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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

## FINANCIALS

\* 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<sup>®</sup> company and included in the S&P 500<sup>®</sup> index. Learn more about **onsemi** at [www.onsemi.com](http://www.onsemi.com).

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