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onsemi First Quarter 2023 Results Exceed Expectations

May 01, 2023

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Automotive and Industrial end-markets contribute record 79% of revenue

SCOTTSDALE, Ariz. – May 1, 2023 – onsemi (the “Company”) (Nasdaq: **ON**) today announced results for the first quarter of 2023 with the following highlights:

- Revenue of \$1,959.7 million, an increase of 1 percent year-over-year
- GAAP and non-GAAP gross margin of 46.8 percent
- GAAP operating margin and non-GAAP operating margin of 28.8 percent and 32.2 percent respectively
- GAAP diluted earnings per share of \$1.03, Non-GAAP diluted earnings per share of \$1.19 as compared to \$1.22 in the quarter a year ago
- Automotive revenue grew 38% year-over-year to record 50% of total revenue
- Automotive and industrial end-markets together represented record 79% of revenue

“We continued our momentum with first quarter results exceeding expectations despite macroeconomic uncertainties. Our accelerating Silicon Carbide manufacturing output exceeded our internal plans and enabled us to nearly double our silicon carbide revenue quarter-over-quarter, and we grew both ADAS and energy infrastructure revenue by approximately 50% year-over-year. As secular tailwinds propel our business, we are prudently managing our operations to deliver consistent and predictable results in the current market environment,” said Hassane El-Khoury, President and CEO of onsemi.



Revenue	\$1,959.7	\$2,103.6	\$1,945.0	\$1,959.7	\$2,103.6	\$1,945.0
Gross Margin	46.8 %	48.5 %	49.4 %	46.8 %	48.4 %	49.4 %
Operating Margin	28.8 %	33.5 %	33.3 %	32.2 %	34.1 %	33.9 %
Net Income attributable to ON Semiconductor	\$461.7	\$604.3	\$530.2	\$523.7	\$580.4	\$538.5
Diluted Earnings Per Share	\$1.03	\$1.35	\$1.18	\$1.19	\$1.32	\$1.22

Revenue Summary

(in millions)

(Unaudited)

Business Segment	Three Months Ended			Sequential Change	Year-over-Year Change
	Q1 2023	Q4 2022	Q1 2022		
PSG	\$ 1,012.8	\$ 1,048.4	\$ 986.7	(3)%	3 %
ASG	592.8	701.0	689.3	(15)%	(14)%
ISG	354.1	354.2	269.0	— %	32 %
Total	\$ 1,959.7	\$ 2,103.6	\$ 1,945.0	(7)%	1 %

SECOND QUARTER 2023 OUTLOOK

The following table outlines onsemi's projected second quarter of 2023 GAAP and non-GAAP outlook.

	Total onsemi GAAP	Special Items **	Total onsemi Non-GAAP***
Revenue	\$1,975 to \$2,075 million	-	\$1,975 to \$2,075 million
Gross Margin	45.4% to 47.4%	0.1%	45.5% to 47.5%
Operating Expenses	\$314 to \$329 million	\$17 million	\$297 to \$312 million
Other Income and Expense (including interest expense), net	\$3 to \$5 million	-	\$3 to \$5 million
Diluted Earnings Per Share	\$1.08 to \$1.22	\$0.06	\$1.14 to \$1.28
Diluted Shares Outstanding *	449 million	9 million	440 million

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* 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



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 GAAP and non-GAAP diluted share counts and are based on either the Company's previous quarter's average stock price or the stock price as of the last day of the previous quarter, whichever is higher.

** 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

onsemi will host a conference call for the financial community at 9 a.m. Eastern Time (EST) on May 1, 2023 to discuss this announcement and onsemi's 2023 first quarter results. The Company will also provide a real-time audio webcast of the teleconference on the Investc



parties can also access the conference call by pre-registering [here](#).

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 2023, and statements regarding our new share repurchase program. 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 2021 Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on February 14, 2022 (our “2021 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 1, 2022, July 1, 2022, and September 30, 2022, and from time-to-time in our other SEC reports (including in our 2022 Form 10-K). 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. Investing in our securities involves a high degree of risk and uncertainty, and you should carefully consider the trends, risks, and uncertainties described in this document, our 2021 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.

About onsemi

onsemi (Nasdaq: ON) is driving disruptive innovations to help build a better future. With a focus on automotive and industrial end-markets, the company is accelerating change in megatrends such as vehicle electrification and safety, sustainable energy grids, industrial automation, and 5G and cloud infrastructure. **onsemi** offers a highly differentiated and innovative product portfolio, delivering intelligent power and sensing technologies that solve the world’s most complex challenges and leads the way to creating a safer, cleaner, and smarter world. **onsemi** is recognized as a Fortune 500[®] company and included in the S&P 500[®] index. Learn more about **onsemi** at www.onsemi.com.

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/ onsemi Exceeds Fourth Quarter Expectations and Announces \$3 Billion Share Repurchase Program

onsemi Exceeds Fourth Quarter Expectations and Announces \$3 Billion Share Repurchase Program

📅 February 06, 2023

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Achieved record annual revenue, gross margin, and free cash flow

PHOENIX – Feb. 6, 2023 – onsemi (the “Company”) (Nasdaq: **ON**) today announced its fourth quarter and fiscal year 2022 results with the following highlights:

- Fourth quarter revenue of \$2,103.6 million increased by 14% year-over-year
- Fourth quarter GAAP gross margin of 48.5% increased by 343 bps year-over-year and non-GAAP gross margin of 48.4% increased by 321 bps year-over-year
- Record fourth quarter automotive revenue of \$989 million grew 54% year-over-year
- Fourth quarter GAAP and non-GAAP diluted earnings per share of \$1.35 and \$1.32, respectively
- Record fiscal year 2022 revenue of \$8.3 billion representing 24% year-over-year growth
- GAAP gross margin of 49.0% and non-GAAP gross margin of 49.2% for 2022
- Free cash flow for fiscal year 2022 increased 22% year-over-year and was 20% of revenue

“We delivered outstanding results in 2022 as we continue our disciplined execution and transformation. Revenue for 2022 grew by 24%, non-GAAP gross margin expanded by 880 bps, and non-GAAP operating income grew four times faster than revenue driven by our focus on the secular megatrends of electric vehicles, ADAS, alternative energy and industrial automation. We are focused on our key strategic initiatives such as ramping silicon carbide in support of our long-term supply agreements. Despite the current



The company also announced that its Board of Directors has approved a new share repurchase program with authorization to repurchase up to \$3 billion of shares of the company's common stock through December 31, 2025.

“We are committed to a balanced capital allocation strategy to drive long-term value for our shareholders. With the confidence we have in our strategy to invest for long-term profitable growth, the Board of Directors and leadership team are pleased to announce a new \$3 billion share repurchase authorization. Driven by a three-fold increase in free cash flow generation since the start of our transformation journey, we have increased flexibility with a repurchase authorization twice that of the previous authorization, which expired on December 31, 2022,” said Thad Trent, Executive Vice President and CFO of onsemi.

Under the new share repurchase program, onsemi may repurchase shares from time to time through open market purchases, in privately negotiated transactions or by other means, including through the use of trading plans intended to qualify under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended in accordance with applicable securities laws and other restrictions. The timing and total amount of share repurchases will depend upon business, economic and market conditions, corporate and regulatory requirements, prevailing stock prices, and other considerations. The authorization expires on December 31, 2025, may be suspended or discontinued at any time and does not obligate the company to acquire any amount of common stock.

Selected financial results for the quarter are shown below with comparable periods:

(Revenue and Net Income in millions)	GAAP			Non-GAAP		
	Three Months Ended			Three Months Ended		
	Q4 2022	Q3 2022	Q4 2021	Q4 2022	Q3 2022	Q4 2021
Revenue	\$2,103.6	\$2,192.6	\$1,846.1	\$2,103.6	\$2,192.6	\$1,846.1
Gross Margin	48.5 %	48.3 %	45.1 %	48.4 %	49.3 %	45.2 %
Operating Margin	33.5 %	19.4 %	26.0 %	34.1 %	35.4 %	28.6 %
Net Income attributable to onsemi	\$604.3	\$311.9	\$425.9	\$580.4	\$639.4	\$478.0
Diluted Earnings Per Share	\$1.35	\$0.70	\$0.96	\$1.32	\$1.45	\$1.09

Selected financial results for 2022 and 2021 are shown below:

(Revenue and Net Income in millions)	GAAP		Non-GAAP	
	Year Ended		Year Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Revenue	\$8,326.2	\$6,739.8	\$8,326.2	\$6,739.8
Gross Margin	49.0 %	40.3 %	49.2 %	40.4 %
Operating Margin	28.3 %	19.1 %	34.5 %	21.9 %
Net Income attributable to onsemi	\$1,902.2	\$1,009.6	\$2,347.7	\$1,285.5
Diluted Earnings Per Share	\$4.24	\$2.27	\$5.33	\$2.95



(\$ in millions)
(Unaudited)

Business Segment	Three Months Ended			Sequential Change	Year-over-Year Change
	Q4 2022	Q3 2022	Q4 2021		
PSG	\$ 1,048.4	\$ 1,116.1	\$ 953.4	(6)%	10 %
ASG	701.0	734.3	647.3	(5)%	8 %
ISG	354.2	342.2	245.4	4 %	44 %
Total	\$ 2,103.6	\$ 2,192.6	\$ 1,846.1	(4)%	14 %

Business Segment	Year Ended		Year-over-Year Change
	December 31, 2022	December 31, 2021	
PSG	\$ 4,208.2	\$ 3,439.1	22 %
ASG	2,841.3	2,399.9	18 %
ISG	1,276.7	900.8	42 %
Total	\$ 8,326.2	\$ 6,739.8	24 %

FIRST QUARTER 2023 OUTLOOK

The following table outlines onsemi's projected first quarter of 2023 GAAP and non-GAAP outlook.

	Total onsemi GAAP	Special Items **	Total onsemi Non-GAAP***
Revenue	\$1,870 to \$1,970 million		\$1,870 to \$1,970 million
Gross Margin	45.6% to 47.6%	0.1%	45.7% to 47.7%
Operating Expenses	\$316 to \$331 million	\$18 million	\$298 to \$313 million
Other Income and Expense (including interest expense), net	\$21 to \$25 million	-	\$21 to \$25 million
Diluted Earnings Per Share	\$0.99 to \$1.11	\$0.03	\$1.02 to \$1.14
Diluted Shares Outstanding *	449 million	8 million	441 million

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* 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



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 GAAP and non-GAAP diluted share counts and are based on either the Company's previous quarter's average stock price or the stock price as of the last day of the previous quarter, whichever is higher.

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*** 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.

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About onsemi

onsemi (Nasdaq: ON) is driving disruptive innovations to help build a better future. With a focus on automotive and industrial end-markets, the company is accelerating change in megatrends such as vehicle electrification and safety, sustainable energy grids, industrial automation, and 5G and cloud infrastructure. **onsemi** offers a highly differentiated and innovative product portfolio, delivering intelligent power and sensing technologies that solve the world's most complex challenges and leads the way to creating a safer, cleaner, and smarter world. **onsemi** is recognized as a Fortune 500[®] company and included in the S&P 500[®] index. Learn more about **onsemi** at www.onsemi.com.

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S&P 500 4,450.38 +53.94 (+1.23%)	Dow 30 34,407.60 +285.18 (+0.84%)	Nasdaq 13,787.92 +196.59 (+1.45%)	Russell 2000 1,888.73 +7.14 (+0.38%)	Crude Oil 70.45 +0.59 (+0.84%)	Gold 1,927.8 +9.90 (+)
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ZACKS

Wall Street Analysts See ON Semiconductor Corp. (ON) as a Buy: Should You Invest?



Zacks Equity Research

May 9, 2023 · 4 min read

In this article:

ON
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Investors often turn to recommendations made by Wall Street analysts before making a Buy, Sell, or Hold decision about a stock. While media reports about rating changes by these brokerage-firm employed (or sell-side) analysts often affect a stock's price, do they really matter?

Let's take a look at what these Wall Street heavyweights have to say about ON Semiconductor Corp. (ON) before we discuss the reliability of brokerage recommendations and how to use them to your advantage.

ON Semiconductor Corp. currently has an average brokerage recommendation (ABR) of 1.50, on a scale of 1 to 5 (Strong Buy to Strong Sell), calculated based on the actual recommendations (Buy, Hold, Sell, etc.) made by 24 brokerage firms. An ABR of 1.50 approximates between Strong Buy and Buy.

Of the 24 recommendations that derive the current ABR, 18 are Strong Buy, representing 75% of all recommendations.

Brokerage Recommendation Trends for ON



Broker Rating Breakdown Chart for ON

Quote Lookup

Related Quotes

Symbol	Last Price	Change	% Change
ON	94.58	+2.50	+2.72%
ON Semiconductor Corporation			

Recently Viewed >

Symbol	Last Price	Change	% Change
ON	94.58	+2.50	+2.72%
ON Semiconductor Corporation			

TRENDING

- WRAPUP 1-Rioting less intense in France overnight, 719 arrested
- UPDATE 2-Leviathan partners in Israel to invest \$568 mln in third gas pipeline
- Mexicans March to Mark 5-Year Anniversary of AMLO's Election
- Argentina to begin lithium battery production in Sept
- Pimco Prepares for 'Harder Landing' for Global Economy: FT

While the ABR calls for buying ON Semiconductor Corp., it may not be wise to make an investment decision solely based on this information. Several studies have shown limited to no success of brokerage recommendations in guiding investors to pick stocks with the best price increase potential.

Do you wonder why? As a result of the vested interest of brokerage firms in a stock they cover, their analysts tend to rate it with a strong positive bias. According to our research, brokerage firms assign five "Strong Buy" recommendations for every "Strong Sell" recommendation.

In other words, their interests aren't always aligned with retail investors, rarely indicating where the price of a stock could actually be heading. Therefore, the best use of this information could be validating your own research or an indicator that has proven to be highly successful in predicting a stock's price movement.

Zacks Rank, our proprietary stock rating tool with an impressive externally audited track record, categorizes stocks into five groups, ranging from Zacks Rank #1 (Strong Buy) to Zacks Rank #5 (Strong Sell), and is an effective indicator of a stock's price performance in the near future. Therefore, using the ABR to validate the

Story continues

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S&P 500
4,450.38
+53.94 (+1.23%)



Dow 30
34,407.60
+285.18 (+0.84%)



Nasdaq
13,787.92
+196.59 (+1.45%)



Russell 2000
1,888.73
+7.14 (+0.38%)



Crude Oil
70.45
+0.59 (+0.84%)



Gold
1,927.80
+9.90 (+0.52%)

U.S. markets closed

ON Semiconductor Corporation (ON)

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Quote Lookup



94.58 +2.50 (+2.72%) 94.55 -0.03 (-0.03%)

At close: June 30 04:00PM EDT

After hours: Jun 30, 07:58PM EDT

Summary Chart Conversations Statistics Historical Data Profile Financials Analysis Options Holders Sustainability

Indicators Comparison Date Range 1D 5D 1M 3M 6M YTD 1Y 2Y 5Y Max Interval 1W Line Draw

Full screen

