



# SECOND-QUARTER 2022 RESULTS

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

**Ken Parks** | Chief Financial Officer

July 27, 2022 | Q2 2022





# 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 actions taken by governmental authorities and other third parties in response, each of which is uncertain, rapidly changing and difficult to predict; levels of residential, commercial and industrial construction activity; levels of global industrial production; availability and cost of energy, transportation, raw materials or other inputs; issues related to acquisitions, divestitures, joint ventures or expansions; competitive and pricing factors; demand for our products; relationships with key customers; domestic and international economic and political conditions, including new legislation, policies or other governmental actions in the U.S. or elsewhere; industry and economic conditions that affect the market and operating conditions of our customers, suppliers or lenders; climate change, weather conditions and storm activity; uninsured losses, including those from natural disasters, pandemics, catastrophe, theft or sabotage; legal and regulatory proceedings, including litigation and environmental actions; changes to tariff, trade or investment policies or laws; research and development activities and intellectual property protection; issues involving implementation and protection of Information technology systems; achievement of expected synergies, cost reductions and/or productivity improvements; the level of fixed costs required to run our business; foreign exchange and commodity price fluctuations; our level of indebtedness; our liquidity and the availability and cost of credit; levels of goodwill or other indefinite-lived intangible assets; price volatility in certain wind energy markets in the U.S.; loss of key employees, labor disputes or shortages; defined benefit plan funding obligations; and factors detailed from time to time in the company's Securities and Exchange Commission 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

**Company highlights**

Brian Chambers

**Financial results**

Ken Parks

**Business outlook**

Brian Chambers

**Questions and discussion**

All

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**Owens Corning Delivers Record Net Sales of \$2.6 Billion;  
Generates Net Earnings of \$343 Million and  
Adjusted EBIT of \$525 Million**



# OWENS CORNING HIGHLIGHTS

Maintained world-class level of safety performance

Delivered revenue growth of 16%, and adjusted EBIT growth of 29%

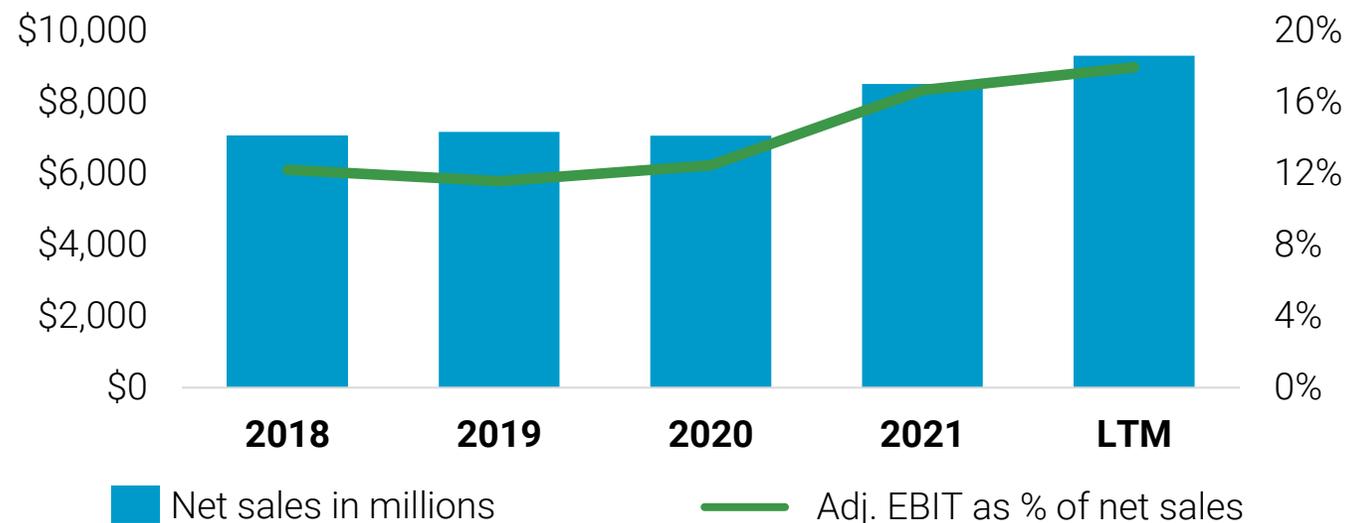
Completed acquisition of WearDeck®, a premium producer of composite weather-resistant decking

Formed joint-venture with Pultron Composites to manufacture industry-leading fiberglass rebar

Signed agreement to acquire Natural Polymers, LLC, an innovative manufacturer of spray foam insulation

| (\$ in millions)                  | Q2 2022 | Q2 2021 | YTD 2022 | YTD 2021 |
|-----------------------------------|---------|---------|----------|----------|
| Net sales                         | 2,601   | 2,239   | 4,947    | 4,154    |
| Adjusted EBIT                     | 525     | 408     | 942      | 690      |
| Adjusted EBIT as % of net sales   | 20%     | 18%     | 19%      | 17%      |
| Adjusted EBITDA                   | 656     | 529     | 1,199    | 929      |
| Adjusted EBITDA as % of net sales | 25%     | 24%     | 24%      | 22%      |

Five-year financial performance



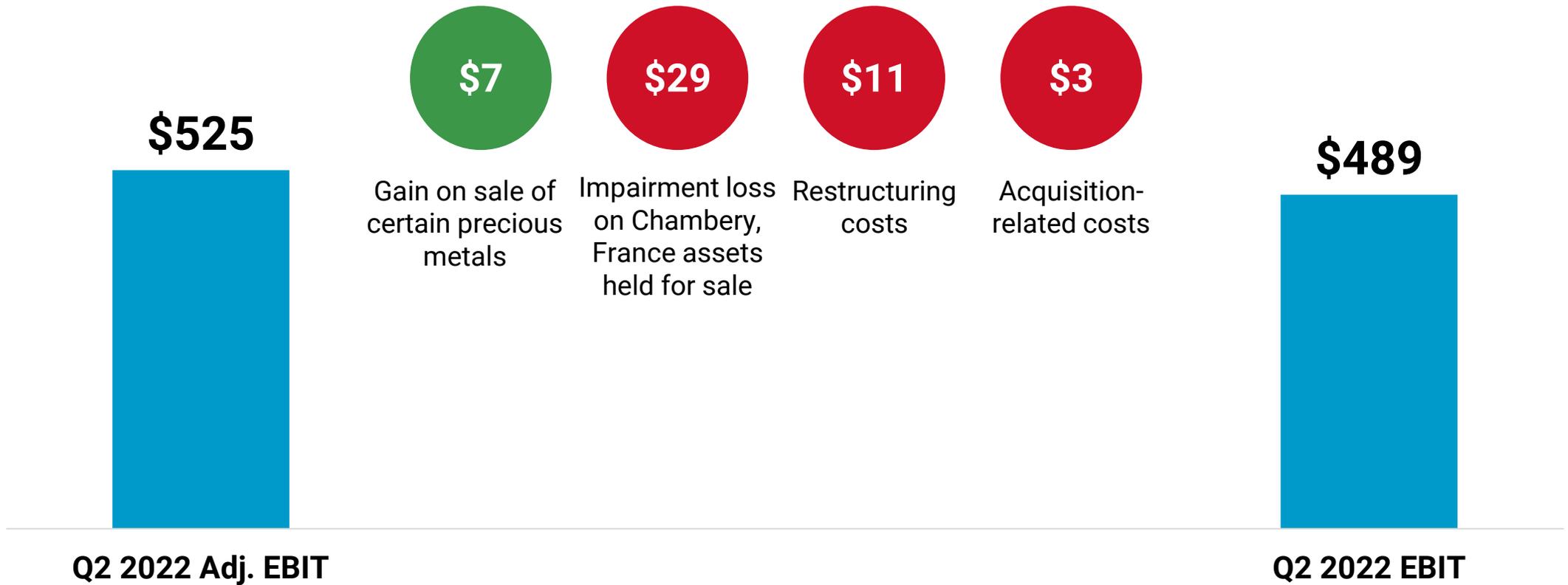
# FINANCIAL SUMMARY



| (\$ in millions, except per share data) | Q2 2022 | Q2 2021 | YTD 2022 | YTD 2021 |
|---|---------|---------|----------|----------|
| Net sales                               | 2,601   | 2,239   | 4,947    | 4,154    |
| <i>Net sales growth</i>                 | 16%     | 38%     | 19%      | 29%      |
| Adjusted EBIT                           | 525     | 408     | 942      | 690      |
| Adjusted EBIT as % of net sales         | 20%     | 18%     | 19%      | 17%      |
| Adjusted earnings                       | 377     | 283     | 662      | 473      |
| Adjusted EPS (diluted)                  | \$3.83  | \$2.68  | \$6.67   | \$4.47   |



# ADJUSTED ITEMS TO EBIT



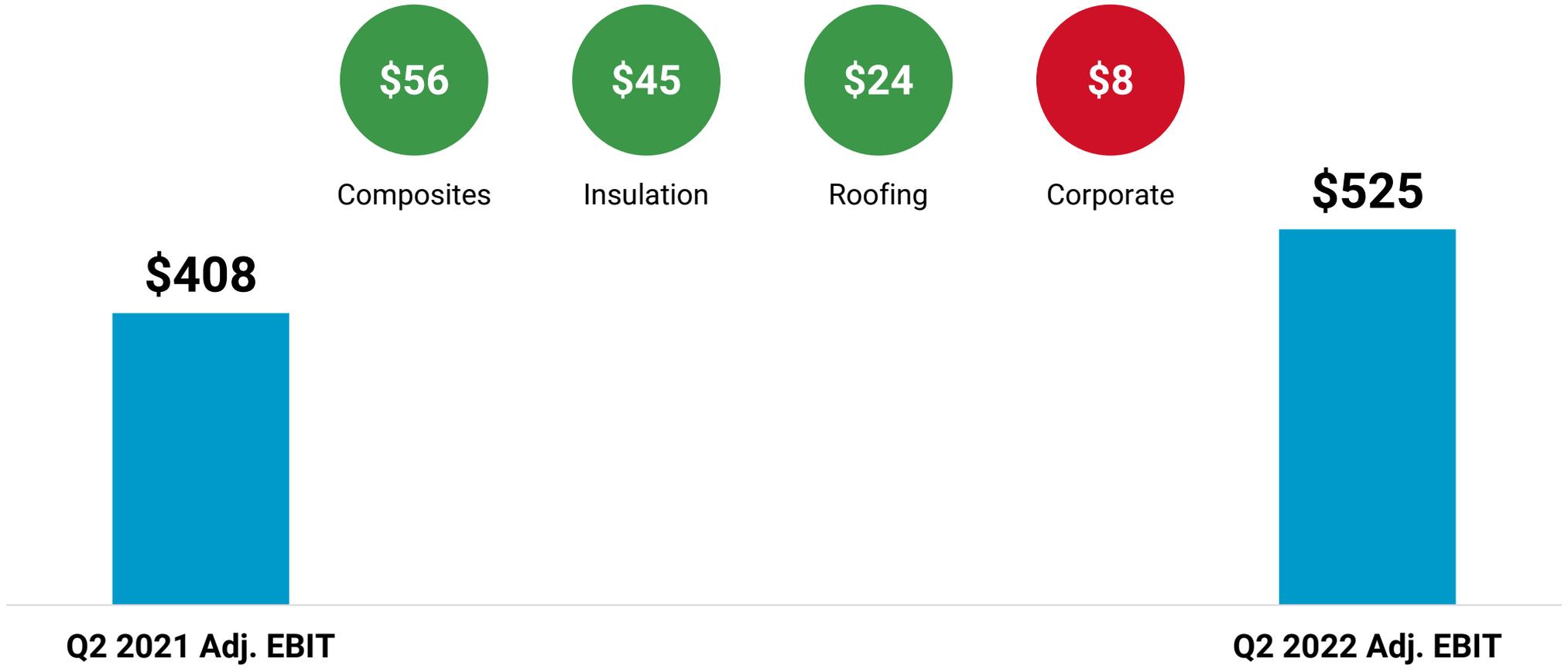
Numbers in millions. From left to right, green denotes increase; red denotes decrease.

# CAPITAL DEPLOYMENT

- Second-Quarter 2022
  - Generated \$361mm of free cash flow
  - Capital additions of \$105mm, or 4% of revenue
  - Expanded return on capital to 21% for the last twelve months
  - Maintained ample liquidity of approximately \$1.9b, consisting of \$810mm of cash and nearly \$1.1b of combined availability on bank debt facilities
  - Returned \$136mm of free cash flow in Q2, and \$400mm year-to-date, to shareholders through share repurchases and dividends
  - At the end of the second quarter, 9.9mm shares were available for repurchase under the current authorization
- Remain focused on consistently generating strong free cash flow, returning at least 50% to investors over time, and maintaining an investment grade balance sheet



# ADJUSTED EBIT RECONCILIATION



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

# INSULATION BUSINESS

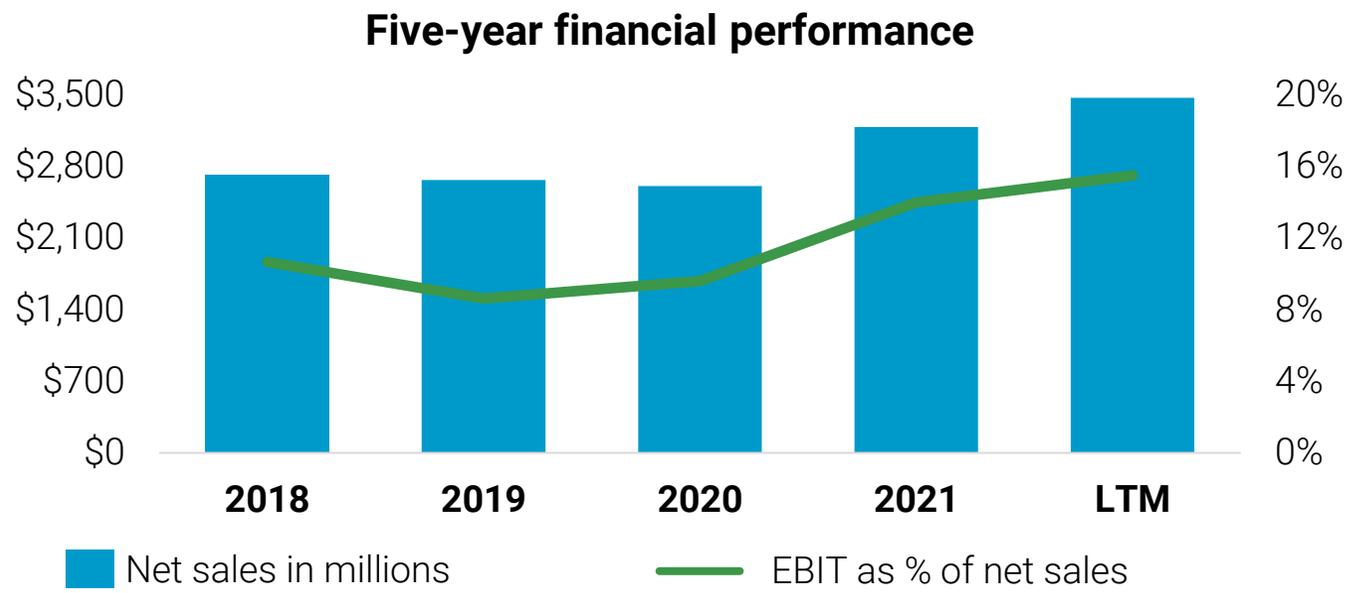


Generated \$157mm of EBIT with 17% EBIT margins

Positive pricing more than offset accelerating inflation

Delivered favorable product mix and manufacturing performance

| (\$ in millions)         | Q2 2022 | Q2 2021 | YTD 2022 | YTD 2021 |
|--------------------------|---------|---------|----------|----------|
| Net sales                | 934     | 806     | 1,793    | 1,506    |
| EBIT                     | 157     | 112     | 286      | 194      |
| EBIT as % of net sales   | 17%     | 14%     | 16%      | 13%      |
| EBITDA                   | 208     | 165     | 390      | 298      |
| EBITDA as % of net sales | 22%     | 20%     | 22%      | 20%      |



Technical and global 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



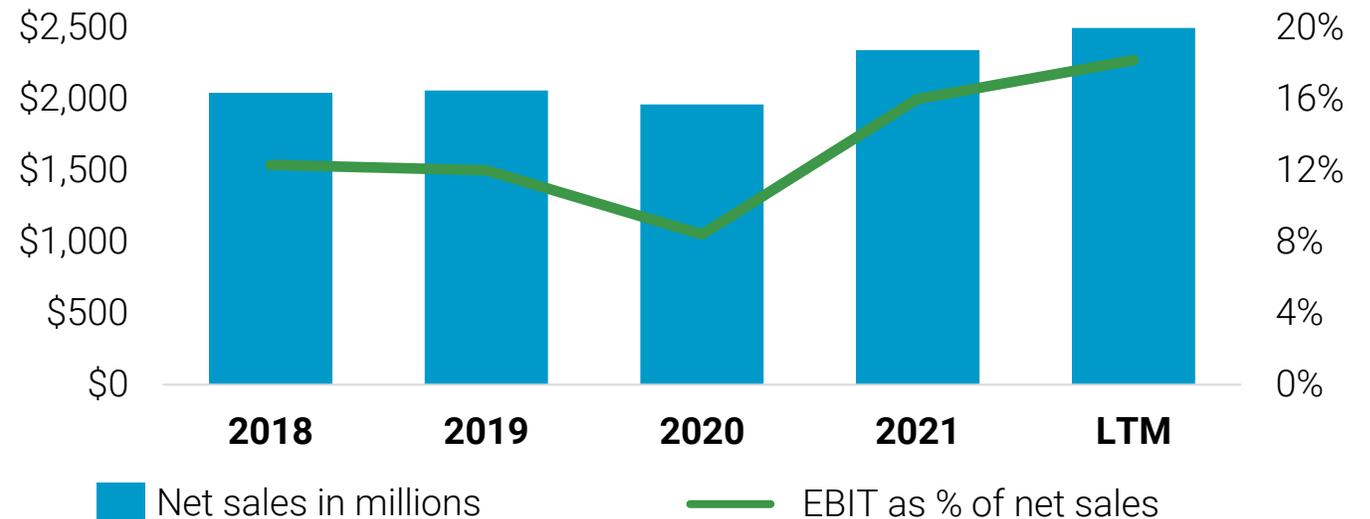
Reported \$154mm of EBIT with 21% EBIT margins

Revenue growth driven by strong commercial performance and favorable mix

Positive pricing more than offset accelerating inflation

| (\$ in millions)         | Q2 2022 | Q2 2021 | YTD 2022 | YTD 2021 |
|--------------------------|---------|---------|----------|----------|
| Net sales                | 719     | 583     | 1,433    | 1,142    |
| EBIT                     | 154     | 98      | 308      | 177      |
| EBIT as % of net sales   | 21%     | 17%     | 21%      | 15%      |
| EBITDA                   | 202     | 137     | 399      | 254      |
| EBITDA as % of net sales | 28%     | 23%     | 28%      | 22%      |

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

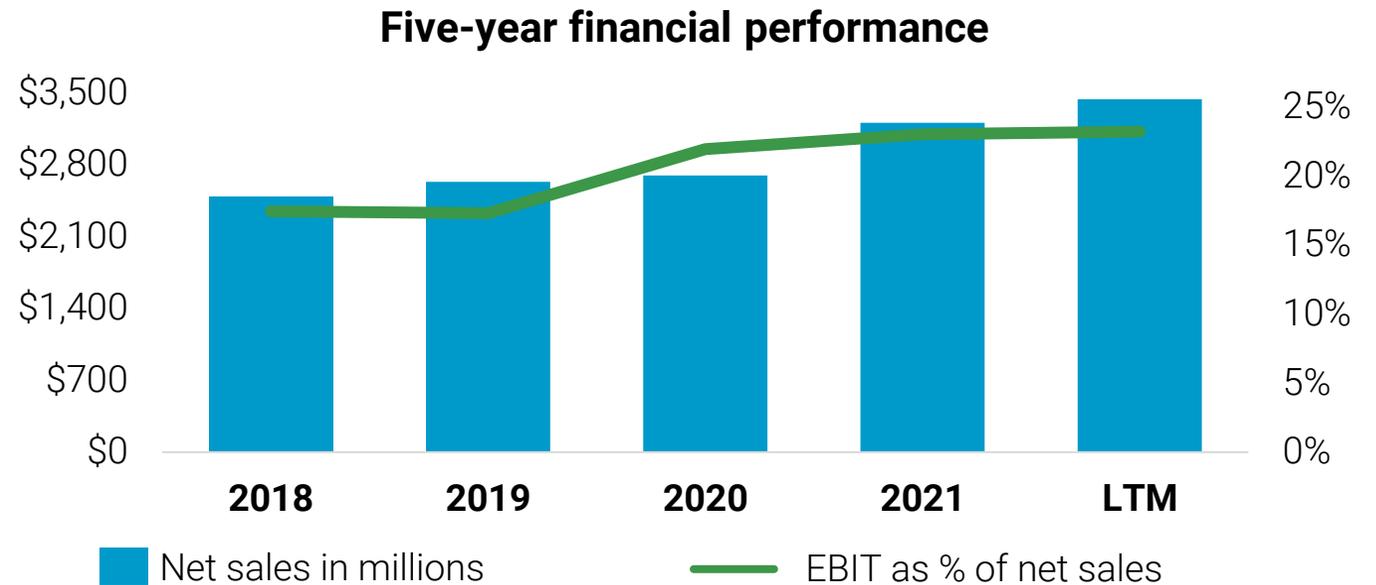


Produced \$258mm of EBIT with 25% EBIT margins

Continued strong commercial and operational performance

Positive pricing more than offset accelerating inflation

| (\$ in millions)         | Q2 2022 | Q2 2021 | YTD 2022 | YTD 2021 |
|--------------------------|---------|---------|----------|----------|
| Net sales                | 1,018   | 917     | 1,856    | 1,628    |
| EBIT                     | 258     | 234     | 434      | 390      |
| EBIT as % of net sales   | 25%     | 26%     | 23%      | 24%      |
| EBITDA                   | 275     | 248     | 465      | 419      |
| EBITDA as % of net sales | 27%     | 27%     | 25%      | 26%      |



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

# FULL-YEAR 2022 KEY FINANCIAL OUTLOOK<sup>1</sup>

- General corporate expenses are estimated to be between \$170mm and \$180mm, an increase from previous guidance of \$160mm to \$170mm
- Interest expense estimated outlook to be approximately \$115mm to \$125mm
- The company estimates a full-year effective tax rate of 25% to 27% and a cash tax rate of 22% to 24%, both on adjusted pre-tax earnings
- Capital additions are expected to be approximately \$480mm
- Depreciation and amortization is estimated to be approximately \$520mm



<sup>1</sup>The above outlook excludes the impact of any acquisitions or divestitures not yet completed.

# Q3 2022 BUSINESS OUTLOOK

## ENTERPRISE

- U.S. residential and commercial markets, and global building and construction end-markets to remain positive
- Inflation to continue to significantly impact costs
- Each of the businesses maintain positive pricing more than offsetting inflation
- Overall net sales and adjusted EBIT growth versus Q3 2021

## INSULATION

Revenue growth of mid to high-teens

Currency headwinds similar to Q2

In North American residential fiberglass insulation, volumes up slightly from prior year with price as a percent of sales, similar to Q2

In technical and global insulation, volumes expected to be flat versus prior year with price as a percent of sales, similar to Q2

Overall, expect positive price/cost, despite increasing inflation

Expect mid-teen EBIT margins

## COMPOSITES

Revenue to increase low double-digits

Continued currency headwinds

Volumes to be lower due to the exit of DUCS and impact from COVID-19 restrictions in China

Pricing will remain steady, with slightly lower year-over-year comparison versus Q2

Overall, expect positive price/cost, despite continued impact from inflation

Expect high-teen EBIT margins

## ROOFING

Revenue growth of high-teens

Industry shipments for U.S. shingle end-market demand and Owens Corning shingle volumes to be relatively flat versus prior year

Overall, expect positive price/cost, despite continued impact from inflation

Expect EBIT margins of low-twenties



# **QUESTIONS AND DISCUSSION**

# NATURAL POLYMERS: INNOVATIVE MANUFACTURER OF SPRAY FOAM

- Expects to deliver ~\$100mm in FY 2022 sales with double-digit growth over the next several years
- Strengthens Owens Corning's core building and construction products
- Many of Natural Polymers' products are GREENGUARD Gold certified by Underwriters Laboratories – a third party standard set to help reduce indoor air pollution and the risk of chemical exposure
- Natural Polymers' proven technology enables Owens Corning to provide its customers a broader insulation product offering and solidify its commitment to provide long-term, sustainable solutions



## Aligned with 2024 enterprise targets

Grow revenue to  
\$10b by 2024

Sustain operating  
margin in the mid-teens

Reduce capital intensity  
with capital expenditures  
of 4-5% of sales

# APPENDIX B: NON-GAAP RECONCILIATIONS – TABLE 1

The reconciliation of EBITDA for the Company's segments is shown in the tables below (in millions):

|   | Three Months Ended<br>June 30, 2022 |            |          | Three Months Ended<br>June 30, 2021 |            |         |
|---|-------------------------------------|------------|----------|-------------------------------------|------------|---------|
|   | Composites                          | Insulation | Roofing  | Composites                          | Insulation | Roofing |
| Segment Net Sales                             | \$ 719                              | \$ 934     | \$ 1,018 | \$ 583                              | \$ 806     | \$ 917  |
| Segment EBIT                                  | \$ 154                              | \$ 157     | \$ 258   | \$ 98                               | \$ 112     | \$ 234  |
| Segment Depreciation and amortization expense | 48                                  | 51         | 17       | 39                                  | 53         | 14      |
| Segment EBITDA                                | \$ 202                              | \$ 208     | \$ 275   | \$ 137                              | \$ 165     | \$ 248  |
| Segment EBITDA as a % of Net Sales            | 28 %                                | 22 %       | 27 %     | 23 %                                | 20 %       | 27 %    |

|   | Six Months Ended<br>June 30, 2022 |            |          | Six Months Ended<br>June 30, 2021 |            |          |
|---|-----------------------------------|------------|----------|-----------------------------------|------------|----------|
|   | Composites                        | Insulation | Roofing  | Composites                        | Insulation | Roofing  |
| Segment Net Sales                             | \$ 1,433                          | \$ 1,793   | \$ 1,856 | \$ 1,142                          | \$ 1,506   | \$ 1,628 |
| Segment EBIT                                  | \$ 308                            | \$ 286     | \$ 434   | \$ 177                            | \$ 194     | \$ 390   |
| Segment Depreciation and amortization expense | 91                                | 104        | 31       | 77                                | 104        | 29       |
| Segment EBITDA                                | \$ 399                            | \$ 390     | \$ 465   | \$ 254                            | \$ 298     | \$ 419   |
| Segment EBITDA as a % of Net Sales            | 28 %                              | 22 %       | 25 %     | 22 %                              | 20 %       | 26 %     |

# APPENDIX B: NON-GAAP RECONCILIATIONS – TABLE 2

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 Ended, |               | Twelve Months Ended December 31, |          |
|---|---------------------------|---------------|----------------------------------|----------|
|   | June 30, 2022             | June 30, 2021 | 2021                             | 2020     |
| <b>Numerator</b>  |                           |               |                                  |          |
| Adjusted EBIT (a)   | \$ 1,667                  | n/a           | \$ 1,415                         | \$ 878   |
| Less: Taxes at pro forma tax rate (b)   | (419)                     | n/a           | (340)                            | (211)    |
| Net operating profit after tax  | \$ 1,248                  | n/a           | \$ 1,075                         | \$ 667   |
| <b>Denominator</b>  |                           |               |                                  |          |
| Goodwill  | \$ 1,079                  | \$ 985        | \$ 990                           | \$ 989   |
| Intangible assets, net  | 1,614                     | 1,634         | 1,617                            | 1,667    |
| Less: Adjustment to exclude pre-emergence and fresh start goodwill and intangible assets, net and other non-acquisition intangibles (c) | (1,432)                   | (1,433)       | (1,440)                          | (1,439)  |
| Post-emergence goodwill and intangibles   | 1,261                     | 1,186         | 1,167                            | 1,217    |
| Receivables, less allowances  | 1,358                     | 1,226         | 939                              | 919      |
| Inventories   | 1,254                     | 887           | 1,078                            | 855      |
| Less: Accounts payable  | (1,327)                   | (1,127)       | (1,095)                          | (875)    |
| Property, plant and equipment, net  | 3,684                     | 3,791         | 3,873                            | 3,809    |
| Total capital   | \$ 6,230                  | \$ 5,963      | \$ 5,962                         | \$ 5,925 |
| Average of beginning and ending total capital   | \$ 6,097                  | n/a           | \$ 5,944                         | \$ 6,222 |
| <b>Return on capital (NOPAT / Average total capital) (d)</b>  | 20.5 %                    | n/a           | 18.1 %                           | 10.7%    |

(a) Please refer to Table 3 of the Appendix for the reconciliation of net earnings attributable to Owens Corning to Adjusted EBIT for the last twelve months ended June 30, 2022. A reconciliation of net loss attributable to Owens Corning to Adjusted EBIT for the twelve months ended December 31, 2021 can be found in Table 2 "EBIT Reconciliation Schedules" of our 8-K press release filed February 17, 2021 and is available on our Investor Relations website.

(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. For 2022 and 2021, there were no significant tax items. 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 2022, we have used a full year pro forma effective tax rate of 26%, which is the mid-point of our 2022 effective tax rate guidance of 25% to 27%. For 2021, we have used a full year pro forma effective tax rate of 24%, which was our 2021 effective tax rate. For 2020, we have used a full year pro forma effective tax rate of 24%, which was our 2020 effective tax rate.

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

(d) 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 B: NON-GAAP RECONCILIATIONS – TABLE 3

The reconciliation from net earnings 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<br>December 31,<br>2021 (A) | Six Months Ended<br>June 30,<br>2021 (B) | Six Months Ended<br>June 30,<br>2022 (C) | Last Twelve Months<br>(LTM) Ended June 30,<br>2022<br>(A) - (B) + (C) |
|---|---|--|--|---|
| Net earnings attributable to Owens Corning                            | \$ 995  | \$ 508                                   | \$ 647                                   | \$ 1,134  |
| Less: net earnings attributable to non-controlling interests          | —   | —  | 3  | 3   |
| Net earnings  | 995   | 508                                      | 650                                      | 1,137   |
| Earnings from and gain on sale of discontinued operations, net of tax | —   | —  | —  | —   |
| Earnings from continuing operations                                   | 995   | 508                                      | 650                                      | 1,137   |
| Equity in net earnings (loss) of affiliates                           | 1   | 1  | (1)                                      | (1)   |
| Income tax expense  | 319   | 156                                      | 226                                      | 389   |
| Earnings from continuing operations before taxes                      | 1,313   | 663                                      | 877                                      | 1,527   |
| Interest expense, net   | 126   | 66                                       | 54                                       | 114   |
| Loss on extinguishment of debt  | 9   | —  | —  | 9   |
| Earnings from continuing operations before interest and taxes         | 1,448   | 729                                      | 931                                      | 1,650   |
| <b>Adjusting items (a)</b>  | 33  | 39                                       | (11)                                     | (17)  |
| Adjusted EBIT   | \$ 1,415  | \$ 690                                   | \$ 942                                   | \$ 1,667  |
| Less: Taxes at pro forma tax rate (b)                                 | \$ (340)  | \$ (166)                                 | \$ (245)                                 | \$ (419)  |
| Net operating profit after tax  | \$ 1,075  | \$ 524                                   | \$ 697                                   | \$ 1,248  |

(a) Management excludes from net earnings attributable to Owens Corning certain items it believes are not representative of ongoing operations. Please refer to Table 2 "EBIT Reconciliation Schedules" of our 8-K press release for the detail of adjusting expense (income) items to 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. For 2022 and 2021, there were no significant tax items. For 2022, we have used a full year pro forma effective tax rate of 26%, which is the mid-point of our 2022 effective tax rate guidance of 25% to 27%. For 2021, we have used a full year pro forma effective tax rate of 24%, which was our 2021 effective tax rate.