
**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): January 10, 2017

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))
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Item 2.02. Results of Operations and Financial Condition.

Attached hereto as Exhibit 99.1 and incorporated by reference herein is preliminary financial information for MagnaChip Semiconductor Corporation (the "Company") and its consolidated subsidiaries for the fourth quarter ended December 31, 2016, as presented in a press release dated January 10, 2017.

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 7.01. Regulation FD Disclosure.

On January 10, 2017, the Company announced the proposed unregistered offering (the "Notes Offering") by MagnaChip Semiconductor S.A. of up to \$65.0 million principal amount of exchangeable senior notes due 2021.

The Company is disclosing under Item 7.01 the information attached as Exhibit 99.2, which information is incorporated by reference herein. This information, which has not been previously reported, is included in a preliminary offering memorandum or accompanying management presentation that is being disseminated in connection with the Notes Offering.

The information disclosed under this Item 7.01, including Exhibit 99.2 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 8.01. Other Events.

On January 10, 2017, the Company issued a press release announcing the Notes Offering. A copy of the press release is filed as Exhibit 99.3 hereto and is incorporated by reference herein.

This Current Report does not constitute an offer to sell or the solicitation of an offer to buy any security, nor shall there be any offer, solicitation or sale of any security, in any jurisdiction in which such offering, solicitation or sale would be unlawful.

Safe Harbor for Forward-Looking Statements

This Current Report on Form 8-K contains "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 in this report, including statements about our future operating and financial performance, may change, and the Company assumes no obligation to update any such forward-looking statements. These statements are not guarantees of future performance and actual results could differ materially from the Company's current expectations. Factors that could cause or contribute to such differences include the risks and uncertainties detailed from time to time in the Company's filings with the Securities and Exchange Commission, as well as the possibility that the Court may fail to approve the terms of the proposed settlement at the final approval hearing. 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.

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 January 10, 2017.
99.2	Recent Developments.
99.3	Press release of MagnaChip Semiconductor Corporation dated January 10, 2017.

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: January 10, 2017

By: /s/ Theodore Kim

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

MagnaChip Semiconductor Pre-Announces Preliminary Fourth Quarter 2016 Financial Results

SEOUL, South Korea and SAN JOSE, Calif., Jan. 10, 2017 — MagnaChip Semiconductor (NYSE: MX), a Korea-based designer and manufacturer of analog and mixed-signal semiconductor products, today pre-announced preliminary financial results for the fourth quarter of 2016.

Revenue in the fourth quarter now is estimated to be approximately \$180 million and gross profit margin is expected to be approximately 25%. These preliminary financial results for the fourth quarter of 2016 compare with the Company's previous fourth quarter forecast on October 27, 2016 of revenue in the range of \$174-180 million and gross profit margin in the range of 22-24%.

The Company's preliminary financial results in the fourth quarter of 2016 benefited primarily from a richer-than-expected product mix and a larger-than-expected increase in foundry revenue. Gross profit margin in both the Foundry Services Group and the Standard Products Group improved sequentially in the fourth quarter of 2016, and gross profit margin for the AMOLED product line continued to exceed the corporate average in the fourth quarter of 2016. Adjusted EBITDA now is estimated to be higher in the fourth quarter of 2016 as compared to the prior third quarter, based on preliminary financial results for the fourth quarter of 2016.

These preliminary estimates are not a comprehensive statement of our fourth quarter 2016 financial results and actual results may differ materially from these estimates.

The Company expects to announce full financial results for the fourth quarter on February 9 at 4:15 p.m. ET and will host an investor conference call.

“We ended 2016 on a strong note, as estimated revenue came in at the high end of the Company’s previous guidance and estimated gross profit margin exceeded the top end of the guidance range,” said YJ Kim, CEO of MagnaChip Semiconductor. “Our preliminary financial results in the fourth quarter of 2016 continued to demonstrate the ongoing progress of our business turnaround strategy.”

About MagnaChip Semiconductor Corporation

MagnaChip is a Korea-based designer and manufacturer of analog and mixed-signal semiconductor products for high-volume consumer, communication, industrial and computing applications. The Company’s Display Solutions, Power Solutions, and Foundry Services Groups provide a broad range of standard products and manufacturing services to customers worldwide.

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. 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 February 22, 2016 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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Recent Developments

Fourth Quarter 2016 Preliminary Financial Results

As of January 10, 2017, we estimate revenue for the quarter ended December 31, 2016 to be approximately \$180 million, and we estimate gross margin for the quarter ended December 31, 2016 to be approximately 25%. In addition, we estimate Adjusted EBITDA for the quarter ended December 31, 2016 to be higher than Adjusted EBITDA for the quarter ended September 30, 2016.

The Company's preliminary financial results in the fourth quarter of 2016 benefited primarily from a richer-than-expected product mix and a larger-than-expected increase in foundry revenue. Gross profit margin in both the Foundry Services Group and the Standard Products Group improved sequentially in the fourth quarter of 2016, and gross profit margin for the AMOLED product line continued to exceed the corporate average in the fourth quarter of 2016.

These preliminary estimates are not a comprehensive statement of our financial results for the quarter or year ended December 31, 2016. These preliminary estimates have been prepared by, and are the responsibility of our management. Our independent registered public accounting firm, Samil PricewaterhouseCoopers has not audited, reviewed or compiled, examined or performed any procedures with respect to the estimated results, and has not expressed any opinion or any other form of assurance on the preliminary estimated financial results. Our actual results may differ materially from these estimates due to the completion of our accounting closing procedures, final adjustments and other developments that may arise between now and the time the financial results for the year ended December 31, 2016 are finalized. See "Safe Harbor for Forward-Looking Statements" in this Current Report.

We do not expect to disclose publicly whether or not our expectations have changed or to update our expectations, other than through the release of actual results in the ordinary course of business. These preliminary results should be read in conjunction with MagnaChip's historical consolidated financial statements, including related notes, "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in our 2015 Annual Report on Form 10-K for the year ended December 31, 2015 and our Quarterly Report on Form 10-Q for the nine months ended September 30, 2016.

2017 Cost Reduction Program

We plan to use approximately \$30-40 million of the net proceeds of the offering for a cost reduction program to be implemented during the first half of 2017 (the "2017 Cost Reduction Program"). We believe that a headcount reduction will reduce operating costs and improve gross profit, while still preserving the Company's ability to grow and serve customer needs.

The 2017 Cost Reduction Program is part of an ongoing and comprehensive, multi-phase turnaround strategy instituted by our management in mid-2015, intended to increase revenue, engage with global IC customers, increase our fabrication facility utilization rates, reduce costs and improve profit margins. The Company previously closed a legacy 6" fabrication facility in Cheongju, Korea in the first quarter of 2016 and commenced a voluntary resignation program (the "2016 Program") in the second quarter of 2016, which was available to certain manufacturing employees. Under the 2016 Program, 169 manufacturing employees elected to resign, which is expected to save the

Company approximately \$8 million in spending per year with a payback period of approximately 1.5 years. We anticipate that the mix of employees participating in the 2017 Cost Reduction Program will include senior-level employees in both manufacturing and non-manufacturing roles, including those in general and administrative functions, which we expect will ultimately result in greater cost savings per employee. We anticipate that the Company's workforce reduction related to the 2017 Cost Reduction Program will be two to three times larger than the 2016 Program with an expected payback period of approximately 1.5 years.

Any cost savings and payback period associated with the 2017 Cost Reduction Program are subject to numerous variables and uncertainties, many of which are outside of our control. As a result, there is a possibility that actual cost savings and the payback period associated with the 2017 Cost Reduction Program will vary materially from our current expectations.

Stock Repurchase Program

On January 10, 2016, our board of directors (the "Board") authorized a \$10 million stock repurchase program covering the purchase of shares of our common stock in open market, privately negotiated or other transactions (our "Stock Repurchase Program"). There can be no guarantee as to the exact number of shares or value that will be repurchased under the Stock Repurchase Program, and we may discontinue purchases at any time. Whether we make any repurchases will depend on many factors, including but not limited to our business and financial performance, the business and market conditions at the time, including the price of our shares, and other factors that management considers relevant.

Recent Developments

Q4'16 Preliminary Estimates ⁽¹⁾

- On track to meet the high end of revenue guidance and surpass gross margin guidance for Q4 '16
 - Prior Q4 '16 revenue and gross margin guidance was \$174mm - \$180mm and 22% - 24%, respectively, and we estimate approximately \$180mm in revenue and approximately 25% in gross margin
- We estimate revenue of approximately \$688mm in 2016 (includes approximately \$64mm decline in FSG's 6" fab revenue compared to 2015)
- Q4 '16 Adj. EBITDA is expected to be higher than Q3 '16

Other Business Updates

- Cash flow and liquidity have improved
 - Adj. EBITDA margin improved to 5.2% for the first three quarters of 2016 compared to 0.4% for the same period in 2015
 - Cash balance increased from \$68.5mm as of Q3'15 to \$75.4mm as of Q3'16
- Revenue enhancement initiatives:
 - Expanded AMOLED business and aligned resources with market demand
 - Increased marketing activities to attract new foundry customers
- Margin improvement initiatives:
 - Achieved \$50mm in spending reductions in 2015
 - Optimized product portfolio to improve margin and enhance engineering resource allocation
 - Closed lower-margin legacy 6" fab in February 2016
 - Reduced manufacturing headcount by 169 in 2016 to achieve approximately \$8mm in expected annual savings
 - Contemplated headcount reduction is expected to be approximately 2 to 3 times larger with a greater mix of higher paid employees and expected payback in approximately 1.5 years

¹ The Company is currently in the process of finalizing its financial results for the three months ended December 31, 2016 and the year ended December 31, 2016. Set forth in this presentation are certain preliminary estimates for the three months ended December 31, 2016, based on the most current information available to management, as of the date of this presentation. The Company's actual results may differ materially from these estimates due to the completion of its financial closing procedures, final adjustments and other developments that may arise between now and the time the financial results for the three months ended December 31, 2016 are finalized.

News Release

MagnaChip Announces Proposed \$65 Million Private Offering of Exchangeable Senior Notes and Stock Repurchase

SEOUL, South Korea and SAN JOSE, Calif., Jan. 10, 2017—MagnaChip Semiconductor Corporation (NYSE: MX) (the “Company,” and together with its subsidiaries, “MagnaChip”), announced today the proposed offering by its wholly-owned subsidiary, MagnaChip Semiconductor S.A., of \$65 million aggregate principal amount of Exchangeable Senior Notes due 2021 (the “Notes”) through a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. MagnaChip expects to grant the initial purchasers of the Notes a 30-day option to purchase up to an additional \$9.75 million aggregate principal amount of the Notes on the same terms and conditions.

The Notes will be exchangeable, subject to certain conditions, into common stock of the Company. The interest rate, exchange rate and other terms of the Notes will be determined by negotiations between MagnaChip and the initial purchasers of the Notes.

MagnaChip plans to use the net proceeds from the offering of the Notes (i) for its anticipated cost reduction program to be implemented during the first half of 2017 (approximately \$30-40 million), (ii) for capital expenditures (approximately \$15-20 million), (iii) to repurchase common stock as part of its stock repurchase program described below (up to \$10 million) and (iv) for general corporate purposes.

The Board of Directors of the Company also authorized a stock repurchase program.

This notice does not constitute an offer to sell or a solicitation of an offer to buy any security. Any offers of the Notes will be made only by means of a private offering memorandum. The Notes and the Company’s common stock issuable upon exchange of the Notes, if any, have not been registered under the Securities Act of 1933, as amended, or the securities laws of any other jurisdiction and may not be offered or sold absent registration or an applicable exemption from registration requirements.

About MagnaChip Semiconductor Corporation

MagnaChip is a Korea-based designer and manufacturer of analog and mixed-signal semiconductor products for high-volume consumer, communication, industrial and computing applications. The Company’s Display Solutions, Power Solutions, and Foundry Services Groups provide a broad range of standard products and manufacturing services to customers worldwide.

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. 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 February 22, 2016 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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