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ON SEMICONDUCTOR QUARTERLY INVESTOR PRESENTATION

FIRST QUARTER 2021

MAY 2021

Public Information



SAFE HARBOR STATEMENT AND NON-GAAP AND FORECAST INFORMATION

This document includes “forward-looking statements,” as that term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included or incorporated in this document could be deemed forward-looking statements, particularly statements about the future financial performance of ON Semiconductor, including financial guidance for the year ending December 31, 2021. Forward-looking statements are often characterized by the use of words such as “believes,” “estimates,” “expects,” “projects,” “may,” “will,” “intends,” “plans” or “anticipates” or by discussions of strategy, plans or intentions. All forward-looking statements in this document are made based on our current expectations, forecasts, estimates and assumptions and involve risks, uncertainties and other factors that could cause results or events to differ materially from those expressed in the forward-looking statements. Additional factors that could affect our future results or events are described under Part I, Item 1A “Risk Factors” in our 2020 Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on February 16, 2021 (our “2020 Form 10-K”) and from time to time in our other SEC reports. Readers are cautioned not to place undue reliance on forward-looking statements. We assume no obligation to update such information, except as may be required by law. You should carefully consider the trends, risks and uncertainties described in this document, our 2020 Form 10-K and other reports filed with or furnished to the SEC before making any investment decision with respect to our securities. If any of these trends, risks or uncertainties actually occurs or continues, our business, financial condition or operating results could be materially adversely affected, the trading prices of our securities could decline, and you could lose all or part of your investment. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this cautionary statement.



Highlights

Q1 2021

- Revenue of \$1,481.7 million, up 16% year-over-year
- GAAP and non-GAAP gross margin of 35.2%
- GAAP EPS of \$0.20 and non-GAAP EPS of \$0.35

End Market Commentary

- Record automotive revenue of \$515 million increased 5 percent sequentially
- Industrial Revenue of \$371 million increased 4 percent sequentially

Q2 2021 Guidance

- Revenue: \$1,570 to \$1,670 million
- Gross Margin: 35.8% - 37.8%
- Operating expenses: GAAP - \$373 - \$391 million; non-GAAP \$323 - to \$337 million
- GAAP EPS of \$0.29 to \$0.38 and non-GAAP EPS of \$0.44 to \$0.54



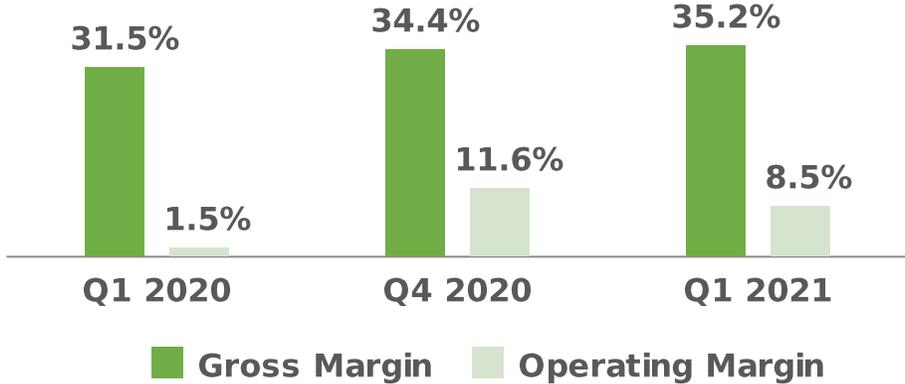
Q1 21 Financial Highlights - GAAP

Revenue

(\$ Millions)

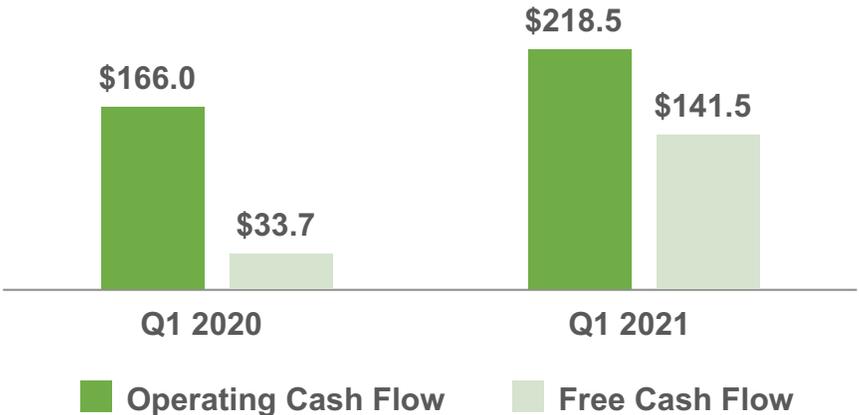


Gross Margin and Operating Margin



Operating Cash Flow¹ and Free Cash Flow²

(\$ Millions)



Diluted Earnings Per Share



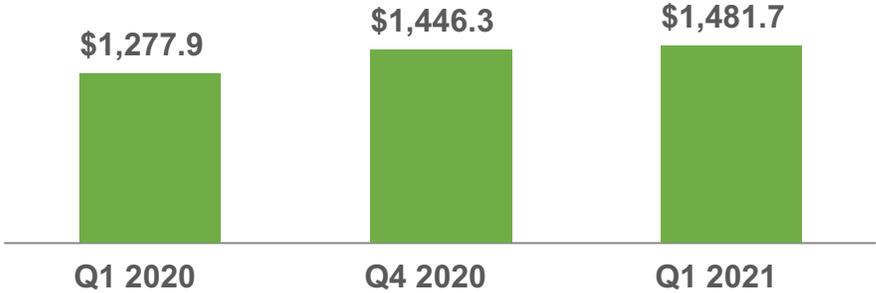
1. Operating Cash Flow and Net cash provided by operating activities are the same GAAP measure and used interchangeably in the presentation
 2. Free Cash flow is a Non GAAP metric; added for comparison



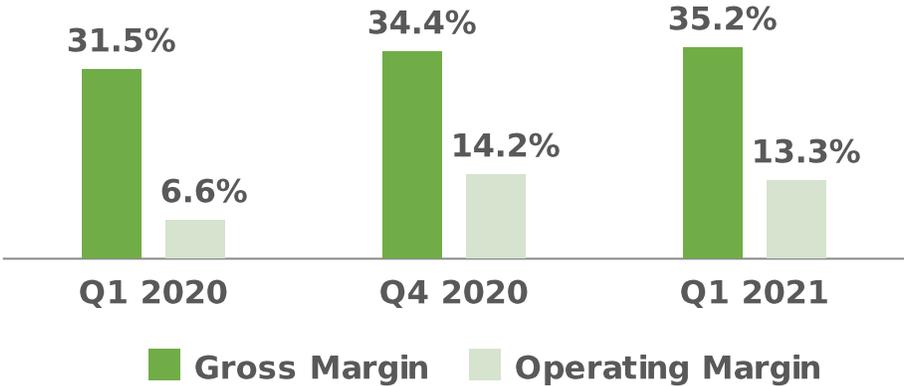
Q1 21 Financial Highlights - Non-GAAP¹

Revenue

(\$ Millions)

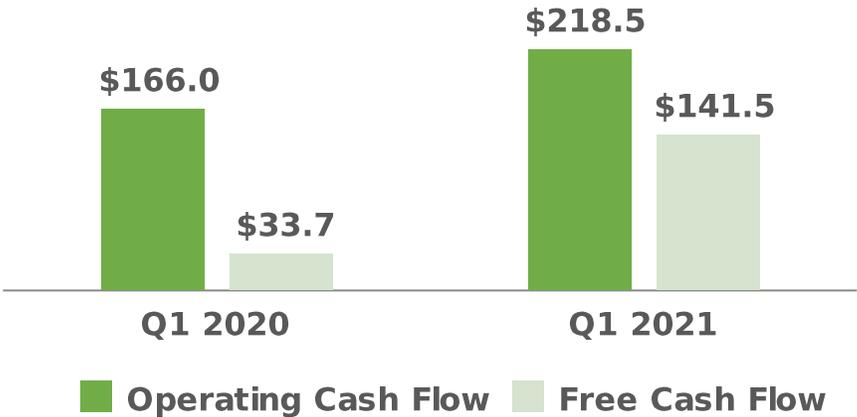


Gross Margin and Operating Margin

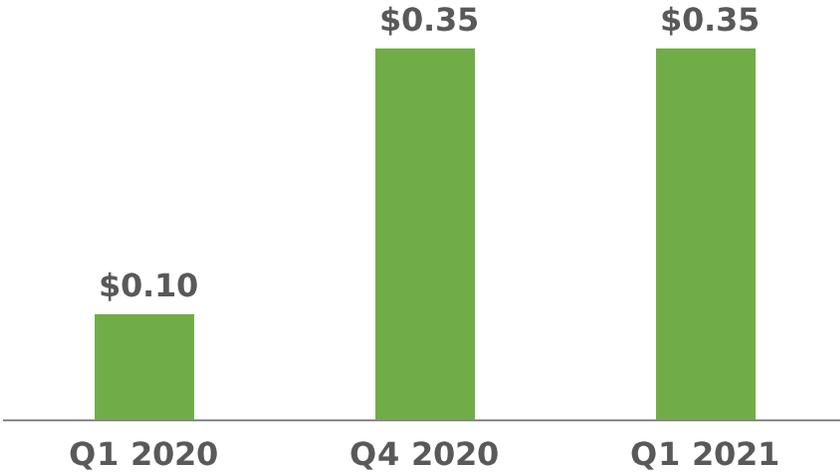


Operating Cash Flow² and Free Cash Flow

(\$ Millions)



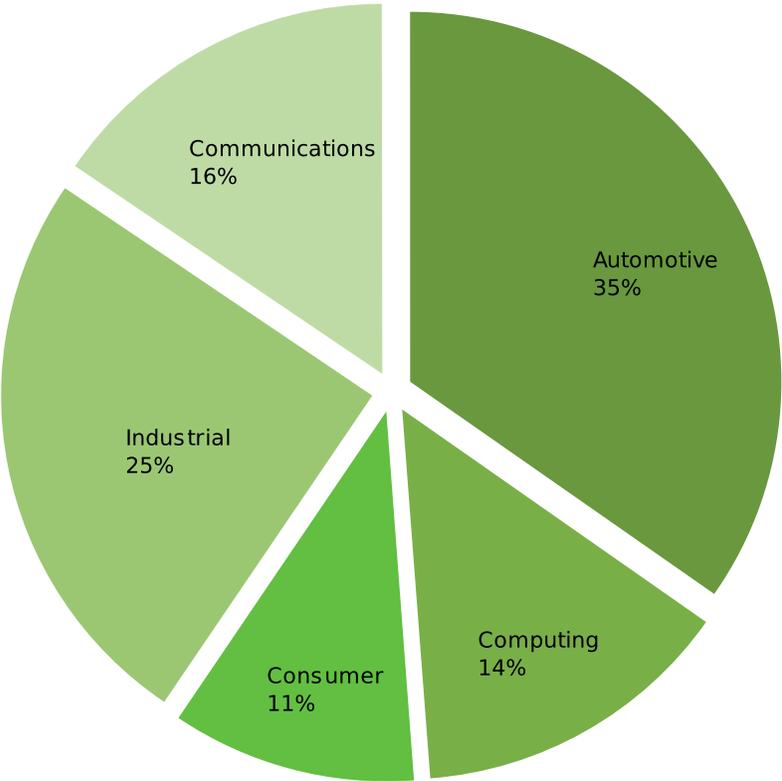
Diluted Earnings Per Share



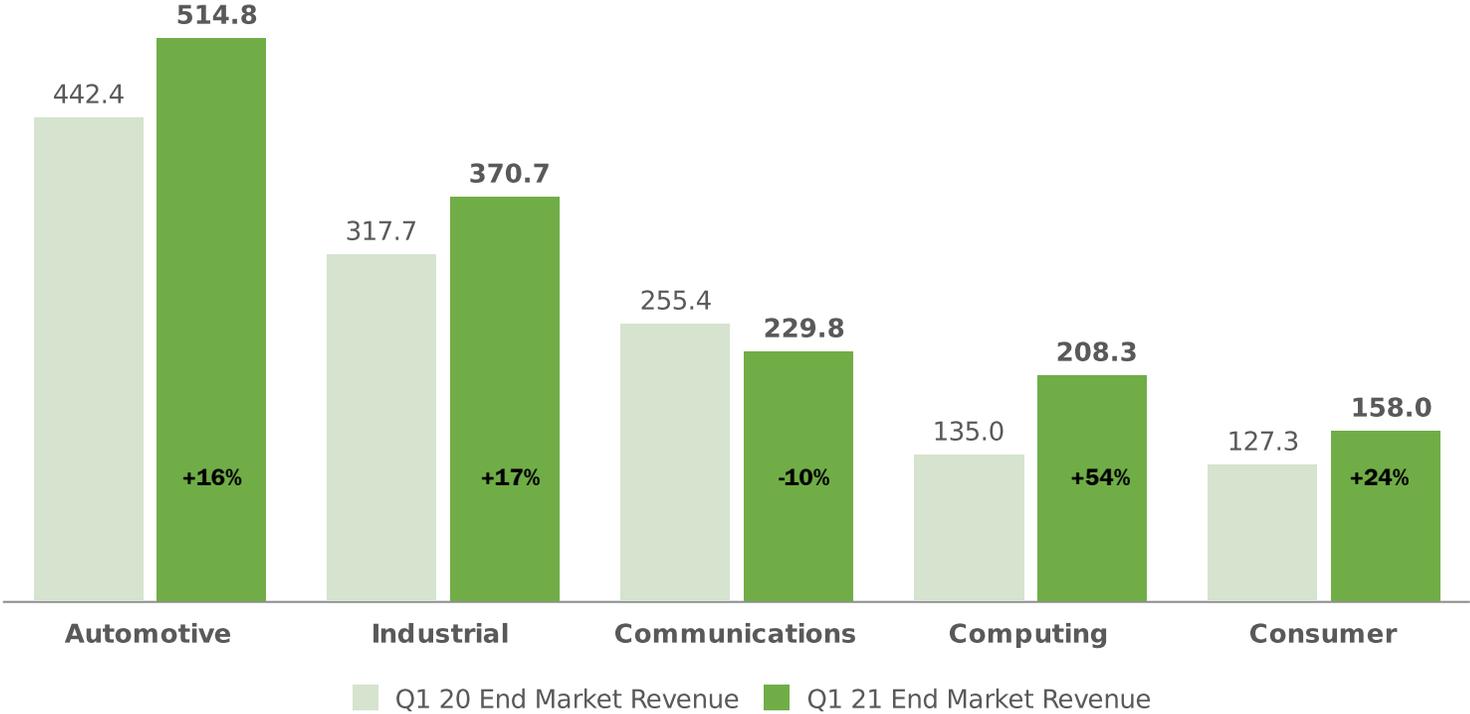
1. See Appendix for GAAP to Non GAAP Reconciliation
 2. Operating Cash flow is a GAAP metric; added for comparison. Operating Cash Flow and Net cash provided by operating activities are the same GAAP measure and used interchangeably in the presentation

Q1 21 Unaudited Revenue Split

Q1 2021 End Market Revenue



Q1 2021 and Q1 2020 End Market Revenue and Change



*Amounts may not total due to rounding of individual amounts.

Q2 2021 Guidance

	Total ON Semiconductor GAAP	Special Items ***	Total ON Semiconductor Non-GAAP****
Revenue	\$1,570 to \$1,670 million		\$1,570 to \$1,670 million
Gross Margin	35.8% to 37.8%		35.8% to 37.8%
Operating Expenses	\$373 to \$391 million	\$50 to \$54 million	\$323 to \$337 million
Other Income and Expense (including interest expense), net	\$32 to \$35 million	\$4 to \$5 million*	\$28 to \$30 million
Diluted Earnings Per Share	\$0.29 to \$0.38	\$0.15 to \$0.16	\$0.44 to \$0.54
Diluted Share Count **	448 million	13 million	435 million



NOTES TO Q2 2021 GUIDANCE

* Convertible Notes, Non-cash Interest Expense is calculated pursuant to FASB's Accounting Standards Codification Topic 470: Debt.

** Diluted shares outstanding can vary as a result of, among other things, the actual exercise of options or vesting of restricted stock units, the incremental dilutive shares from the Company's convertible senior subordinated notes, and the repurchase or the issuance of stock or convertible notes or the sale of treasury shares. In periods when the quarterly average stock price per share exceeds \$20.72, the non-GAAP diluted share count and non-GAAP net income per share include the anti-dilutive impact of the Company's hedge transactions issued concurrently with the 1.625% convertible notes. At an average stock price per share between \$20.72 and \$30.70, the hedging activity offsets the potentially dilutive effect of the 1.625% convertible notes. In periods when the quarterly average stock price exceeds \$25.96 for the 1.00% Notes and \$30.70 for the 1.625% Notes, the dilutive impact of the warrants issued concurrently with such notes is included in the diluted shares outstanding. Both GAAP and non-GAAP diluted share counts are based on the Company's stock price as of April 2, 2021.

*** Special items may include: amortization of acquisition-related intangibles; expensing of appraised inventory fair market value step-up; purchased in-process research and development expenses; restructuring, asset impairments and other, net; goodwill impairment charges; gains and losses on debt prepayment; non-cash interest expense; actuarial (gains) losses on pension plans and other pension benefits; and certain other special items, as necessary. These special items are out of our control and could change significantly from period to period. As a result, we are not able to reasonably estimate and separately present the individual impact or probable significance of these special items, and we are similarly unable to provide a reconciliation of the non-GAAP measures. The reconciliation that is unavailable would include a forward-looking income statement, balance sheet and statement of cash flows in accordance with GAAP. For this reason, we use a projected range of the aggregate amount of special items in order to calculate our projected non-GAAP operating expense outlook.

**** We believe these non-GAAP measures provide important supplemental information to investors. We use these measures, together with GAAP measures, for internal managerial purposes and as a means to evaluate period-to-period comparisons. However, we do not, and you should not, rely on non-GAAP financial measures alone as measures of our performance. We believe that non-GAAP financial measures reflect an additional way of viewing aspects of our operations that, when taken together with GAAP results and the reconciliations to corresponding GAAP financial measures that we also provide in our releases, provide a more complete understanding of factors and trends affecting our business. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures, even if they have similar names.



APPENDIX - RECONCILIATION OF GAAP VERSUS NON-GAAP MEASURES

ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
ANALYSIS OF GAAP VERSUS NON-GAAP DISCLOSURES
(in millions, except per share and percentage data)

	Quarter Ended		
	April 2, 2021	December 31, 2020	April 3, 2020
Reconciliation of GAAP operating margin to non-GAAP operating margin:			
GAAP operating margin	8.5%	11.6%	1.5%
Special items:			
a) Amortization of acquisition-related intangible assets	1.7%	2.0%	2.5%
b) Restructuring, asset impairments and other charges, net	2.9%	0.5%	2.6%
c) Goodwill and intangible asset impairment	0.2%	0.0%	0.0%
d) Third party acquisition and divestiture related costs	0.0%	0.0%	0.0%
Total Special items	4.8%	2.5%	5.1%
Non-GAAP operating margin	13.3%	14.2%	6.6%
Reconciliation of GAAP net income (loss) attributable to ON Semiconductor Corporation to non-GAAP net income attributable to ON Semiconductor Corporation:			
GAAP net income attributable to ON Semiconductor Corporation	\$ 89.9	\$ 89.0	\$ (14.0)
Special items:			
a) Amortization of acquisition-related intangible assets	25.0	29.3	32.3
b) Restructuring, asset impairments and other charges, net	42.5	7.2	32.8
c) Goodwill and intangible asset impairment	2.9	-	-
d) Third party acquisition and divestiture related costs	0.2	0.7	0.3
e) Actuarial (gains) losses on pension plans and other pension benefits	-	4.0	-
f) Non-cash interest on convertible notes	4.6	8.8	9.5
g) Adjustment of income taxes	(13.8)	8.1	(18.1)
Total Special items	61.4	58.1	56.8
Non-GAAP net income attributable to ON Semiconductor Corporation	\$ 151.3	\$ 147.1	\$ 42.8
Reconciliation of GAAP diluted share count to non-GAAP diluted share count:			
GAAP diluted share count	445.4	431.6	410.6
Special items:			
a) Less: dilutive share count attributable to convertible notes	(12.8)	(14.8)	-
b) Add: dilutive shares attributed to share-based awards	-	-	2.2
Total Special items	(12.8)	(14.8)	2.2
Non-GAAP diluted share count	\$ 432.6	\$ 416.8	\$ 412.8
Non-GAAP diluted earnings per share			
Non-GAAP net income attributable to ON Semiconductor Corporation	\$ 151.3	\$ 147.1	\$ 42.8
Non-GAAP diluted share count	432.6	416.8	412.8
Non-GAAP diluted earnings per share	\$ 0.35	\$ 0.35	\$ 0.10
Reconciliation of Net cash provided by operating activities to free cash flow:			
Net cash provided by operating activities	\$ 218.5	400.4	166.0
Special items:			
a) Purchase of property, plant and equipment	(77.0)	(116.4)	(132.3)
Total Special items	(77.0)	(116.4)	(132.3)
Free cash flow	\$ 141.5	\$ 284.0	\$ 33.7

