

MAGNACHIP SEMICONDUCTOR Corp
Form 8-K
February 23, 2017

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): February 22, 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.)
Not Applicable

Edgar Filing: MAGNACHIP SEMICONDUCTOR Corp - Form 8-K

c/o MagnaChip Semiconductor S.A.
1, Allée Scheffer, L-2520
Luxembourg, Grand Duchy of Luxembourg
(Address of Principal Executive Offices) (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 2.05. Costs Associated with Exit or Disposal Activities.

On February 22, 2017, the Board of Directors of MagnaChip Semiconductor Corporation (the Company) approved the implementation of a new headcount reduction plan (the Plan). The Plan is expected to result in estimated annual cost savings of \$20 million to \$27 million, depending upon the final size of the workforce reduction.

The total estimated cost of the Plan is approximately \$27 to \$37 million, all of which is expected to consist of cash expenditures, depending on the size and seniority of the participants and the terms under which those employees agree to separate. Approximately one-half of the cost is estimated to be statutory severance benefits, which are required by law and have already been fully accrued in the Company's financial statements, and the remaining amount is estimated to be termination benefits payable under the Plan. The Company intends to use a portion of the net proceeds from the Company's previously announced offering by its wholly owned subsidiary, MagnaChip Semiconductor S.A., of \$86.25 million aggregate principal amount of its 5.00% Exchangeable Senior Notes due 2021, to make such payments under the Plan, substantially all of which is estimated to be paid out during the first half of 2017. The Company expects to record a charge related to the other termination benefits payable under the Plan during the first quarter of 2017.

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 expectations about costs and cost savings related to the Plan, are based upon information available to the Company as of the date of this report, which 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. 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.

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: February 23, 2017

By: /s/ Theodore Kim
Theodore Kim
Chief Compliance Officer, Executive Vice President, General
Counsel and Secretary