

# SECOND-QUARTER 2019 RESULTS

**Brian Chambers** | Chief Executive Officer  
**Michael C. McMurray** | Chief Financial Officer



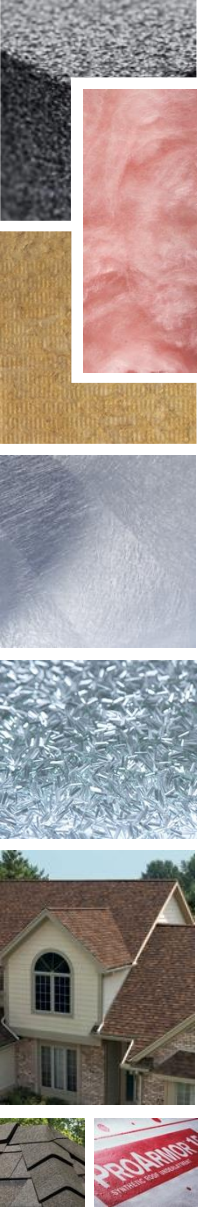
July 24, 2019 | Q2 2019

# FORWARD-LOOKING STATEMENTS AND NON-GAAP MEASURES

This presentation and the associated remarks contain forward-looking statements. We caution you against relying on these statements as they involve risks and uncertainties that are difficult to predict and the Company's actual results may differ materially from those projected. Such risks and uncertainties include, without limitation: macroeconomic factors like levels of construction activity, global industrial production, and industry, economic and political conditions, including new legislation, policies or other governmental actions in the U.S. or elsewhere; relationships with key customers and demand for our products; competitive and pricing factors; changes to tariff, trade or investment policies or law; currency, commodity and interest rate fluctuations; our level of indebtedness and the availability and cost of credit; weather conditions; ability to protect our intellectual property and information technology systems; energy, transportation, raw material and other input availability, price volatility and cost issues; labor disputes, legal and regulatory proceedings; ability to utilize our net operating loss carry-forwards; uninsured losses; issues related to acquisitions, divestitures and joint ventures; achievement of expected synergies or productivity improvements; levels of goodwill or other indefinite-lived intangible assets; pension obligations; and factors detailed from time to time in the Company's SEC filings.

The terms "year to date" or last twelve months ("LTM") refer to the period ended on the last calendar day of the quarter preceding the date of the investor event referenced on the first page above. Otherwise the information in this presentation speaks as of the date of the investor event, and is subject to change. The Company assumes no obligation to update or revise forward-looking statements except as required by law. Any distribution of this presentation after the investor event is not intended and should not be construed as updating or confirming such information.

This presentation contains references to certain "non-GAAP financial measures" as defined by the SEC, which may be referenced in the Appendix or in the Tables of the Press Release filed on Form 8-K on the date of this presentation. Adjusted EBIT, adjusted EBITDA, adjusted earnings, adjusted EPS and adjusted pre-tax earnings exclude certain items that management does not allocate to its segment results because it believes they are not representative of the Company's ongoing operations. When the company provides forward-looking expectations for non-GAAP measures, the most comparable GAAP measures and a reconciliation between the non-GAAP expectations and the corresponding GAAP measures are generally not available without unreasonable effort due to the variability, complexity and limited visibility of the adjusting items that would be excluded from the non-GAAP measures in future periods. The variability in timing and amount of adjusting items could have significant and unpredictable effects on future GAAP results.





# AGENDA

**Second-quarter review**

Brian Chambers

**Financial results**

Michael McMurray

**Questions and discussion**

All

**Closing remarks**

Brian Chambers

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**Company Delivered Record Net Sales of \$1.9 Billion,  
Net Earnings Growth of 14% to \$138 Million**

# HIGHLIGHTS

- Sustained high level of safety performance
- Grew revenue organically by 5%; 7% on a constant currency basis
- Delivered adjusted EBIT growth of 8% to \$231mm
- Generated strong free cash flow improvement of \$130mm

## INSULATION

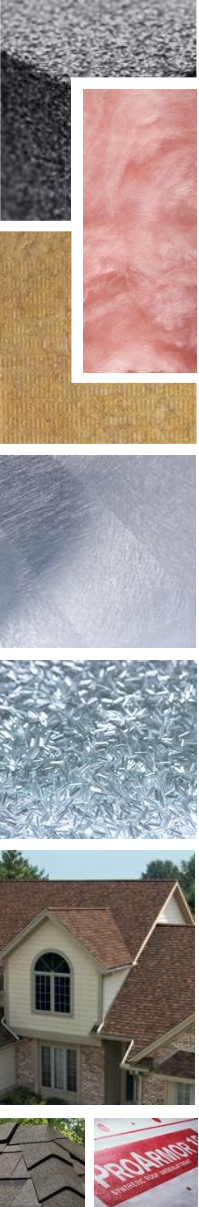
Delivered \$42mm of EBIT; strong performance in the technical and other building insulation businesses

## COMPOSITES

Generated \$67mm of EBIT; strong operational execution

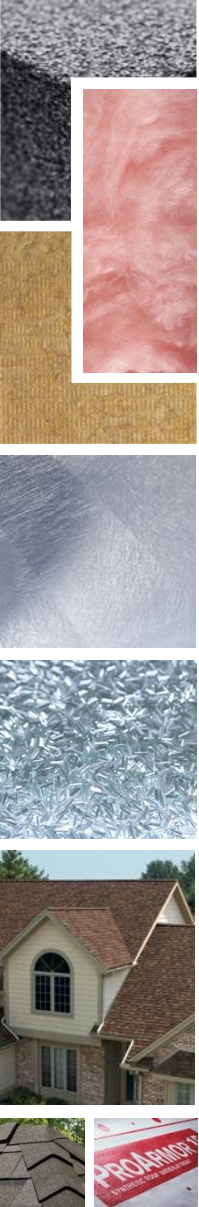
## ROOFING

Improved EBIT by \$24mm; above-market volume growth

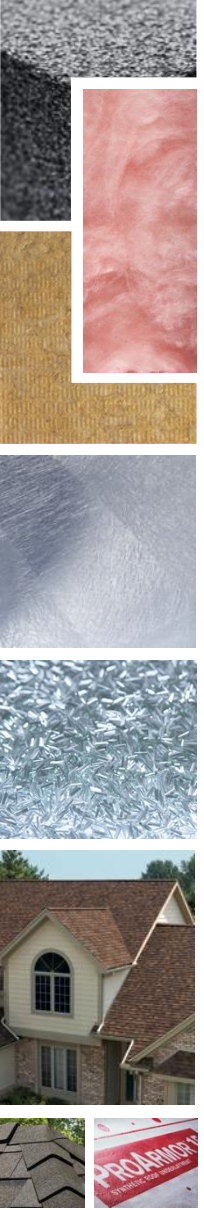
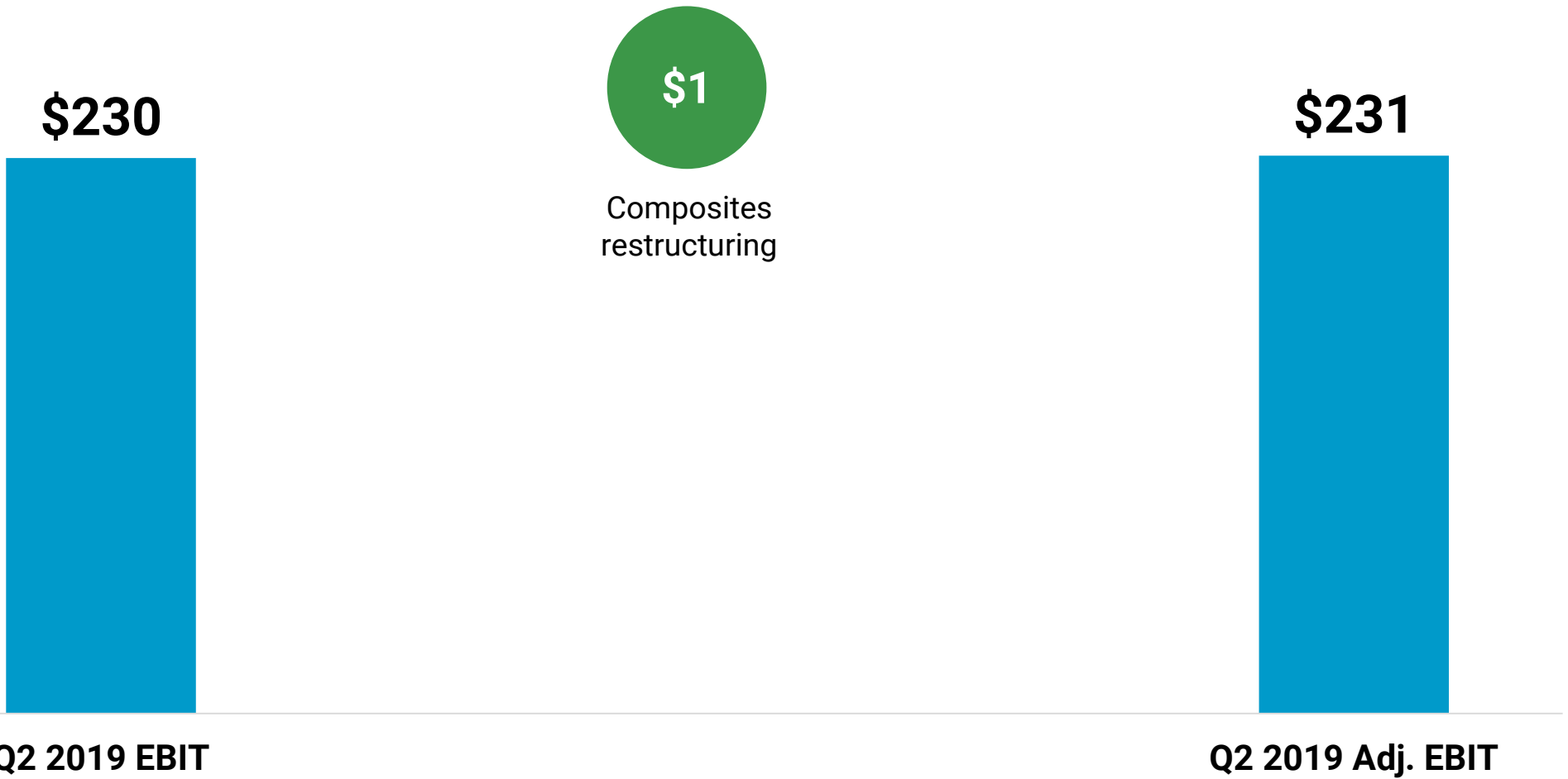


# KEY FINANCIAL DATA

(\$ in millions, except per share data)	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Net sales	1,918	1,824	3,585	3,515
Net earnings attributable to Owens Corning	138	121	182	213
Diluted earnings per share (EPS) attributable to Owens Corning common stockholders	\$1.26	\$1.08	\$1.66	\$1.90
Earnings before interest and taxes (EBIT)	230	206	348	337
Earnings before interest, taxes, depreciation and amortization (EBITDA)	342	313	573	553
Adjusted EBIT	231	214	347	366
Adjusted EBITDA	343	318	572	574
Adjusted earnings	143	132	203	224
Adjusted EPS (diluted)	\$1.31	\$1.18	\$1.85	\$2.00
Adjusted EBIT as a % of net sales	12%	12%	10%	10%
Adjusted EBITDA as a % of net sales	18%	17%	16%	16%
Depreciation and amortization (D&A)	112	107	225	216
Net cash flow provided by operating activities	438	396	287	306
Free cash flow	323	193	74	2
Net debt	3,320	3,486	3,320	3,486

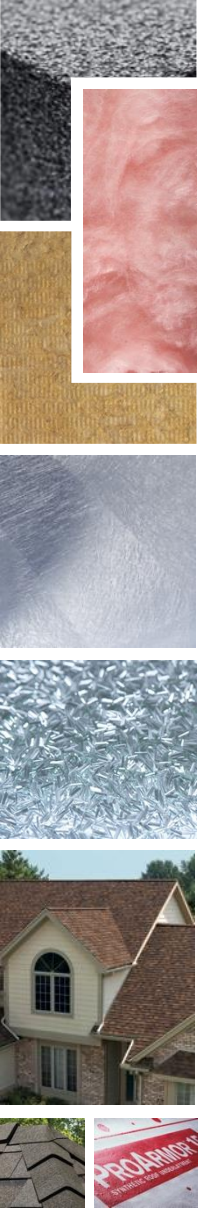
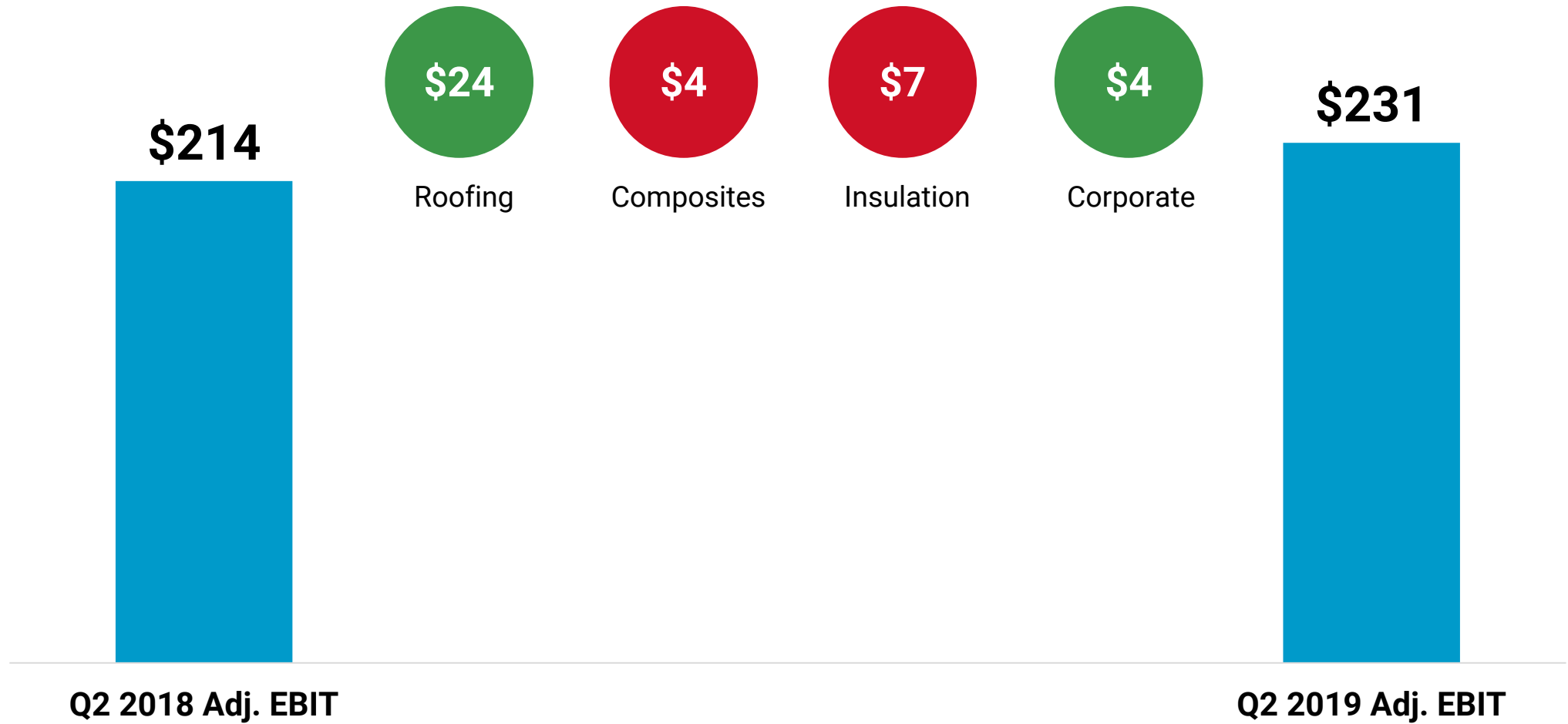


# ADJUSTED EBIT RECONCILIATION



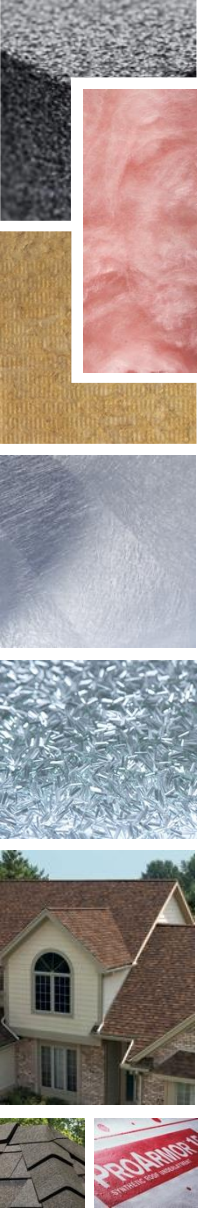
Numbers in millions. From left to right, green denotes increase; red denotes decrease.

# ADJUSTED EBIT RECONCILIATION



Numbers in millions. From left to right, green denotes increase; red denotes decrease.

# INSULATION BUSINESS



Delivered \$42mm of EBIT

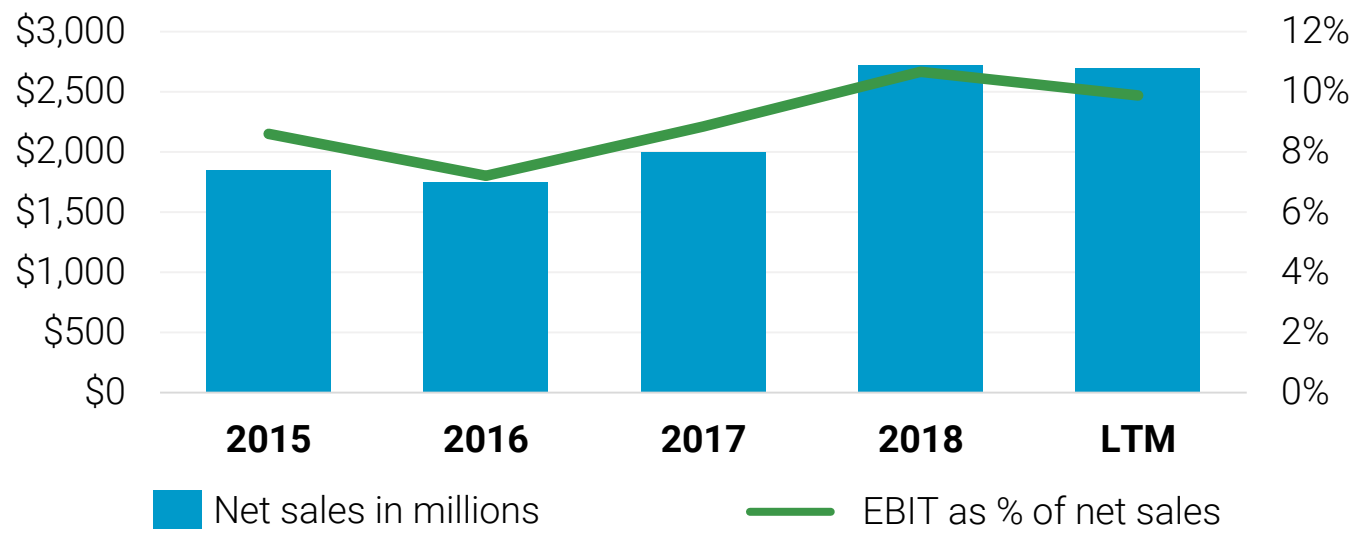
Continued strong performance in the technical and other building insulation businesses

In the North American residential fiberglass insulation business, share position improving; made significant progress in production curtailment plan

## Current year financial performance

(\$ in millions)	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Net sales	661	682	1,252	1,278
EBIT	42	49	57	81
EBIT as % of net sales	6%	7%	5%	6%
D&A	49	46	98	91

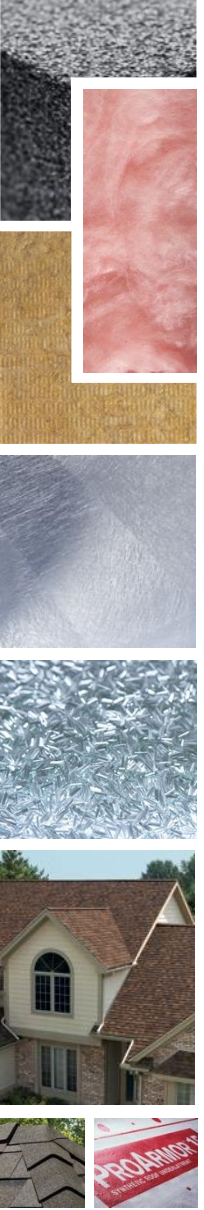
## Five-year financial performance



Source: Owens Corning management estimates and Owens Corning SEC filings; comparability may differ over time. Revenue before inter-segment eliminations.



# COMPOSITES BUSINESS



Generated \$67mm of EBIT on strong operational execution

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Produced 13% EBIT margins, comparable to last year

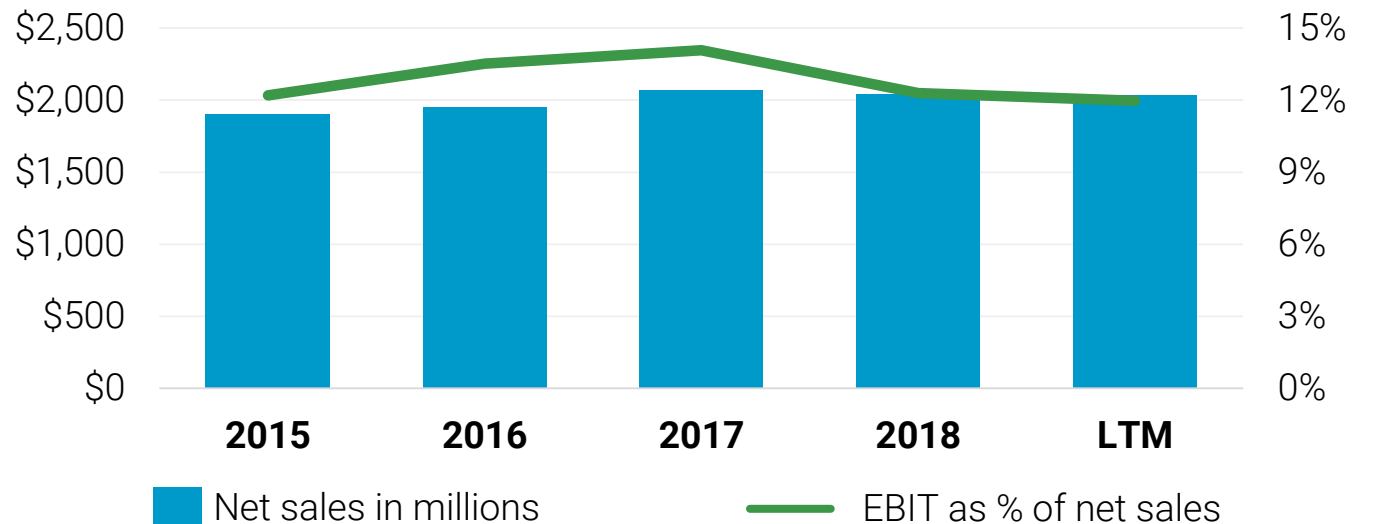
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Volume growth and improved operating performance offsetting inflation in 2019

## Current year financial performance

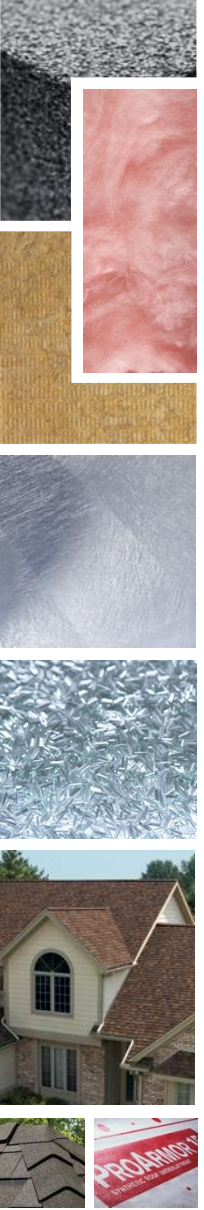
(\$ in millions)	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Net sales	535	541	1,048	1,052
EBIT	67	71	124	131
EBIT as % of net sales	13%	13%	12%	12%
D&A	38	36	77	73

## Five-year financial performance



Source: Owens Corning management estimates and Owens Corning SEC filings; comparability may differ over time. Revenue before inter-segment eliminations.

# ROOFING BUSINESS



Improved EBIT by \$24mm, to \$151mm

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Grew revenue by 18% on above-market volumes

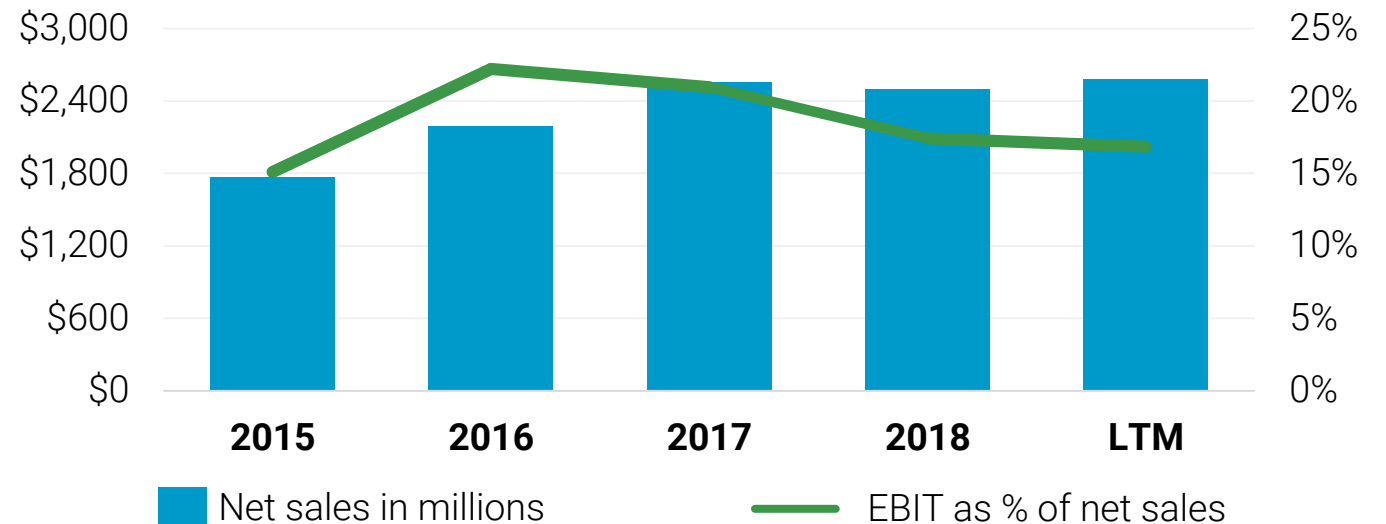
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Contribution margins through H1 2019 position business for continued strong performance

## Current year financial performance

(\$ in millions)	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Net sales	778	659	1,392	1,301
EBIT	151	127	225	224
EBIT as % of net sales	19%	19%	16%	17%
D&A	13	13	26	25

## Five-year financial performance



Source: Owens Corning management estimates and Owens Corning SEC filings; comparability may differ over time. Revenue before inter-segment eliminations.

# 2019 BUSINESS OUTLOOK

Assume consensus global industrial production growth, U.S. housing starts, and global commercial and industrial construction growth

## INSULATION

Earnings growth in the technical and other building insulation businesses

Growth in the technical and other building insulation businesses to be more than offset by lower volumes and production curtailments in the North American residential fiberglass insulation business

## COMPOSITES

Continued growth in the glass fiber market at a lower rate than previous outlook

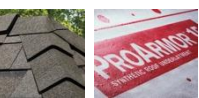
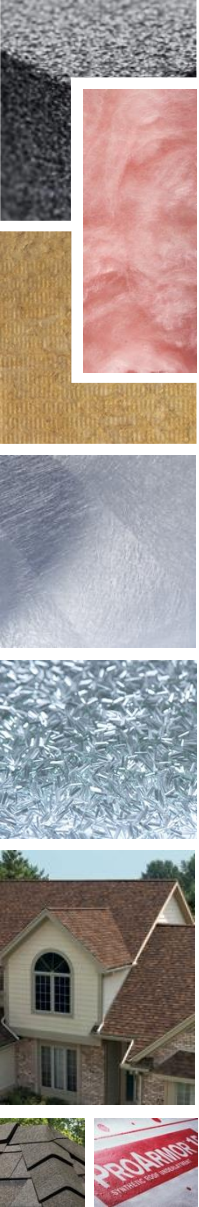
Volume growth and improved operating performance offsetting inflation

## ROOFING

Improved outlook to relatively flat U.S. shingle industry shipments

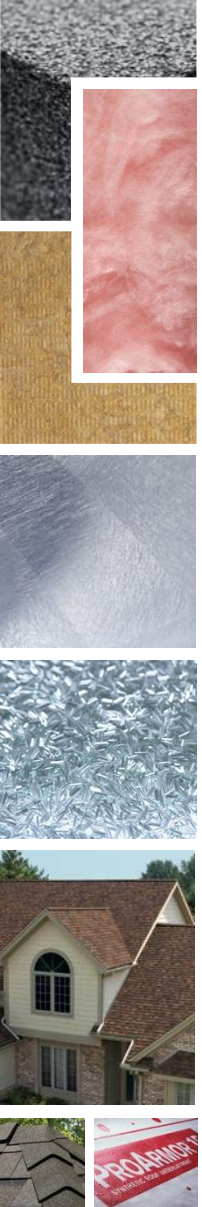
Favorable geographic mix comparison and higher share of industry shipments expected for Owens Corning

Contribution margins through H1 2019 position the business for continued strong performance



# OTHER 2019 OUTLOOK & SIGNIFICANT FINANCIAL MATTERS

- Reduced net debt sequentially by over \$300mm, including paying down \$100mm on the term loan associated with the purchase of Paroc
- Outlook for strong cash flow generation
  - Prioritize free cash flow to ongoing dividends and reduction of the Paroc loan
  - Additionally, free cash flow could be deployed for share repurchases
- Corporate expense range of \$125mm to \$135mm, \$15mm below previous outlook on disciplined cost management
- Capital additions of approximately \$475mm, from \$500mm previously
- Depreciation and amortization of approximately \$460mm
- Interest expense of approximately \$130mm
- Cash taxes of approximately 10% to 12% and effective tax rate of 26% to 28%



Note: tax rates on adjusted pre-tax earnings, and excluding significant tax items and reserve reversals

# **QUESTIONS AND DISCUSSION**

# APPENDIX A: NON-GAAP RECONCILIATIONS – TABLE 1

Net debt (a non-GAAP financial measure) is defined by the Company as total borrowings, less cash and cash equivalents and less the impact of derivatives used to hedge the borrowings. The reconciliation from total debt to net debt is shown in the table below (in millions):

	June 30, 2019	March 31, 2019	June 30, 2018
Short-term debt	\$ 6	\$ 3	\$ 1
Long-term debt - current portion	6	25	4
Long-term debt, net of current portion	3,404	3,711	3,636
Total debt	\$ 3,416	\$ 3,739	\$ 3,641
Less: Cash and cash equivalents	(92)	(82)	(149)
Less: Unamortized interest rate swap basis adjustment	(4)	(5)	(6)
Net debt	\$ 3,320	\$ 3,652	\$ 3,486

# APPENDIX A: NON-GAAP RECONCILIATIONS – TABLE 2

The reconciliations of EBITDA and adjusted EBITDA are shown in the table below (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
EBIT (a)	\$ 230	\$ 206	\$ 348	\$ 337
Depreciation and amortization	112	107	225	216
EBITDA	342	313	573	553
Adjusting expense (income) items to EBIT (a)	1	8	(1)	29
Accelerated depreciation included in restructuring	—	(3)	—	(8)
ADJUSTED EBITDA	\$ 343	\$ 318	\$ 572	\$ 574

(a) Please refer to Table 2 "EBIT Reconciliation Schedules" of our 8-K press release for the reconciliation from net earnings attributable to Owens Corning to EBIT and adjusted EBIT, and for detail of adjusting expense (income) items to EBIT.

# APPENDIX A: NON-GAAP RECONCILIATIONS – TABLE 3

The reconciliation from net cash flow provided by operating activities to free cash flow, net earnings attributable to Owens Corning to adjusted earnings, and the calculation of free cash flow conversion of adjusted earnings ("free cash flow conversion") are shown in the table below (in millions):

	Twelve Months Ended December 31,					Last Four Fiscal Years
	2018	2017	2016	2015		
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES	\$ 803	\$ 1,016	\$ 943	\$ 742	\$ 3,504	
Less: Cash paid for property, plant, and equipment	(537)	(337)	(373)	(401)	(1,648)	
FREE CASH FLOW	\$ 266	\$ 679	\$ 570	\$ 341	\$ 1,856	
Net earnings attributable to Owens Corning	\$ 545	\$ 289	\$ 393	\$ 330	\$ 1,557	
Adjustment to remove adjusting items (a)	40	189	47	2	278	
Adjustment to remove tax benefit on adjusting items (b)	(12)	(62)	(11)	(1)	(86)	
Adjustment to remove significant tax items and reverse reversals (c)	(23)	82	(10)	(27)	22	
ADJUSTED EARNINGS	\$ 550	\$ 498	\$ 419	\$ 304	\$ 1,771	
Free cash flow conversion (free cash flow/adjusted earnings)	48%	136%	136%	112%	105%	

(a) For 2018, 2017, and 2016, please refer to the "Adjusted Earnings Before Interest and Taxes ("Adjusted EBIT")" paragraph of Management's Discussion and Analysis in the 2018 10-K Filing. For 2015, please refer to the "Adjusted Earnings Before Interest and Taxes ("Adjusted EBIT")" paragraph of Management's Discussion and Analysis in the 2017 10-K filing.

(b) The tax impact of adjusting items is based on our expected tax accounting treatment and rate for the jurisdiction of each adjusting item.

(c) 2018 includes the impact of our net charge related to the U.S. Tax Cuts and Jobs Act of 2017 and a \$32 million gain related to the settlement of an uncertain tax position in Finland, 2017 includes the impact of our net charge related to the U.S. Tax Cuts and Jobs Act of 2017, 2016 includes the reversal of valuation allowances against certain European net deferred tax assets, and 2015 includes the reversal of a valuation allowance recorded in prior years against certain Canadian net deferred tax assets.



# APPENDIX A: NON-GAAP RECONCILIATIONS – TABLE 4

The reconciliation of reported net sales growth to organic net sales growth and net sales growth on a constant currency basis is as follows:

	Total Owens Corning
Net Sales - 3 Months Ended June 30, 2019	\$1,918
Net Sales - 3 Months Ended June 30, 2018	1,824
Net Sales Growth	5%
Acquisition/Divestiture Sales Impact	\$0
Acquisition/Divestiture Sales Growth	—%
Organic Net Sales Growth (a)	5%
Foreign Exchange Sales Impact	\$(33)
Foreign Exchange Sales Growth	(2)%
Net Sales Growth On a Constant Currency Basis (a)	7%

(a) Organic net sales growth is defined as net sales growth less the net sales of companies acquired and divested in the past twelve months. Net sales growth on a constant currency basis is defined as organic net sales growth (as computed above) less any foreign exchange impact.