ON Semiconductor Corp. (ON): Investor Day highlights 2030 financial targets, growth in power products, and the outlook for automotive

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Key stock takeaways: We attended onsemi's Investor Day in New York. We see the stock reaction (down 9%) as overdone in light of elevated expectations heading into the event. We view the company's 2030 financial targets (which were slightly ahead of the Street (VA)) as very solid, although they may have fallen slightly short of the most bullish expectations. Importantly, we believe the company laid out a strong case for why it is well positioned to benefit from secular growth trends in power semis tied to both AI datacenters and physical AI. In addition, we are encouraged by the company's plans to return 100% of FCF to shareholders while maintaining low capital intensity. From here, we believe the focus will be on the company's execution toward its targets and growth objectives in the near- to medium-term. Our detailed takeaways follow.

Key takeaways include:

- **Financial model and 2030 targets:** Onsemi laid out its 2026-30 model for a revenue CAGR of 12%–14%, reaching ~$11 bn by 2030. Its targets contemplate gross margin of 53%, operating margin of ~38%, and free cash flow of more than $3.5 bn in 2030. The model assumes flat SAR in automotive, no major new capacity investments, and limited brownfield spending at ~5% capital intensity. These targets exclude any proposed transactions which have not closed.
- **Power semis portfolio:** Management emphasized the growing importance of solving for power density, particularly given the shift to high-voltage environments. The company's portfolio - which includes traditional Si, SiC, and GaN - allows it to offer a variety of solutions across Treo, sensing, control, and the newly-introduced Embedded Power Platform, while enabling it to offer customers discrete standalone products. Management characterized this flexibility - and its ability to optimize across the full high-voltage stack - as a key competitive advantage.
- **AI datacenter opportunity:** The company sees the AI datacenter bottleneck shifting from compute to power delivery, as racks move from tens of kWs toward MW-scale loads. Onsemi sees content per rack rising from ~$15K to ~$115K as architectures migrate toward higher-voltage distribution, increased use of SSTs, and further deployment of vGaN (vertical GaN). Overall, management sees these trends - and the introduction of its differentiated EPP platform - as supportive of its guidance for AI datacenter revenue to double YoY in 2026 and 2027, and to

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grow from ~$500 mn in 2026 to ~$2.5 bn in 2030.

- **Automotive and Industrial:** Onsemi expects automotive/industrial revenue to grow at CAGRs of 9%/10% (respectively) through 2030. Despite an expectation of flat SAR, management believes higher content from electrification, sensing, and a shift to zonal architectures in SDVs can support ~9% growth above SAR through 2030 with content per vehicle of up to $2,000. In Industrial, the AI "halo effect" and leveraging the company's automotive technology in other applications such as Physical AI (in which it sees a TAM of $6 bn by 2030) should drive revenue growth above GDP.

Price target and risks: We are Neutral rated on ON. Our 12-month target price of $95 reflects a 20X P/E multiple applied to our normalized EPS of $4.75. Key upside/downside risks: (1) any demand weakness, particularly in the Automotive end market, could drive downside; (2) gross margin execution and the timing around the actualization of self-help initiatives could drive earnings upside or downside.

ON	12m Price Target: **$95.00**	Price: **$66.60**	Upside: **42.6%**

Neutral

Market cap: $27.2bn
Enterprise value: $27.7bn
3m ADTV: $942.8mn
United States
Americas Semiconductors & IT Services
M&A Rank: 3

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue ($ mn)	5,995.4	6,628.1	7,551.5	8,162.5
EBITDA ($ mn)	1,763.5	2,282.7	2,652.1	3,029.7
EBIT ($ mn)	1,119.5	1,481.9	2,054.9	2,432.5
EPS ($)	2.35	3.30	4.59	5.60
P/E (X)	21.1	20.2	14.5	11.9
EV/EBITDA (X)	12.0	11.6	9.5	7.8
FCF yield (%)	7.0	6.0	9.3	9.0
Dividend yield (%)	–	–	–	–
Net debt/EBITDA (X)	0.5	0.2	(0.1)	(0.3)

	6/26	9/26E	12/26E	3/27E
EPS ($)	0.74	0.90	1.02	1.03

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 16 Sep 2026 close.