



# THIRD-QUARTER 2020 RESULTS

**Brian Chambers** | Chairman & Chief Executive Officer

**Ken Parks** | Chief Financial Officer



October 28, 2020 | Q3 2020



# 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: the severity and duration of the current COVID-19 pandemic on our operations, customers and suppliers, as well as related governmental actions; levels of residential, commercial and industrial construction activity; global industrial production; competitive and pricing factors; demand for our products and relationships with key customers; industry, economic and political conditions, including new legislation, policies or other governmental actions in the U.S. or elsewhere; changes to tariff, trade or investment policies or law; uninsured losses, including those from natural disasters, pandemics, catastrophe, theft or sabotage; climate change, weather and storm activity; energy, transportation, raw material and other input availability, price volatility and cost issues; legal and regulatory, including environmental, disputes or proceedings; ability to protect our intellectual property and information technology systems; our level of indebtedness, liquidity, and the availability and cost of credit; levels of goodwill or other indefinite-lived intangible assets; achievement of expected synergies or productivity improvements; ability to utilize our net operating loss carry-forwards or foreign tax credits; issues related to acquisitions, divestitures, joint ventures or expansions; currency, commodity and interest rate fluctuations; price volatility in U.S. wind energy markets; labor disputes or shortages, or loss of key employees; 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 our earnings press release. Adjusted EBIT, adjusted EBITDA, adjusted earnings, adjusted EPS and return on capital 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 reconciliations to those 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

**Business updates**

Brian Chambers

**Financial results**

Ken Parks

**Business outlook**

Brian Chambers

**Questions and discussion**

All

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**Company Delivered Net Sales of \$1.9 Billion;  
Posted Strong Net Earnings of \$206 Million and  
Record Quarterly Adjusted EBIT of \$289 Million**



# HIGHLIGHTS

- Sustained high level of safety performance
- Company achieved strong financial results in improving markets
- Grew revenue by 1% over prior year
- Delivered adjusted EBIT of \$289mm, up 4% from the same period last year
- Produced record free cash flow for the quarter of \$425mm

## ROOFING

Generated \$196mm of EBIT  
with 26% EBIT margins

## COMPOSITES

Produced \$55mm of EBIT  
with 11% EBIT margins

## INSULATION

Delivered \$73mm of EBIT  
with 11% EBIT margins

# KEY FINANCIAL DATA

(\$ in millions, except per share data)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Net sales	1,904	1,883	5,130	5,468
Net earnings (loss) attributable to Owens Corning	206	150	(615)	332
Diluted earnings (loss) per common share (EPS) attributable to Owens Corning common stockholders	\$1.88	\$1.36	(\$5.66)	\$3.02
Earnings (loss) before interest and taxes (EBIT)	296	277	(399)	625
Earnings (loss) before interest, taxes, depreciation and amortization (EBITDA)	416	389	(47)	962
Adjusted EBIT	289	277	572	624
Adjusted EBITDA	409	389	923	961
Adjusted earnings	186	176	347	375
Adjusted EPS (diluted)	\$1.70	\$1.60	\$3.19	\$3.41
Adjusted EBIT as a % of net sales	15%	15%	11%	11%
Adjusted EBITDA as a % of net sales	21%	21%	18%	18%
Depreciation and amortization (D&A)	120	112	352	337
Net cash flow provided by operating activities	488	309	717	596
Free cash flow	425	208	514	282
Net debt	2,497	3,155	2,497	3,155

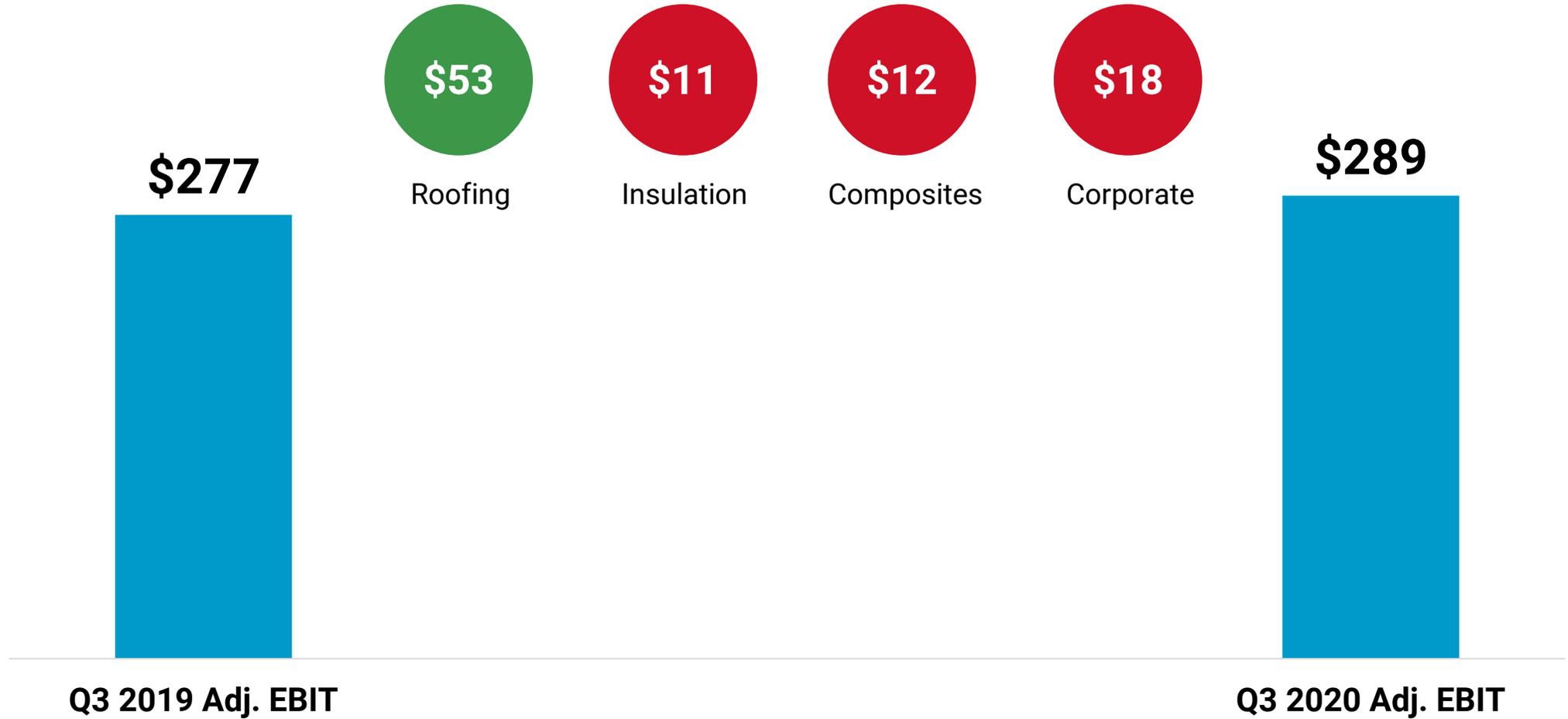


# ADJUSTED ITEMS TO EBIT



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 \$73mm of EBIT with 11% EBIT margins

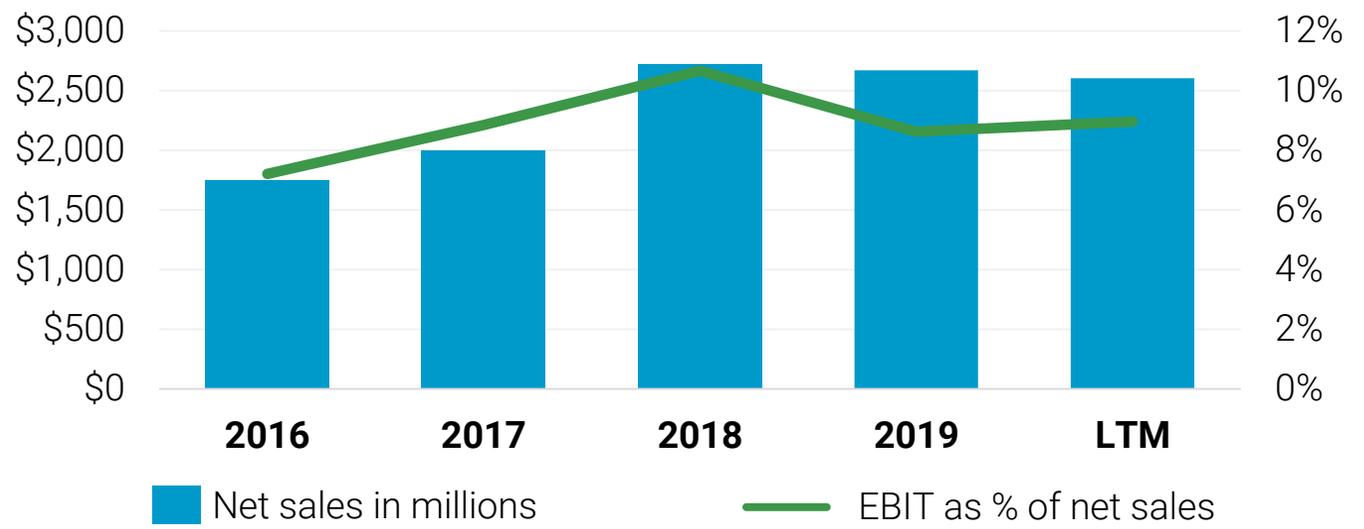
Continued strong market recovery in the North American residential fiberglass insulation business

End-markets in the technical and other building insulation businesses continue a slower recovery

## Current year financial performance

(\$ in millions)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Net sales	681	693	1,879	1,945
EBIT	73	84	144	141
EBIT as % of net sales	11%	12%	8%	7%
D&A	51	48	149	146

## Five-year financial performance



Technical and other building insulation includes pipe and flexible duct media insulation, cellular glass insulation, foam, mineral fiber, and all building material products sold to Europe, Latin America and Asia. Source: Owens Corning management estimates and Owens Corning SEC filings; comparability may differ over time. Revenue before inter-segment eliminations.

# COMPOSITES BUSINESS



Generated \$55mm of EBIT with 11% EBIT margins

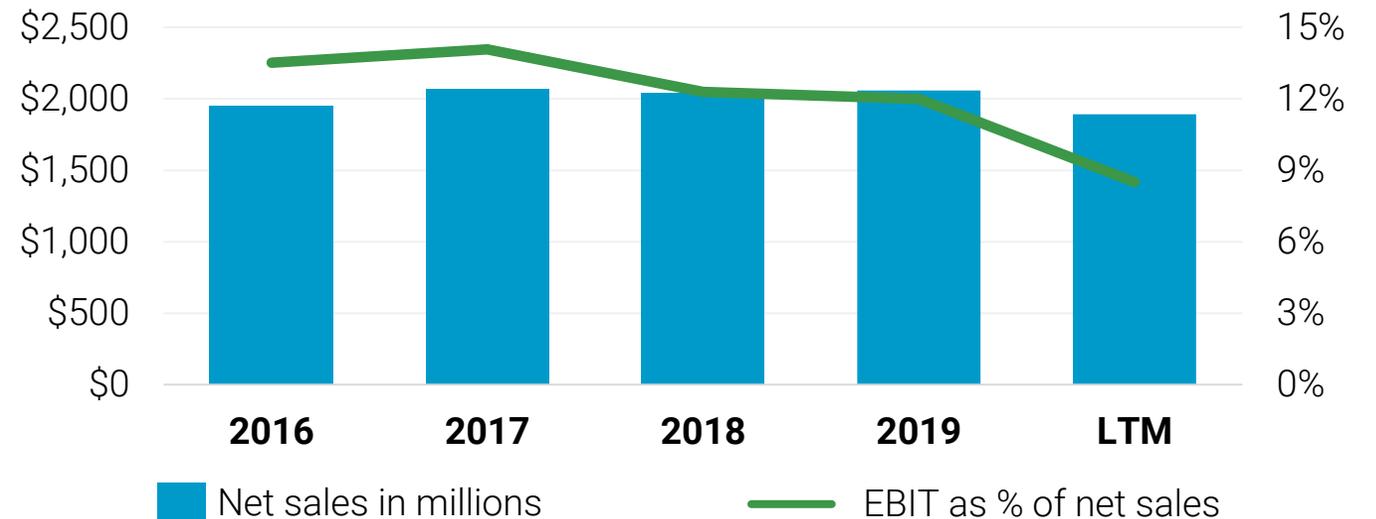
Volumes continued to improve sequentially through the quarter

Strong manufacturing performance more than offset by balancing production with demand

## Current year financial performance

(\$ in millions)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Net sales	521	531	1,413	1,579
EBIT	55	67	105	191
EBIT as % of net sales	11%	13%	7%	12%
D&A	40	37	117	114

## 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



Produced EBIT of \$196mm with 26% EBIT margins

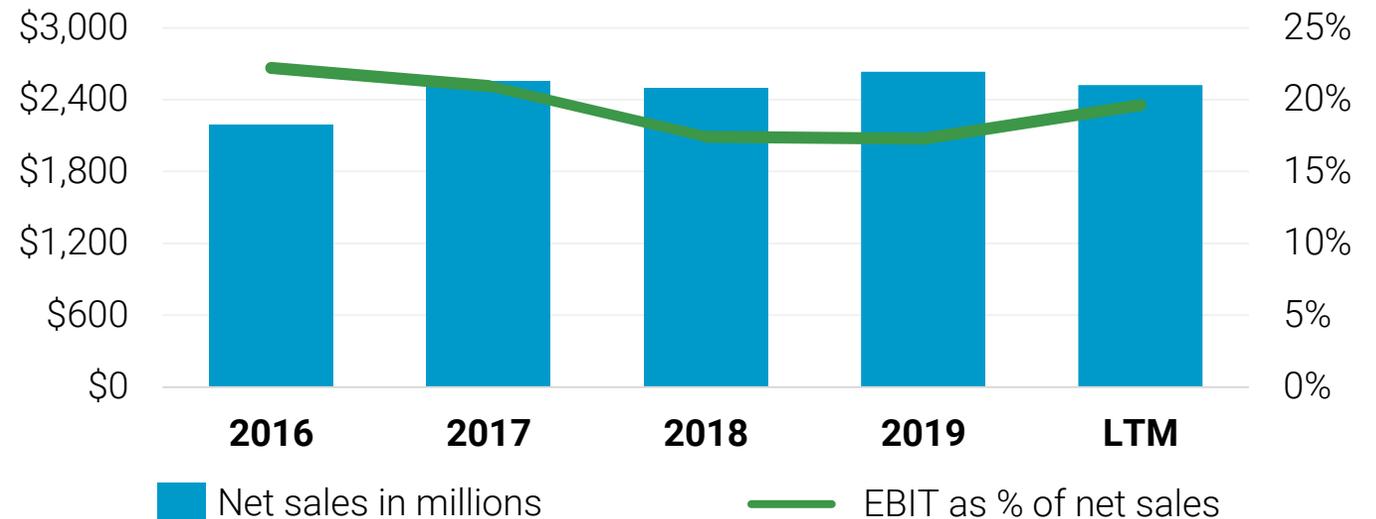
Grew revenue 7% on strong market volumes

Asphalt cost deflation and improved operating leverage drove strong cash contribution margins

## Current year financial performance

(\$ in millions)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Net sales	761	713	1,993	2,105
EBIT	196	143	408	368
EBIT as % of net sales	26%	20%	20%	17%
D&A	15	14	44	40

## Five-year financial performance



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

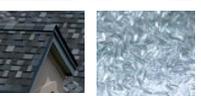
# SIGNIFICANT FINANCIAL MATTERS

- Record free cash flow for the quarter of \$425mm compared with 2019 of \$208mm
- Paid down remaining \$190mm of the revolver balance drawn at the end of Q1 2020
- Paid down remaining \$150mm on the term loan associated with the purchase of Paroc
- Through September, returned \$159mm to shareholders in the form of share repurchases and dividends
- As of the end of Q3 2020, 2.3mm shares were available for repurchase under the current authorization



# BUSINESS OUTLOOK

- Key economic factors that continue to impact the company's businesses are global industrial production, U.S. housing starts, and global commercial and industrial construction activity
- The COVID-19 pandemic will continue to create uncertainty in the company's end markets. The magnitude of the impact will depend on the depth and duration of the crisis, as well as the timing of the recovery in the markets served by the company
- Expect to continue to capitalize on near-term market demand, control costs, and sustain strong conversion of adjusted earnings into free cash flow as residential, commercial, and industrial markets continue to recover
- Corporate expense of approximately \$125mm, compared with the prior outlook of \$105mm to \$115mm
- Capital additions at the high end of the prior outlook of \$250mm to \$300mm
- Depreciation and amortization of approximately \$470mm, compared with the prior outlook of \$460mm
- Interest expense estimated to be between \$125mm to \$130mm, in-line with the prior outlook
- Cash tax rate of 10% to 12% and effective tax rate of 26% to 28%



# **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. The reconciliation from total debt to net debt is shown in the table below (in millions):

	September 30, 2020	September 30, 2019
Short-term debt	\$ —	\$ 3
Long-term debt - current portion	18	7
Long-term debt, net of current portion	3,126	3,180
Total debt	\$ 3,144	\$ 3,190
Less: Cash and cash equivalents	(647)	(35)
Net debt	\$ 2,497	\$ 3,155

# 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 September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
EBIT (a)	\$ 296	\$ 277	\$ (399)	\$ 625
Depreciation and amortization	120	112	352	337
EBITDA	416	389	(47)	962
Adjusting (income) expense items to EBIT (a)	(7)	—	971	(1)
Accelerated depreciation included in restructuring	—	—	(1)	—
<b>ADJUSTED EBITDA</b>	<b>\$ 409</b>	<b>\$ 389</b>	<b>\$ 923</b>	<b>\$ 961</b>

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