



# Ken Parks

EVP and Chief Financial Officer



**INVESTOR** DAY  
2021

# Compelling Investment Thesis

What you will hear today

1

## Expanding

addressable  
markets and  
growing through  
core capabilities

2

## Executing

to improve the level  
of sustainable  
operating margins

3

## Reducing

capital intensity

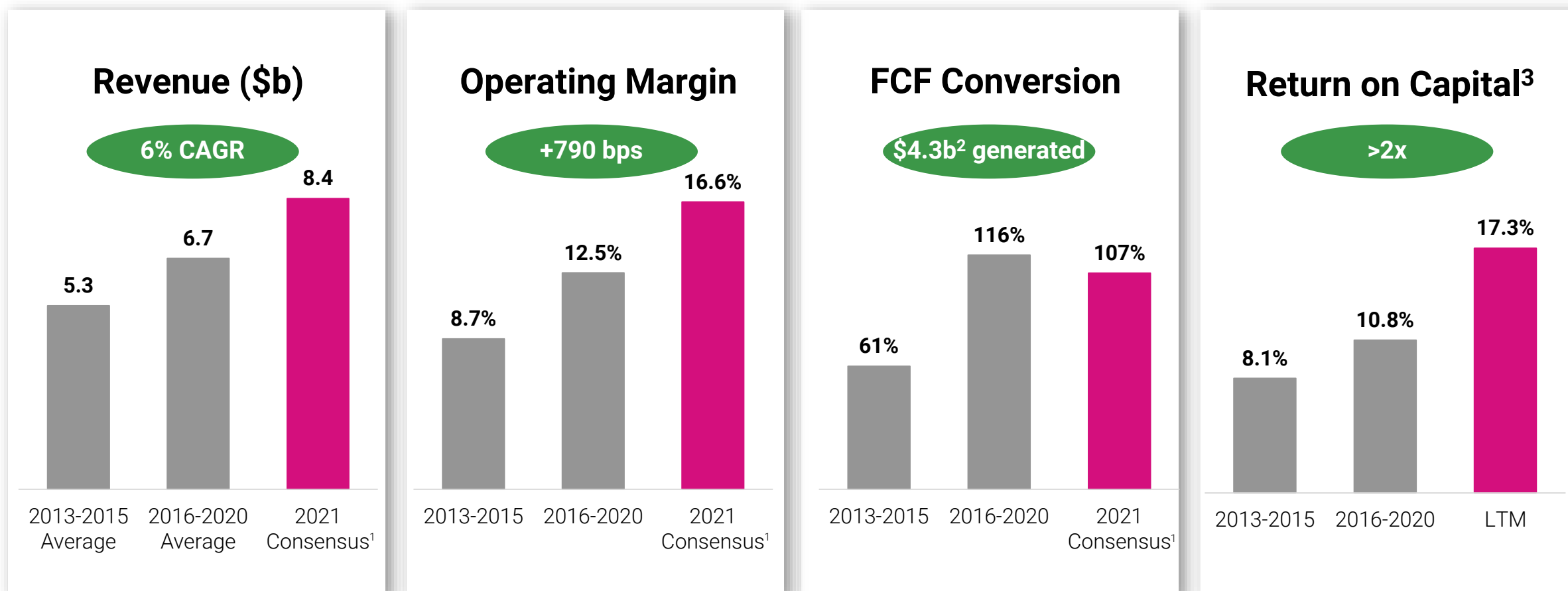
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## Generating

strong free cash  
flow conversion

Investing in profitable growth and creating value for shareholders

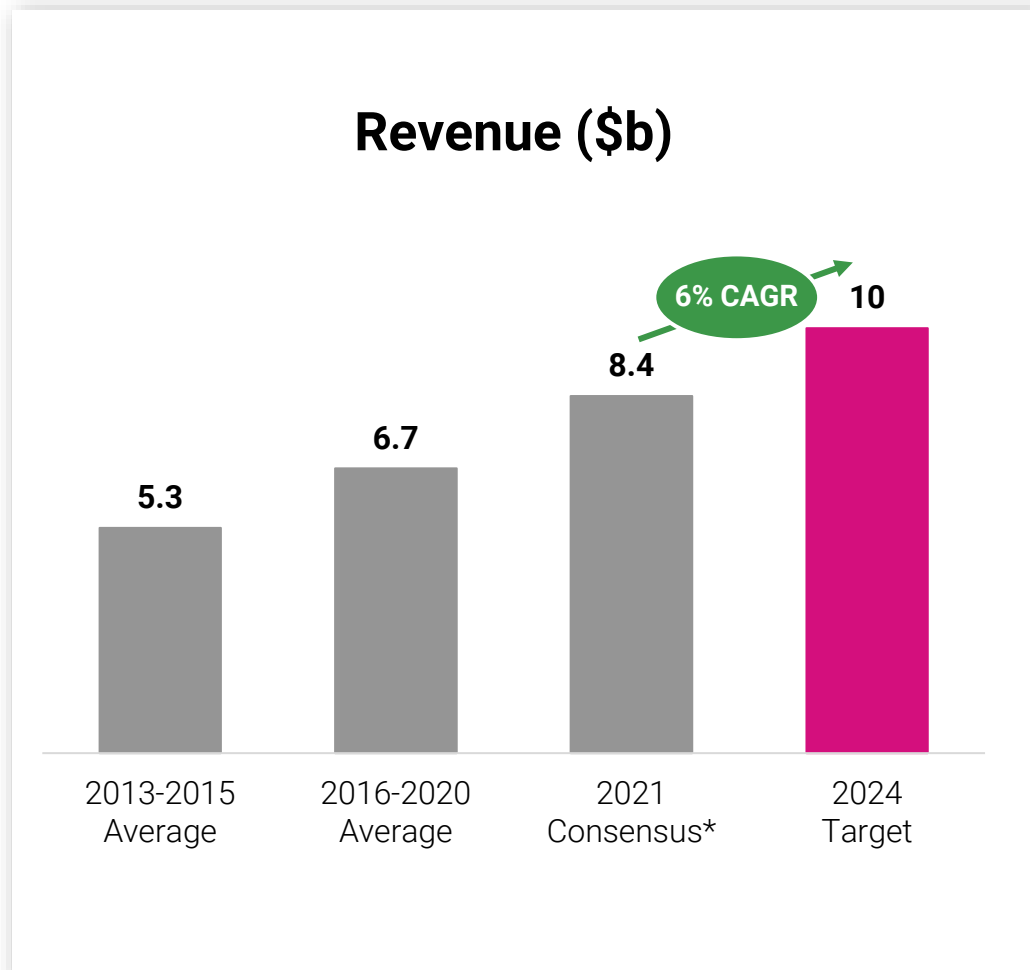
# Transformed the Financial Profile



**INVESTOR DAY**  
2021

<sup>1</sup> 2021 Consensus Revenue, Operating Margins and Free Cash Flow Conversion reflect Bloomberg consensus estimates; 2021 Consensus Free Cash Flow conversion is based on Total Cash Flow from Operations less Capital Expenditures as a percent of adjusted earnings  
<sup>2</sup> 2013 through Q3 2021  
<sup>3</sup> Return on Capital: Average of annual ROC rates over the period. For LTM and Consensus, to ensure comparability with other periods and due to the lack of consensus information around capital components, the 2020 capital base was used.  
Source: Bloomberg, Owens Corning SEC filings, and Owens Corning management estimates; please refer to Appendix for reconciliation to Owens Corning SEC filings

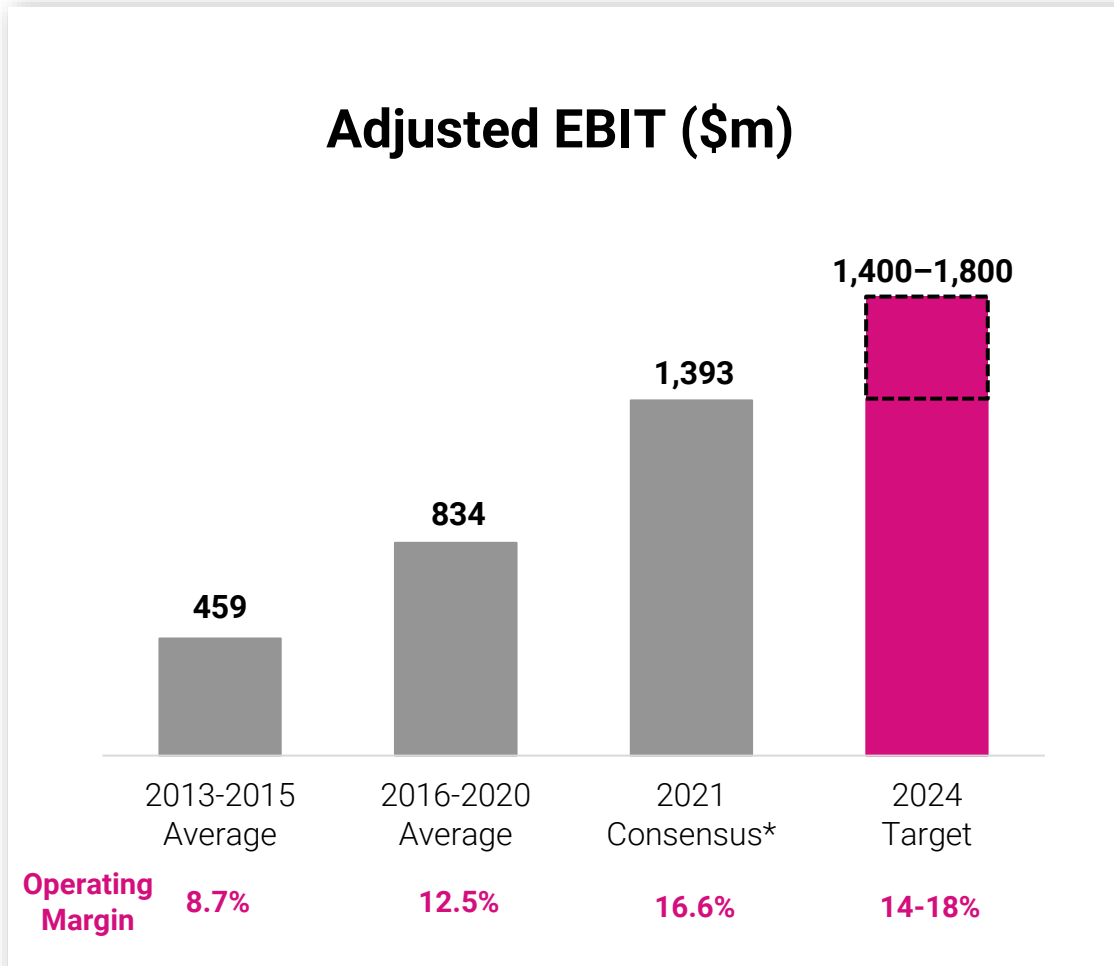
# Growing Revenue to \$10B



**Expand addressable market 5x to \$200b through organic investments and acquisitions**

- Leverage secular trends to drive above market revenue growth
- Strengthen core building and construction products
- Expand multimaterial solutions
- Develop more pre-fabricated solutions

# Sustaining a Higher Level of Profitability

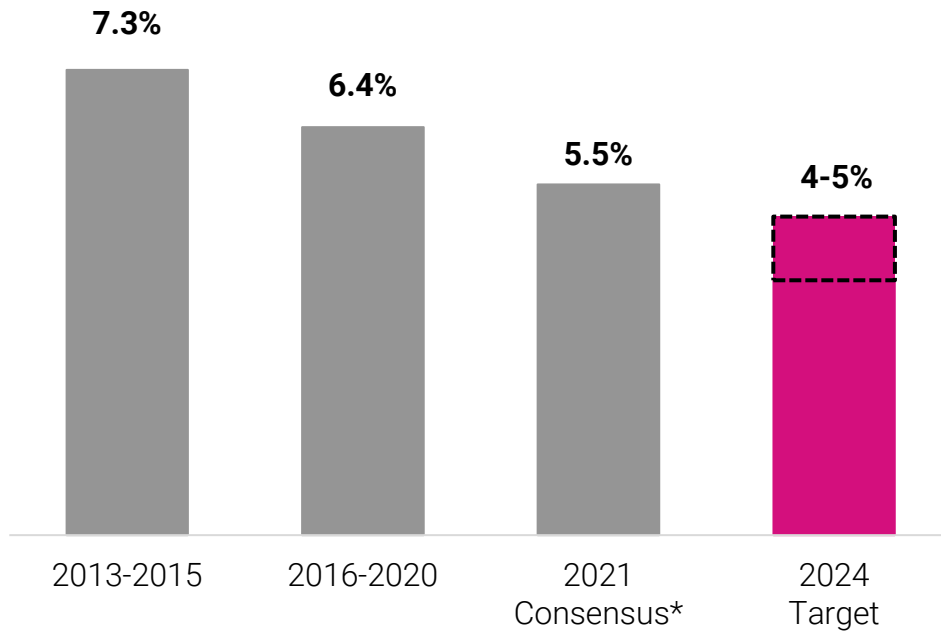


## Continued execution sustains higher operating margins

- Price offsetting inflation
- Network optimization and manufacturing excellence to drive productivity
- Recent acquisitions deliver profitable growth and more stable earnings
- Operating expense leverage as we grow

# Reducing Capital Intensity

## Capex % of Revenue

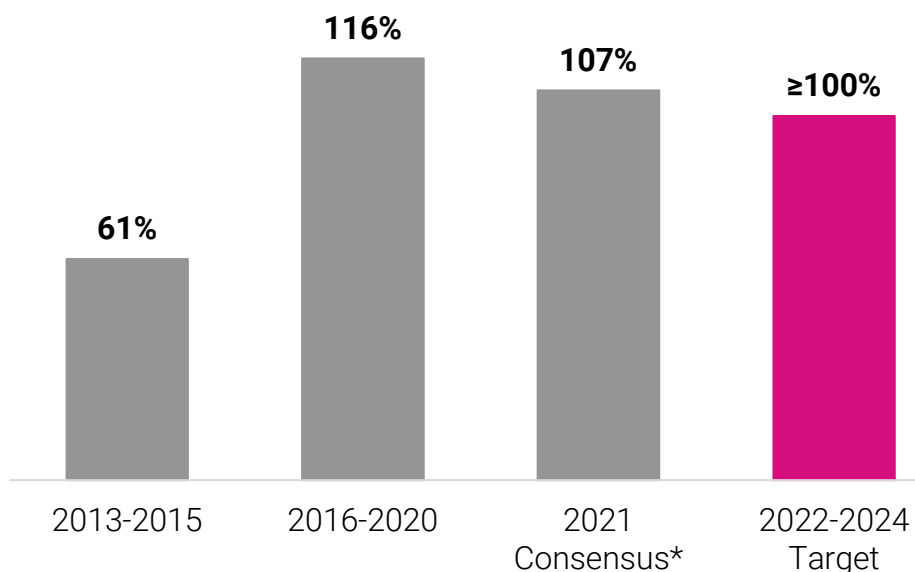


## Capital efficiency drivers

- Total Productive Maintenance maturity
- Furnace life extension
- Future acquisitions and development of higher value solutions less capital intensive

# Generating Strong Free Cash Flow Conversion

## FCF Conversion

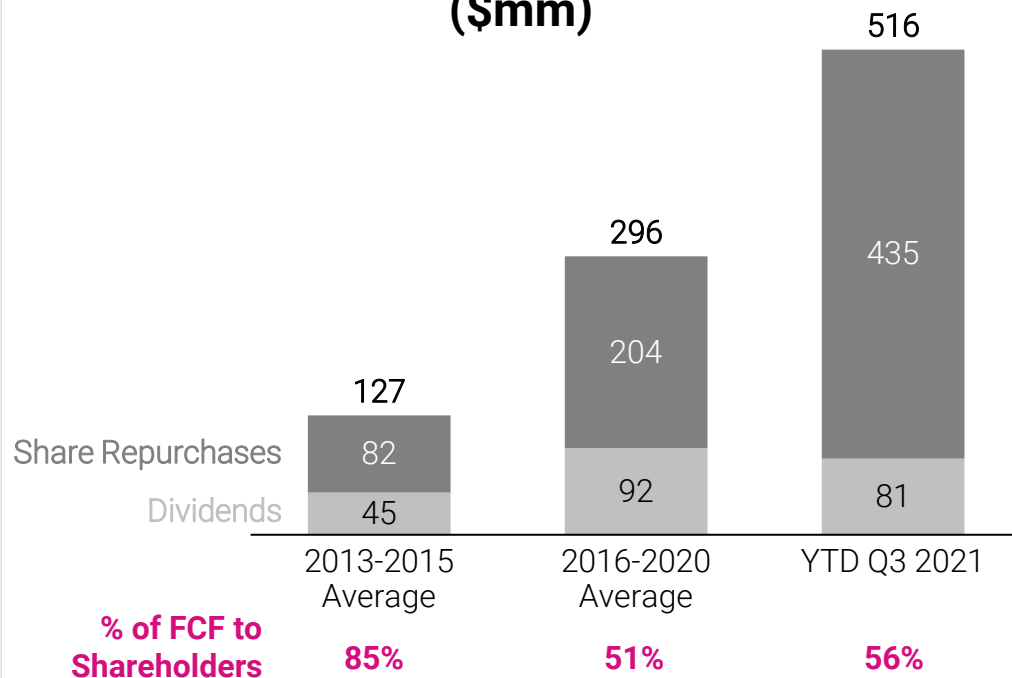


## Free cash flow conversion levers

- Improved capital efficiency
- Disciplined working capital management
- Management of near-term headwinds:
  - NOL utilization
  - Inventory replenishment

# Investing in Growth and Maintaining an Investment Grade Balance Sheet

## Cash Returned to Shareholders (\$mm)



## Capital deployment priorities

- Invest in organic growth and value accretive acquisitions
- Target leverage ratio between 2 to 3 times adjusted EBITDA
- Committed to returning ~50% of FCF to shareholders over time



# Creating Shareholder Value: 2024 Financial Targets<sup>1,2</sup>

## Revenue

\$10b by 2024

## Operating Margin

Sustained mid-teens

## Capital Expenditures

Between 4-5% Sales

## FCF Conversion

≥100% over time

**Return ~50% of FCF to shareholders over time**

### Key Assumptions

- 1-Continued market strength in our end markets
- 2-M&A activity over the next 3 years

# Appendix

# Appendix: Non-GAAP Reconciliation – Table 1

The reconciliation from net cash flow provided by operating activities to free cash flow 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,			Total of 2013 to 2015	2016	Twelve Months Ended December 31,			2020	Total of 2016 to 2020
	2013	2014	2015			2017	2018	2019		
Net cash flow provided by operating activities	\$ 383	\$ 452	\$ 742	\$ 1,577	\$ 943	\$ 1,016	\$ 803	\$ 1,037	\$ 1,135	\$ 4,934
Less: Cash paid for property, plant and equipment	(329)	(402)	(401)	(1,132)	(373)	(337)	(537)	(447)	(307)	(2,001)
Free cash flow (a)	\$ 54	\$ 50	\$ 341	\$ 445	\$ 570	\$ 679	\$ 266	\$ 590	\$ 828	\$ 2,933
Adjusted earnings (b)	\$ 221	\$ 208	\$ 304	\$ 733	\$ 419	\$ 498	\$ 550	\$ 500	\$ 566	\$ 2,533
Free cash flow conversion (c)	24 %	24 %	112 %	61 %	136 %	136 %	48 %	118 %	146 %	116 %

(a) 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.

(b) Please refer to Table 2 of the Appendix for the reconciliation from net earnings (loss) attributable to Owens Corning to adjusted earnings.

(c) We compute free cash flow conversion on an annual basis only due to the seasonality of our businesses.

# Appendix: Non-GAAP Reconciliation – Table 2

A reconciliation from net earnings (loss) attributable to Owens Corning to adjusted earnings and a reconciliation from diluted earnings (loss) per share to adjusted diluted earnings per share for selected periods are shown in the tables below (in millions, except per share data):

	Twelve Months Ended December 31,							
	2013	2014	2015	2016	2017	2018	2019	2020
<b>RECONCILIATION TO ADJUSTED EARNINGS</b>								
Net earnings (loss) attributable to Owens Corning	\$ 204	\$ 226	\$ 330	\$ 393	\$ 289	\$ 545	\$ 405	\$ (383)
Adjustment to remove adjusting items (a)	31	66	2	47	189	40	107	1,002
Adjustment to remove tax benefit on adjusting items (b)	(14)	(18)	(1)	(11)	(62)	(12)	(24)	(20)
Adjustment to remove significant tax items (c)	—	(66)	(27)	(10)	82	(23)	12	(33)
Adjustment to tax expense to reflect pro forma tax rate (d)	—	—	—	—	—	—	—	—
ADJUSTED EARNINGS	\$ 221	\$ 208	\$ 304	\$ 419	\$ 498	\$ 550	\$ 500	\$ 566

(a) Management excludes from net earnings (loss) attributable to Owens Corning certain items it believes are not representative of ongoing operations. Please refer to Table 6 of the Appendix for explanation of adjusting items. Adjusting items shown here also include loss on extinguishment of debt of \$32 million for 2019, \$71 million for 2017 and \$46 million for 2014.

(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) For 2020, significant tax items include the impact of a change in valuation allowances recorded against certain deferred tax assets, a change in estimate related to finalized regulations on global intangible low-taxes income (GILTI), part of the U.S. Tax Cuts and Jobs Act of 2017, and the recognition of a deferred tax asset resulting from the transfer of certain intellectual property rights held by wholly owned foreign subsidiaries to the U.S. For 2019, significant tax items include the impact of a change in estimate related to proposed regulations on GILTI, part of the U.S. Tax Cuts and Jobs Act of 2017. For 2018, significant tax items include the impact of our net charge related to the U.S. Tax Cuts and Jobs Act of 2017 and the \$32 million gain related to the settlement of an uncertain tax position in Finland. For 2017, significant tax items include the impact of our net charge related to the U.S. Tax Cuts and Jobs Act of 2017. For 2016, significant tax items include the reversal (recorded in the fourth quarter of 2016) of valuation allowances against certain European net deferred tax assets. For 2015, significant tax items include the reversal of a valuation allowance against certain Canadian net deferred assets. For 2014, significant tax items include the resolution of a significant uncertain tax position and the reversal of a valuation allowance recorded in prior years against certain European net deferred tax assets. For 2013, there were no significant tax items.

(d) To compute adjusted earnings, we apply a full year pro forma effective tax rate to each quarter presented. For 2020, we have used a full year pro forma effective tax rate of 24%, which was our 2020 effective tax rate, excluding the adjusting items referenced in (a), (b) and (c). For 2019, we have used a full year pro forma effective tax rate of 28%, which was our 2019 effective tax rate, excluding the adjusting items referenced in (a), (b) and (c). For 2018, we have used an effective tax rate of 26%, which was our 2018 effective tax rate excluding the adjusting items referenced in (a), (b) and (c). For 2017, we have used an effective tax rate of 33%, which was our 2017 effective tax rate excluding the adjusting items referenced in (a), (b) and (c). For 2016, we have used an effective tax rate of 33%, which was our 2016 effective tax rate excluding the adjusting items referenced in (a), (b) and (c). For 2015, we have used an effective tax rate of 33%, which was our 2015 effective tax rate excluding the adjusting items referenced in (a), (b) and (c). For 2014, we have used an effective tax rate of 30%, which was our 2014 effective tax rate excluding the adjusting items referenced in (a), (b) and (c).



# Appendix: Non-GAAP Reconciliation – Table 3

The calculations of net operating profit after tax (NOPAT), total capital and return on capital (ROC) are shown in the table below (in millions):

	Last Twelve Months (LTM) Ended September 30, 2021	LTM Ended September 30, 2020	Average 2016 to 2020	Twelve Months Ended December 31,					Average 2013 to 2015	Twelve Months Ended December 31,				
				2020	2019	2018	2017	2016		2015	2014	2013	2012	
<b>Numerator</b>														
Adjusted EBIT (a)	\$ 1,396	n/a	n/a	\$ 878	\$ 828	\$ 861	\$ 855	\$ 746	n/a	\$ 550	\$ 412	\$ 416	\$ 293	
Less: Taxes at pro forma tax rate (b)	(368)	n/a	n/a	(211)	(232)	(224)	(282)	(246)	n/a	(182)	(124)	(112)	(67)	
Net operating profit after tax	\$ 1,028	n/a	n/a	\$ 667	\$ 596	\$ 637	\$ 573	\$ 500	n/a	\$ 368	\$ 288	\$ 304	\$ 226	
<b>Denominator</b>														
Goodwill	\$ 995	\$ 976	n/a	\$ 989	\$1,932	\$1,949	\$1,507	\$1,336	n/a	\$1,167	\$1,168	\$1,166	\$ 1,143	
Intangible assets, net	1,629	1,655	n/a	1,667	1,721	1,779	1,360	1,138	n/a	999	1,017	1,040	1,045	
Less: Adjustment to exclude pre-emergence and fresh start goodwill and intangible assets, net and other non-acquisition intangibles (c)	(1,434)	(1,441)	n/a	(1,439)	(1,978)	(1,994)	(2,008)	(2,025)	n/a	(2,043)	(2,058)	(2,084)	(2,107)	
Post-emergence goodwill and intangibles	1,190	1,190	n/a	1,217	1,675	1,734	859	449	n/a	123	127	122	81	
Receivables, less allowances	1,141	1,016	n/a	919	770	794	806	678	n/a	709	674	683	600	
Inventories	949	886	n/a	855	1,033	1,072	841	710	n/a	644	817	810	786	
Less: Accounts payable	(1,139)	(839)	n/a	(875)	(815)	(851)	(834)	(615)	n/a	(535)	(542)	(547)	(498)	
Property, plant and equipment, net	3,767	3,717	n/a	3,809	3,855	3,811	3,425	3,112	n/a	2,956	2,899	2,932	2,903	
Total capital	\$ 5,908	\$ 5,970	n/a	\$5,925	\$6,518	\$6,560	\$5,097	\$4,334	n/a	\$3,897	\$3,975	\$4,000	\$ 3,872	
Average of beginning and ending total capital (d)	\$ 5,939	n/a	n/a	\$6,222	\$6,539	\$6,251	\$4,716	\$4,188	n/a	\$3,936	\$3,988	\$3,936	n/a	
Return on capital (NOPAT / Average total capital) (e)	17.3 %	n/a	10.8 %	10.7 %	9.1 %	10.2 %	12.2 %	11.9 %	8.1 %	9.3 %	7.2 %	7.7 %	n/a	

(a) Please refer to Tables 4 and 5 of the Appendix for the reconciliation of net earnings (loss) attributable to Owens Corning to Adjusted EBIT.

(b) To compute NOPAT, we apply a pro forma effective tax rate to Adjusted EBIT. The pro forma tax rate is equal to each year's effective tax rate, less the impact of significant valuation allowance reversals and deferred tax adjustments described in Table 2 of the Appendix. The following pro forma tax rates were used above: 24% in 2020, 28% in 2019, 26% in 2018, 33% in 2017, 33% in 2016, 33% in 2015, 30% in 2014, and 27% in 2013.

(c) Based on Owens Corning internal management reports for the remaining net book value of these respective assets.

(d) Includes Owens Corning management estimate to normalize the mid-year timing impact of the April 21, 2016 InterWrap acquisition on average total capital for 2016 and estimate to normalize early-year timing impact of the February 5, 2018 Paroc acquisition on average total capital for 2018. Accordingly, we added \$72 million to the average of beginning and ending total capital for 2016 and \$422 million to the average of beginning and ending total capital for 2018 to arrive at the figures above. No adjustment was applied to 2017 average total capital for the June 27, 2017 Pittsburgh Corning acquisition, due to the proximity of its acquisition date to mid-year.

(e) When used to discuss segment ROC, the measure differs from the total company ROC formula. Segment return on capital uses a business-specific tax rate and excludes fresh-start accounting adjustments from the numerator and the denominator.

# Appendix: Non-GAAP Reconciliation – Table 4

The reconciliation from net earnings (loss) attributable to Owens Corning to EBIT and Adjusted EBIT is shown in the table below (in millions):

	Twelve Months Ended December 31,			Total of 2013 to 2015	2016	Twelve Months Ended December 31,			2020	Total of 2016 to 2020
	2013	2014	2015			2017	2018	2019		
Net earnings (loss) attributable to Owens Corning	\$ 204	\$ 226	\$ 330	\$ 760	\$ 393	\$ 289	\$ 545	\$ 405	\$ (383)	\$ 1,249
Less: net earnings (loss) attributable to non-controlling interests	1	2	4	7	6	1	2	—	(2)	7
Net earnings (loss)	205	228	334	767	399	290	547	405	(385)	1,256
Earnings from and gain on sale of discontinued operations, net of tax	—	—	—	—	—	—	—	—	—	—
Earnings (loss) from continuing operations	205	228	334	767	399	290	547	405	(385)	1,256
Equity in net earnings (loss) of affiliates	—	1	1	2	(3)	—	(1)	1	—	(3)
Income tax expense	68	5	120	193	188	269	156	186	129	928
Earnings (loss) from continuing operations before taxes	273	232	453	958	590	559	704	590	(256)	2,187
Interest expense, net	112	114	100	326	108	107	117	131	132	595
Loss (gain) on debt extinguishment	—	46	(5)	41	1	71	—	32	—	104
Earnings (loss) from continuing operations before interest and taxes	385	392	548	1,325	699	737	821	753	(124)	2,886
Adjusting items (a)	(31)	(20)	(2)	(53)	(47)	(118)	(40)	(75)	(1,002)	(1,282)
Adjusted EBIT	\$ 416	\$ 412	\$ 550	\$ 1,378	\$ 746	\$ 855	\$ 861	\$ 828	\$ 878	\$ 4,168
Net sales	\$ 5,295	\$ 5,260	\$ 5,350	\$15,905	\$ 5,677	\$ 6,384	\$ 7,057	\$ 7,160	\$ 7,055	\$33,333
Adjusted EBIT as a % of Net sales	7.9 %	7.8 %	10.3 %	8.7 %	13.1 %	13.4 %	12.2 %	11.6 %	12.4 %	12.5 %

(a) Management excludes from net earnings (loss) attributable to Owens Corning certain items it believes are not representative of ongoing operations. Please refer to Table 6 of the Appendix for explanation of adjusting items.

# Appendix: Non-GAAP Reconciliation – Table 5

The reconciliation from net earnings (loss) attributable to Owens Corning to EBIT and Adjusted EBIT, and the calculation of net operating profit after tax (NOPAT) are shown in the table below (in millions):

	Twelve Months Ended December 31, 2020 (A)	Nine Months Ended September 30, 2020 (B)	Nine Months Ended September 30, 2021 (C)	Last Twelve Months (LTM) Ended September 30, 2021 (A) - (B) + (C)
Net earnings (loss) attributable to Owens Corning	\$ (383)	\$ (615)	\$ 768	\$ 1,000
Less: net loss attributable to non-controlling interests	(2)	—	(1)	(3)
Net earnings (loss)	(385)	(615)	767	997
Earnings from and gain on sale of discontinued operations, net of tax	—	—	—	—
Earnings (loss) from continuing operations	(385)	(615)	767	997
Equity in net earnings (loss) of affiliates	—	1	—	(1)
Income tax expense	129	119	250	260
Earnings (loss) from continuing operations before taxes	(256)	(497)	1,017	1,258
Interest expense, net	132	98	97	131
Loss on extinguishment of debt	—	—	9	9
Earnings (loss) from continuing operations before interest and taxes	(124)	(399)	1,123	1,398
Adjusting items (a)	(1,002)	(971)	33	2
Adjusted EBIT	\$ 878	\$ 572	\$ 1,090	\$ 1,396
Less: Taxes at pro forma tax rate (b)	\$ (211)	\$ (137)	\$ (294)	\$ (368)
Net operating profit after tax	\$ 667	\$ 435	\$ 796	\$ 1,028

(a) Management excludes from net earnings (loss) attributable to Owens Corning certain items it believes are not representative of ongoing operations. Please refer to Table 6 of the Appendix for explanation of adjusting items.

(b) To compute NOPAT, we apply a pro forma effective tax rate to Adjusted EBIT. The pro forma tax rate is equal to each year's effective tax rate, less the impact of significant valuation allowance reversals and deferred tax adjustments described in Table 2 of the Appendix. For 2020, we have used a full year pro forma effective tax rate of 24%, which was our 2020 effective tax rate. For 2021, we have used a full year pro forma effective tax rate of 27%, which is the mid-point of our 2021 effective tax rate guidance of 26% to 28%.

# Appendix: Non-GAAP Reconciliation – Table 6

The adjusting income (expense) items to EBIT are shown in the tables below (in millions):

	Twelve Months Ended December 31,						Nine Months Ended September 30,			
	2013	2014	2015	2016	2017	2018	2019	2020	2020	2021
Restructuring costs	\$ (26)	\$ (36)	\$ (2)	\$ (28)	\$ (48)	\$ (22)	\$ (28)	\$ (41)	\$ (10)	\$ (22)
Gain on sale of land in India	—	—	—	—	—	—	—	—	—	15
Acquisition-related costs	—	—	—	(9)	(15)	(16)	—	—	—	—
Recognition of acquisition inventory fair value step-up	—	—	—	(10)	(5)	(2)	—	—	—	(1)
Litigation settlement gain, net of legal fees	—	—	—	—	29	—	—	—	—	—
Pension settlement losses	—	—	—	—	(64)	—	(43)	—	—	—
Environmental liability charges	—	—	—	—	(15)	—	(4)	—	—	—
(Losses) gains on asset sales, impairments, useful life changes and insurance activity	(5)	16	—	—	—	—	—	(961)	(961)	41
Total adjusting items (a)	\$ (31)	\$ (20)	\$ (2)	\$ (47)	\$ (118)	\$ (40)	\$ (75)	\$ (1,002)	\$ (971)	\$ 33

(a) Please refer to each year's respective Form 10-K filing in the "Adjusted Earnings Before Interest and Taxes ("Adjusted EBIT")" paragraph of Management's Discussion and Analysis for additional information on these adjusting items. For the nine months ended September 30, 2020 and September 30, 2021, please refer to our Form 10-Q filing for the third quarter of 2021 in the "Adjusted Earnings Before Interest and Taxes" paragraph of Management's Discussion and Analysis for additional information on these items.