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ON SEMICONDUCTOR QUARTERLY INVESTOR PRESENTATION

**FOURTH QUARTER 2020
FEB 2021**

Public Information



SAFE HARBOR STATEMENT AND NON-GAAP AND FORECAST INFORMATION

This presentation 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 presentation could be deemed forward-looking statements, particularly statements about the future financial performance of ON Semiconductor Corporation (the “Company”), including financial guidance for the fiscal quarter ending April 2, 2021. Forward-looking statements are often characterized by the use of words such as “believes,” “estimates,” “expects,” “projects,” “may,” “will,” “intends,” “plans,” “should,” “anticipates,” 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. Additional factors that could affect our future results or events are described under Part I, Item 1A “Risk Factors” in our 2019 Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on February 19, 2020 (our “2019 Form 10-K”), Part II, Item IA “Risk Factors” in our Form 10-Q for the quarter ended April 3, 2020 (our “First Quarter 10-Q”), our Form 10-Q for the quarter ended July 3, 2020 (our “Second Quarter 10-Q”), and our Form 10-Q for the quarter ended October 2, 2020 (our “Third Quarter 10-Q”), 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 presentation, our 2019 Form 10-K, our First Quarter 10-Q, our Second Quarter 10-Q, our Third Quarter 10-Q, 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.

This presentation contains historical non-GAAP financial measures, including free cash flow (FCF), non-GAAP earnings per share (EPS), non-GAAP gross margin, and ratios based on them. See the Appendix for a description of these financial measures and a reconciliation of all such non-GAAP financial measures to the most directly comparable GAAP financial measures. This presentation also contains forward-looking non-GAAP financial measures that are adjusted for certain special items. 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 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 prepared in accordance with GAAP.



Highlights

Q4 2020

- Revenue of \$1,446.3 million, up 3% year-over-year
- GAAP and non-GAAP gross margin of 34.4%
- GAAP EPS of \$0.21 and non-GAAP EPS of \$0.35

FY 2020

- Revenue of \$5,255.0 million, down 4.8% year-over-year
- GAAP and non-GAAP gross margin of 32.7%
- GAAP EPS of \$0.56 and non-GAAP EPS of \$0.85

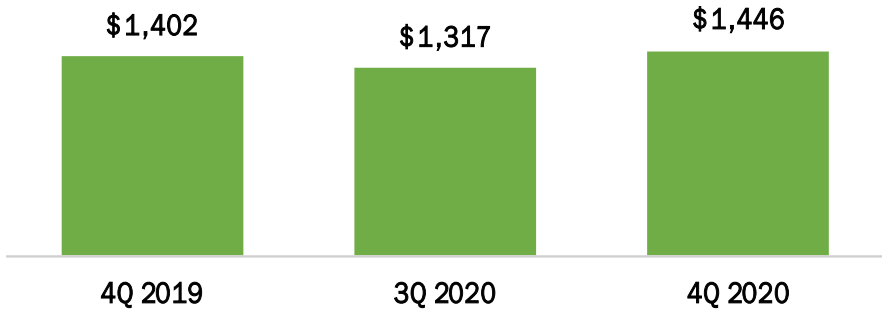
Q1 2021 Guidance

- Revenue: \$1,410-\$1,510 million
- Gross Margin: 34.1% -36.1%
- Operating expenses: GAAP - \$345-\$363 million; non-GAAP \$313-\$327 million

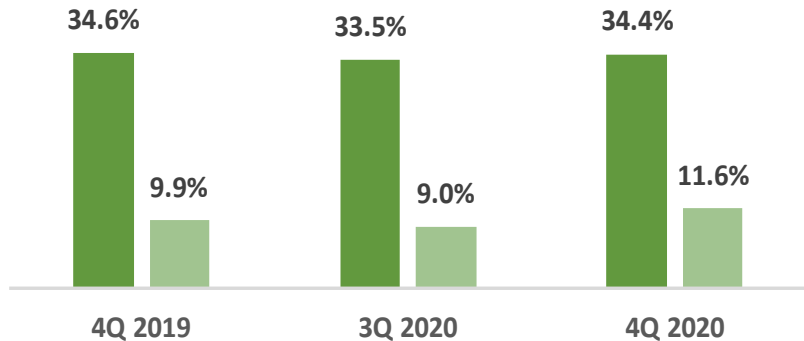


4Q20 Financial Highlights - GAAP

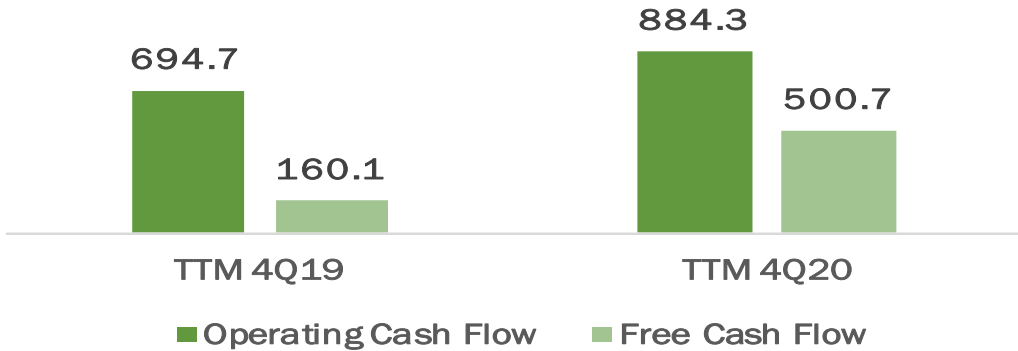
Revenue*



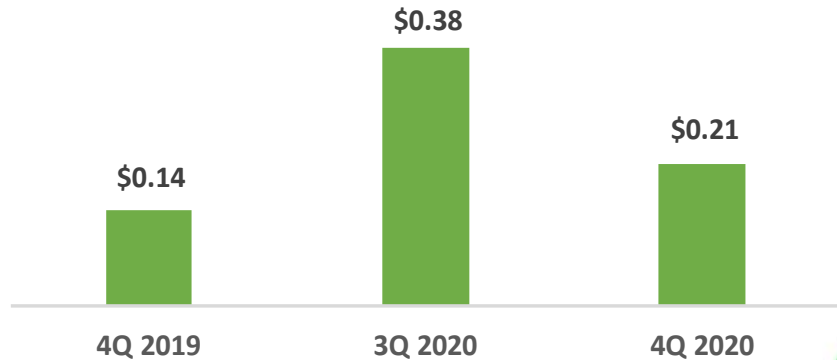
Gross Margin and Operating Margin



Operating Cash Flow and Free Cash Flow *



Diluted Earnings Per Share

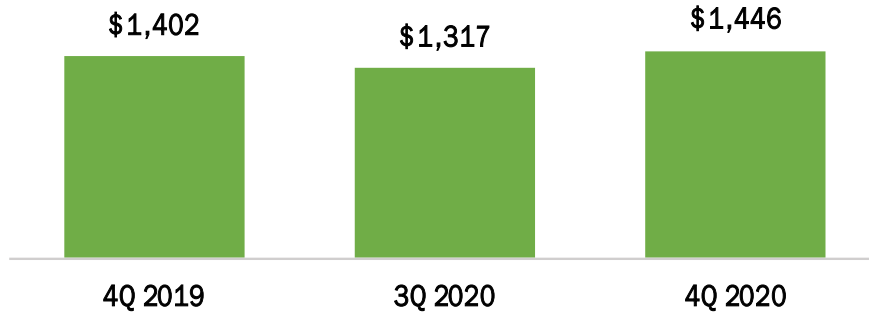


- Dollars in millions
- Free Cash flow is a Non GAAP metric; added for comparison

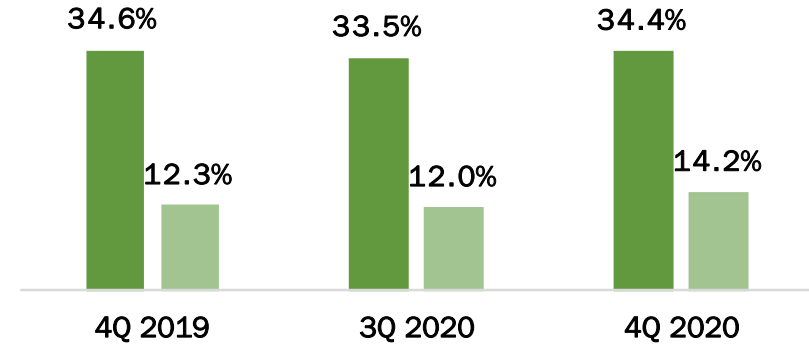


4Q20 Financial Highlights - Non-GAAP

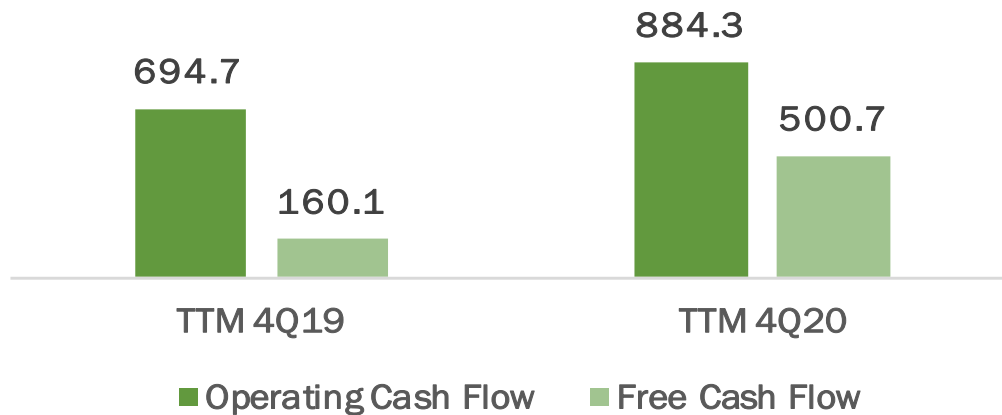
Revenue*



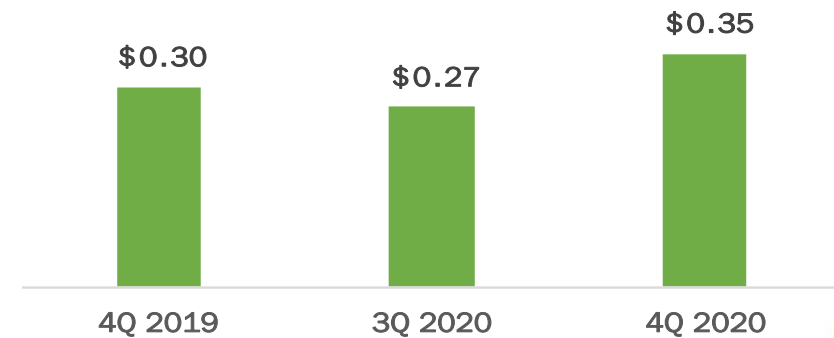
Gross Margin and Operating Margin



Operating Cash Flow and Free Cash Flow *

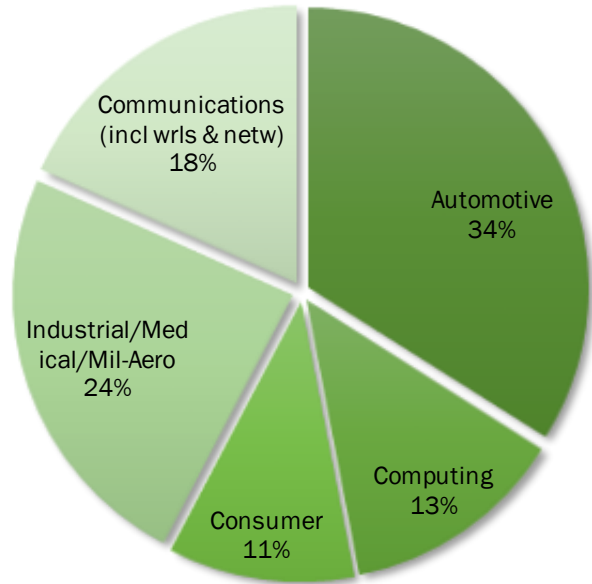


Diluted Earnings Per Share

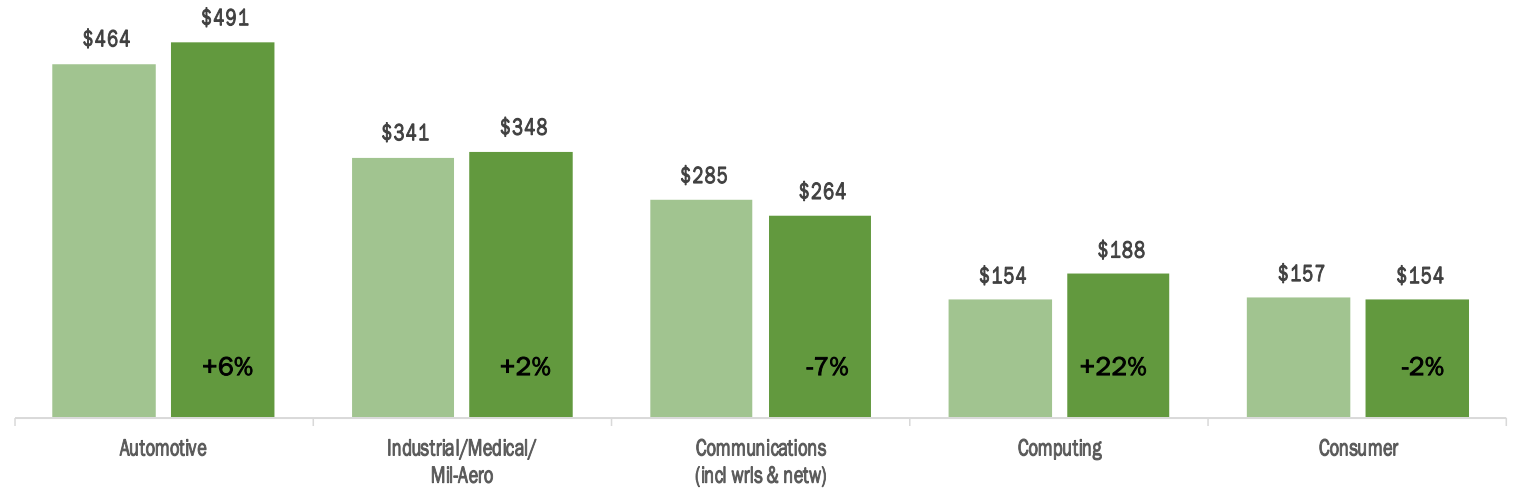


4Q20 Unaudited Revenue Split

Q4 2020 End Market Revenue



Q4 2019 and Q4 2020 End Market Revenue and Change



1Q 2021 Guidance

	Total ON Semiconductor GAAP	Special Items ***	Total ON Semiconductor Non-GAAP****
Revenue	\$1,410 to \$1,510 million		\$1,410 to \$1,510 million
Gross Margin	34.1% to 36.1%		34.1% to 36.1%
Operating Expenses	\$345 to \$363 million	\$32 to \$36 million	\$313 to \$327 million
Other Income and Expense (including interest expense), net	\$34 to \$37 million	\$4 to \$5 million	\$30 to \$32 million
Diluted Share Count **	438 to 439 million	7 to 8 million	431 million



NOTES TO Q12021 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 in which the quarterly average stock price per share exceeds \$25.96, the non-GAAP diluted shares outstanding and non-GAAP net income per share include the impact of the Company's warrants issued concurrently with our 1.00% convertible notes. In periods when the quarterly average stock price per share exceeds \$20.72, the non-GAAP diluted shares outstanding and non-GAAP net income per share include the 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. Both GAAP and non-GAAP diluted share counts are based on the Company's stock price as of December 31, 2020.

*** 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		
	December 31, 2020	October 2, 2020	December 31, 2019
Reconciliation of GAAP gross margin to non-GAAP gross margin:			
GAAP gross margin	34.4%	33.5%	34.6%
Special items:			
a) Expensing of appraised inventory at fair market value step up	0.0%	0.0%	0.0%
Non-GAAP gross margin	34.4%	33.5%	34.6%
Reconciliation of GAAP operating margin to non-GAAP operating margin:			
GAAP operating margin	11.6%	9.0%	9.9%
Special items:			
a) Expensing of appraised inventory at fair market value step up	0.0%	0.0%	0.0%
b) Amortization of acquisition-related intangible assets	2.0%	2.2%	2.3%
c) Restructuring, asset impairments and other charges, net	0.5%	0.7%	0.0%
d) Goodwill and intangible asset impairment	0.0%	0.0%	0.0%
e) Third party acquisition and divestiture related costs	0.0%	0.0%	0.0%
f) R&D costs related to licensing income	0.0%	0.0%	0.0%
g) Litigation settlement	0.0%	0.0%	0.0%
Total Special items	2.6%	3.0%	2.4%
Non-GAAP operating margin	14.2%	12.0%	12.3%

Reconciliation of GAAP net income (loss) attributable to ON Semiconductor Corporation to non-GAAP net income attributable to ON Semiconductor Corporation:

	December 31, 2020	October 2, 2020	December 31, 2019
GAAP net income attributable to ON Semiconductor Corporation	\$ 89.0	\$ 160.6	\$ 56.5
Special items:			
a) Expensing of appraised inventory at fair market value step up	-	-	-
b) Amortization of acquisition-related intangible assets	29.3	29.6	32.1
c) Restructuring, asset impairments and other charges, net	7.2	9.0	0.6
d) Goodwill and intangible asset impairment	-	-	-
e) Third party acquisition and divestiture related costs	0.7	-	0.5
f) R&D costs related to licensing income	-	-	-
g) Litigation settlement	-	-	-
h) Actuarial (gains) losses on pension plans and other pension benefits	4.0	-	15.6
i) Loss on debt refinancing and prepayment	-	-	-
j) Non-cash interest on convertible notes	8.8	10.1	9.9
k) Indemnification gain	-	-	-
l) Adjustment to contingent consideration	-	-	-
m) Licensing income	-	-	-
n) Gain on divestiture of business	-	-	-
o) Adjustment of income taxes	8.1	(97.5)	9.1
Total Special items	58.1	(48.8)	67.8
Non-GAAP net income attributable to ON Semiconductor Corporation	\$ 147.1	\$ 111.8	\$ 124.3

Reconciliation of GAAP diluted share count to non-GAAP diluted share count:

	December 31, 2020	October 2, 2020	December 31, 2019
GAAP diluted share count	431.6	418.3	418.2
Special items:			
a) Less: dilutive share count attributable to convertible notes	(14.8)	(5.7)	(5.1)
b) Add: dilutive shares attributed to share-based awards	-	-	-
Total Special items	(14.8)	(5.7)	(5.1)
Non-GAAP diluted share count	\$ 416.8	\$ 412.6	\$ 413.1
Non-GAAP diluted earnings per share			
Non-GAAP net income attributable to ON Semiconductor Corporation	\$ 147.1	\$ 111.8	\$ 124.3
Non-GAAP diluted share count	416.8	412.6	413.1
Non-GAAP diluted earnings per share	\$ 0.35	\$ 0.27	\$ 0.30

Certain of the amounts in the above table may not total due to rounding of individual amounts.

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

	Trailing Twelve Months	
	December 31, 2020	December 31, 2019
Reconciliation of Net cash provided by operating activities to free cash flow:		
Net cash provided by operating activities	884.3	694.7
Special items:		
a) Purchase of property, plant and equipment	(383.6)	(534.6)
Total Special items	(383.6)	(534.6)
Free cash flow	\$ 500.7	\$ 160.1

