

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

**August 5, 2021
Date of Report (Date of earliest event reported)**

ON Semiconductor Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-39317
(Commission
File Number)

36-3840979
(IRS Employer
Identification No.)

ON Semiconductor Corporation
5005 E. McDowell Road
Phoenix, Arizona
(Address of principal executive offices)

85008
(Zip Code)

(602) 244-6600
(Registrant's telephone number, including area code)

Not applicable
(Former name or former address, if changed since last report.)

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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	ON	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01. Regulation FD Disclosure.

On August 5, 2021, ON Semiconductor Corporation (the "**Company**") will present business and financial information to institutional investors, analysts, members of the press and the general public at a publicly available webcast meeting (the "**Analyst Day Meeting**"). Attached hereto as Exhibit 99.1 and Exhibit 99.2 and incorporated by reference herein are the Analyst Day Meeting presentations (the "**Presentation**") that will be made by (i) Hassane S. El-Khoury, President and Chief Executive Officer, and (ii) Thad Trent, Executive Vice President, Chief Financial Officer and Treasurer.

During the course of the Analyst Day Meeting, Messrs. El-Khoury and Trent will discuss the Company's corporate strategy, financial performance and business updates. The Presentation includes forward-looking statements and cautionary statements identifying important factors that could cause actual results to differ materially from those anticipated, as well as certain non-GAAP financial measures and reconciliations of such non-GAAP measures to applicable GAAP financial measures.

The information in Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.1 and Exhibit 99.2, is being furnished under Item 7.01 and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or otherwise subject to liability under that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

The Company intends to use its website at www.onsemi.com as a means of disclosing material non-public information and for complying with its disclosure obligations under Regulation FD. Such disclosures will be included in the "Investor Relations" section of the website. Accordingly, investors should monitor the Investor Relations section of the website, in addition to following our press releases, SEC filings and public conference calls and webcasts.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

The below exhibits are furnished as part of this report.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Analyst Day Meeting Presentation by CEO dated August 5, 2021
99.2	Analyst Day Meeting Presentation by CFO dated August 5, 2021
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

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.

ON SEMICONDUCTOR CORPORATION
(Registrant)

Date: August 5, 2021

By: /s/ Thad Trent
Thad Trent
Executive Vice President, Chief Financial Officer and Treasurer

Enabling a Sustainable Ecosystem

2021 Analyst Day

August 5, 2021 | New York City

Follow Us @onsemi

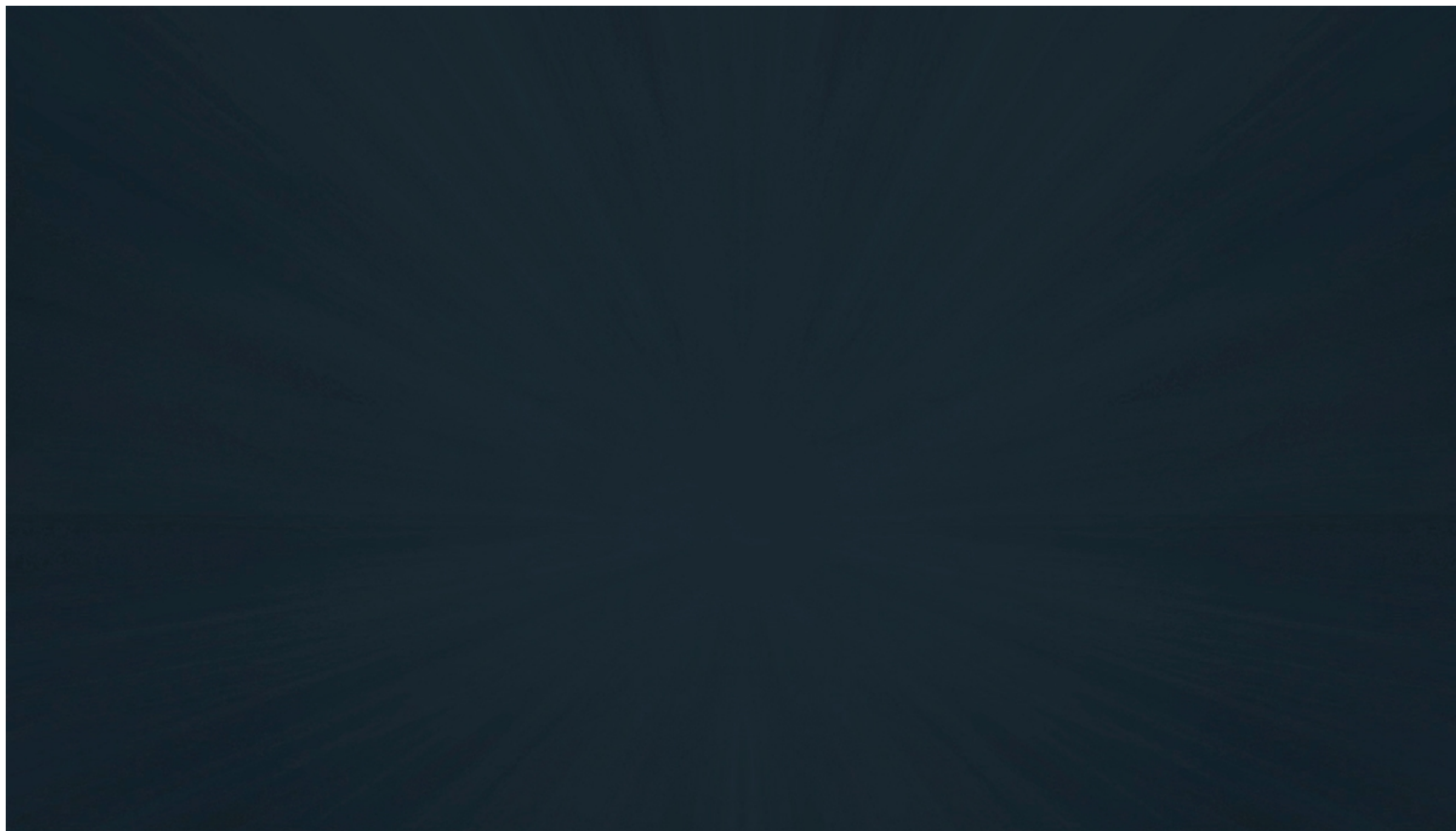


Safe Harbor Statement

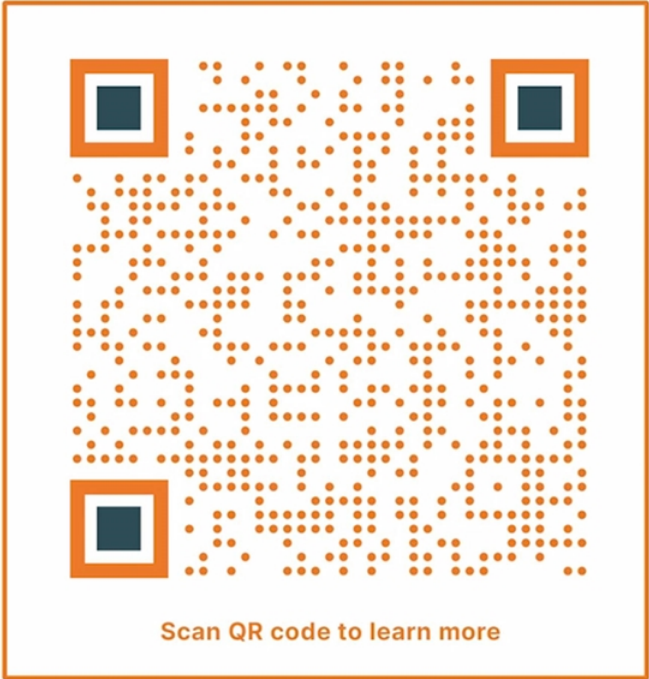
This presentation contains “forward-looking statements,” as that term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included or incorporated in this presentation could be deemed forward-looking statements, particularly statements about the future financial performance of ON Semiconductor, 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 presentation 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. You should carefully consider the trends, risks, and uncertainties described in this presentation, our 2020 Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on February 16, 2021, our Quarterly Report on Form 10-Q for the second quarter of 2021 filed on August 2, 2021 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 profit before taxes, 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 GAAP. 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.



onsemi[™]
Intelligent Technology. Better Future.



Visa Deepens Global Commitment to Environmental Sustainability with Pledge To Reach Net-zero Emissions by 2040

China's Pledge to Be Carbon Neutral by 2060: What It Means

Denmark

BP's new Govt emissions by 2050

m 2035

UK government brings forward

Production, German car

Facebook and Google plans to become carbon

It's just the right thing to do!

Slash greenhouse gas emissions by 2030

ornia

France to double electric vehicle

Gasoline Powered Cars & Diesel Fuel

France sets 2050 carbon target with new law

major economy emissions law

Bar in S

Europe - Ambitious Net-zero target
Imagines A Dramatic

Share

pledges to reduce greenhouse-gas emissions

Dutch bank

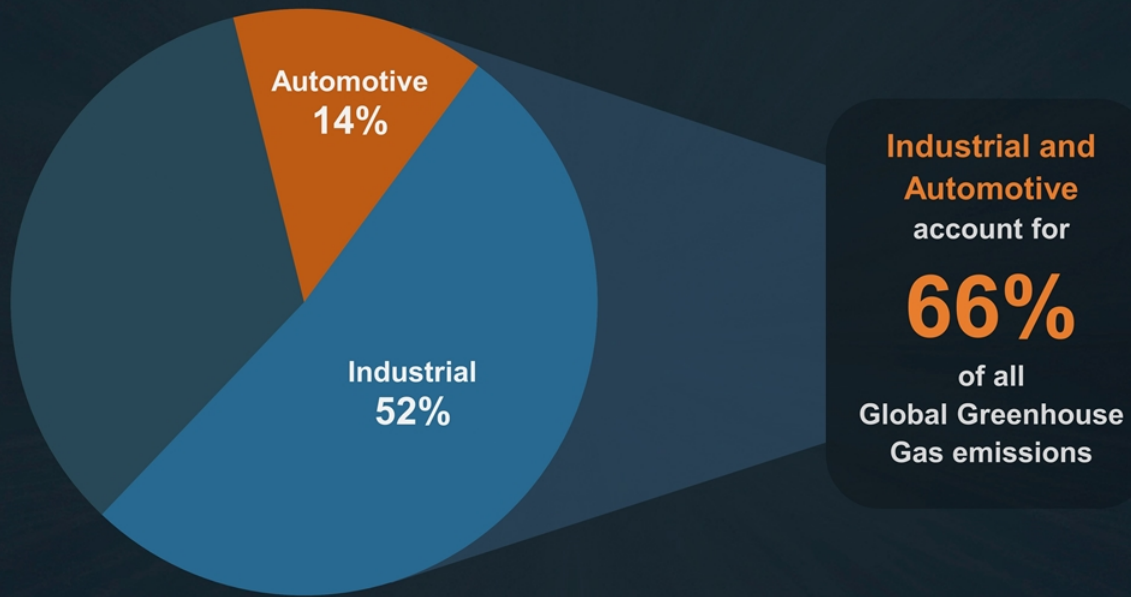
to net zero by 2050

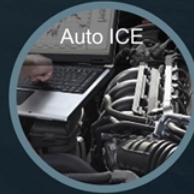
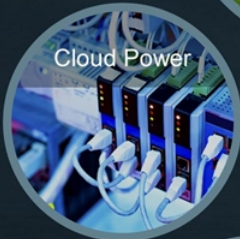
ture


United States Steel Corporation Announces Goal to Achieve Carbon Neutrality by 2050

Greenhouse Gas Emission Trend

Global Greenhouse Gas Emissions
by Economic Sector

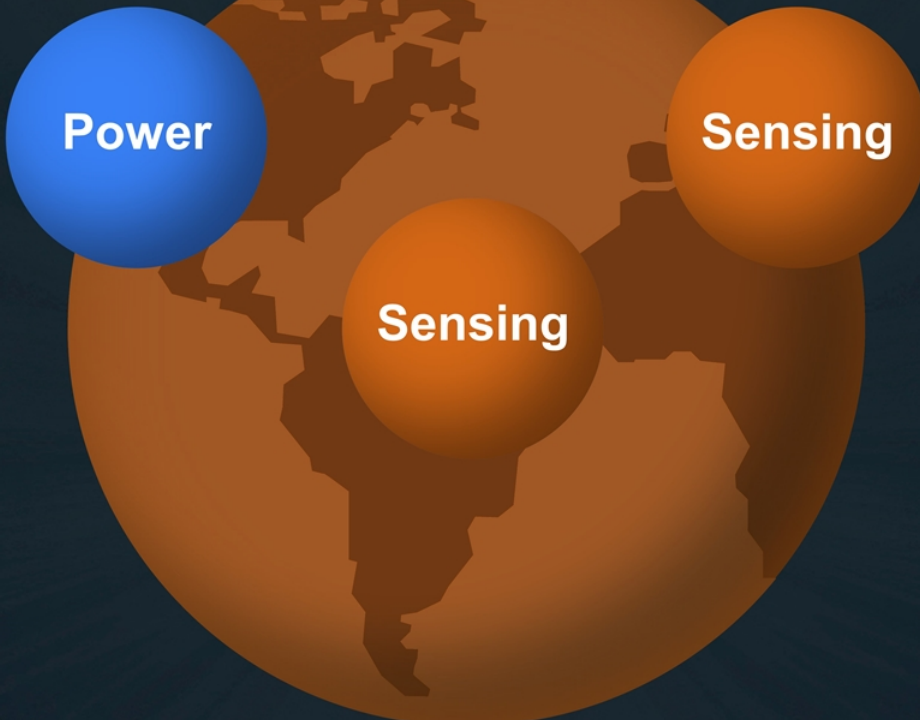






**Sustainability
drives a common theme
across all markets**

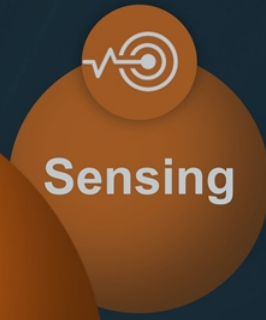
onsemi.





Power is
New Frontiers

Climate and Sustainability are main demand drivers for electrification & power. Efficient power production, distribution and consumption will be key. *Automotive and Industrial* accelerating electrification and automation



Sensing is
Everywhere

Innovative companies with *disruptive technologies* and *strong ecosystems* will win

Industrial automation output efficiency. Automotive OEMs increasing the pace of adoption of *autonomy features* – L2+



Power and **Sensing** go hand-in-hand. Together they are driving **market disruption** in manufacturing and automotive



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

Power and Sensing are a Winning Combination



Customers seek **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

6%

2021-2025
TAM CAGR

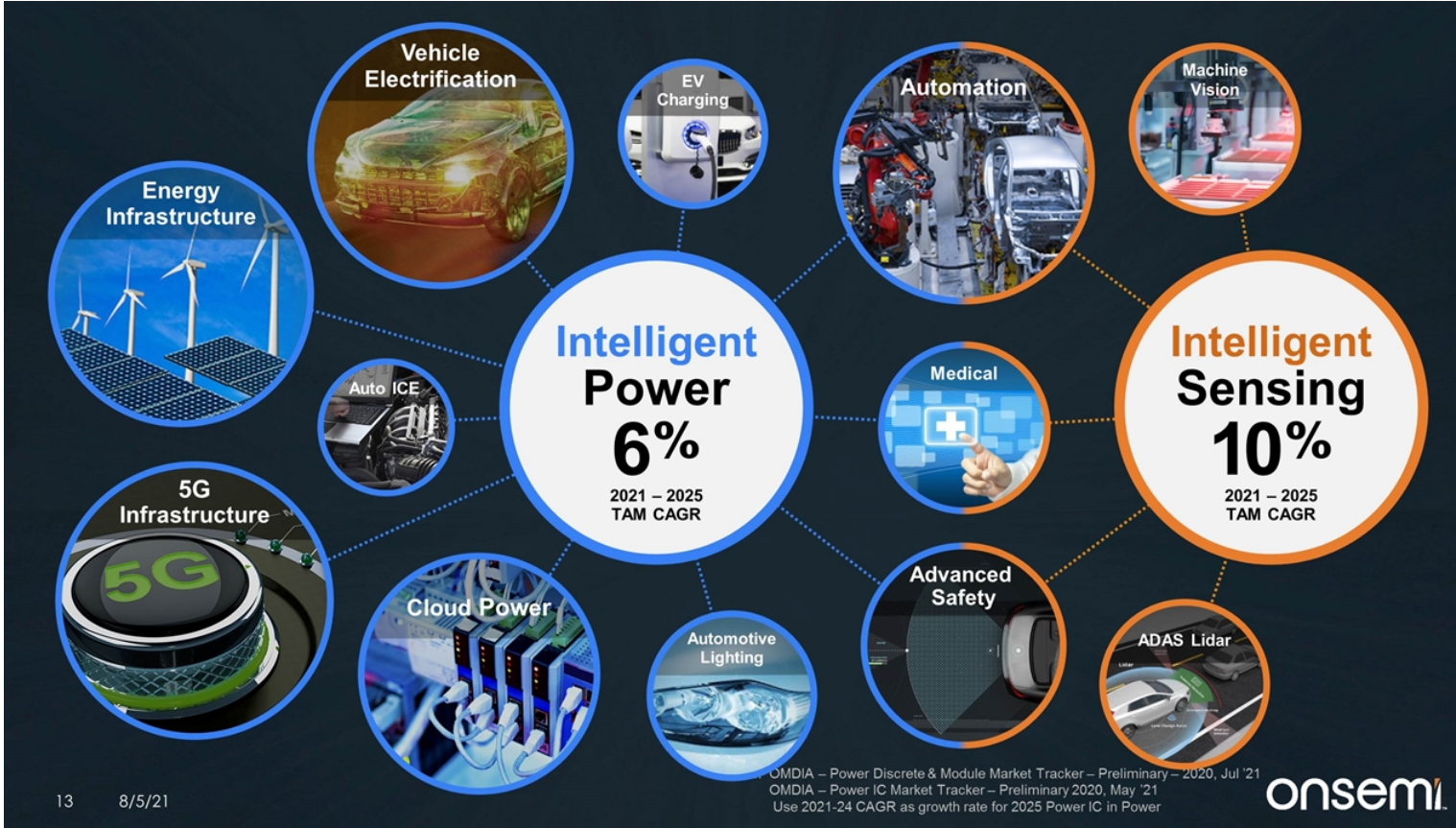


Intelligent

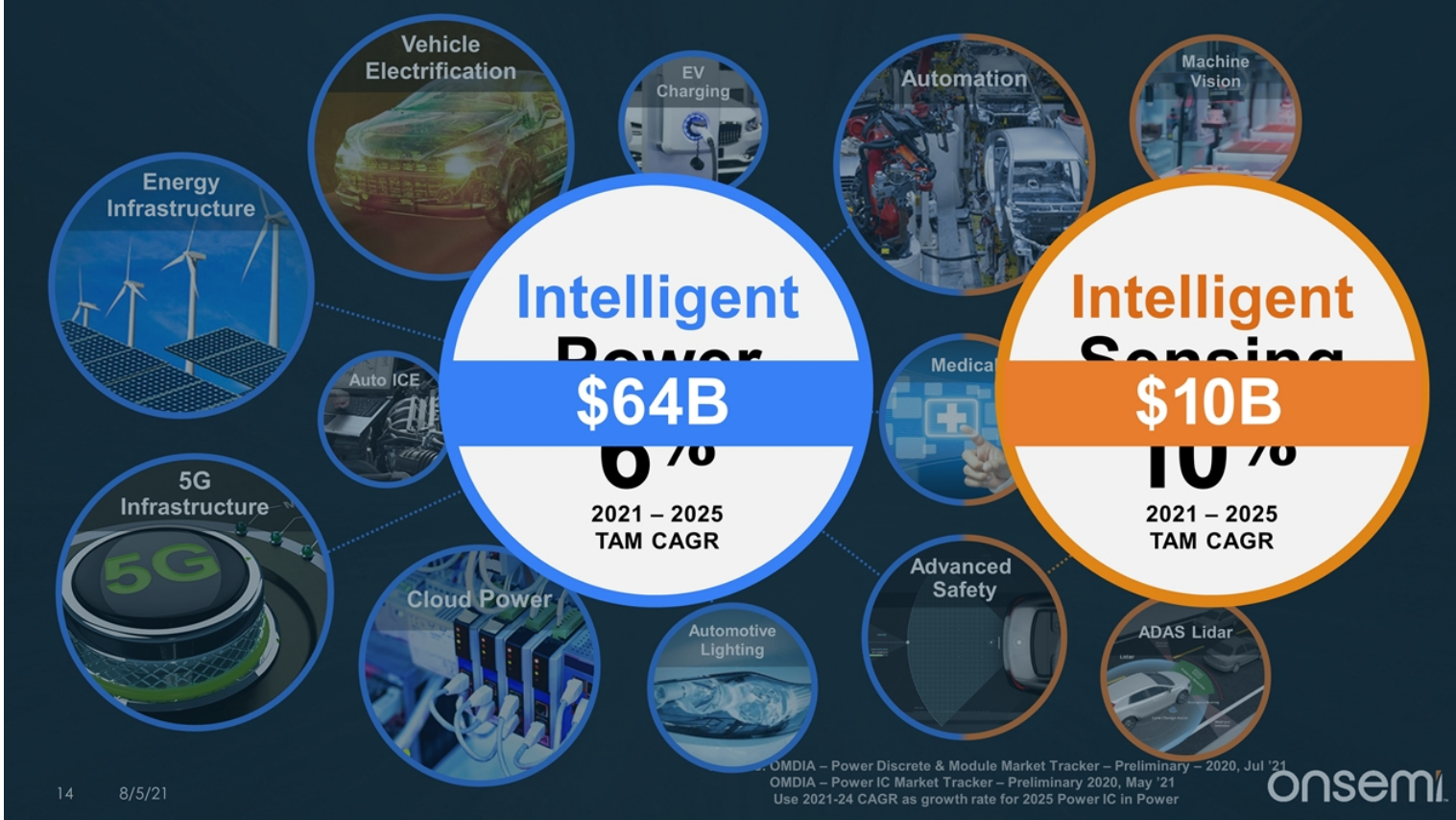
Sensing

10%

2021-2025
TAM CAGR



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



Source: 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



Power tradeoffs impede optimal system performance

Low efficiency power products

meet aggressive cost targets ...

... that **reduce** battery-to-drivetrain **conversion efficiency**, resulting in lower range or power...

... offset by additional batteries, which **add weight**



Commercial sensors fail to address required use cases

Night driving, smoke and fog, and distance object detection, to name a few, are features that drive cost to **"maybe" achieve safety**

Slow image sensing reduces factory throughput and **kills efficiency**



onsemi's intelligent power solutions give customers the power of the "AND"

Through sensing integration, **onsemi's** intelligent power solutions achieve the **highest efficiency compared to our peers...**

...to allow lower temperature operation, reducing cooling requirements, **saving cost and minimizing weight**

...delivering the required power with **less die per module** while **achieving higher range** for a given battery capacity

onsemi's intelligent power allows OEMs to exceed range targets with lower weight and reduce system cost through unparalleled efficiency

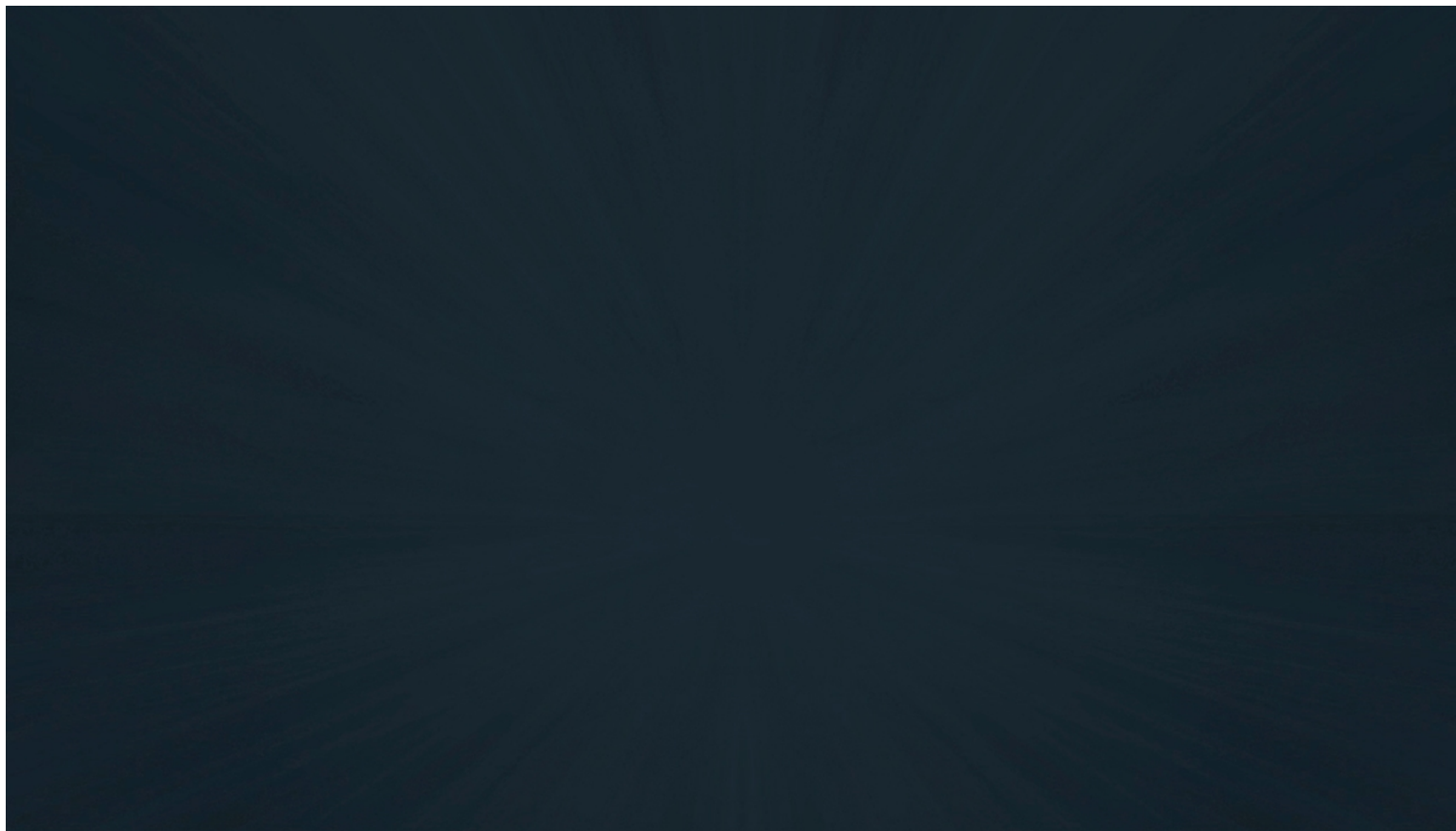


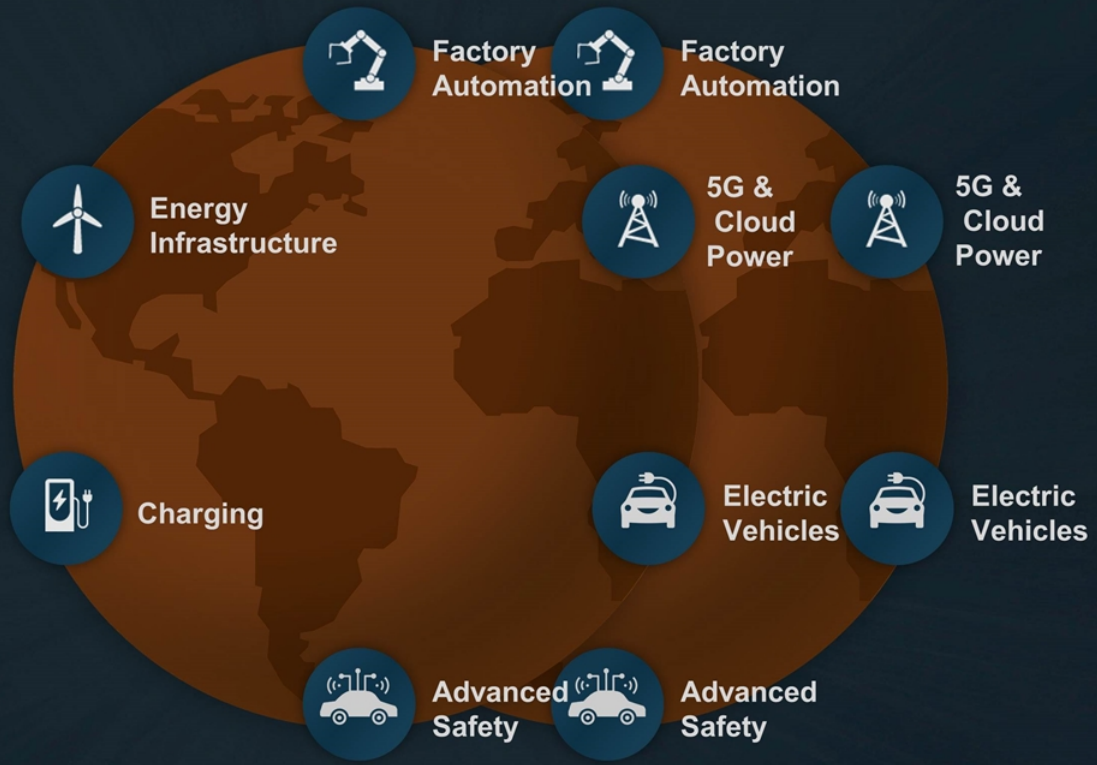
onsemi's intelligent sensing offers the most advanced features to achieve optimal results

Integration drives efficiency by delivering performance in the **smallest footprint...**

...and **reducing system latency** to increase safety and throughput... by providing a proprietary feature set to **solve all use cases**

onsemi's intelligent sensing solutions offer proprietary features in the smallest packages that support all use cases customers require to solve their complex problems







5G & Cloud Power

- Accelerated pace of data center deployments
- Increase in power consumption with every new processor generation and higher physical density
- 5G deployments worldwide



Factory
Automation



5G &
Cloud
Power



Charging



Electric
Vehicles



Advanced
Safety





5G & Cloud Power

- Accelerated pace of data center deployments
- Increase in power consumption with every new processor generation and higher physical densities
- 5G deployments worldwide

onsemi > \$300 per platform

onsemi wins with high efficiency intelligent power solutions to optimize power consumption in cloud and telecom infrastructure



Factory Automation



5G & Cloud Power

Electric Vehicles



Advanced Safety



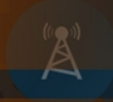
Factory Automation

- Focus on increasing productivity and throughput
- Ensure quality, safety and efficiency in industrial processes
- Intelligence – autonomous systems to make decisions based on programmed parameters and AI – robots and collaborative robots (cobots)

Factory Automation



Energy Infrastructure



5G & Cloud Power



Energy Infrastructure

- Aggressive push towards de-carbonization of power grid
- Coal-generated power contributed 30% of greenhouse gas emissions
- Renewable energy contribution quadrupled over the last decade with 50% growth expected over the next 5 years driven by climate actions
- Energy storage systems required to bridge daily cycles



Charging



Electric Vehicles



Charging

- Investments by governments, private operators and EV OEMs in charging infrastructure
- Need for fast charging drives power content – targeting a full charge in 20 to 30 minutes

Advanced Safety

Sources:
 Emissions – Global Energy & CO2 Status Report 2019 – Analysis – IEA
<https://www.ehn.org/renewable-energy-growing-2640193068.html> - Last 10 yrs data
<https://www.theguardian.com/environment/2019/oct/21/renewable-energy-to-expand-by-50-in-next-five-years-report> - Next 5 yrs data

Global Shutter Enhances Machine Vision...

onsemi Global Shutter



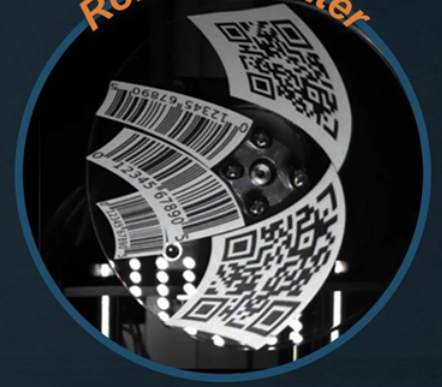
Leading shutter efficiency
in the smallest package

120fps for Machine Vision
applications

High Quantum Efficiency (QE)
at Near Infra-Red (NIR) light

- Reduces active illumination
power
- Increases range for depth
applications

Rolling Shutter



***Only Global Shutter can detect eyes
blinking in Automotive Safety Systems***



Factory Automation

onsemi wins with high-speed intelligent sensing for robotics, scanning and inspection and the widest intelligent power portfolio across voltages and technologies

\$3,000 – \$10,000 per factory



Energy Infrastructure

onsemi wins with high efficiency intelligent power solutions with both IGBT and SiC for increased power throughput


> \$600 per inverter



Charging

onsemi wins with high efficiency intelligent power solutions with SiC for charging a car in 20-30 minutes


\$2,000 – \$4,000 per charger

 Factory Automation

 5G & Cloud Power

 Electric Vehicles

 Advanced Safety

 **Advanced Safety**

- Consumer demand for safety features and government mandates for features such as frontal collision avoidance drives faster adoption
- System must achieve highest safety level (ASIL D) for both Intelligent Power and Sensing
- Unique Automotive use cases require feature integration and intelligent sensing that cannot fail

 Energy Infrastructure



State of the Art Functional Safety



- Analyzed **over 4,000 failure modes** to ensure corrective action during failure
- Combined Intelligent Power with our Intelligent Sensing for achieving ASIL D Functional Safety
- Perception and Sensing **cannot fail**
- **More coverage** than the competition

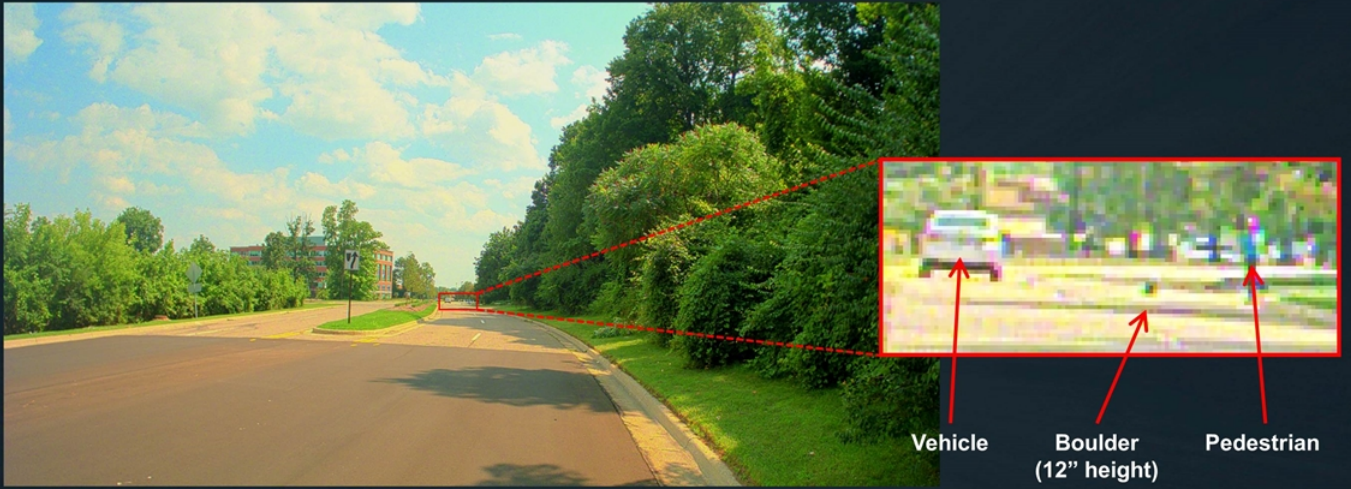
Best-in-Class Vision beyond the human eye – our image sensors are saving lives

Larger market share than all competitors combined

onsemi is saving 9 lives per hour

Long Distance Multiple Object Detection

onsemi's 8MP Automotive Sensor at 185 Meters



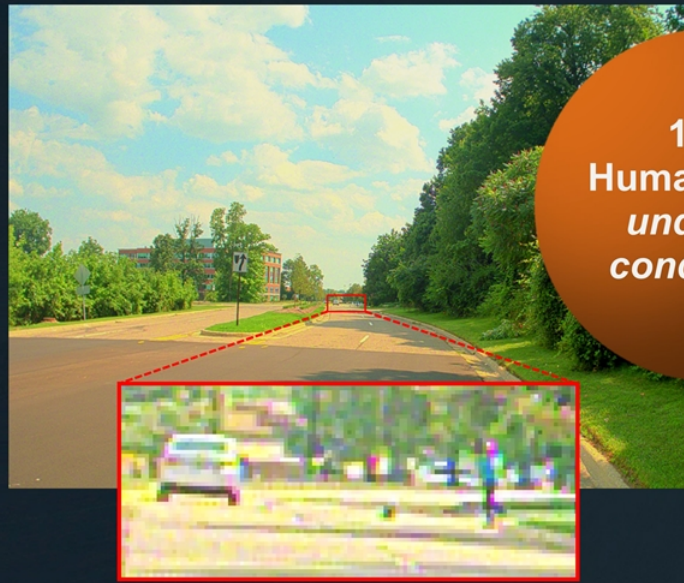
Long Distance Multiple Object Detection

onsemi's 8MP Automotive Sensor at 185 Meters



Long Distance Multiple Object Detection

onsemi's 8MP Automotive Sensor at 185 Meters



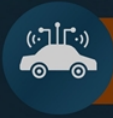
100x
Human Eye...
*under all
conditions*



...and going beyond what a human can see



Humans perceive the world in 3 Dimensions
Why should our cars be limited to 2?



Advanced Safety

- Consumer demand for safety features and government mandates for features such as frontal collision avoidance drive faster adoption
- System must achieve highest safety level (ASIL D) for both Intelligent Power and Sensing
- Unique Automotive use cases require feature integration and intelligent sensing that

onsemi. \$200 – \$1,000 per L2+

onsemi wins with the highest level of efficiency and functional safety for a total ADAS solution



Electric Vehicles

- Accelerated pace of electrification, due to regulations and consumer acceptance
- Automotive OEMs expanding EV offerings, competing on range and performance



Factory Automation



Energy Infrastructure



5G & Cloud Power



Charging



Electric Vehicles



Advanced Safety

Auto OEMs Accelerating EV Rollout

2025

GM 30 Model Launches
1M Unit Sales


DAIMLER
15-25% of Sales
10+ New Models

HYUNDAI
\$7.4B US Investment
Enhanced Production Facilities
& Smart Mobility Solutions

TOYOTA
15 New Launches


VOLVO
50% of Global Sales


2030

 > 70% of Europe, 50% of China and US
€16B investments in hybridization,
e-mobility, & digitalization up to 2025

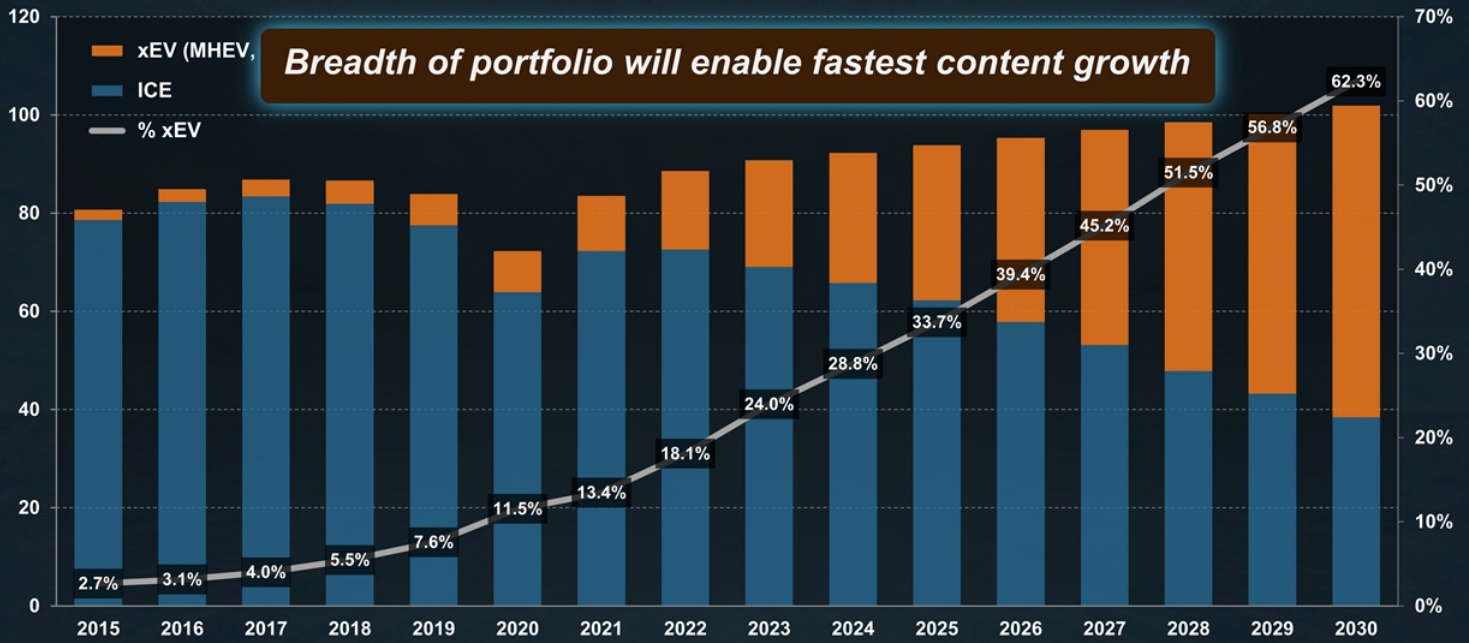
STELLANTIS 2025: 38% Europe, 31% US
2030: 70% Europe, 35% US

HONDA
40% of Global Sales

 50% of Global Deliveries

 100% in Europe, 40%+ globally
\$1B for EV manufacturing center
in Cologne. Planned electrification
spending to be \$30B+

By 2028, xEV will be >50% of vehicle sales



Sources: EV/IC breakdown: Credit Suisse – Mar 26 2021 – Global Semiconductor Sector – Automotive semis – Powering the EV megatrend – Report
 Sensor: TSR_Automotive_Sensing_System_Market_Analysis_2019_English_b (002)

ON Board Chargers,
HV Loads Battery Management

ADAS, Infotainment, HUD
Doors, Seating, Keyless entry,
Gateway Modules

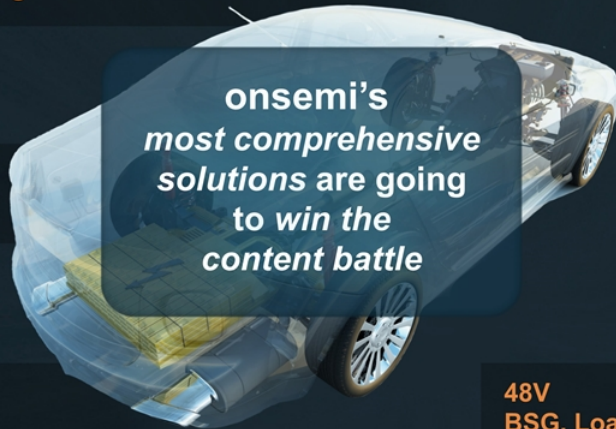
DC/DC
HV-LV, 48V-12V

onsemi's
*most comprehensive
solutions are going
to win the
content battle*

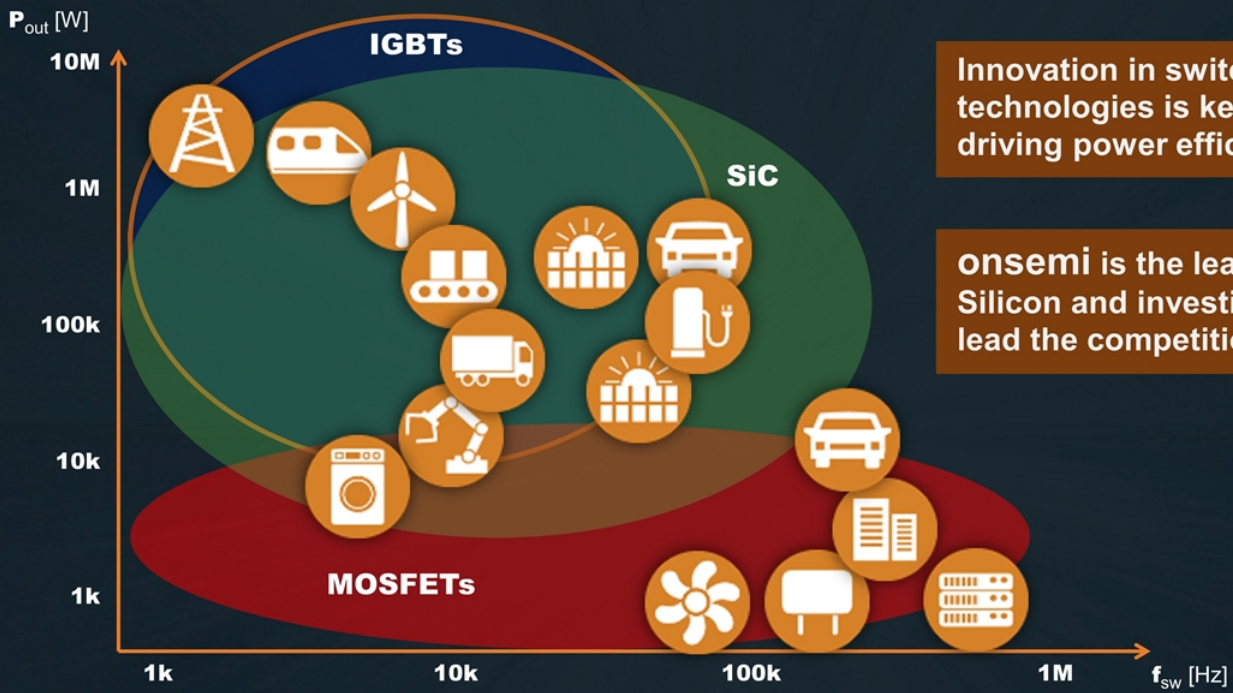
HV Powertrain
Traction Inverter

HV Loads
E-Compressor, Pump

48V
BSG, Loads



Breadth of technology is the foundation to win



Innovation in switching technologies is key to driving power efficiency

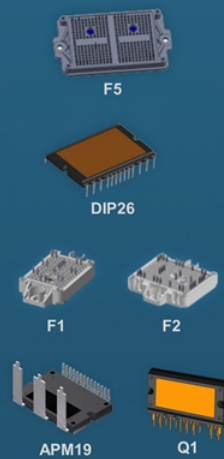
onsemi is the leader in Silicon and investing to lead the competition in SiC

Customers require depth and breadth of solutions...

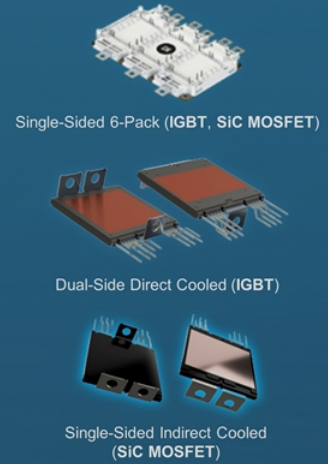
Discretés



Modules



Traction Modules



onsemi offers customers what they need to win

... and you need a scalable solution ...
100kW to 300kW scalable / stackable power solution

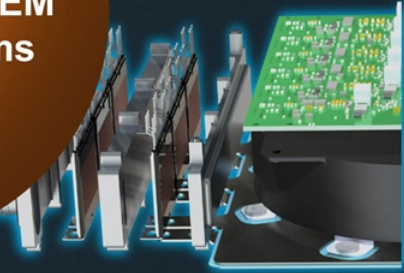
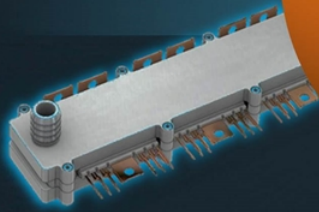


Mid-Size Sedan
150kW



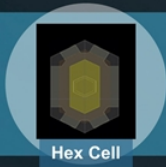
Luxury SUV
250kW

**... to meet the
wide range of OEM
vehicle platforms**



...and you keep innovating to maintain the power leadership

SiC Technology



▼ 16%



▼ 25%



Innovative cell and trench structure
→ High efficiency
→ Longer range

Package Technology



▼ 15%

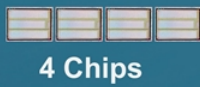


▼ 20%



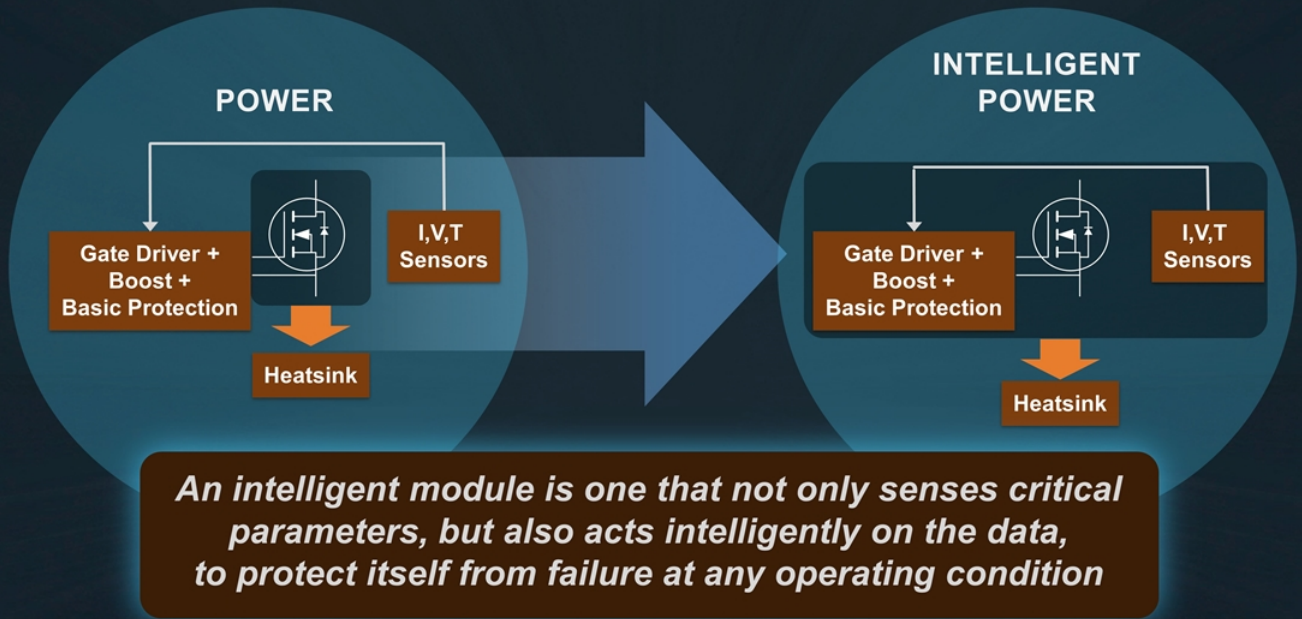
Efficient interconnect and direct cooling
→ High power density
→ Less weight


210kW Drive Switch




Fewer Chips to deliver same power
→ Lower cost

... and you add intelligence through integration to create value




 Factory Automation

 5G & Cloud Power

 **Electric Vehicles**

- Accelerated pace of electrification, due to regulations and consumer acceptance
- Automotive OEMs expanding EV offerings, competing on range and performance

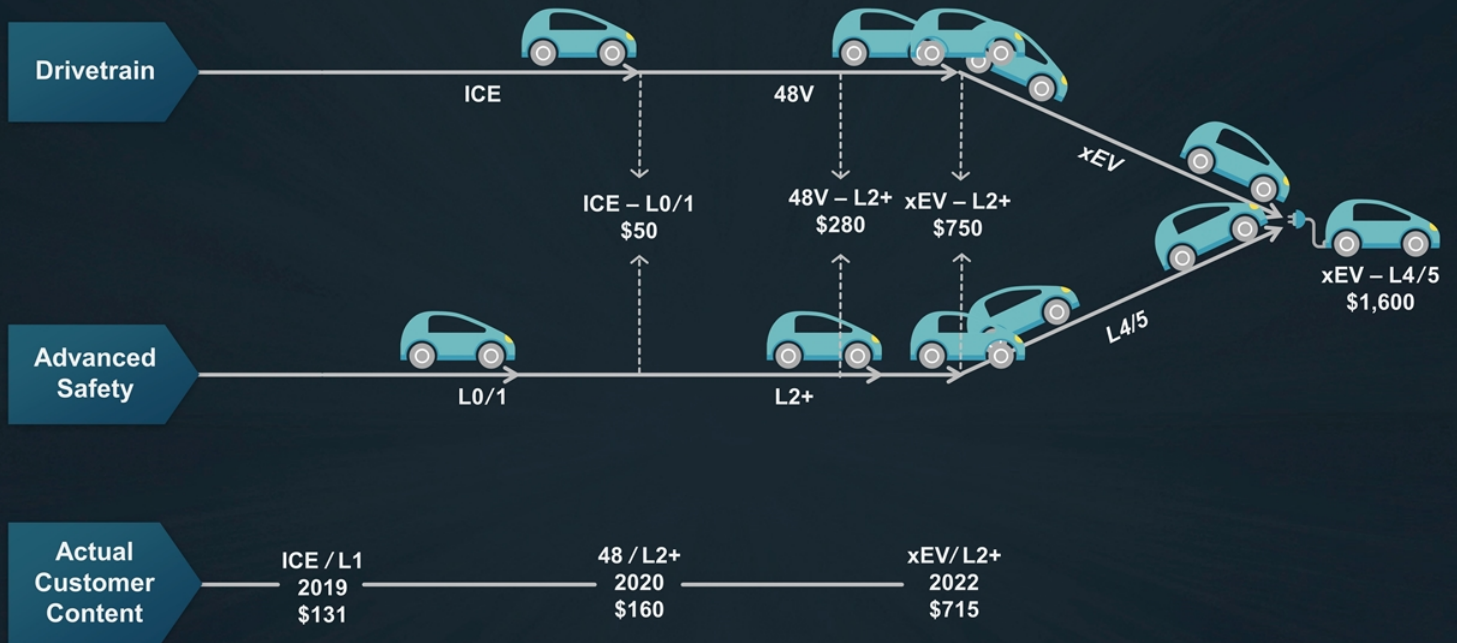
 Energy Infrastructure

onsemi > \$750 of power content

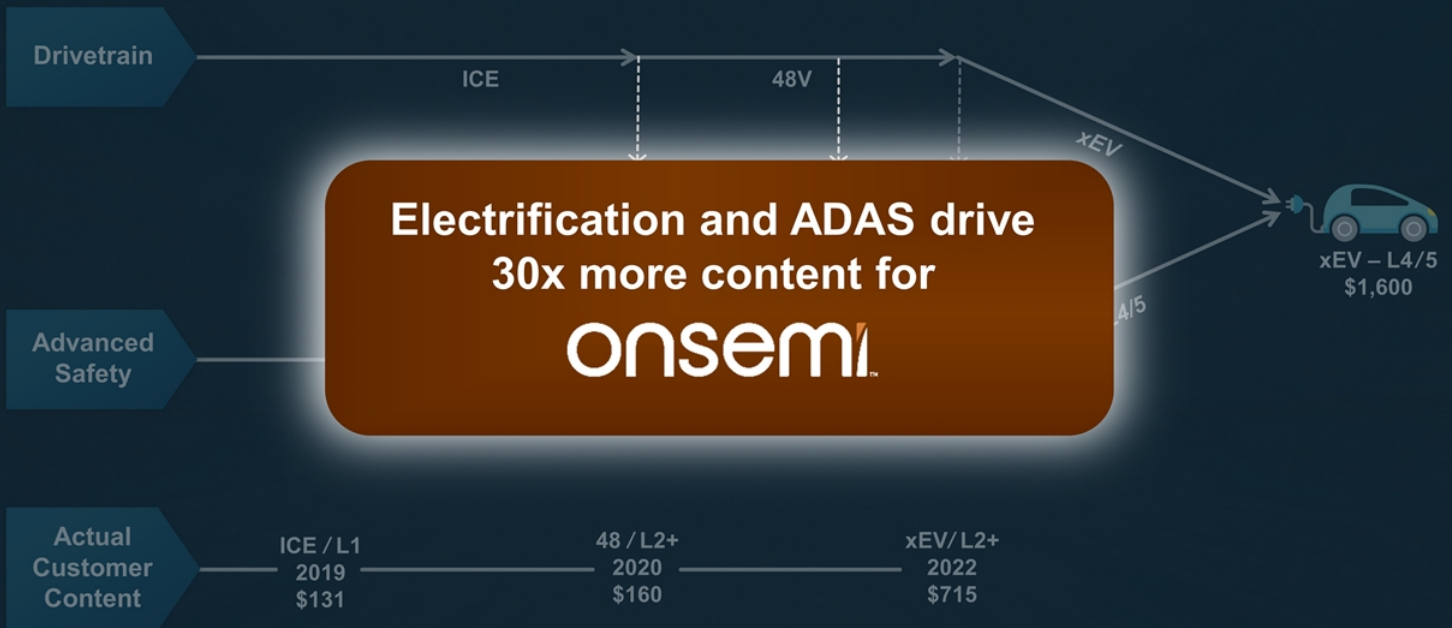
onsemi wins with high efficiency power solutions for extending the driving range

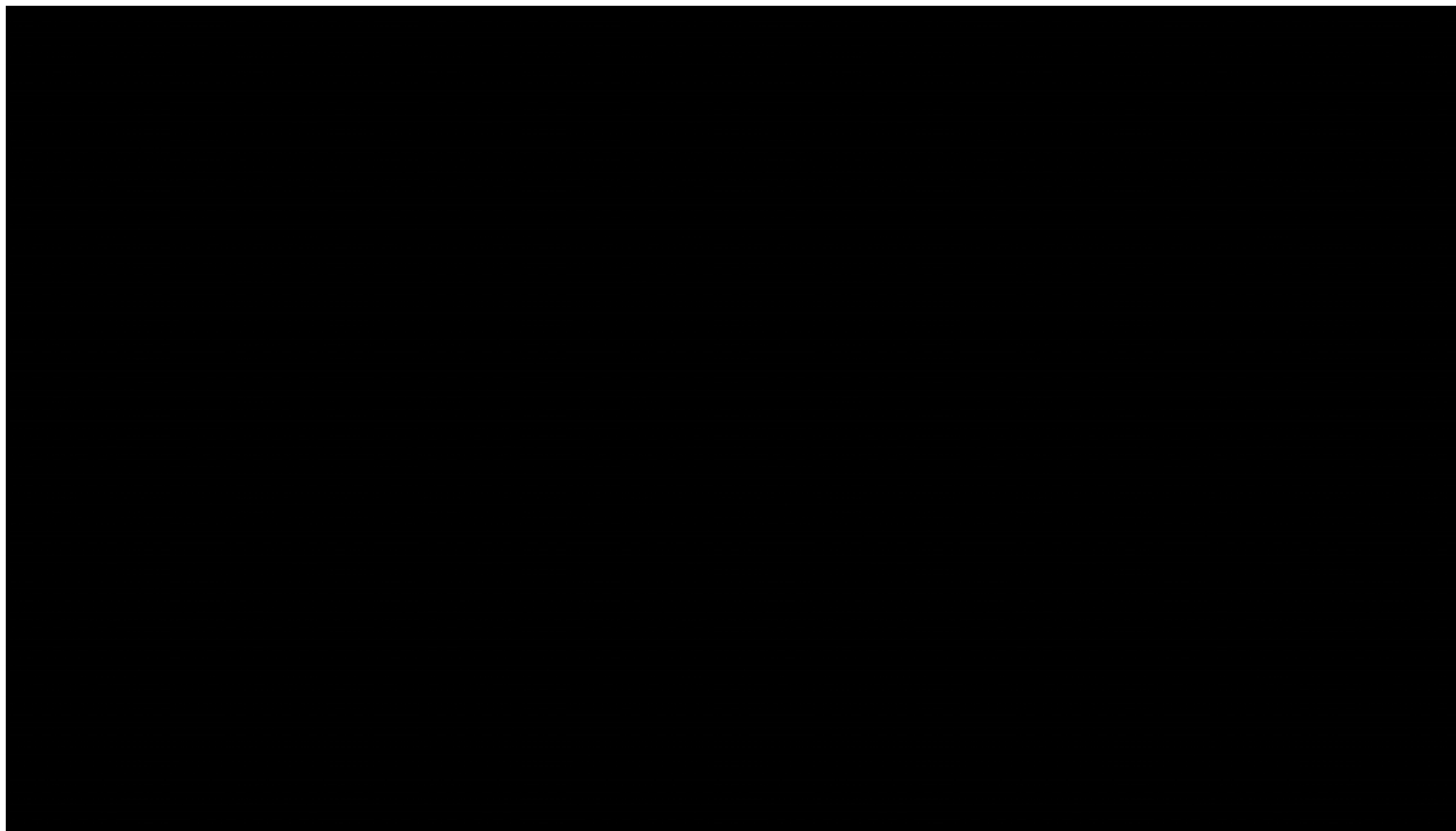
 Advanced Safety

Dual Growth Vectors Fuel Future Growth



Dual Growth Vectors Fuel Future Growth







onsemi. Mission

Powering the electrification of the Automotive industry with our **intelligent power technologies** that allow for lighter and longer-range electric vehicles and enable efficient fast-charging systems

Enhancing the Automotive mobility experience with our **intelligent sensing technologies** with imaging and depth sensing that make advanced vehicle safety and automated driving systems possible

We will push innovation to create intelligent power and sensing technologies that solve the most challenging customer problems

Propelling the sustainable energy evolution with our **intelligent power technologies** for the highest efficiency solar Strings, Industrial power and storage systems

Enabling Industry 4.0 with our **intelligent sensing technologies** for smarter factories, buildings and homes

onsemi.

Intelligent
Power

Intelligent
Sensing



Manufacturing



Modules



Integration



Channel

Play to Win

- Focus on high-growth megatrends in Automotive and Industrial and win with **onsemi** intelligent power and sensing
- Double down and don't dabble
- Invest in disruptive innovation to drive higher margin growth

Implement Structural Changes

- Optimize organizational structure to reduce complexities
- Streamline manufacturing to match the strategy and not the other way around
- Attract and retain the best, diverse talent across the board
- Engage and empower employees to make expeditious, data-driven decisions

Capture Value

- Focus on highly differentiated products that enable disruptive innovation
- Optimize manufacturing footprint and leverage expertise
- Eliminate price-to-value discrepancies

Execute

- Leverage new leadership team with history of strong execution
- Drive accountability throughout the organization
- Reward employees for delivering superior results



onsemi.



Winning
Formula



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**

Creating Shareholder Value



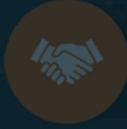
Aligned to **fast-growing secular megatrends** in automotive and industrial end markets



Significant **gross margin expansion** driven by
Revenue Growth 2x the Semiconductor Industry



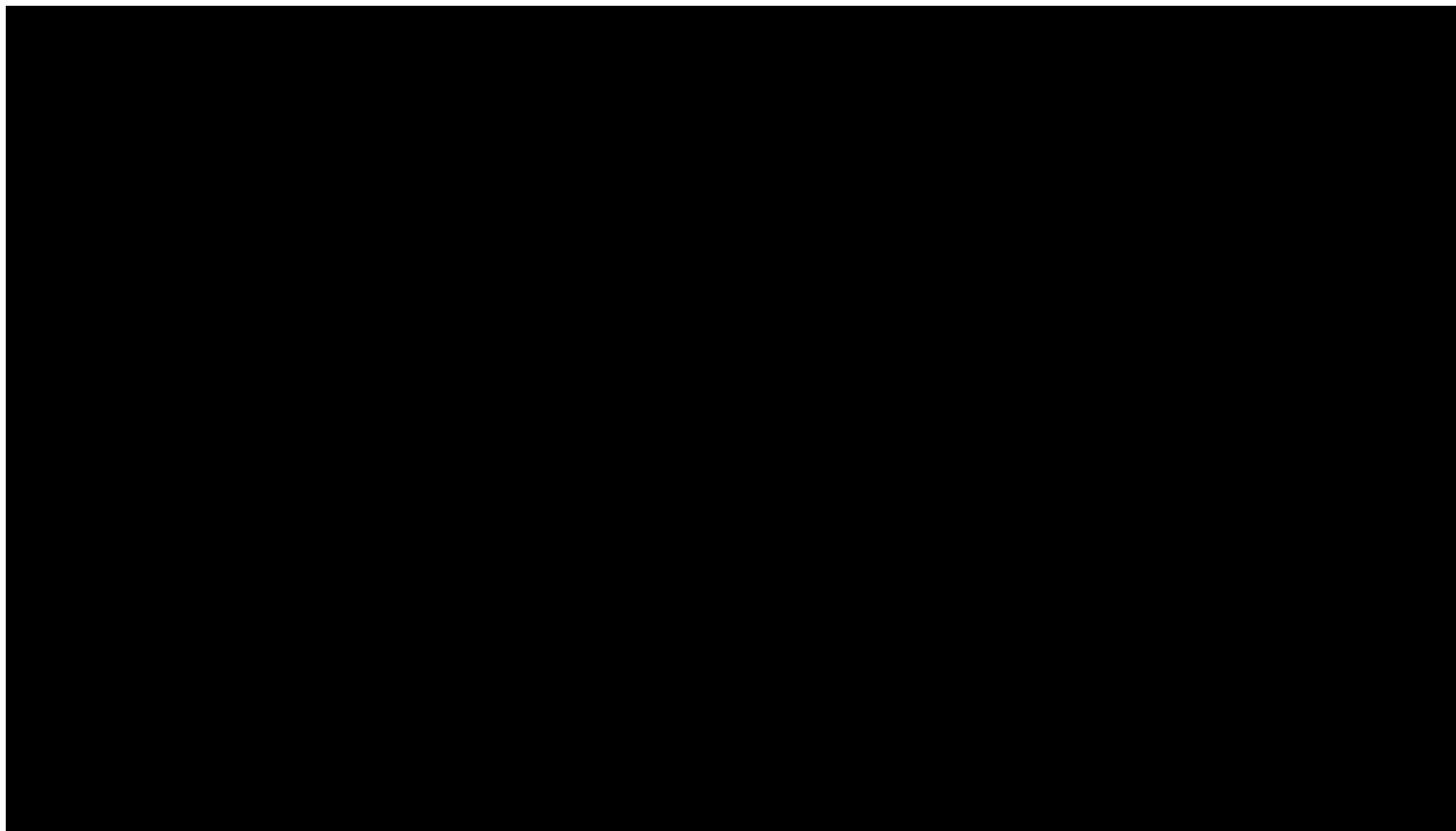
Significant **growth in Free Cash Flow** – disciplined and shareholder-friendly investment policy



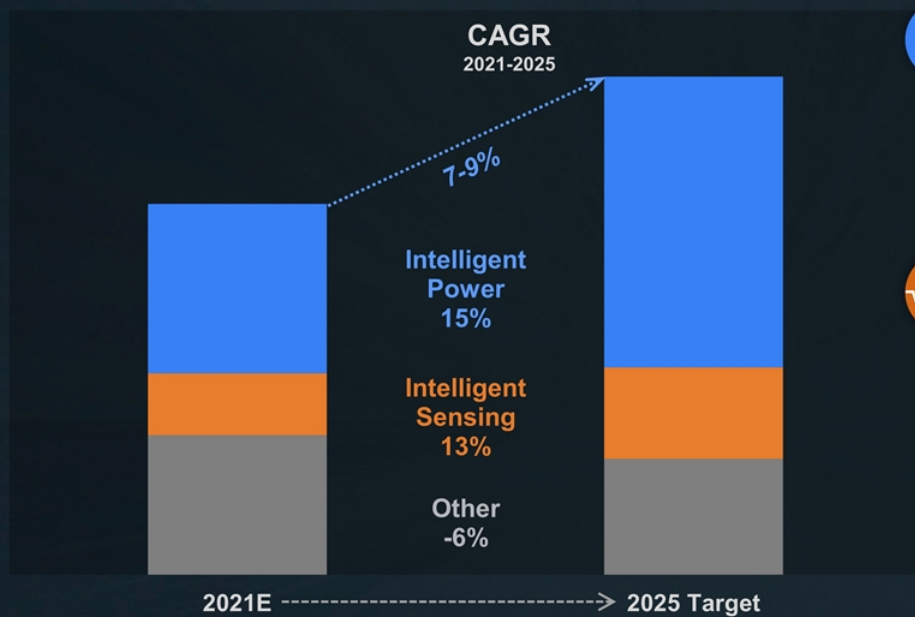
New leadership with history of execution and driving **transformation**



Disciplined execution to drive **sustainable results**



Intelligent Power and Sensing Drive 2X Market Growth



Intelligent Power

- Enabling Electric Vehicles
- Driving Power Efficiency in Industrial Systems
- Accelerating the pace of de-carbonization of power grid



Intelligent Sensing

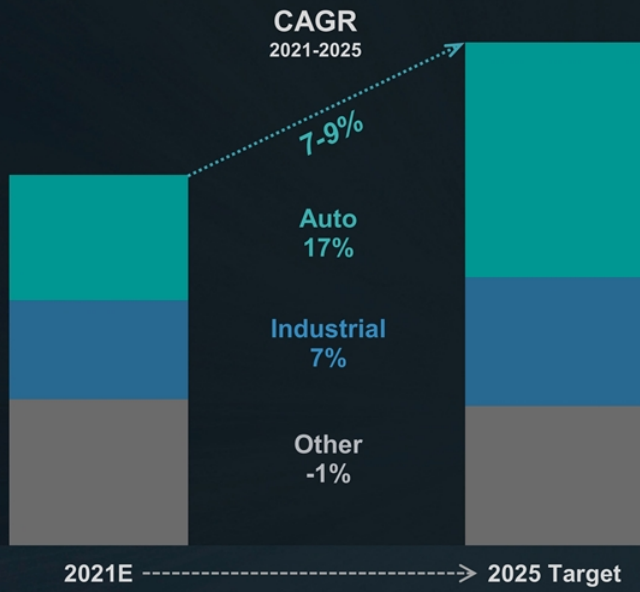
- Enabling automotive safety and autonomous driving
- Enabling intelligent automation to drive productivity improvement and energy efficiency

Other

- Attractive cash flow focused businesses including connectivity, EEPROM, etc.

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.

Automotive and Industrial to Fuel Growth



Automotive

- Electrification – SiC and IGBT
- ADAS – Image sensors and LiDAR
- Power – LED and ADAS power



Industrial

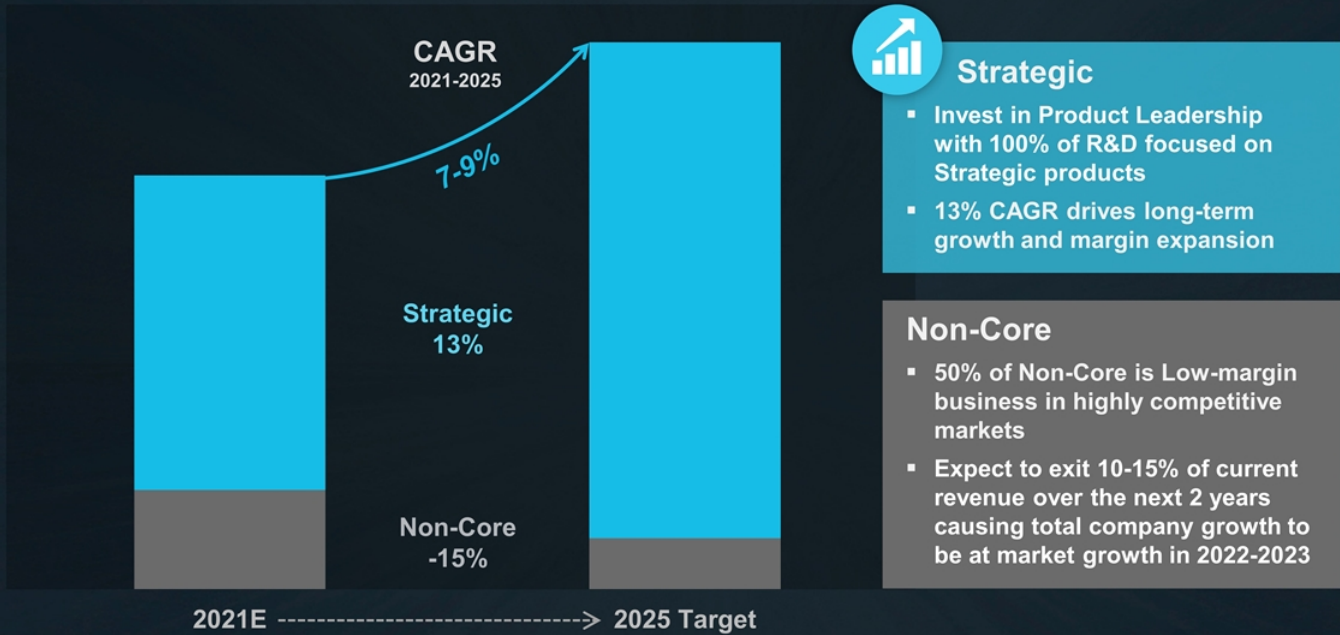
- Alternative energy
- Factory automation
- EV fast charging stations

Other

- Cloud /5G expected to grow at 11% CAGR
- Includes consumer, compute and communications
- Exit non-core, low margin businesses in highly competitive markets

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

Focus on Product Leadership and Exit Non-Core Businesses



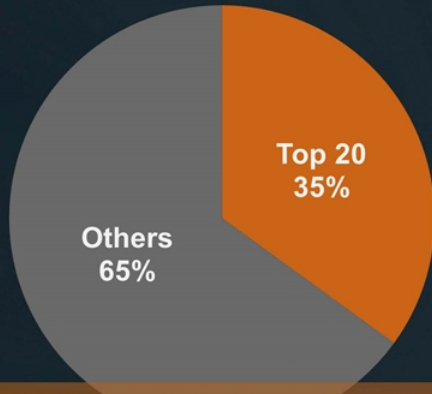
Strategic

- Invest in Product Leadership with 100% of R&D focused on Strategic products
- 13% CAGR drives long-term growth and margin expansion

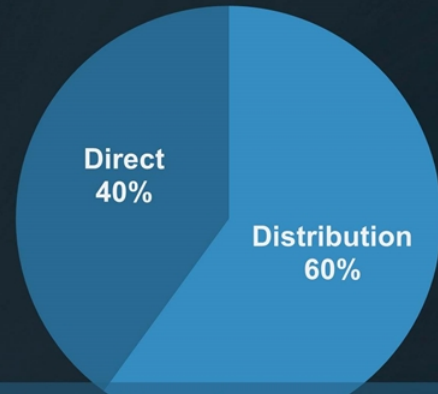
Non-Core

- 50% of Non-Core is Low-margin business in highly competitive markets
- Expect to exit 10-15% of current revenue over the next 2 years causing total company growth to be at market growth in 2022-2023

Highly Diversified Customer Base and Broad Channel Reach

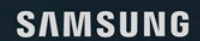
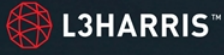
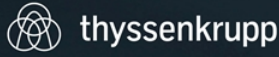
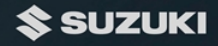
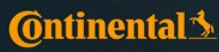


- Highly diversified customer base across all end-markets, products and geographies
- No 10% customer
- Customer roadmap and future technology alignment provide stickiness
- Engaging with strategic customers on long-term agreements provides greater visibility and less volatility



Channel Strength

- Engaged with strategic global and regional distribution partners to drive demand creation
- Highly fragmented base of highly profitable end-customers
- Strengthens presence in Industrial market worldwide



Continental

BOEING

NISSAN

Valeo

GRUNDFOS

BYD

HYUNDAI
MOBIS

Mercedes-Benz



EATON

Stanley
Black &
Decker

SUZUKI

SIEMENS

Schneider
Electric

BOSCH

GM

thyssenkrupp

Deep engagement with
all market disrupters
Top 20 customers each
purchase an average of
24 onsemi product families



Rockwell
Automation

L3HARRIS™

TOSHIBA

DELTA

APTIV

ABB

TESLA

HITACHI

SAIC



JAGUAR

NVIDIA

Honeywell

NOKIA

ZEBRA

TOYOTA

JOHNSON
ELECTRIC



SAMSUNG

Creating Shareholder Value



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

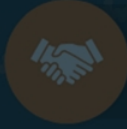


Significant **gross margin expansion** driven by manufacturing consolidation, portfolio optimization and mix



Signif
discip

Execution Drives 45% Gross Margin

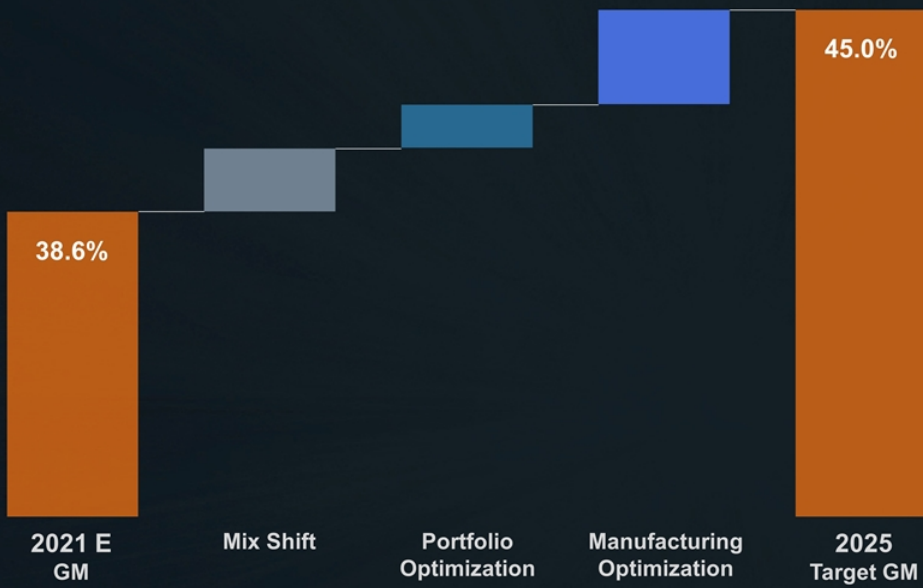


New leadership with history of execution and driving **transformation**



Disciplined execution to drive **sustainable results**

Execution Drives 45% Gross Margin



Mix Shift

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

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 for improved cost structure
- Manufacturing optimization expected to provide half of gross margin improvement

Shifting to Fab-Liter Manufacturing

Shifting to Fab-Liter Manufacturing

Flexible manufacturing strategy with low fixed cost footprint

Invest in internal capacity for differentiated technologies and strategic growth areas (Intelligent Power and Silicon Carbide)

Utilize external manufacturing for non-proprietary technologies with flex capacity internally and externally

Exit sub-scale Fabs and shift to 300mm capacity

Increase back-end flexibility for common packages – external volume to increase to ~45% from 34% in 2021

Optimize capex – Rely on external partners for common packages and technologies

Minimize Gross Margin Volatility

Strengthen Competitive Advantage

Improve Cost Structure

Maximize Returns

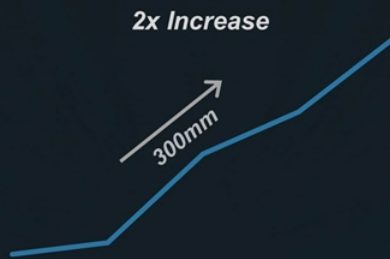
Front-end Sites



2021E

2025
Target

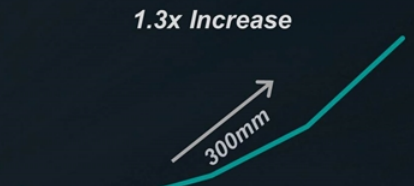
Capacity Per Factory



2021E

2025
Target

Total Capacity



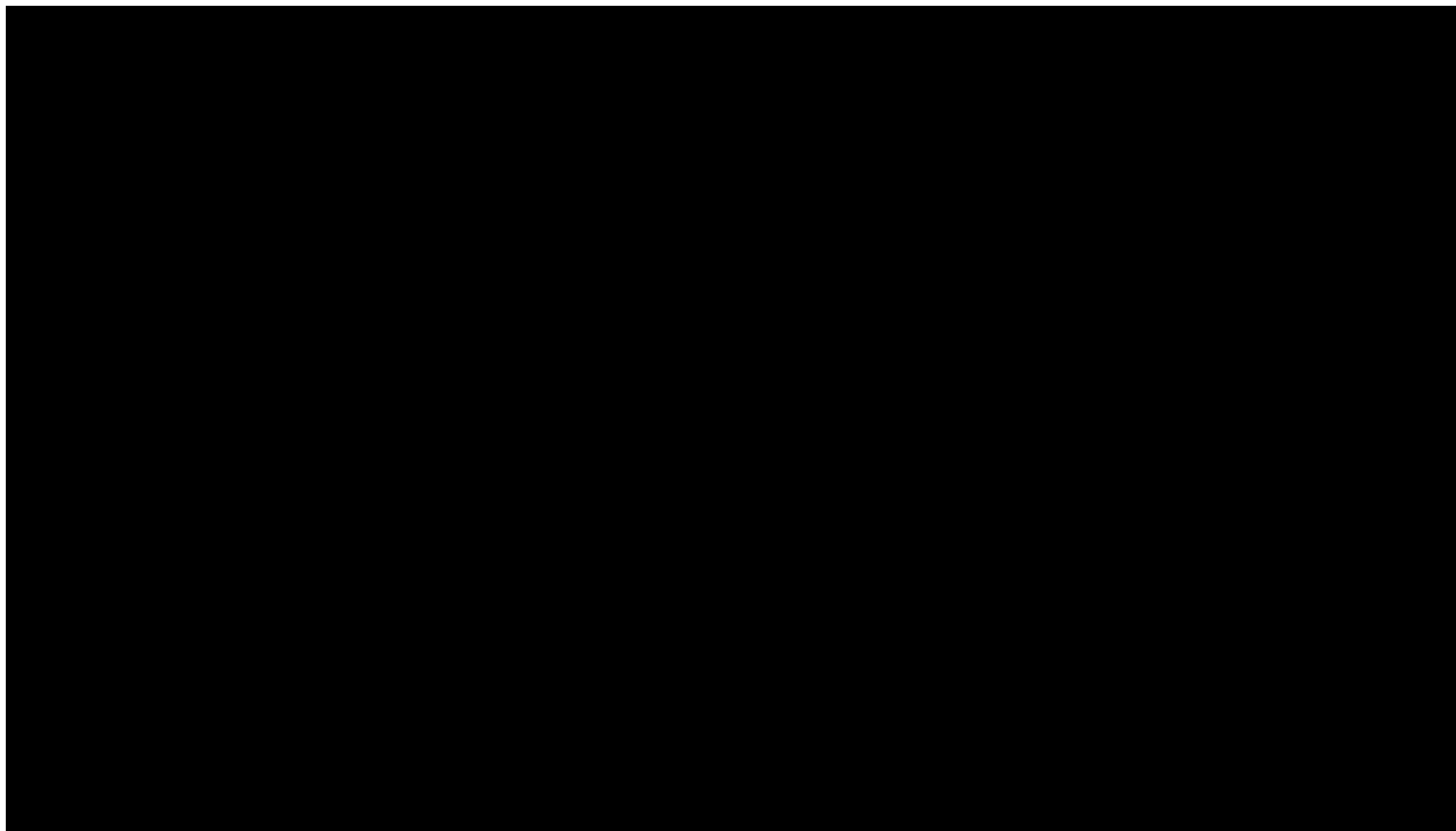
2021E

2025
Target

Exit smaller inefficient fabs to reduce fixed cost footprint by \$125-150 million

Consolidate capacity in larger fabs to drive reduction in unit cost

Adopt a flexible manufacturing model with capex investment for differentiated and critical technologies such as Power and SiC



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



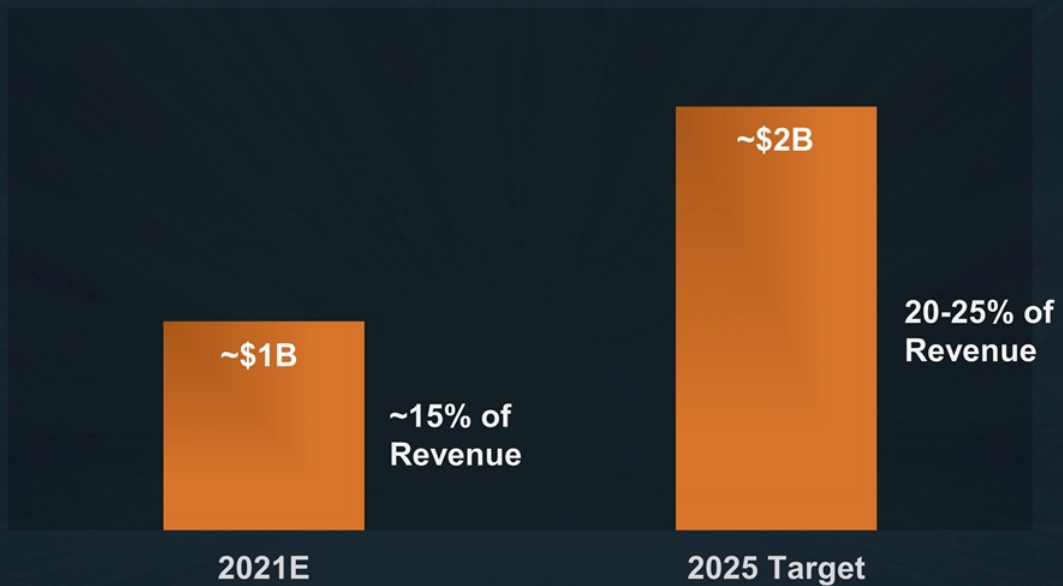
New leadership driving **transformation**

20-25% Free Cash Flow Margin



Disciplined execution to drive **sustainable results**

Targeting \$2B Free Cash Flow in 2025



FCF to increase >2X revenue growth

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

- 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

Investment and Capital Allocation Strategy

Investment in Organic Growth

- Portfolio expansion for revenue growth and margin expansion – R&D and Capital Expenditure
- RoIC based investment decisions

M&A

- Adjacent and complimentary to core competencies
- Accelerate organic initiatives and developments
- Accretive to the Financial Model

Maintain Flexible Balance Sheet

- Maintain financial flexibility to pursue organic and inorganic growth
- Target net leverage of 1.5-2.0X
- Maintain existing credit ratings of BB+/Ba1

Shareholder Returns

- Return 50% of Free Cash Flow through share repurchases

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New leadership with history of execution and

Operating income growth >2x revenue growth



Disciplined execution to drive **sustainable results**

Driving Sustainable Performance

Focus on Profitable growth – Reduce reliance on revenue to drive margins

Exit volatile and highly-competitive businesses and markets

Long-term Supply Agreements (LTSA) improve visibility for investments and capacity planning

Fab-Liter strategy and manufacturing optimization improves gross margin stability

Tight cost control – operating expense growth to lag revenue growth

Invest R&D for product leadership and high returns

Sustainable Performance Drives Shareholder Value

2025 Target Model

	2021 Estimated	2025 Target	
Revenue	\$6.6B	7-9% CAGR	Grow at 2X the semiconductor industry
Gross Margin	38.6%	45%	Manufacturing consolidating, mix shift, portfolio optimization
Operating Expenses	19.1%	17%	Operating expense growth to significantly lag revenue growth
Operating Margin	19.5%	28%	Operating Income growth >2X revenue growth
CAPEX	8%	9%	Expand 300mm capacity, invest to grow SiC and Power capabilities
Free Cash Flow	~15%	20-25%	~\$2B of Free Cash Flow in 2025

Creating Shareholder Value



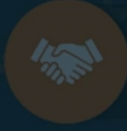
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Oper

... with a sustainable and climate-responsible focus

growth



Disciplined execution to drive **sustainable results**



Most Sustainable Company in the semiconductor industry in 2020 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

Member of **Dow Jones Sustainability Indices**

Three consecutive years in Dow Jones Sustainability Index



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



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



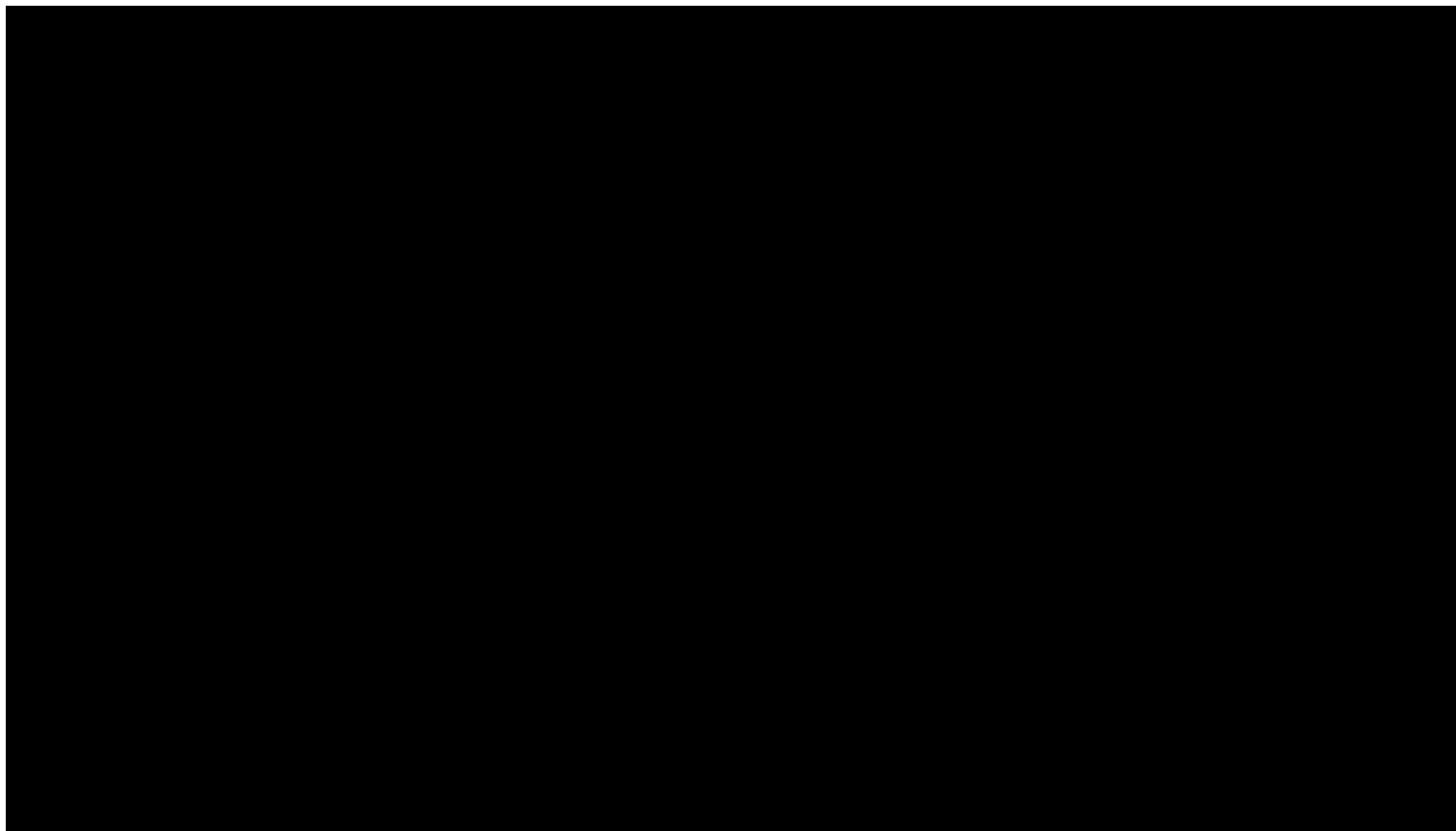
Second consecutive year, **#38 out of 399** U.S.-based companies across 14 industries



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



onsemi
commits to
NET ZERO
by 2040



Play to Win

- Focus on high-growth megatrends in Automotive, Industrial, and Consumer with onsemi intelligent power and sensing
- Double down and don't dabble
- Invest in disruptive innovation to drive higher margin growth

**Improve Capital
Efficiency**

Implement Structural Changes

- Optimize organizational structure to reduce complexities
- Streamline manufacturing to match the strategy and demand
- Attract and retain the best, diverse talent across the business
- Engage and empower employees to make expeditious, data-driven decisions

**Optimize Cost
Structures**

Capture Value

- Focus on highly differentiated products that enable disruptive innovation
- Optimize manufacturing footprint and leverage scale
- Eliminate price-to-value discrepancies

**Expand Gross
Margin and Cash Flow**

Execute

- Leverage new leadership team with history of strong performance
- Drive accountability throughout the organization
- Reward employees for delivering superior results

**Deliver Shareholder
Value**

onsemi.
**Winning
Formula**