



# Quarterly Investor Presentation

## Fourth Quarter and Fiscal Year 2021

# 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 onsemi, including financial guidance for the first fiscal quarter of 2022. Forward-looking statements are often characterized by the use of words such as “believes,” “estimates,” “expects,” “projects,” “may,” “will,” “intends,” “plans,” “anticipates,” “should” or similar expressions 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. Certain 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 Part II, Item IA “Risk Factors” in each of our Quarterly Reports on Form 10-Q filed with the SEC for the quarters ended April 2, 2021, July 2, 2021, and October 1, 2021, 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.

# Creating Shareholder Value



Aligned to **fast-growing secular megatrends** in automotive and industrial end markets



Significant **gross margin expansion** driven by manufacturing consolidation, portfolio optimization and mix



Significant **growth in Free Cash Flow** – disciplined and shareholder-friendly investment policy



New leadership with history of execution and driving **transformation**



Disciplined execution to drive **sustainable results**

# The **onsemi** Customer Promise

We add intelligence through integration to create value-based solutions

We drive disruptive technologies to empower a strong sustainable ecosystem



onsemi's Intelligent Power and Sensing solutions give customers the power of the "AND" while delivering the most advanced features to achieve optimal results



**Power** and **Sensing** go hand-in-hand. Together, they are driving **massive disruption** in industrial and automotive markets



**Synergistic goals** drive investments in **industrial automation** for all industries, including automotive

## Intelligent Power and Sensing are a Winning Combination

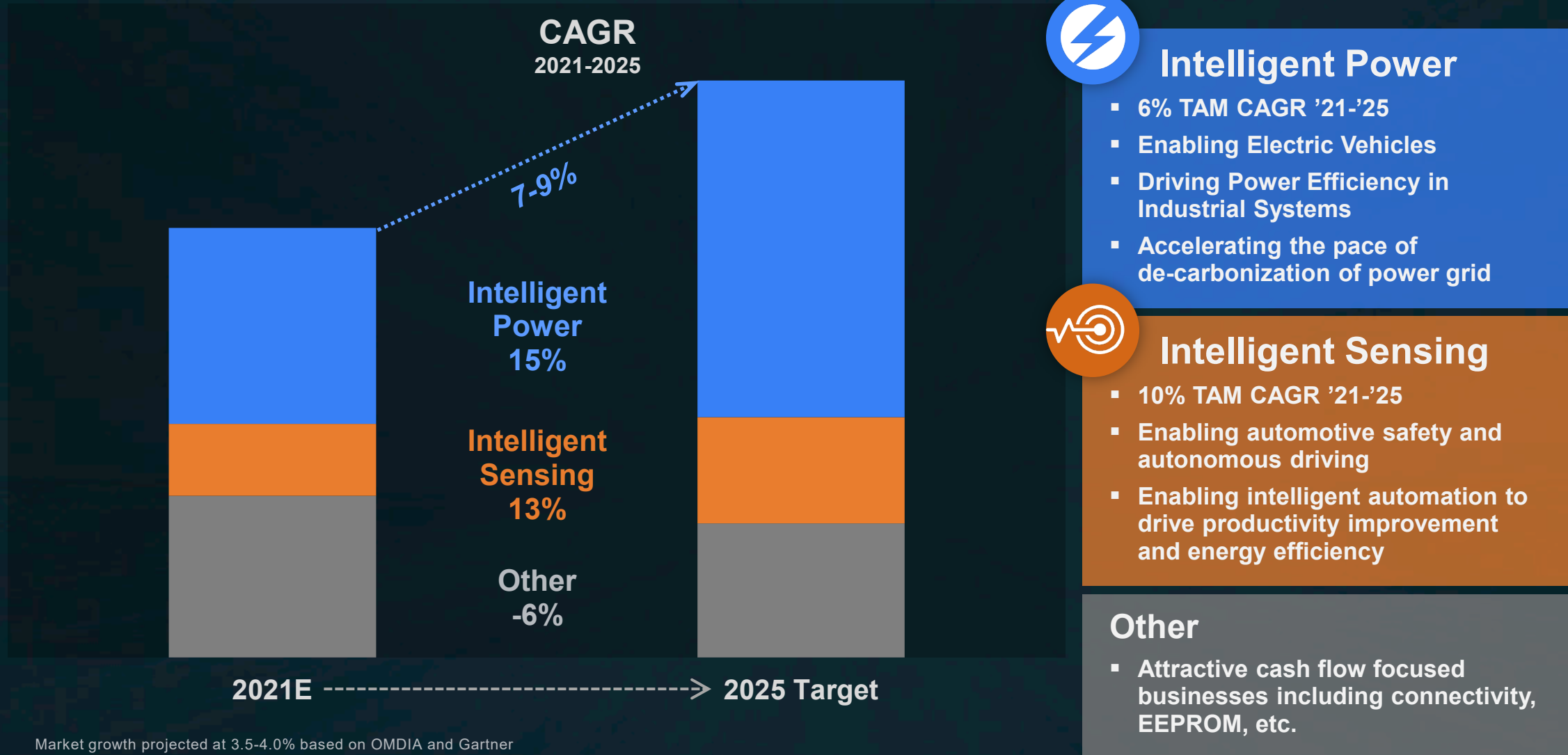


Customers value **innovation** and differentiation, to develop a **sustainable ecosystem**



Trends in **adjacent markets** present new **opportunities** to **leverage** similar technologies, e.g., Cloud Power

# Intelligent Power and Sensing Drive 2X Market Growth



Market growth projected at 3.5-4.0% based on OMDIA and Gartner

Intelligent Power – includes Power discrete, power modules, Analog Power IC

Intelligent Sensing – includes image sensors, LIDAR, Ultrasonic sensor interface, image processors

Other – includes connectivity, logic, MCU, Optocouplers, EEPROMs, small signal products, Zener diodes, etc.

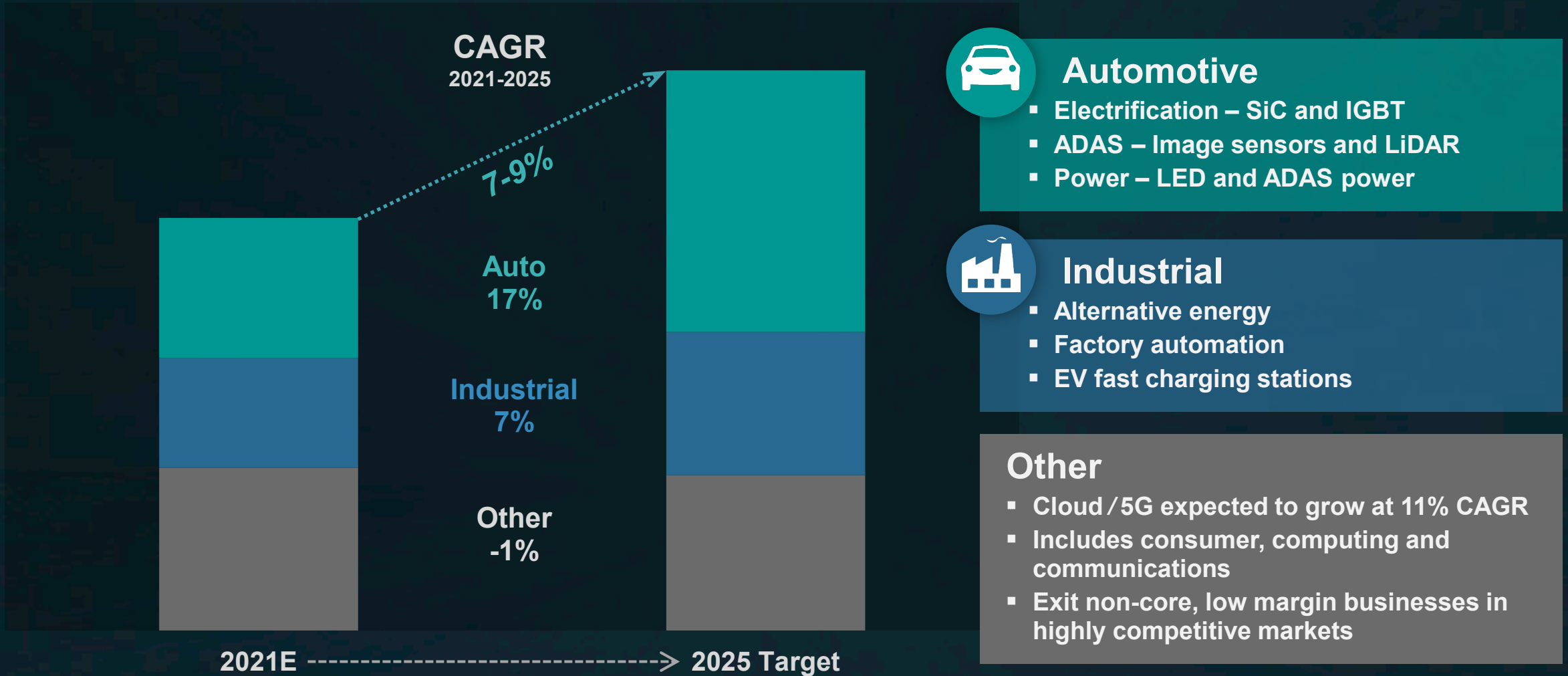
Sources:

OMDIA – Power Discrete & Module Market Tracker – Preliminary – 2020, Jul '21

OMDIA – Power IC Market Tracker – Preliminary 2020, May '21

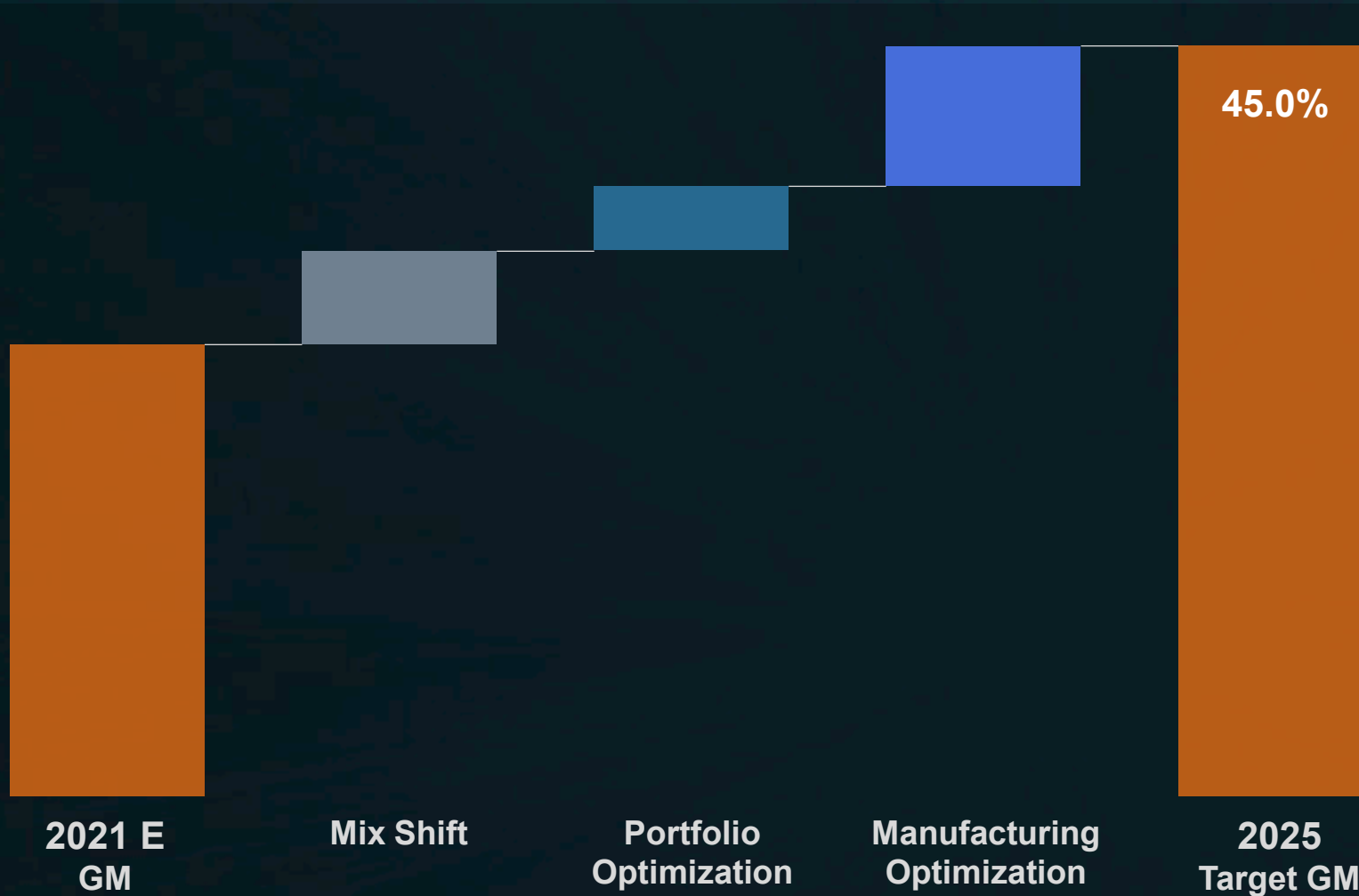
Use 2021-24 CAGR as growth rate for 2025 Power IC in Power

# Automotive and Industrial to Fuel Growth



**Auto and Industrial to Grow to 75% of Revenue from 60% in 2021**

# Execution Drives to 45% Gross Margin Target



## Mix Shift

- Product leadership drives shift to higher margin automotive and industrial end markets
- Investing R&D in highly differentiated products at accretive margins

## Portfolio Optimization

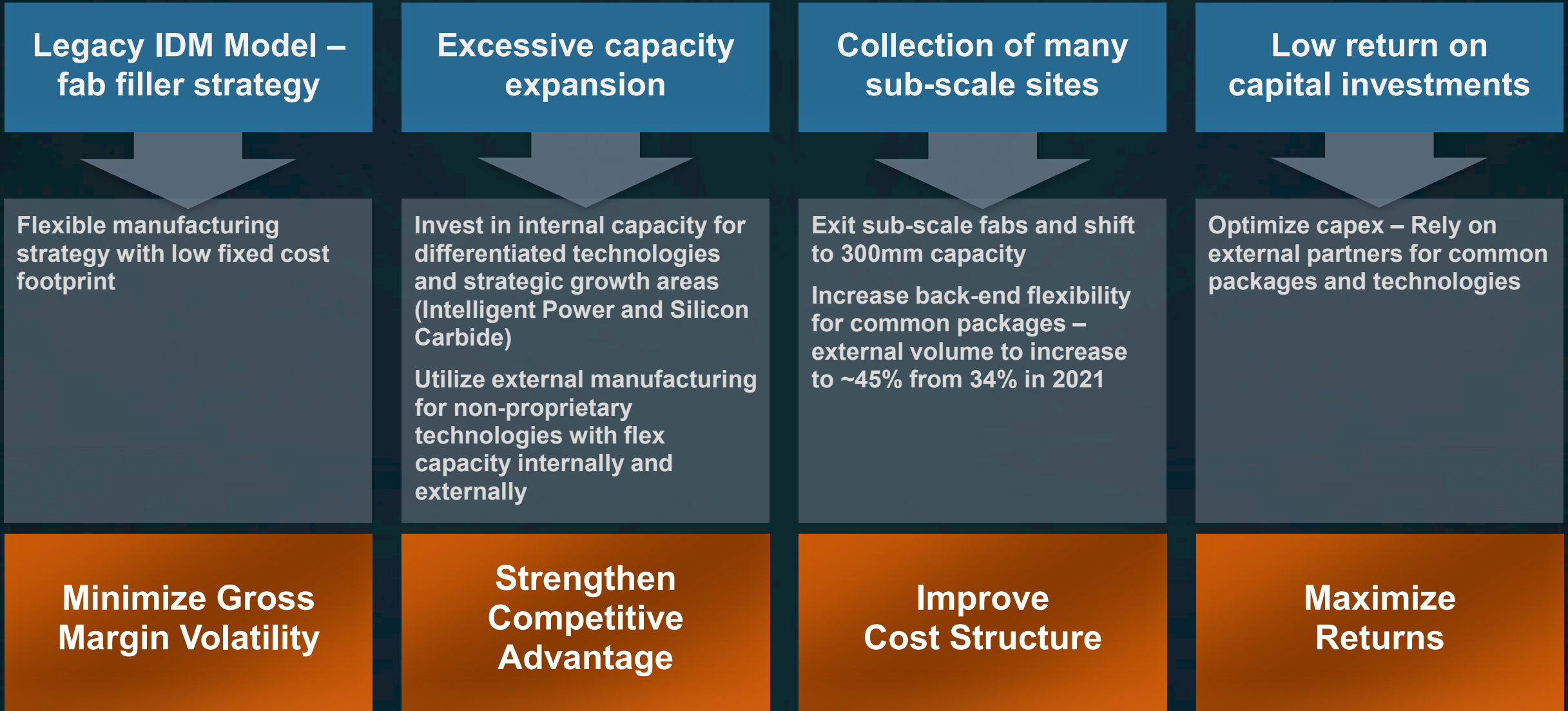
- Monetize non-core businesses
- Non-Core Exit - 10-15% of revenue by 2022-2023

## Manufacturing Optimization

- Consolidate manufacturing footprint to reduce fixed cost footprint and minimize volatility in gross margins
- Invest in efficient 300mm Fab in East Fishkill, NY for improved cost structure
- Manufacturing optimization expected to provide half of gross margin improvement



# Shifting to Fab-Liter Manufacturing



# Capital Expenditures Drive Differentiation & Leadership

## Enabling 300mm capabilities at East Fishkill

- 300mm will provide significant cost advantage in front-end costs
- Accelerate fab consolidation process

## Silicon Carbide

- GTAT expansion
- Expansion in die capacity
- Grow competitive advantage in modules

## Power and Packaging

- Expand capacity for power products
- Invest to expand competitive advantage in packaging

**Capital Intensity to be ~12% in Near Term and Moderate to 9% by 2025**



**Second consecutive year on Most Sustainable Company** in the semiconductor industry in 2021 World Finance awards



**One of 3** semiconductor companies included in the **electronics and semiconductor industry** in 2021 for **6 consecutive years**



**100+ individual projects** focused on conservation, reduction and recycling in 2020

**onsemi**  
**commits to NET ZERO by 2040**



**Top 1%** of 768 companies in the "Manufacture of electronic components and boards industry"



**Fourth consecutive year** in Dow Jones Sustainability Index



Fourth consecutive year, **#53 out of 499** U.S.-based companies across 14 industries



Recognized as **"Prime"** in 2021 (top 20% of semiconductor companies)



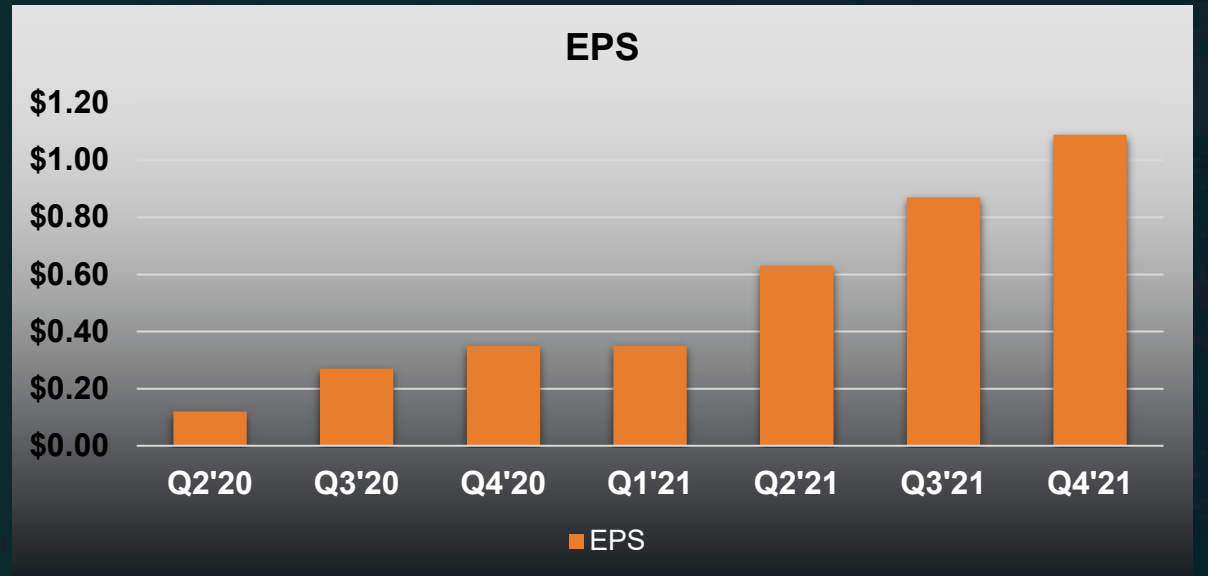
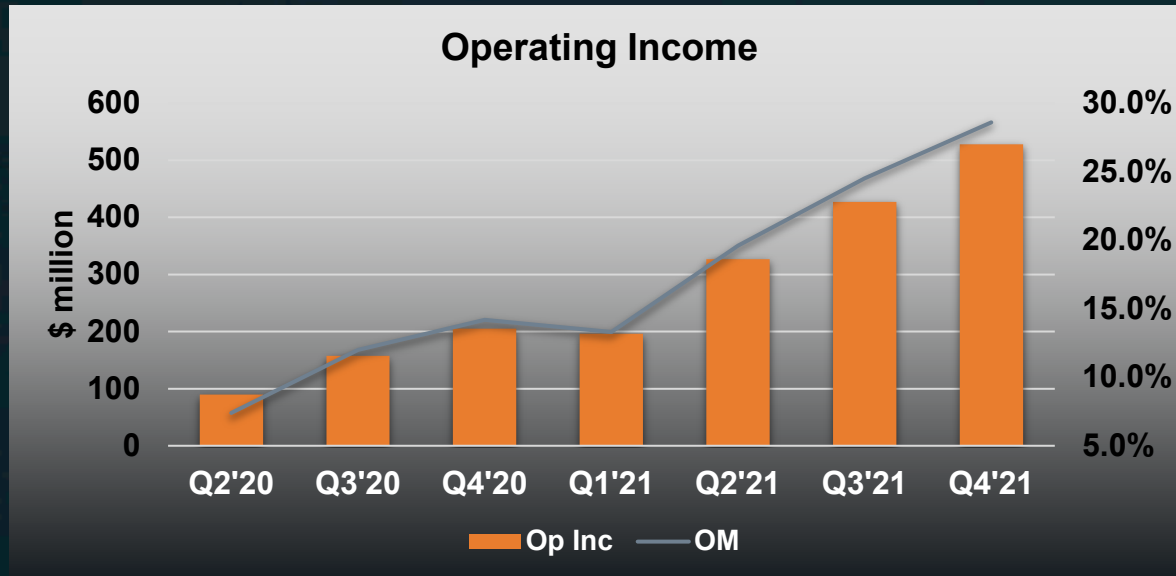
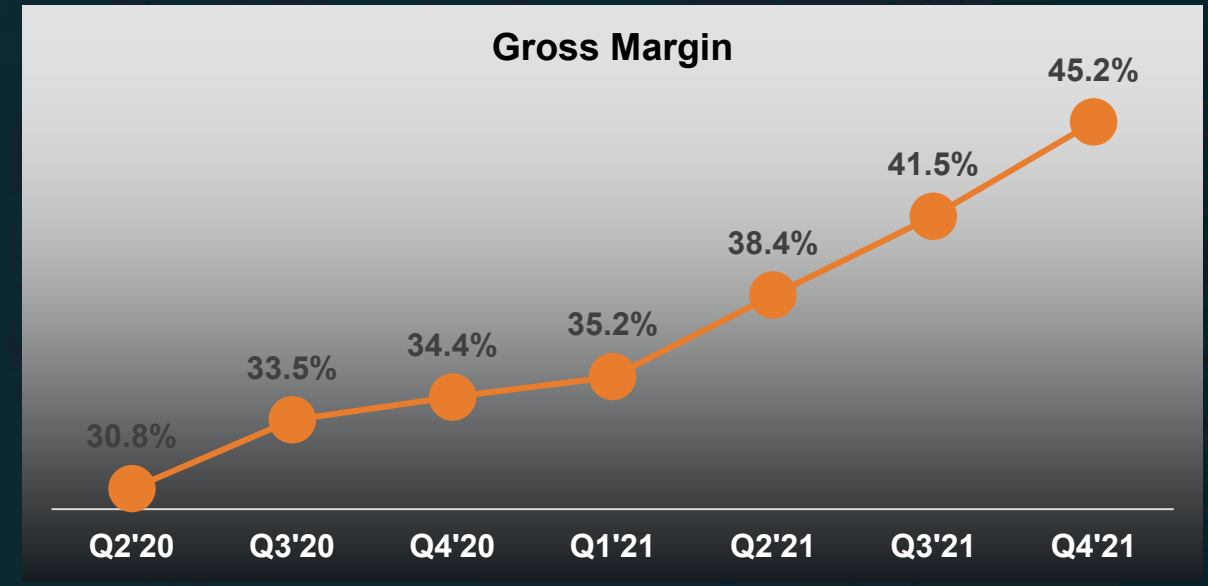
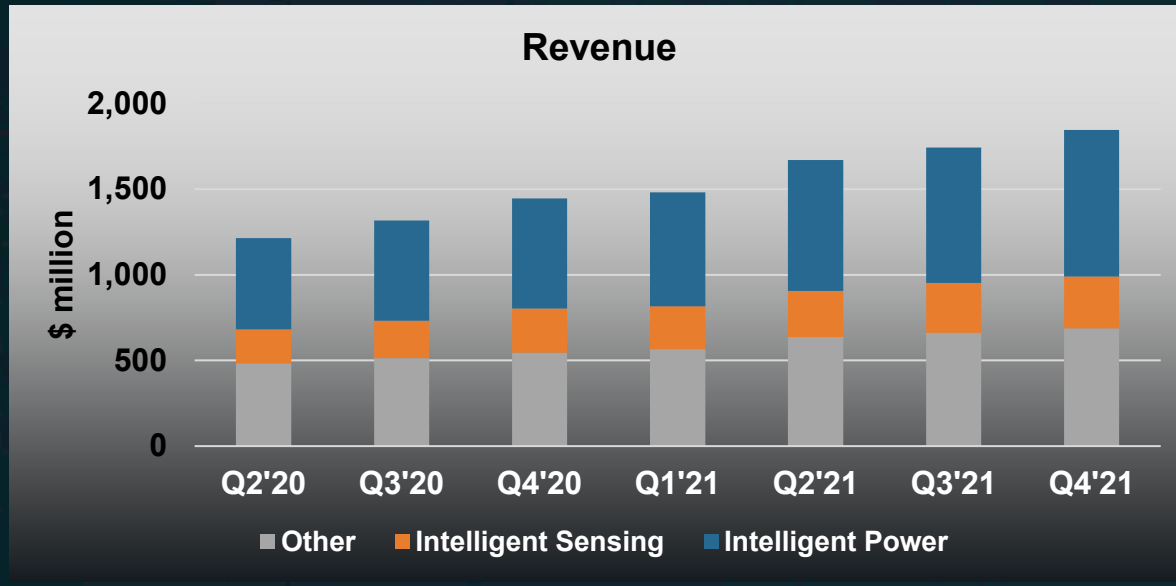
**Ranked #10** among Barron's 100 **Most Sustainable Companies** in the U.S. for 2021

# Financial Results

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Q4'21

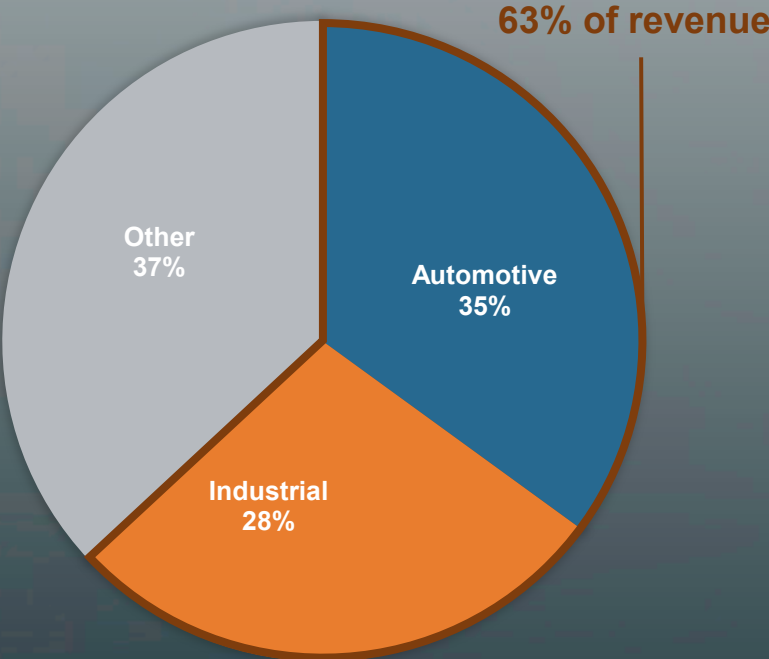
# Non-GAAP Financial Highlights



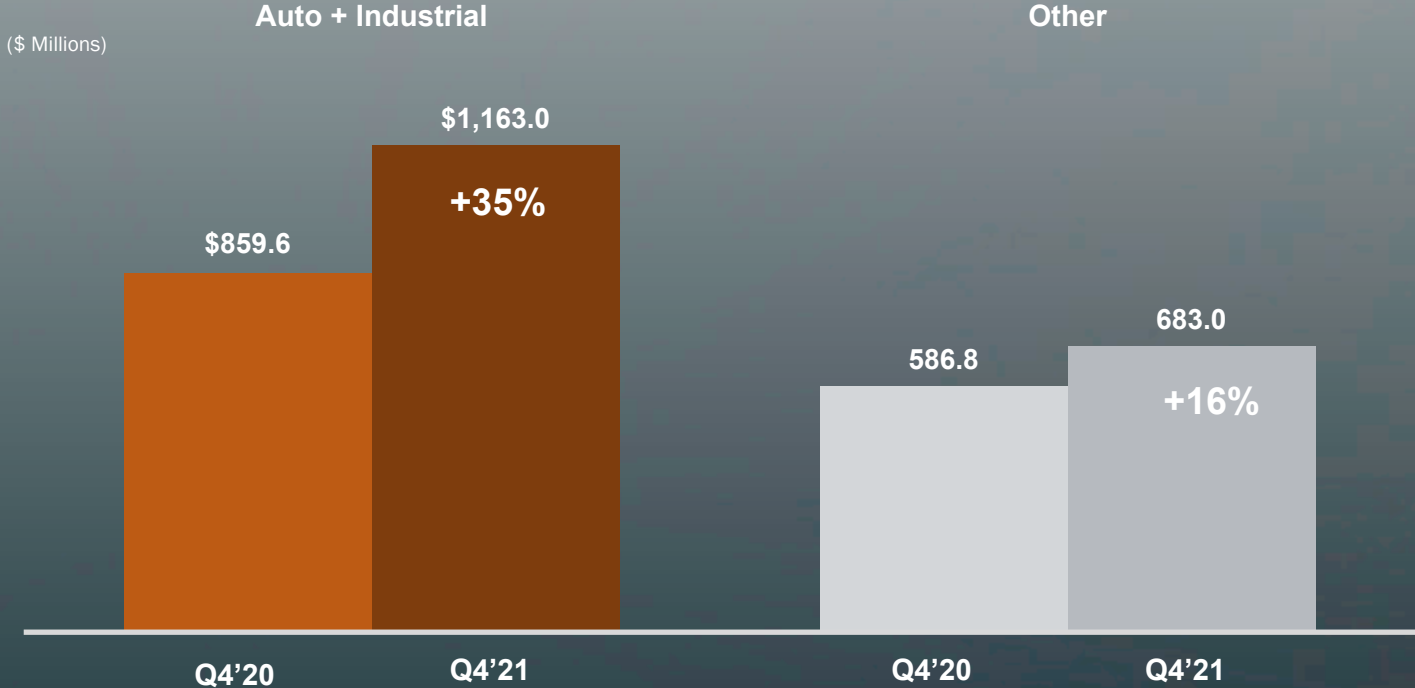
Our earnings release and this presentation include certain non-GAAP financial measures. Reconciliations of these non-GAAP financial measures to the most directly comparable measures under GAAP are included in our earnings release, which is posted separately on our website in the "Investor Relations" section. See Appendix for GAAP to Non-GAAP Reconciliation

# Revenue by End Market

Q4'21 Revenue



YoY Revenue\* Growth



**Automotive and Industrial growing ~2x faster than other end markets**

\*Amounts may not total due to rounding of individual amounts.  
 Industrial includes Medical, Military, Aerospace  
 Other includes Communications, Computing, Consumer

# Non-GAAP Financial Performance

	2020 Actual	Q1'21 Actual	Q2'21 Actual	Q3'21 Actual	Q4'21 Actual	2021 Actual	Q1'22	Updated 2025 Model	
Revenue (\$millions)	5,255.0	1,481.7	1,669.9	1,742.1	1,846.1	6,739.8	1,850 to 1,950	7-9% CAGR	Record Q4 revenue, up 28% year-over-year and 6% sequentially <ul style="list-style-type: none"> <li>Record automotive revenue of \$641 million, increased 11% sequentially</li> <li>Industrial revenue of \$522 million, increased 9% sequentially</li> </ul>
Gross Margin	32.7%	35.2%	38.4%	41.5%	45.2%	40.4%	45.5% to 47.5%	48%-50%	<ul style="list-style-type: none"> <li>Q4 gross margin expansion driven by manufacturing efficiencies, favorable mix and pricing</li> <li>Exiting low margin non-core business</li> </ul>
Operating Expenses (\$millions)	1,179.3	324.7	314.2	296.2	306.4	1,241.5	298 to 313	17%	Opex. to remain at 17% of revenue consistent with the target model
Operating Margin	10.2%	13.3%	19.6%	24.5%	28.6%	21.9%	---	31%-33%	Operating income increased 6 times faster than the revenue
CAPEX (\$millions)	383.6	77.0	104.8	93.2	169.6	444.6	150 to 170	9%	Enabling 300mm capabilities 4x expansion of SiC capacity exiting 2022
Free Cash Flow	10%	10%	23%	20%	25%	20%	---	20-25%	Q4 FCF ~ 25% of Revenue 2021 FCF of \$1.3B, increase 167% YoY
Earnings per Share	\$0.85	\$0.35	\$0.63	\$0.87	\$1.09	\$2.95	\$0.98 to \$1.10	---	Record quarterly EPS; 25% quarter-over-quarter increase 2021 EPS increased 247% YOY

Our earnings release and this presentation include certain non-GAAP financial measures. Reconciliations of these non-GAAP financial measures to the most directly comparable measures under GAAP are included in our earnings release, which is posted separately on our website in the "Investor Relations" section. See Appendix for GAAP to Non-GAAP Reconciliation

# Q1'22 Guidance

	GAAP	Special Items **	Non-GAAP***
Revenue	\$1,850 to \$1,950 million	---	\$1,850 to \$1,950 million
Gross Margin	45.5% to 47.5%	---	45.5% to 47.5%
Operating Expenses	\$332 to \$347 million	\$34 million	\$298 to \$313 million
Other Income and Expense (including interest expense), net	\$18 to \$22 million	\$3 million	\$21 to \$25 million
Diluted Earnings Per Share	\$0.90 to \$1.02	\$0.08	\$0.98 to \$1.10
Diluted Share Count *	450 million	9 million	441 million



# Notes to Q1'22 Guidance

\* Diluted shares outstanding can vary as a result of, among other things, the 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. With the adoption of the new accounting standard, the GAAP diluted shares outstanding assumes settling the principal and excess over par value in shares of the Company's common stock for the 1.625% Notes and only the excess over par value in shares of the Company's common stock for the 0% Notes, according to the terms of such notes. The non-GAAP diluted shares outstanding includes the shares that are not covered by the Company's hedge transaction issued concurrently with such notes. In periods when the quarterly average stock price exceeds \$30.70 for the 1.625% Notes and \$74.34 for the 0% Notes, the dilutive impact of the warrants issued concurrently with such notes are included in the GAAP and non-GAAP diluted shares outstanding. Calculations are based on the Company's stock price as of December 31, 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: GAAP to Non-GAAP Reconciliation

\$ in Millions, except sharecount and EPS	Q2'20	Q3'20	Q4'20	FY2020	Q1'21	Q2'21	Q3'21	Q4'21	FY2021	
<b>Reconciliation of GAAP to non-GAAP gross margin:</b>										
<b>GAAP Gross Margin</b>		30.8%	33.5%	34.4%	32.7%	35.2%	38.3%	41.4%	45.1%	40.3%
Non-recurring facility costs		0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%
<b>Non-GAAP Gross Margin</b>		<b>30.8%</b>	<b>33.5%</b>	<b>34.4%</b>	<b>32.7%</b>	<b>35.2%</b>	<b>38.4%</b>	<b>41.5%</b>	<b>45.2%</b>	<b>40.4%</b>
<b>Reconciliation of GAAP to non-GAAP operating expenses:</b>										
<b>GAAP Operating Expenses</b>	\$	331.2	\$ 322.2	\$ 329.6	\$ 1,367.1	\$ 395.3	\$ 357.9	\$ 321.6	\$ 351.9	\$ 1,426.7
a) Amortization of acquisition-related intangible assets		(29.1)	(29.6)	(29.3)	(120.3)	(25.0)	(24.8)	(24.7)	(24.5)	(99.0)
b) Restructuring, asset impairments and other, net		(16.2)	(9.0)	(7.2)	(65.2)	(42.5)	(17.5)	1.7	(13.1)	(71.4)
c) Intangible asset impairment		(1.3)	-	-	(1.3)	(2.9)	-	-	-	(2.9)
d) Third party acquisition and divestiture related costs		-	-	(0.7)	(1.0)	(0.2)	(1.4)	(2.4)	(7.9)	(11.9)
<b>Non-GAAP Operating Expense</b>	\$	<b>284.6</b>	\$ <b>283.6</b>	\$ <b>292.4</b>	\$ <b>1,179.3</b>	\$ <b>324.7</b>	\$ <b>314.2</b>	\$ <b>296.2</b>	\$ <b>306.4</b>	\$ <b>1,241.5</b>
<b>Reconciliation of GAAP to non-GAAP operating income:</b>										
<b>GAAP operating income</b>	\$	43.1	\$ 119.0	\$ 168.0	\$ 348.7	\$ 125.9	\$ 282.2	\$ 399.2	\$ 480.3	\$ 1,287.6
a) Amortization of acquisition-related intangible assets		29.1	29.6	29.3	120.3	25.0	24.8	24.7	24.5	99.0
b) Restructuring, asset impairments and other, net		16.2	9.0	7.2	65.2	42.5	17.5	(1.7)	13.1	71.4
c) Intangible asset impairment		1.3	-	-	1.3	2.9	-	-	-	2.9
d) Third party acquisition and divestiture related costs		-	-	0.7	1.0	0.2	1.4	2.4	7.9	11.9
e) Non-recurring facility costs		-	-	-	-	-	0.7	2.5	2.3	5.5
<b>Non-GAAP Operating Income</b>	\$	<b>89.7</b>	\$ <b>157.6</b>	\$ <b>205.2</b>	\$ <b>536.5</b>	\$ <b>196.5</b>	\$ <b>326.6</b>	\$ <b>427.1</b>	\$ <b>528.1</b>	\$ <b>1,478.3</b>
<b>Reconciliation of GAAP to non-GAAP operating margin</b>										
<b>GAAP Operating Margin</b>		3.6%	9.0%	11.6%	6.6%	8.5%	16.9%	22.9%	26.0%	19.1%
a) Amortization of acquisition-related intangible assets		2.4%	2.2%	2.0%	2.3%	1.7%	1.5%	1.4%	1.3%	1.5%
b) Restructuring, asset impairments and other, net		1.3%	0.7%	0.5%	1.2%	2.9%	1.0%	-0.1%	0.7%	1.1%
c) Intangible asset impairment		0.1%	-	-	-	0.2%	-	-	-	-
d) Third party acquisition and divestiture related costs		-	-	-	-	-	0.1%	0.1%	0.2%	0.2%
e) Non-recurring facility costs		-	-	-	-	-	-	0.1%	0.1%	0.1%
<b>Non-GAAP Operating Margin</b>		<b>7.4%</b>	<b>12.0%</b>	<b>14.2%</b>	<b>10.2%</b>	<b>13.3%</b>	<b>19.6%</b>	<b>24.5%</b>	<b>28.6%</b>	<b>21.9%</b>
<b>Reconciliation of net cash provided by operating activities to free cash flow:</b>										
<b>Net cash provided by operating activities</b>	\$	154.5	\$ 163.4	\$ 400.4	\$ 884.3	\$ 218.5	\$ 488.0	\$ 448.9	\$ 626.6	\$ 1,782.0
Purchase of property, plant and equipment		(73.3)	(61.6)	(116.4)	(383.6)	(77.0)	(104.8)	(93.2)	(169.6)	(444.6)
<b>Free cash flow</b>	\$	<b>81.2</b>	\$ <b>101.8</b>	\$ <b>284.0</b>	\$ <b>500.7</b>	\$ <b>141.5</b>	\$ <b>383.2</b>	\$ <b>355.7</b>	\$ <b>457.0</b>	\$ <b>1,337.4</b>

# Appendix: GAAP to Non-GAAP Reconciliation

\$ in Millions, except sharecount and EPS	Q2'20	Q3'20	Q4'20	FY2020	Q1'21	Q2'21	Q3'21	Q4'21	FY2021
<b>Reconciliation of GAAP to non-GAAP net income attributable to ON Semiconductor Corporation:</b>									
GAAP net income (loss) attributable to ON Semiconductor	\$ (1.4)	\$ 160.6	\$ 89.0	\$ 234.2	\$ 89.9	\$ 184.1	\$ 309.7	\$ 425.9	\$ 1,009.6
a) Amortization of acquisition-related intangible assets	29.1	29.6	29.3	120.3	25.0	24.8	24.7	24.5	99.0
b) Restructuring, asset impairments and other, net	16.2	9.0	7.2	65.2	42.5	17.5	(1.7)	13.1	71.4
c) Intangible asset impairment	1.3	-	-	1.3	2.9	-	-	-	2.9
d) Third party acquisition and divestiture related costs	-	-	0.7	1.0	0.2	1.4	2.4	7.9	11.9
e) Non-recurring facility costs	-	-	-	-	-	0.7	2.5	2.3	5.5
f) Loss on debt refinancing and prepayment	-	-	-	-	-	26.2	-	2.8	29.0
g) Actuarial losses on pension plans and other pension benefits	-	-	4.0	4.0	-	-	5.5	(22.2)	(16.7)
h) Non-cash interest on convertible notes	9.8	10.1	8.8	38.2	4.6	6.0	7.0	7.1	24.7
i) Gain on divestiture of a business	-	-	-	-	-	-	(10.2)	-	(10.2)
j) Adjustment of income taxes	(4.8)	(97.5)	8.1	(112.3)	(13.8)	15.1	40.4	16.6	58.4
<b>Non-GAAP net income attributable to ON Semiconductor Corporation</b>	<b>\$ 50.2</b>	<b>\$ 111.8</b>	<b>\$ 147.1</b>	<b>\$ 351.9</b>	<b>\$ 151.3</b>	<b>\$ 275.8</b>	<b>\$ 380.3</b>	<b>\$ 478.0</b>	<b>\$ 1,285.5</b>
<b>Reconciliation of GAAP to non-GAAP diluted shares outstanding:</b>									
GAAP diluted shares outstanding	410.1	418.3	431.6	418.8	445.4	443.6	440.7	445.3	443.8
Less: dilutive shares attributable to convertible notes	-	(5.7)	(14.8)	(5.5)	(12.8)	(8.6)	(5.0)	(6.9)	(8.6)
Add: dilutive shares attributable to share-based awards	0.9	-	-	-	-	-	-	-	-
<b>Non-GAAP diluted shares outstanding</b>	<b>411.0</b>	<b>412.6</b>	<b>416.8</b>	<b>413.3</b>	<b>432.6</b>	<b>435.0</b>	<b>435.7</b>	<b>438.4</b>	<b>435.2</b>
<b>Non-GAAP diluted earnings per share:</b>									
Non-GAAP net income attributable to ON Semiconductor Corporation	\$ 50.2	\$ 111.8	\$ 147.1	\$ 351.9	\$ 151.3	\$ 275.8	\$ 380.3	\$ 478.0	\$ 1,285.5
Non-GAAP diluted shares outstanding	411.0	412.6	416.8	413.3	432.6	435.0	435.7	438.4	435.2
<b>Non-GAAP diluted earnings per share</b>	<b>\$ 0.12</b>	<b>\$ 0.27</b>	<b>\$ 0.35</b>	<b>\$ 0.85</b>	<b>\$ 0.35</b>	<b>\$ 0.63</b>	<b>\$ 0.87</b>	<b>\$ 1.09</b>	<b>\$ 2.95</b>

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