010) |
| Adjustments: | | | |
| Restructuring and impairment charges | — | — | 1,621 |
| Stock-based compensation expense | 535 | 457 | 552 |
| Amortization of intangibles | 1,829 | 1,980 | 2,092 |
| Foreign currency loss (gain), net | (21,782) | 10,586 | 68,058 |
| Derivative valuation loss (gain), net | (695) | (701) | 558 |
| Secondary offering and others | 2,119 | 1,216 | — |
| Loss on early extinguishment of senior notes | — | — | 1,357 |
| Adjusted net income | <u>\$ 30,418</u> | <u>\$ 17,878</u> | <u>\$ 18,228</u> |
| Adjusted net income per common share: | | | |
| – Diluted | \$ 0.81 | \$ 0.48 | \$ 0.46 |
| Weighted average number of shares—Diluted | 37,324,787 | 37,566,699 | 39,973,691 |

We define Adjusted EBITDA as net income adjusted to exclude (i) depreciation and amortization, (ii) interest expense, net, (iii) income tax expense, (iv) restructuring and impairment charges, (v) stock-based compensation expense, (vi) foreign currency loss (gain), net, (vii) derivative valuation loss (gain), net, (viii) secondary offering and others, and (ix) loss on early extinguishment of senior notes.

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 adjusted to exclude (i) restructuring and impairment charges (ii) stock-based compensation expense, (iii) amortization of intangibles, (iv) foreign currency loss (gain), net, (v) derivative valuation loss (gain), net, (vi) secondary offering and others, and (vii) loss on early extinguishment of senior notes.

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

| | September 30, 2012 | December 31, 2011 |
|---|-----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 165,658 | \$ 162,111 |
| Restricted cash | 136 | 6,830 |
| Accounts receivable, net | 148,537 | 125,922 |
| Inventories, net | 75,020 | 62,836 |
| Other receivables | 2,097 | 256 |
| Prepaid expenses | 9,120 | 6,032 |
| Other current assets | 19,270 | 15,909 |
| Total current assets | <u>419,838</u> | <u>379,896</u> |
| Property, plant and equipment, net | 229,632 | 182,663 |
| Intangible assets, net | 16,684 | 16,787 |
| Long-term prepaid expenses | 9,575 | 4,790 |
| Other non-current assets | 17,044 | 18,539 |
| Total assets | <u>\$ 692,773</u> | <u>\$ 602,675</u> |
| Liabilities and Stockholders' Equity | | |
| Current liabilities | | |
| Accounts payable | \$ 97,386 | \$ 77,848 |
| Other accounts payable | 19,049 | 13,452 |
| Accrued expenses | 40,483 | 31,723 |
| Current portion of capital lease obligations | — | 2,852 |
| Derivative liabilities | 1,818 | 9,757 |
| Other current liabilities | 8,460 | 2,007 |
| Total current liabilities | 167,196 | 137,639 |
| Long-term borrowings, net | 201,586 | 201,389 |
| Accrued severance benefits, net | 105,051 | 90,755 |
| Other non-current liabilities | 11,556 | 6,222 |
| Total liabilities | <u>485,389</u> | <u>436,005</u> |
| Stockholders' equity | | |
| Common stock, \$0.01 par value, 150,000,000 shares authorized, 39,513,351 shares issued and 35,954,925 outstanding at September 30, 2012 and 39,439,115 shares issued and 37,907,575 outstanding at December 31, 2011 | 395 | 394 |
| Additional paid-in capital | 100,834 | 98,929 |
| Retained earnings | 161,965 | 93,950 |
| Treasury stock, 3,558,426 shares at September 30, 2012 | (34,730) | (11,793) |
| Accumulated other comprehensive loss | (21,080) | (14,810) |
| Total stockholders' equity | <u>207,384</u> | <u>166,670</u> |
| Total liabilities and stockholders' equity | <u>\$ 692,773</u> | <u>\$ 602,675</u> |

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

| | Three Months Ended | Nine Months Ended | |
|---|-----------------------|-----------------------|-----------------------|
| | September 30, 2012 | September 30, 2012 | September 30, 2011 |
| Cash flows from operating activities | | | |
| Net income (loss) | \$ 48,412 | \$ 68,015 | \$ (1,912) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities | | | |
| Depreciation and amortization | 8,443 | 23,840 | 42,368 |
| Provision for severance benefits | 5,804 | 16,779 | 13,137 |
| Amortization of debt issuance costs and original issue discount | 256 | 753 | 728 |
| Loss (gain) on foreign currency translation, net | (25,359) | (25,304) | 33,220 |
| Loss (gain) on disposal of property, plant and equipment, net | 16 | (174) | (15) |
| Loss on disposal of intangible assets, net | 11 | 26 | 17 |
| Restructuring and impairment charges | — | — | 4,096 |
| Stock-based compensation | 535 | 1,450 | 1,798 |
| Loss on early extinguishment of senior notes | — | — | 5,460 |
| Other | 16 | (332) | 651 |
| Changes in operating assets and liabilities | | | |
| Accounts receivable | (9,872) | (18,168) | (4,400) |
| Inventories | 2,972 | (8,526) | (4,400) |
| Other receivables | 793 | (1,787) | 836 |
| Other current assets | (9,513) | (662) | (3,196) |
| Deferred tax assets | 368 | 1,514 | 1,483 |
| Accounts payable | 2,818 | 17,472 | 15,072 |
| Other accounts payable | (10,377) | (700) | 7,157 |
| Accrued expenses | 5,871 | 13,761 | (18,278) |
| Other current liabilities | 2,839 | 9,450 | (1,209) |
| Payment of severance benefits | (753) | (5,569) | (6,549) |
| Other | (243) | (2,239) | 141 |
| Net cash provided by operating activities | <u>23,037</u> | <u>89,599</u> | <u>86,205</u> |
| Cash flows from investing activities | | | |
| Decrease (increase) in restricted cash | 5,140 | 6,774 | (9,711) |
| Proceeds from disposal of plant, property and equipment | 46 | 937 | 29 |
| Purchase of plant, property and equipment | (10,017) | (56,745) | (42,945) |
| Payment for intellectual property registration | (187) | (752) | (521) |
| Payment for acquisition | — | (8,642) | — |
| Decrease in short-term financial instruments | — | 173 | — |
| Collection of guarantee deposits | 2 | 72 | 984 |
| Payment of guarantee deposits | (135) | (311) | (2,489) |
| Other | 3 | (50) | (625) |
| Net cash used in investing activities | <u>(5,148)</u> | <u>(58,544)</u> | <u>(55,278)</u> |
| Cash flows from financing activities | | | |
| Proceeds from issuance of common stock | 253 | 436 | 8,835 |
| Repurchase of senior notes | — | — | (50,307) |
| Repayment of obligations under capital lease | — | (2,968) | (4,831) |
| Acquisition of treasury stock | (6,002) | (22,937) | — |
| Net cash used in financing activities | <u>(5,749)</u> | <u>(25,469)</u> | <u>(46,303)</u> |
| Effect of exchange rates on cash and cash equivalents | <u>(2,246)</u> | <u>(2,039)</u> | <u>2,672</u> |
| Net increase (decrease) in cash and cash equivalents | <u>9,894</u> | <u>3,547</u> | <u>(12,704)</u> |
| Cash and cash equivalents | | | |
| Beginning of the period | <u>155,764</u> | <u>162,111</u> | <u>172,172</u> |
| End of the period | <u>\$ 165,658</u> | <u>\$ 165,658</u> | <u>\$ 159,468</u> |