Magnachip

Magnachip Semiconductor (NYSE: MX)

Q1 2025 Earnings Materials

May 12, 2025

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 and financial performance, outlook and business plans, including second quarter and full year 2025 revenue and gross profit margin expectations, future growth and revenue opportunities from new and existing products and customers, the timing and extent of future revenue contributions by our products and businesses, and the impact of market conditions associated with inflation and higher interest rates, geopolitical conflicts including between Russia-Ukraine and between Israel-Hamas, sustained military action and conflict in the Red Sea, and global macroeconomic conditions resulting from trade and tariff actions instituted between the U.S. and other countries on Magnachip's future operating results and financial performance, and the timing and extent of future revenue contributions by our products and businesses, are based upon information available to Magnachip as of the date of this presentation and the accompanying press 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, among others: the impact of changes in macroeconomic conditions, including those caused by or related to recent trade and tariff actions announced by the U.S. globally and the related retaliatory tariffs and disruptions in supply chains and global trade as a result thereof, inflation, potential recessions or other deteriorations, economic instability or civil unrest; geopolitical conflicts, including between Russia-Ukraine and between Israel-Hamas and sustained military action and conflict in the Red Sea; manufacturing capacity constraints or supply chain disruptions that may impact our ability to deliver our products or affect the price of components, which may lead to an increase in our costs and impact demand for our products from customers who are similarly affected by such capacity constraints or disruptions; the impact of competitive products and pricing; timely acceptance of our designs by customers; timely introduction of new products and technologies; our ability to ramp new products into volume production; industry-wide shifts in supply and demand for semiconductor products; overcapacity within the industry or at Magnachip; 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 that can be eliminated; compliance with U.S. and international trade and export laws and regulations by us, our customers and our distributors; change to or ratification of local or international laws and regulations, including those related to environment, health and safety; public health issues; other business interruptions that could disrupt supply or delivery of, or demand for, Magnachip's products; and other risks detailed from time to time in Magnachip's filings with the U.S. Securities and Exchange Commission (the "SEC"), including our Form 10-K filed on March 14, 2025, 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.

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 may have limitations and should not be considered as a substitute for net income (loss) or as a better indicator of our operating performance than measures that are presented in accordance with GAAP. Reconciliation of GAAP results to non-GAAP results is also included in this presentation.

Q1 2025 Financial Summary – Continuing Operations

Revenue

	Q1 2025	MX Guidance Range	Q/Q Change	Y/Y Change*
Continuing Operations	$44.7 M	$42.0 – $47.0 M	down 8.5%	up 12.1%

- Q1 was the fourth consecutive quarter of year-over-year growth from continuing operations on an equivalent basis primarily driven by Power Analog Solutions (PAS) growth in Communications, as well as strength in Power IC.

Gross Profit Margin

	Q1 2025	MX Guidance Range	Q/Q Change	Y/Y Change*
Continuing Operations	20.9%	18.5 – 20.5%	down 2.3 pts	up 3.3 pts

- The upside versus guidance and year-over-year improvement was mostly due to the stronger-than-expected US dollar against the Korean Won.
- The sequential decline was mainly due to an unfavorable product mix.

EPS

	Q1 2025	Q4 2024	Q1 2024
GAAP Diluted Loss Per Share	($0.14)	($0.24)	($0.37)
Non-GAAP Diluted Earnings (Loss) Per Share	($0.10)	$0.12	($0.26)

* Year-over-year change was calculated based on the revenue and gross profit margin of PAS and PIC, and Transitional Fab 3 foundry services revenue and gross profit margin were excluded to be on an equivalent basis with Q1 2025.

Q1 2025 Report by Business

PAS

	Q1 2025	Q4 2024	Q/Q Change	Q1 2024	Y/Y change
Revenue	$39.9 M	$43.5 M	down 8.3%	$36.5 M	up 9.1%

PAS business revenue of $39.9 million was up 9.1% year-over-year and down 8.3% quarter-over-quarter, representing nearly 90% of Q1 consolidated revenue from continuing operations. In Q1, we released 27 new-generation Power discrete products that are ready for commercial sampling. By segment:

- **Industrial:** Had 25 design wins in Q1. Secured initial design wins for new Super Junction Gen 6 products for China lighting and e-motor applications.
- **Consumer:** Revenue increased 4.6% year-over-year.
- **Communication:** Revenue up 64% year-over-year. Secured the number one market share in BatteryFETs at major Korean smartphone end-customer, including the majority share of their flagship smartphone product lines which will soon utilize our new generation Gen 8 products.
- **Computing:** Had 8 design wins in Q1. Leveraging new Super Junction Gen 6 products to penetrate more of the PC power market in Taiwan; expect to benefit from a new notebook adapter design win moving into mass production in Q2 2025.
- **Automotive**: Had 5 design wins in Q1, up from two in the year ago period. Delivered strong growth driven by increased global expansion beyond Korea and Japan with new design wins for vehicles targeted in Europe and the USA.

PIC

	Q1 2025	Q4 2024	Q/Q Change	Q1 2024	Y/Y change
Revenue	$4.9 M	$5.4 M	down 10.0%	$3.4 M	up 44.1%

PIC business represented 11% of consolidated Q1 revenue from continuing operations. The 44.1% year-over-year growth was driven by strength for both TV-LED and OLED power ICs. The introduction of 20 new mid-to-low-end TV models by our customer for 2025 also led to strong sequential growth in TV-LED in Q1.

- Secured design wins in Q1 with leading notebook manufacturers in China and Korea, as well additional wins for LCD TV and monitors in Korea.

Q1 2025 Key Financials

(In $ millions, except for share data and days calculation)

Non-GAAP Metrics – Continuing Operations

Non-GAAP Metrics	Q1 2025	Q4 2024	Q1 2024
Adjusted Operating Loss	($5.4)	($4.5)	($8.6)
Adjusted EBITDA	($2.1)	($0.5)	($4.8)
Adjusted Income (Loss)	($3.8)	$4.6	($9.8)
Adjusted Earnings (Loss) per Common Share - Diluted	($0.10)	$0.12	($0.26)

Balance Sheet

Balance Sheet	Q1 2025	Q4 2024	Q1 2024
Cash and Cash Equivalents	$132.7	$138.6	$171.6
Days Sales Outstanding (DSO)	47 days	41 days	56 days
Days in Inventory	70 days	60 days	71 days
Total Stockholders’ Equity	$269.2	$276.8	$321.9

Q2 & 2025 Outlook – Continuing Operations

Beginning Q1 2025, the Company became a pure-play Power company, with the display business classified as discontinued operations and reported separately from continuing operations, which include PAS and Power IC business lines. While actual results may vary, Magnachip currently expects the following:

	Key Metrics	Guidance
Q2 2025	Revenue	• Consolidated revenue from continuing operations (which includes PAS and Power IC businesses) to be in the range of $45 to $49 million, up 5.2% sequentially and up 6.6% year-over-year at the mid-point on an equivalent basis. This compares with equivalent revenue of $44.7 million in Q1 2025 and $44.1 million in Q2 2024.
	Gross Profit Margin	• Consolidated gross profit margin from continuing operations to be in the range of 19.5% to 21.5%. This compares with equivalent gross profit margin of 20.9% in Q1 2025 and 22.5% in Q2 2024.

	Key Metrics	Guidance
Full-year 2025	Revenue	• Consolidated revenue from continuing operations to grow mid-to-high single digit year-over-year as compared with equivalent revenue of $185.8 million in 2024.
	Gross Profit Margin	• Consolidated gross profit margin from continuing operations between 19.5% to 21.5%, reflecting the fact that we have completed the wind down of Transitional Foundry Services and new generation power products will just begin production in the second half 2025. The equivalent gross profit margin was 21.5% in 2024.

2024 PAS and PIC Quarterly Revenue and Gross Profit

			[Unit : M$]	Power Analog Solutions	Power IC*	Total
Revenue	Power Solutions Business	2024 1Q	$39.9	$36.5	$3.4	$39.9
		2024 2Q	$44.1	$39.2	$4.8	$44.1
		2024 3Q	$53.0	$47.6	$5.4	$53.0
		2024 4Q	$48.9	$43.5	$5.4	$48.9
		2024 Total	$185.8	$166.8	$19.0	$185.8

			[Unit : M$]	Power Analog Solutions	Power IC*	Total
Gross Profit	Power Solutions Business	2024 1Q	$7.0	$5.6	$1.4	$7.0
		2024 2Q	$9.9	$7.7	$2.2	$9.9
		2024 3Q	$11.7	$9.2	$2.4	$11.7
		2024 4Q	$11.3	$8.9	$2.4	$11.3
		2024 Total	$39.9	$31.5	$8.4	$39.9

* The revenue and gross profit of the Power IC business line were reported under Mixed-Signal Solutions during 2024. The Power IC business line was transferred to Magnachip Semiconductor, Ltd. (“MSK”) effective January 1, 2025.

Q1 2025 Financial Highlights

In thousands of U.S. dollars, except share data

	GAAP[1]						
	Q1 2025	Q4 2024[1]	Q/Q change		Q1 2024[1]	Y/Y change	
Consolidated Revenues	44,722	51,153	down	12.6%	43,438	up	3.0%
Power solutions business	44,722	48,858	down	8.5%	39,912	up	12.1%
Power Analog Solutions	39,857	43,455	down	8.3%	36,535	up	9.1%
Power IC	4,865	5,403	down	10.0%	3,377	up	44.1%
Transitional Fab 3 foundry services[2]	—	2,295	n/a	—	3,526	n/a	—
Consolidated Gross Profit Margin	20.9%	21.7%	down	0.8%pts	14.6%	up	6.3%pts
Power solutions business	20.9%	23.2%	down	2.3%pts	17.6%	up	3.3%pts
Power Analog Solutions	17.8%	20.5%	down	2.7%pts	15.4%	up	2.4%pts
Power IC	46.5%	44.9%	up	1.6%pts	41.8%	up	4.7%pts
Transitional Fab 3 foundry services[2]	—	(11.0)%	n/a	—	(19.4)%	n/a	—
Operating Loss	(6,288)	(7,837)	up	n/a	(9,391)	up	n/a
Loss from continuing operations	(5,082)	(8,732)	up	n/a	(14,284)	up	n/a
Basic Loss per Common Share	(0.14)	(0.24)	up	n/a	(0.37)	up	n/a
Diluted Loss per Common Share	(0.14)	(0.24)	up	n/a	(0.37)	up	n/a

In thousands of U.S. dollars, except share data

	Non-GAAP[1][3]						
	Q1 2025	Q4 2024[1]	Q/Q change		Q1 2024[1]	Y/Y change	
Adjusted Operating Loss	(5,420)	(4,468)	down	n/a	(8,563)	up	n/a
Adjusted EBITDA	(2,073)	(466)	down	n/a	(4,803)	up	n/a
Adjusted Net Income (Loss)	(3,815)	4,634	down	n/a	(9,836)	up	n/a
Adjusted Earnings (Loss) per Common Share—Diluted	(0.10)	0.12	down	n/a	(0.26)	up	n/a

(1) GAAP and non-GAAP metrics summarized herein do not include any amounts relating to the Display business, which has been classified as discontinued operations from Q1 2025, and we have reclassified certain prior year amounts to conform to the current year's presentation.

(2) Following the consummation of the sale of the Foundry Services Group business and Fab 4 in Q3 2020, we provided transitional foundry services to the buyer for foundry products manufactured in our fabrication facility located in Gumi, Korea, known as "Fab 3" ("Transitional Fab 3 Foundry Services"). The contractual obligation to provide the Transitional Fab 3 Foundry Services ended August 31, 2023, and we had wound down these foundry services by the end of 2024. Because these foundry services during the wind-down period had still been provided to the same buyer by us using our Fab 3 based on mutually agreed terms and conditions, we continued to report our revenue from providing these foundry services and related cost of sales within the Transitional Fab 3 Foundry Services line in our consolidated statement of operations until such wind down was completed. Management believes that disclosing revenue of Transitional Fab 3 Foundry Services separately from the Power solutions business allows investors to better understand the results of our core PAS and Power IC businesses.

(3) 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 our 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 loss or as a better indicator of our operating performance than measures that are presented in accordance with GAAP. A reconciliation of historical GAAP results to non-GAAP results is included in this press release.

Appendix: GAAP to Non-GAAP Reconciliation

(In thousands of U.S. dollars)	Three Months Ended March 31, 2025	Three Months Ended December 31, 2024[1]	Three Months Ended March 31, 2024[1]
Operating loss– continuing operations	$ (6,288)	$ (7,837)	$ (9,391)
Adjustments:			
Equity-based compensation expense	868	1,780	828
Other charges	—	1,589	—
Adjusted Operating Loss– continuing operations	$ (5,420)	$ (4,468)	$ (8,563)

(1) We have reclassified prior period financial information to conform to the current year presentation that reflects the classification of the Display business as discontinued operations from Q1 2025.

We present Adjusted Operating Loss from continuing operations as a supplemental measure of our performance. We define Adjusted Operating Loss from continuing operations for the periods indicated as operating loss from continuing operations adjusted to exclude (i) Equity-based compensation expense and (ii) Other charges.

For the three months ended December 31, 2024, we recorded in our consolidated statement of operations $1,589 thousand of one-time cumulative financial impact in connection with certain employee benefits.

Appendix: GAAP to Non-GAAP Reconciliation

(In thousands of U.S. dollars, except share data)	Three Months Ended March 31, 2025	Three Months Ended December 31, 2024[1]	Three Months Ended March 31, 2024[1]
Loss from continuing operations	$ (5,082)	$ (8,732)	$ (14,284)
Adjustments:			
Interest income	(1,545)	(2,143)	(2,141)
Interest expense	449	474	185
Income tax expense (benefit), net	(401)	(10,337)	1,905
Depreciation and amortization	3,262	3,657	3,741
EBITDA – continuing operations	(3,317)	(17,081)	(10,594)
Equity-based compensation expense	868	1,780	828
Foreign currency loss, net	405	13,265	4,988
Derivative valuation gain, net	(29)	(19)	(25)
Other charges	—	1,589	—
Adjusted EBITDA – continuing operations	$ (2,073)	$ (466)	$ (4,803)
Loss from continuing operations	$ (5,082)	$ (8,732)	$ (14,284)
Adjustments:			
Equity-based compensation expense	868	1,780	828
Foreign currency loss, net	405	13,265	4,988
Derivative valuation gain, net	(29)	(19)	(25)
Other charges	—	1,589	—
Income tax effect on non-GAAP adjustments	23	(3,249)	(1,343)
Adjusted Income (Loss) – continuing operations	$ (3,815)	$ 4,634	$ (9,836)
Adjusted Income (Loss) – continuing operations per common share—			
- Basic	$ (0.10)	$ 0.13	$ (0.26)
- Diluted	$ (0.10)	$ 0.12	$ (0.26)
Weighted average number of shares – basic	36,887,841	36,921,300	38,544,781
Weighted average number of shares – diluted	36,887,841	37,738,210	38,544,781

(1) We have reclassified prior period financial information to conform to the current year presentation that reflects the classification of the Display business as discontinued operations from Q1 2025.

We present Adjusted EBITDA from continuing operations and Adjusted Income (Loss) from continuing operations as supplemental measures of our performance. We define Adjusted EBITDA from continuing operations for the periods indicated as EBITDA – continuing operations (as defined below), adjusted to exclude (i) Equity-based compensation expense, (ii) Foreign currency loss, net, (iii) Derivative valuation gain, net and (iv) Other charges. EBITDA – continuing operations for the periods indicated is defined as loss from continuing operations before interest income, interest expense, income tax expense (benefit), net and depreciation and amortization.

We prepare Adjusted Income (Loss) from continuing operations by adjusting loss from continuing operations 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 Income (Loss) from continuing operations is particularly useful because it reflects the impact of our asset base and capital structure on our operating performance. We define Adjusted Income (Loss) from continuing operations for the periods as net loss, adjusted to exclude (i) Equity-based compensation expense, (ii) Foreign currency loss, net, (iii) Derivative valuation gain, net, (iv) Other charges and (v) Income tax effect on non-GAAP adjustments.

For the three months ended December 31, 2024, we recorded in our consolidated statement of operations $1,589 thousand of one-time cumulative financial impact in connection with certain employee benefits.