

Quarterly Investor Presentation

Third Quarter 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 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. Certain factors that could affect our future results or events are described under Part I, Item 1A “Risk Factors” in the 2020 Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on February 16, 2021 (the “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 subsequent 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

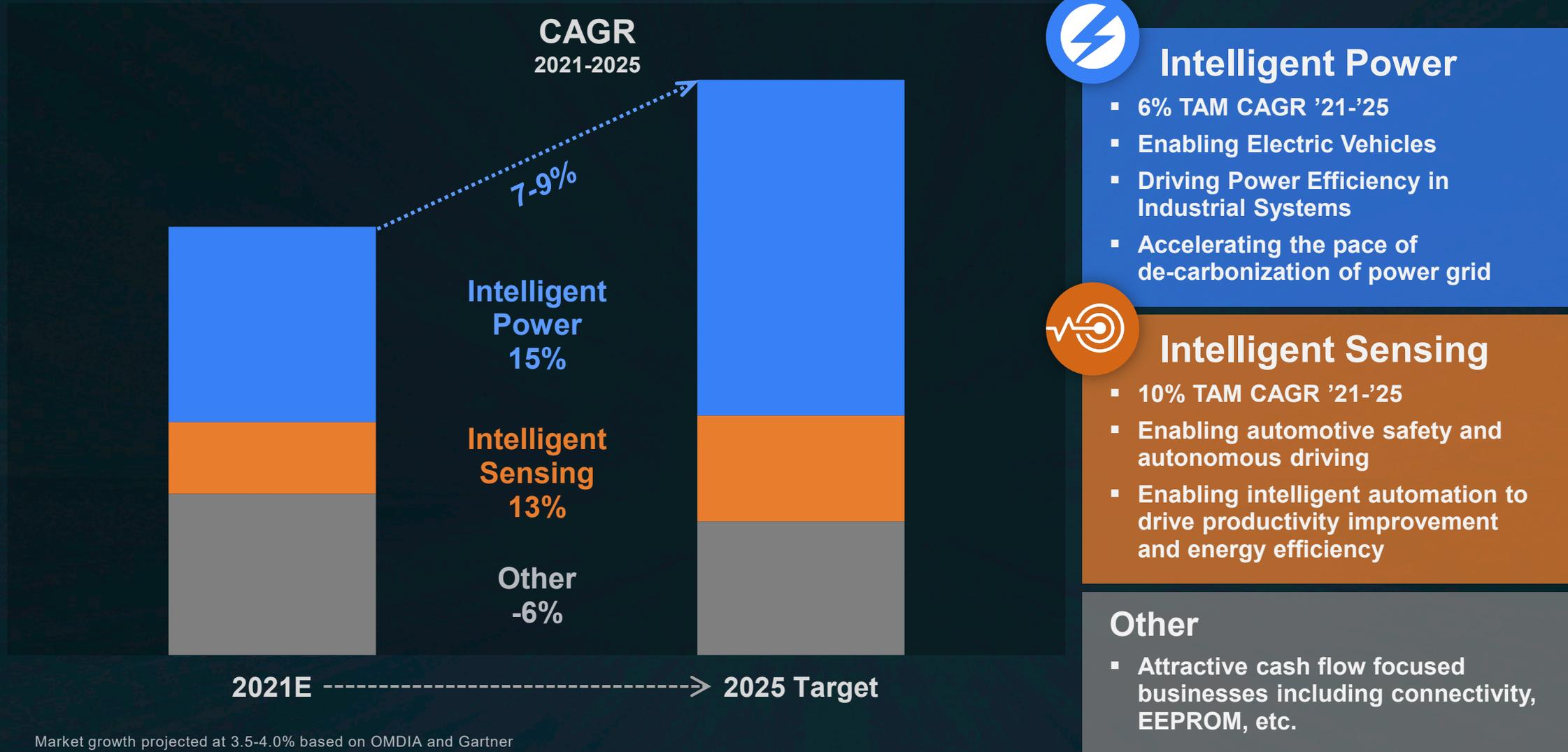


Customers value **innovation** and differentiation, to develop a **sustainable ecosystem**



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.

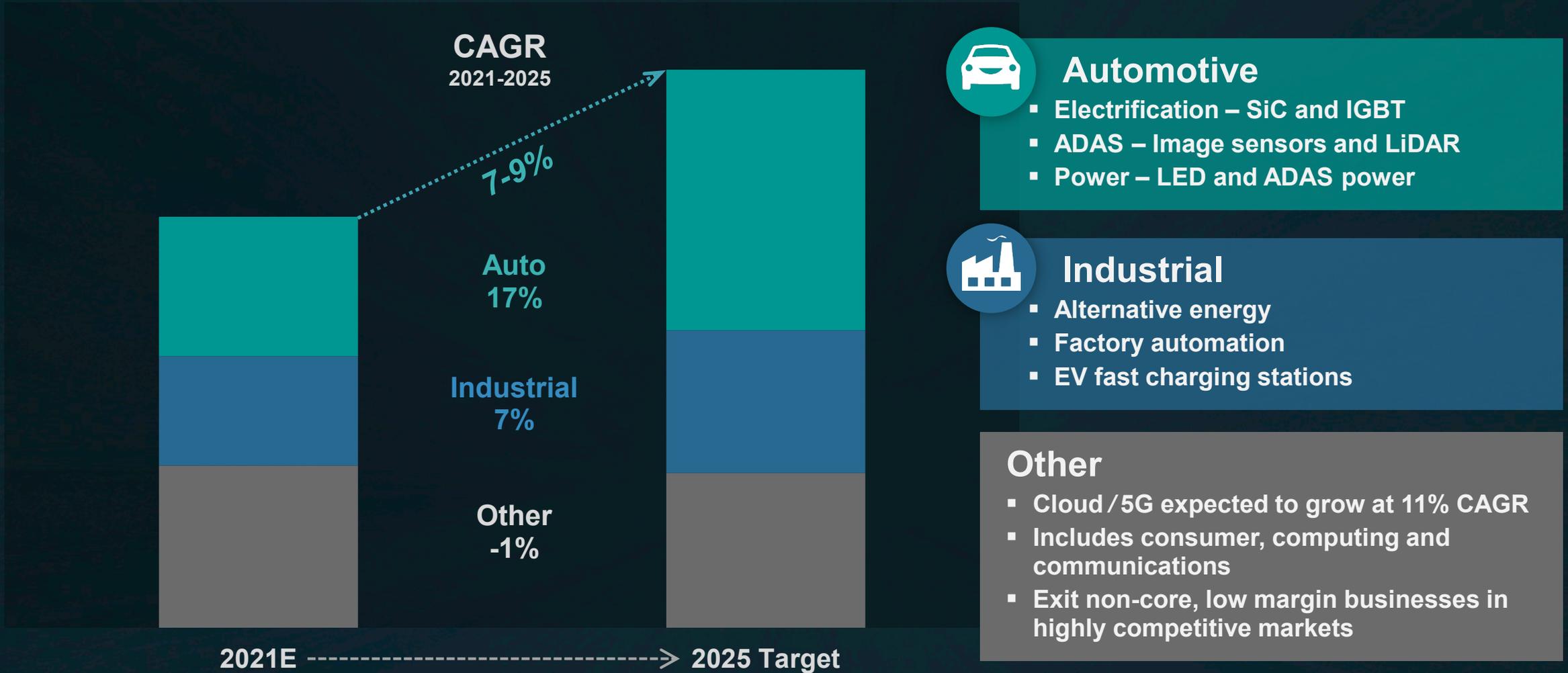
Sources:

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

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

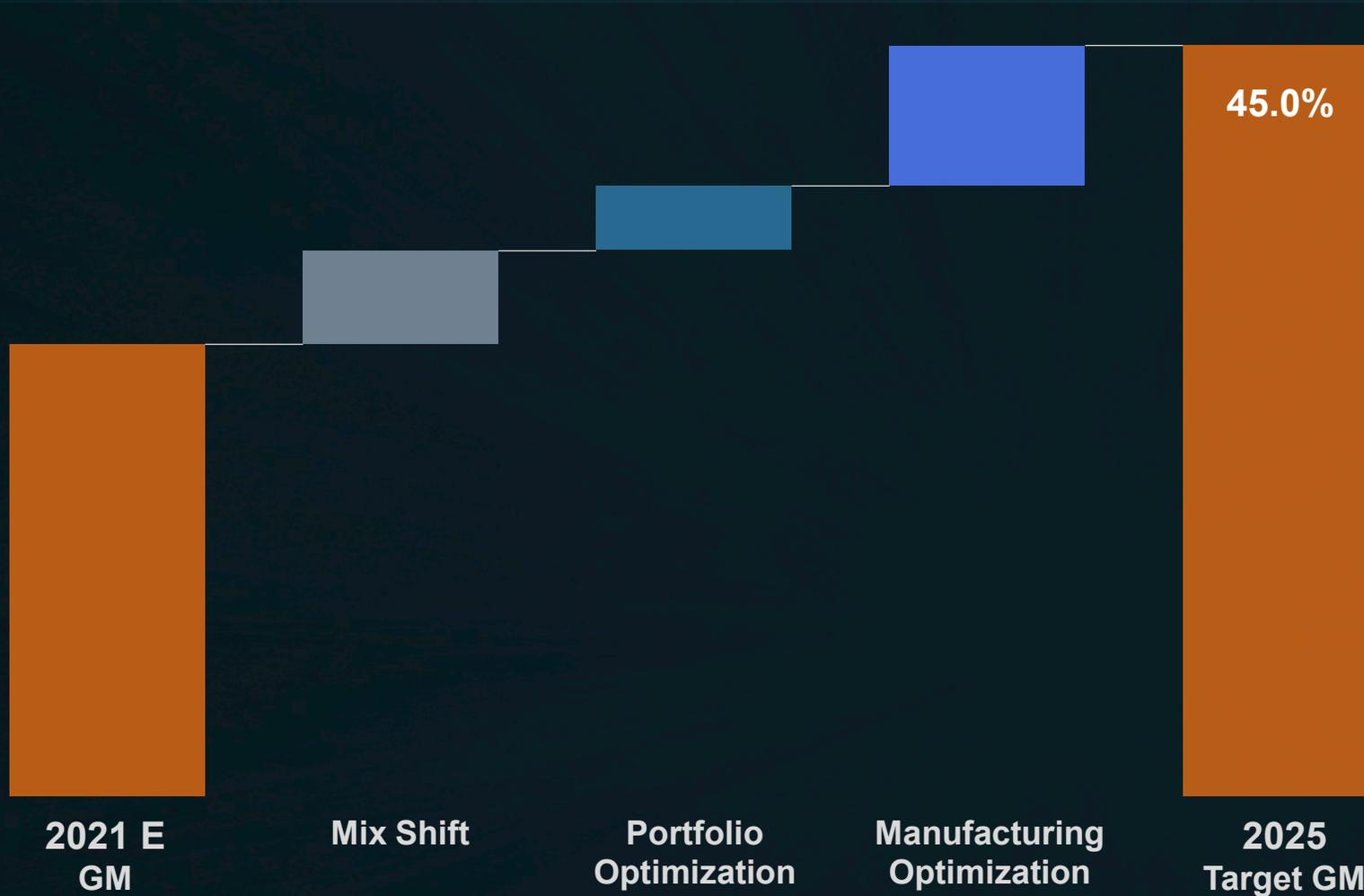
Use 2021-24 CAGR as growth rate for 2025 Power IC in Power

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

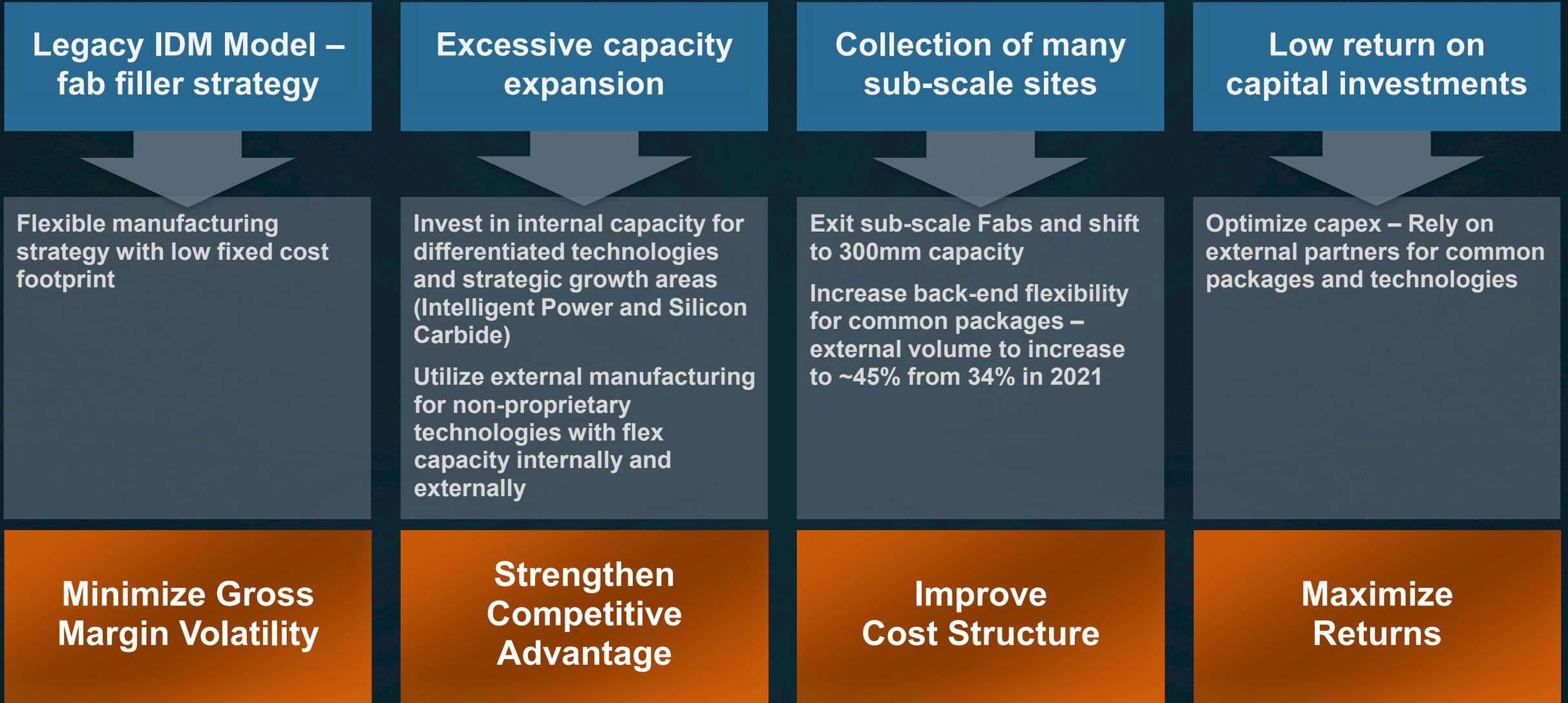
Portfolio Optimization

- 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



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

onsemi
commits to NET ZERO by 2040



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

Member of **Dow Jones Sustainability Indices**

Three consecutive years in Dow Jones Sustainability Index



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



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

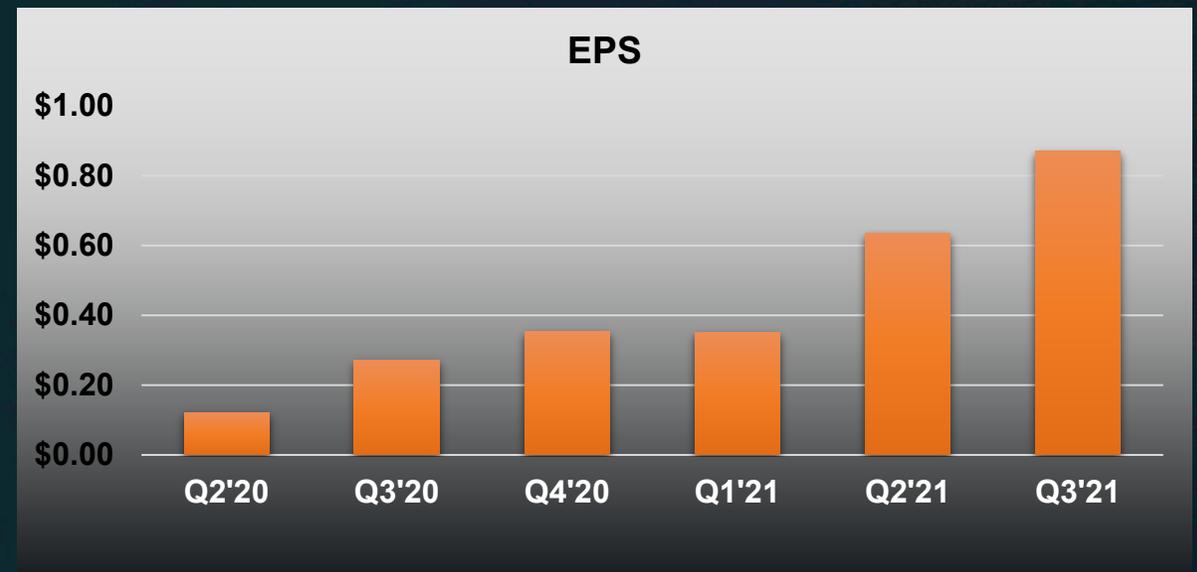
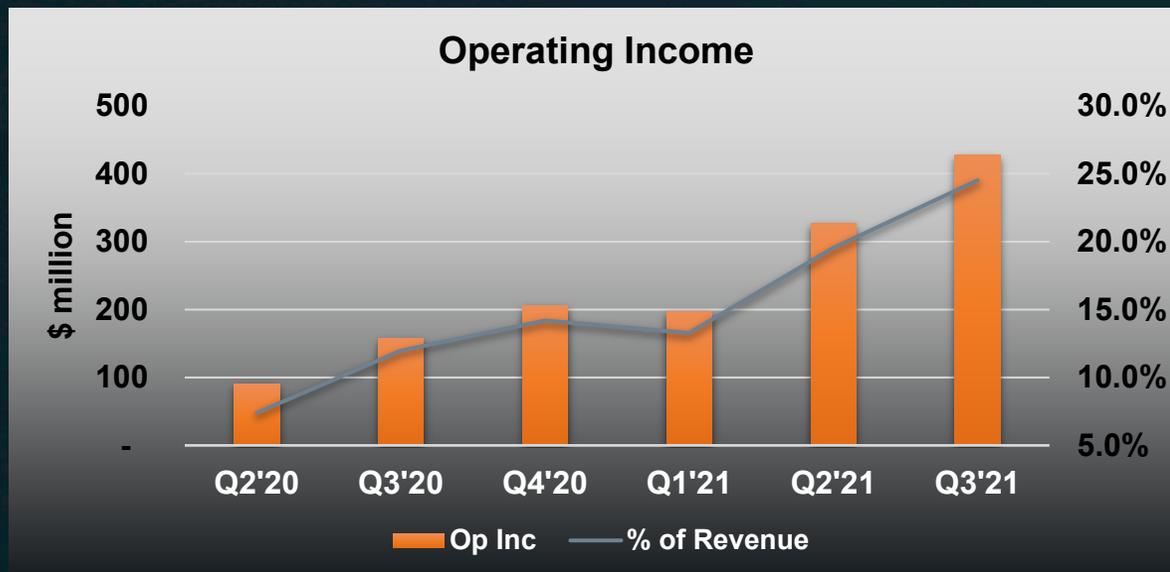
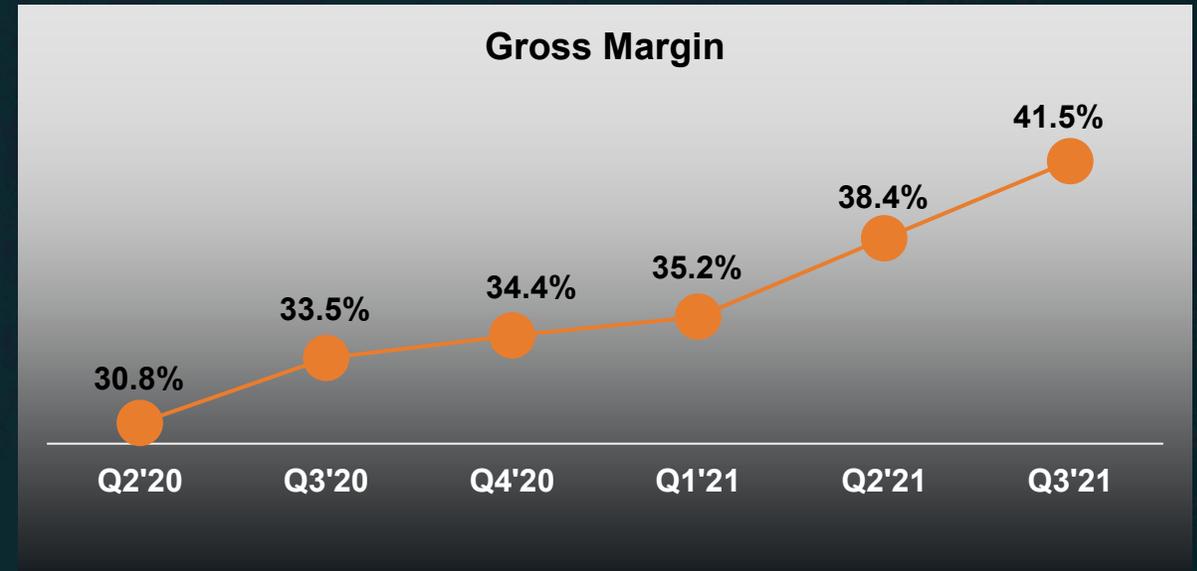
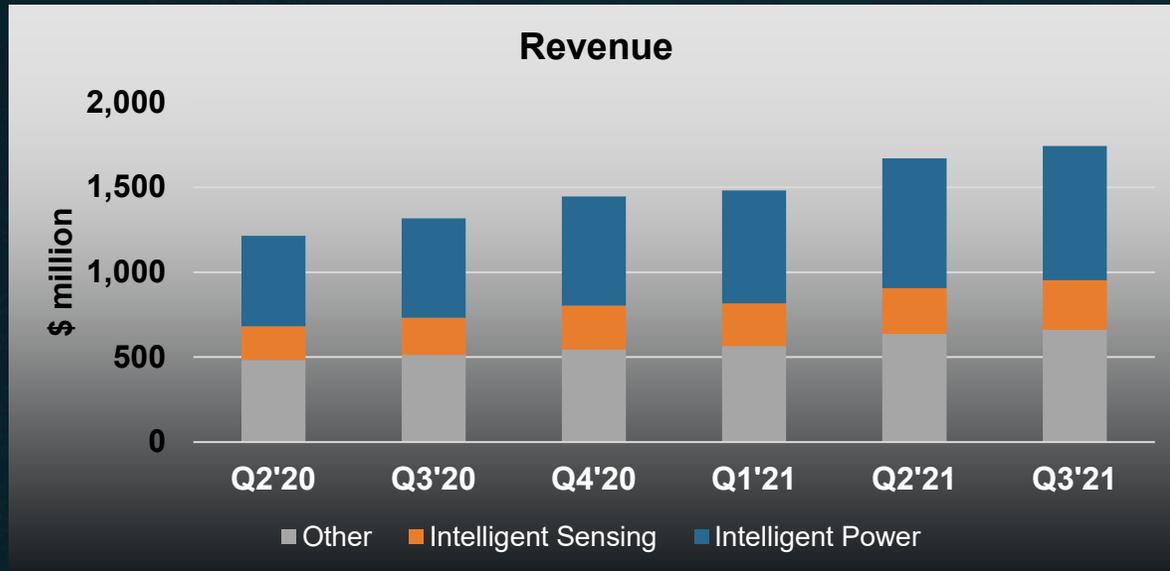


Ranked #10 among Barron's 100 **Most Sustainable Companies** in the U.S. for 2021

Financial Results

Q3'21

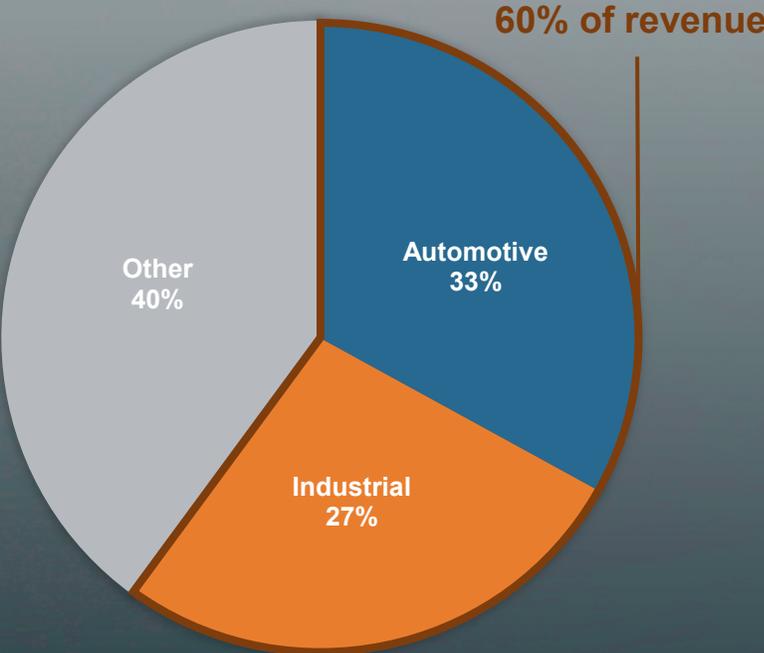
Non-GAAP Financial Highlights



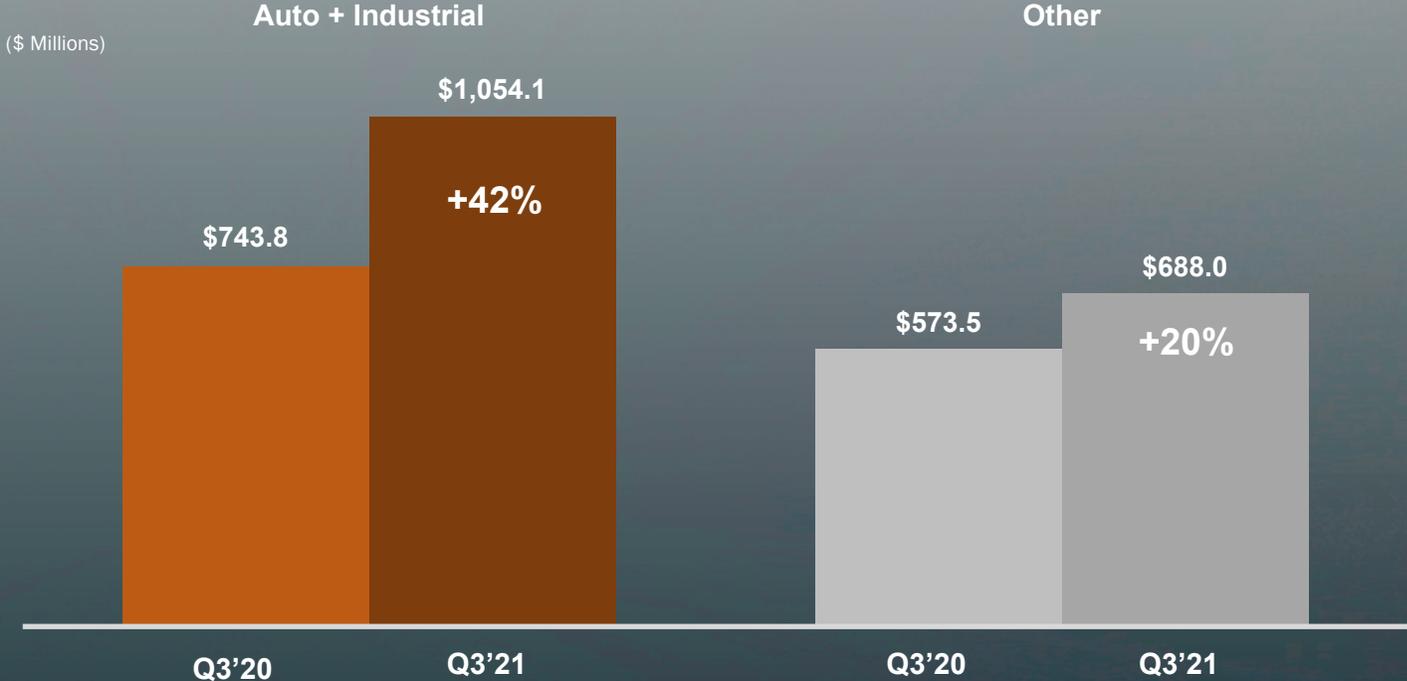
Our earnings release and this presentation include certain non-GAAP financial measures. Reconciliations of these non-GAAP financial measures to the most directly comparable measures under GAAP are included in our earnings release, which is posted separately on our website in the "Investor Relations"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

Revenue by End Market

Q3'21 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 Guidance	2025 Target	
Revenue (\$millions)	5,255.0	1,481.7	1,669.9	1,742.1	1,740 to 1,840	7-9% CAGR	Record Q3 revenue, up 32% year-over-year and 4% sequentially <ul style="list-style-type: none"> Record automotive revenue of \$575 million, increased 4% sequentially Industrial revenue of \$478 million, increased 11% sequentially
Gross Margin	32.7%	35.2%	38.4%	41.5%	42.0% to 44.0%	45%	Q3 gross margin expansion driven by manufacturing efficiencies, favorable mix and pricing Exiting low margin non-core business
Operating Expenses (\$millions)	1,179.3	324.7	314.2	296.2	298 to 313	17%	Q3 operating expenses achieved target model
Operating Margin	10.2%	13.3%	19.6%	24.5%	---	28%	Record Q3 operating margin Operating income increased 7x faster than revenue
CAPEX (\$millions)	383.6	77.0	104.8	93.2	130 to 140	9%	Enabling 300mm capabilities and expansion of SiC capacity
Free Cash Flow	10%	10%	23%	20%	---	20-25%	Q3 Free cash flow of \$356 million or 20% of revenue
Earnings per Share	\$0.85	\$0.35	\$0.63	\$0.87	\$0.89 to \$1.01	--	Record EPS; 38% sequential increase

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

Q4'21 Guidance

	GAAP	Special Items ***	Non-GAAP****
Revenue	\$1,740 to \$1,840 million	---	\$1,740 to \$1,840 million
Gross Margin	41.8% to 43.8%	0.2%	42.0% to 44.0%
Operating Expenses	\$338 to \$356 million	\$40 to \$43 million	\$298 to \$313 million
Other Income and Expense (including interest expense), net	\$31 to \$34 million	\$7 million*	\$24 to \$27 million
Diluted Earnings Per Share	\$0.67 to \$0.78	\$0.22 to \$ 0.23	\$0.89 to \$1.01
Diluted Share Count **	442 million	5 million	437 million

Notes to Q4'21 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 for the 1.625% Notes and \$52.97 for the 0% Notes, 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% Notes and the 0% Notes, respectively. At an average stock price per share between \$20.72 and \$30.70 for the 1.625% Notes and \$52.97 and \$74.34 for the 0% Notes, the hedging activity offsets the potentially dilutive effect of the 1.625% Notes and 0% Notes, respectively. 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 diluted shares outstanding. Both GAAP and non-GAAP diluted share counts are based on the Company's stock price as of October 1, 2021.

*** Special items may include: amortization of acquisition-related intangibles; expensing of appraised inventory fair market value step-up; non-recurring facility costs, 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
Reconciliation of GAAP to non-GAAP gross margin:							
GAAP Gross Margin	30.8%	33.5%	34.4%	32.7%	35.2%	38.3%	41.4%
Non-recurring facility costs	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Non-GAAP Gross Margin	30.8%	33.5%	34.4%	32.7%	35.2%	38.4%	41.5%
Reconciliation of GAAP to non-GAAP operating expenses:							
GAAP Operating Expenses	\$ 331.2	\$ 322.2	\$ 329.6	\$ 1,367.1	\$ 395.3	\$ 357.9	\$ 321.6
a) Amortization of acquisition-related intangible assets	(29.1)	(29.6)	(29.3)	(120.3)	(25.0)	(24.8)	(24.7)
b) Restructuring, asset impairments and other, net	(16.2)	(9.0)	(7.2)	(65.2)	(42.5)	(17.5)	1.7
c) Intangible asset impairment	(1.3)	-	-	(1.3)	(2.9)	-	-
d) Third party acquisition and divestiture related costs	-	-	(0.7)	(1.0)	(0.2)	(1.4)	(2.4)
Non-GAAP Operating Expense	\$ 284.6	\$ 283.6	\$ 292.4	\$ 1,179.3	\$ 324.7	\$ 314.2	\$ 296.2
Reconciliation of GAAP to non-GAAP operating income:							
GAAP operating income	\$ 43.1	\$ 119.0	\$ 168.0	\$ 348.7	\$ 125.9	\$ 282.2	\$ 399.2
a) Amortization of acquisition-related intangible assets	29.1	29.6	29.3	120.3	25.0	24.8	24.7
b) Restructuring, asset impairments and other, net	16.2	9.0	7.2	65.2	42.5	17.5	(1.7)
c) Intangible asset impairment	1.3	-	-	1.3	2.9	-	-
d) Third party acquisition and divestiture related costs	-	-	0.7	1.0	0.2	1.4	2.4
e) Non-recurring facility costs	-	-	-	-	-	0.7	2.5
Non-GAAP Operating Income	\$ 89.7	\$ 157.6	\$ 205.2	\$ 536.5	\$ 196.5	\$ 326.6	\$ 427.1
Reconciliation of GAAP to non-GAAP operating margin							
GAAP Operating Margin	3.6%	9.0%	11.6%	6.6%	8.5%	16.9%	22.9%
a) Amortization of acquisition-related intangible assets	2.4%	2.2%	2.0%	2.3%	1.7%	1.5%	1.4%
b) Restructuring, asset impairments and other, net	1.3%	0.7%	0.5%	1.2%	2.9%	1.0%	-0.1%
c) Intangible asset impairment	0.1%	-	-	-	0.2%	-	-
d) Third party acquisition and divestiture related costs	-	-	-	-	-	0.1%	0.1%
e) Non-recurring facility costs	-	-	-	-	-	-	0.1%
Non-GAAP Operating Margin	7.4%	12.0%	14.2%	10.2%	13.3%	19.6%	24.5%
Reconciliation of net cash provided by operating activities to free cash flow:							
Net cash provided by operating activities	\$ 154.5	\$ 163.4	\$ 400.4	\$ 884.3	\$ 218.5	\$ 488.0	\$ 448.9
Purchase of property, plant and equipment	(73.3)	(61.6)	(116.4)	(383.6)	(77.0)	(104.8)	(93.2)
Free cash flow	\$ 81.2	\$ 101.8	\$ 284.0	\$ 500.7	\$ 141.5	\$ 383.2	\$ 355.7

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
Reconciliation of GAAP to non-GAAP net income attributable to ON Semiconductor Corporation:							
GAAP net income (loss) attributable to ON Semiconductor	\$ (1.4)	\$ 160.6	\$ 89.0	\$ 234.2	\$ 89.9	\$ 184.1	\$ 309.7
a) Amortization of acquisition-related intangible assets	29.1	29.6	29.3	120.3	25.0	24.8	24.7
b) Restructuring, asset impairments and other, net	16.2	9.0	7.2	65.2	42.5	17.5	(1.7)
c) Intangible asset impairment	1.3	-	-	1.3	2.9	-	-
d) Third party acquisition and divestiture related costs	-	-	0.7	1.0	0.2	1.4	2.4
e) Non-recurring facility costs	-	-	-	-	-	0.7	2.5
f) Loss on debt refinancing and prepayment	-	-	-	-	-	26.2	-
g) Actuarial losses on pension plans and other pension benefits	-	-	4.0	4.0	-	-	5.5
h) Non-cash interest on convertible notes	9.8	10.1	8.8	38.2	4.6	6.0	7.0
i) Gain on divestiture of a business	-	-	-	-	-	-	(10.2)
j) Adjustment of income taxes	(4.8)	(97.5)	8.1	(112.3)	(13.8)	15.1	40.4
Non-GAAP net income attributable to ON Semiconductor Corporation	\$ 50.2	\$ 111.8	\$ 147.1	\$ 351.9	\$ 151.3	\$ 275.8	\$ 380.3
Reconciliation of GAAP to non-GAAP diluted shares outstanding:							
GAAP diluted shares outstanding	410.1	418.3	431.6	418.8	445.4	443.6	440.7
Less: dilutive shares attributable to convertible notes	-	(5.7)	(14.8)	(5.5)	(12.8)	(8.6)	(5.0)
Add: dilutive shares attributable to share-based awards	0.9	-	-	-	-	-	-
Non-GAAP diluted shares outstanding	411.0	412.6	416.8	413.3	432.6	435.0	435.7
Non-GAAP diluted earnings per share:							
Non-GAAP net income attributable to ON Semiconductor Corporation	\$ 50.2	\$ 111.8	\$ 147.1	\$ 351.9	\$ 151.3	\$ 275.8	\$ 380.3
Non-GAAP diluted shares outstanding	411.0	412.6	416.8	413.3	432.6	435.0	435.7
Non-GAAP diluted earnings per share	\$ 0.12	\$ 0.27	\$ 0.35	\$ 0.85	\$ 0.35	\$ 0.63	\$ 0.87

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