



Company Delivers Record Adjusted EBIT and Free Cash Flow

Mike Thaman

Chairman & Chief Executive Officer

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Chief Financial Officer

Fourth-Quarter and Full-Year 2016 Results

February 8, 2017



Forward-Looking Statements and Non-GAAP Measures

This presentation and the associated remarks and comments 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 in these statements. Such risks and uncertainties include, without limitation: relationships with key customers and demand for our products; macroeconomic factors like levels of construction activity, global industrial production, industry, economic and political conditions, including new legislation, policies or other governmental actions by the new U.S. presidential administration and Congress; competitive and pricing factors; currency, commodity and interest rate fluctuations; our level of indebtedness and the availability and cost of credit; weather conditions; energy and raw material availability, price volatility and cost issues; ability to protect our intellectual property and information technology systems; labor disputes, legal and regulatory proceedings; our ability to utilize our net operating loss carry-forwards; issues related to acquisitions, divestitures and joint ventures; and, factors detailed from time to time in the Company's Securities and Exchange Commission filings.

For purposes of this presentation, any discussion referring to "year to date" or last twelve months ("LTM") refers to the period ended on the last calendar day of the quarter preceding the date of the investor event referred to on the first page of this document. Otherwise the information in this presentation speaks as of the date of the investor event, and is subject to change. The Company does not undertake any obligation to update or revise forward-looking statements beyond what is required under applicable securities laws. Any distribution of this presentation after the date of 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, including EBIT, adjusted EBIT, adjusted earnings, adjusted EPS, adjusted pre-tax earnings, free cash flow and free cash flow conversion of adjusted earnings. Management uses non-GAAP measures for various purposes, including reporting results of operations to the Board of Directors, analysis of performance and related employee compensation measures. Although management believes these measures, and exclusions from GAAP therein, provide a useful representation of performance, non-GAAP measures should not be considered in isolation or as a substitute for GAAP measures. A reconciliation of these non-GAAP financial measures to their most directly comparable financial measures calculated and presented in accordance with generally accepted accounting principles can be found in the text and Tables 2, 6 and 7 of the Press Release filed on Form 8-K on the date of this presentation. Adjusted EBIT is earnings before interest, taxes and other items that management does not allocate to our segment results because we believe they are not representative of the Company's ongoing operations. Free cash flow is a non-GAAP liquidity measure used by investors, financial analysts and management to help evaluate the company's ability to generate cash to pursue opportunities that enhance shareholder value. Free cash flow is not a measure of residual cash flow available for discretionary expenditures due to the company's mandatory debt service requirements. As a conversion ratio, free cash flow is compared to adjusted earnings. Free cash flow and free cash flow conversion of adjusted earnings are used internally by the Company for various purposes, including reporting results of operations to the Board of Directors of the Company and analysis of performance. Management believes that these measures provides a useful representation of our operational performance and liquidity; however the measures should not be considered in isolation or as a substitute for net cash flow provided by operating activities or net earnings attributable to Owens Corning as prepared in accordance with GAAP. 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

Fourth-Quarter Review

Mike Thaman

Financial Results

Michael McMurray

Questions and Discussion

All

Closing Remarks

Mike Thaman





2016 Highlights and Outlook

- Improved level of safety performance
- Adjusted EBIT of **\$746MM**
- Composites: record EBIT of **\$264MM**
- Roofing: **\$486MM** EBIT; **22%** EBIT margins
- Insulation: **\$126MM** EBIT
- Free cash flow: **\$570MM**; **126%** conversion of adjusted earnings over last two years
- Repurchased **4.8MM** shares and paid dividends of **\$81MM**
- Anticipate continued growth in U.S. housing starts and moderate global industrial production growth in 2017

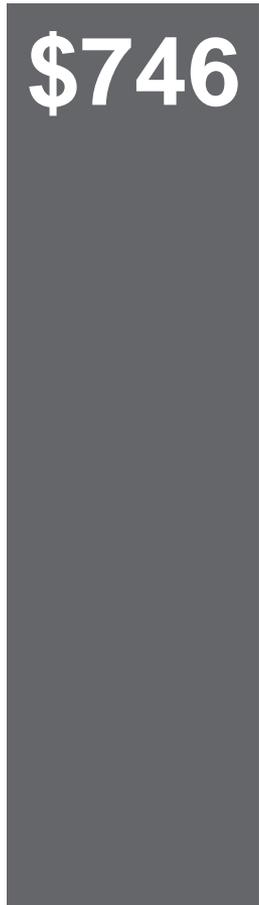


Key Financial Data

(\$ in millions, except per share data)	Q4 2016	Q4 2015	2016	2015
Net sales	\$1,383	\$1,297	\$5,677	\$5,350
Net earnings attributable to Owens Corning	\$86	\$109	\$393	\$330
Diluted earnings per share (EPS) attributable to Owens Corning common stockholders	\$0.76	\$0.92	\$3.41	\$2.79
Earnings before interest and taxes (EBIT)	\$136	\$138	\$699	\$548
Adjusted EBIT	\$157	\$136	\$746	\$550
Adjusted Earnings	\$81	\$79	\$419	\$304
Adjusted EPS (diluted)	\$0.72	\$0.66	\$3.63	\$2.57
Adjusted EBIT as a % of sales	11%	10%	13%	10%
Depreciation and amortization	\$101	\$76	\$343	\$300
Net cash flow provided by operating activities	\$264	\$332	\$943	\$742
Free cash flow	\$172	\$205	\$570	\$341
Total debt (excluding rate swap), net of cash	\$1,982	\$1,769	\$1,982	\$1,769



Adjusted EBIT Reconciliation



2016 Adj EBIT



Restructuring



Acquisition Related



2016 EBIT

Numbers in millions.



Adjusted EBIT Comparison Year Over Year



Roofing



Composites



Insulation



Corporate

\$746



2015 Adj EBIT

Growth in adjusted EBIT of
\$196 million



2016 Adj EBIT

Numbers in millions.



Insulation Business

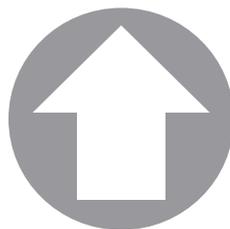
Main Highlights



\$126MM EBIT in 2016



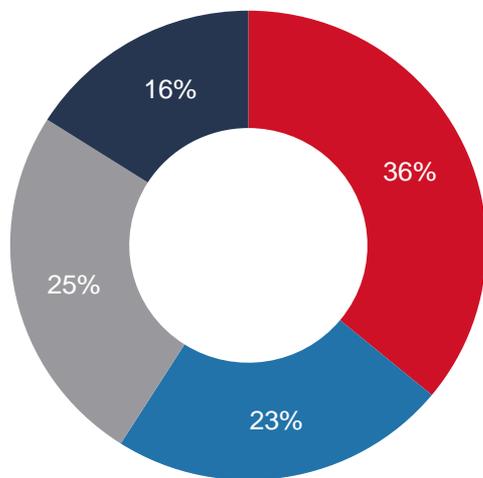
Engineered & regional business performing at record level



2017: expect \$100MM revenue growth and at least \$160MM EBIT

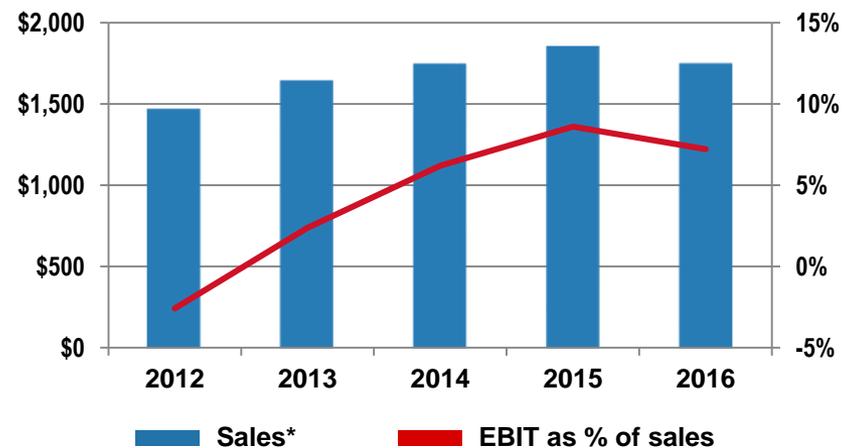
\$ (in millions)	Q4 2016	Q4 2015	2016	2015
Net sales	\$473	\$518	\$1,748	\$1,850
EBIT	\$43	\$70	\$126	\$160
EBIT as % of sales	9%	14%	7%	9%
D&A	\$28	\$26	\$106	\$101

Revenue by End Market



- U.S. & Canada Residential New Construction
- U.S. & Canada Repair and Remodeling
- U.S. & Canada Commercial and Industrial
- International

Five-Year Financial Performance



* In millions

2016 revenue by end market based on Owens Corning management estimates; estimated error margin below 5%

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

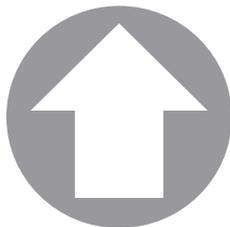


Composites Business

Main Highlights



\$264MM EBIT & 14% margins in 2016



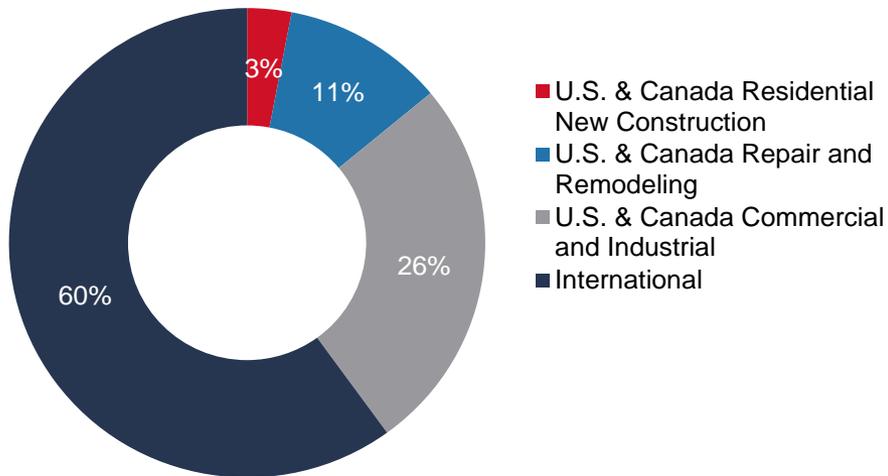
2017: continued growth in glass fiber market & moderate global IP growth



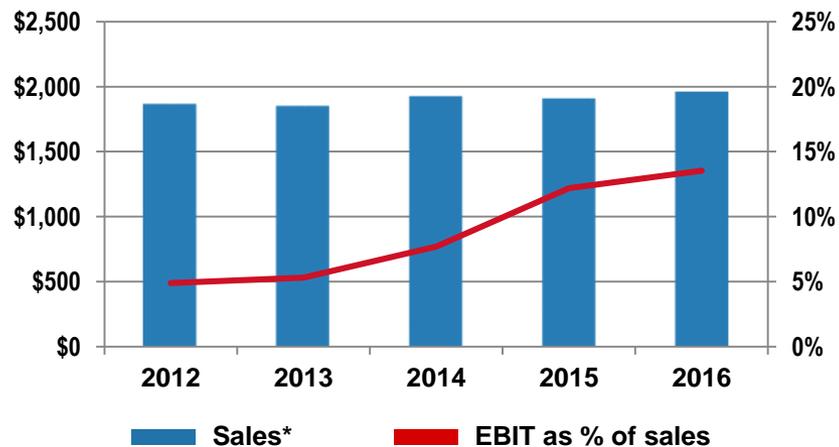
2017: expect about \$25MM EBIT improvement

\$ (in millions)	Q4 2016	Q4 2015	2016	2015
Net sales	\$466	\$445	\$1,952	\$1,902
EBIT	\$65	\$44	\$264	\$232
EBIT as % of sales	14%	10%	14%	12%
D&A	\$35	\$33	\$138	\$125

Revenue by End Market



Five-Year Financial Performance



* In millions

2016 revenue by end market based on Owens Corning management estimates; estimated error margin below 5%

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

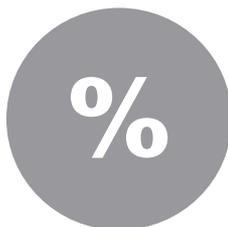


Roofing Business

Main Highlights



\$486MM EBIT in 2016



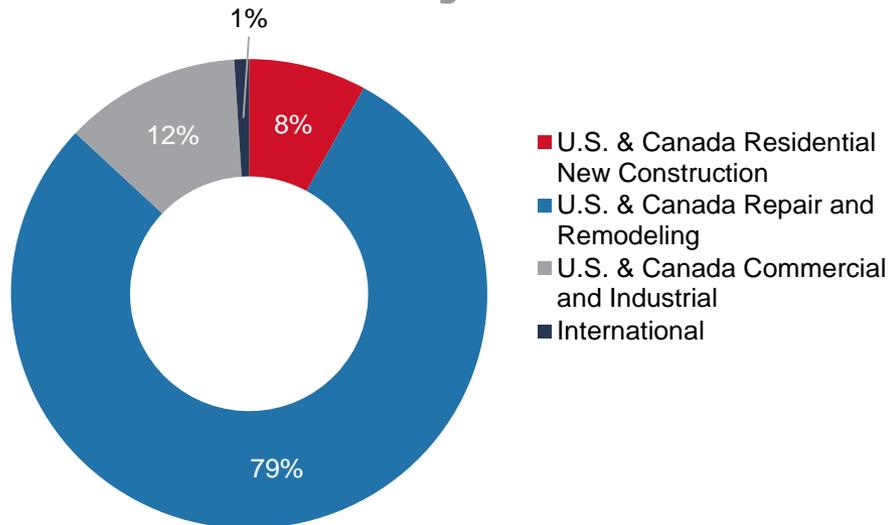
22% EBIT margins in 2016 on higher volume & lower asphalt costs



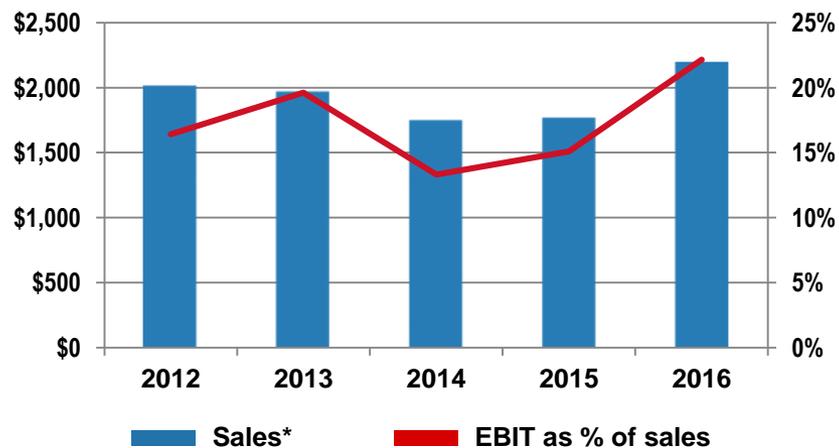
InterWrap contributed \$40MM EBIT in 2016 on a partial year

\$ (in millions)	Q4 2016	Q4 2015	2016	2015
Net sales	\$483	\$368	\$2,194	\$1,766
EBIT	\$98	\$53	\$486	\$266
EBIT as % of sales	20%	14%	22%	15%
D&A	\$12	\$10	\$46	\$39

Revenue by End Market



Five-Year Financial Performance



* In millions

2016 revenue by end market based on Owens Corning management estimates; estimated error margin below 5%

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Significant Financial Matters

- First-quarter 2017 cash dividend of \$0.20 per share
- Dividend grown **8%** annually on average since initiation
- Repurchased **1.4MM** shares in Q4 and **4.8MM** shares in 2016
- **9.8MM** shares available for repurchase under existing authorization as of December 31, 2016



2017 Outlook & Guidance

- Consensus U.S. housing starts and moderate global industrial production growth
- Composites: EBIT growth of about **\$25MM**
- Insulation: revenue growth of about **\$100MM** and EBIT of **\$160MM** or more
- Roofing: continued growth in new construction and age-related reroof markets not expected to offset anticipated lower storm demand
- Strong conversion ratio of adjusted earnings to free cash flow
- Full-year corporate guidance will be provided later in the year



2017 Other Financial Guidance

- Corporate expense: **\$120MM** to **\$130MM**
- Capital additions: approximately **\$375MM**
- Depreciation and amortization: about **\$345MM**
- Interest expense: approximately **\$110MM**
- U.S. tax N.O.L. of **\$1.8B**: estimated to significantly offset cash taxes for some time to come
- Cash taxes of **10%** to **12%** and effective tax rate of **32%** to **34%** on adjusted pre-tax earnings



Questions and Discussion

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