



ON Semiconductor Reports Fourth Quarter and 2020 Annual Results

February 01, 2021

PHOENIX, Ariz. – Feb. 1, 2021 – ON Semiconductor Corporation ON Semiconductor (Nasdaq: [ON](#)) today announced financial results for the fourth quarter of 2020 and the fiscal year 2020 with the following highlights:

- Fourth Quarter revenue of \$1,446.3 million, up three percent year-over-year
- Fourth Quarter GAAP diluted earnings per share of \$0.21 as compared to \$0.14 in the quarter a year ago
- Fourth Quarter Non-GAAP diluted earnings per share of \$0.35, as compared to \$0.30 in the quarter a year ago
- Record automotive revenue of \$491 million in the fourth quarter
- Annual 2020 operating cash flow increased to \$884.3 million from \$694.7 million in 2019 on a 5 percent lower revenue
- Annual 2020 free cash flow increased to \$500.7 million, from \$160.1 million in 2019

"In the fourth quarter, we saw strong improvement in business trends driven by broad-based improvement in global macroeconomic environment, lean inventories, and a steep recovery in the automotive end-market, in which we continue to see our content growth exceed the overall automotive market growth. Based on current demand trends and the global macroeconomic outlook, we expect to continue to see above seasonal demand trends in the near term," said Hassane El-Khoury, president and CEO of ON Semiconductor.

"ON Semiconductor has tremendous potential, and I am excited about the opportunities we have to unlock that potential and create value for our shareholders, customers, and employees. The company has outstanding assets, targeting the fastest growing semiconductor end-markets with solid margin potential. As we reposition the company, we aim to realign capital allocation and investments in the business with our strategic intent of driving strong revenue growth, structural margin expansion, and free cash flow generation."

Q4 2020 Results

FIRST QUARTER 2021 OUTLOOK

Based on product booking trends, backlog levels, and estimated turns levels, the Company anticipates that first quarter of 2021 revenue will be approximately \$1,410 to \$1,510 million.

GAAP and non-GAAP gross margin for first quarter 2021 is expected to be between 34.1 percent and 36.1 percent.

The outlook for the first quarter of 2021 includes anticipated stock-based compensation expense of approximately \$15 to \$17 million. Net cash paid for income taxes is expected to be \$18 to \$24 million.

The following table outlines ON Semiconductor's projected first quarter of 2021 GAAP and non-GAAP outlook.

1Q2021_Outlook

[FINANCIALS](#)

* 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.

TELECONFERENCE

ON Semiconductor will host a conference call for the financial community at 9 a.m. Eastern Time (EST) on Feb. 1, 2021 to discuss this announcement and ON Semiconductor's results for the fourth quarter of 2020 and year then ended. The Company will also provide a real-time audio webcast of the teleconference on the Investor Relations page of its website at <http://www.onsemi.com>. The webcast replay will be available at this site approximately one hour following the live broadcast and will continue to be available for approximately 30 days following the conference call. Investors and interested parties can also access the conference call through a telephone call by dialing (877) 356-3762 (U.S./Canada) or (262) 558-6155 (International). In order to join this conference call, you will be required to provide the Conference ID Number, which is 3795935.

About ON Semiconductor

ON Semiconductor (Nasdaq: ON) is driving energy efficient innovations, empowering customers to reduce global energy use. The company is a leading supplier of semiconductor-based solutions, offering a comprehensive portfolio of energy efficient power management, analog, sensors, logic, timing, connectivity, discrete, SoC and custom devices. The company's products help engineers solve their unique design challenges in [automotive, communications, computing, consumer, industrial, medical, aerospace and defense applications](#). ON Semiconductor operates a responsive, reliable, world-class supply chain and quality program, a robust compliance and ethics program, and a network of manufacturing facilities, sales offices and design centers in key markets throughout North America, Europe and the Asia Pacific regions. For more information, visit <https://www.onsemi.com>.

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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," "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 1A "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 document, 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.