



NEWS RELEASE

Owens Corning Reports Second-Quarter 2021 Results

7/28/2021

Company Delivered Record Net Sales of \$2.2 Billion;

Net Earnings of \$298 Million and Record Adjusted EBIT of \$408 Million

- Delivered adjusted EBIT margins of 18%, with all three businesses continuing to post double-digit EBIT margins for a fourth consecutive quarter
- Roofing produced \$234 million of EBIT with 26% EBIT margins
- Insulation delivered \$112 million of EBIT with 14% EBIT margins
- Composites reported \$98 million of EBIT with 17% EBIT margins
- Generated operating cash flow of \$498 million and free cash flow of \$405 million

TOLEDO, Ohio--(BUSINESS WIRE)-- Owens Corning (NYSE: OC) today reported consolidated net sales of \$2.2 billion in second-quarter 2021, compared with \$1.6 billion in second-quarter 2020, an increase of 38%.

Second-quarter 2021 net earnings attributable to Owens Corning were \$298 million, or \$2.82 per diluted share, compared with \$96 million, or \$0.88 per diluted share, in second-quarter 2020.

Second-quarter 2021 adjusted earnings were \$274 million, or \$2.60 per diluted share, compared with \$99 million, or \$0.91 per diluted share, during the same period one year ago. Second-quarter 2021 adjusted EBIT was \$408 million, compared with \$167 million in the same period in 2020. (See Use of Non-GAAP Measures, See Tables 2 and 3.)

“Owens Corning delivered another outstanding quarter generating record results with all three businesses continuing to perform well in a dynamic market environment,” said Chair and Chief Executive Officer Brian Chambers. “These results were driven by strong, consistent commercial and operational execution and demonstrate the exceptional capability of our global team and earnings power of our company.”

[Return of Capital and Liquidity](#)

- In June, Owens Corning announced that its Board of Directors declared a quarterly cash dividend of \$0.26 per common share. The dividend will be payable on August 6 to shareholders of record as of July 16. In second-quarter 2021, the company repurchased 1.3 million shares of common stock for \$131 million. Through June 30, 2021, the company returned \$318 million to shareholders in share repurchases and dividends. As of the end of the quarter, 6.6 million shares were available for repurchase under the current authorization.
- Owens Corning maintains a strong balance sheet, access to liquidity, and a well-structured debt maturity profile. The company finished second-quarter 2021 with \$2.0 billion of available liquidity, inclusive of \$888 million in cash and cash equivalents.

“In the first half of the year, we generated \$702 million of operating cash flow and \$525 million of free cash flow,” said Executive Vice President and Chief Financial Officer Ken Parks. “We remain committed to maintaining our investment-grade balance sheet and to returning at least 50% of free cash flow to shareholders through dividends and share repurchases. Our strong and consistent cash generation combined with our solid financial position provide us the flexibility to execute on our business strategies.”

Other Highlights

- Owens Corning sustained a high level of safety performance in second-quarter 2021, with a recordable incident rate of 0.51, a 36% improvement over second-quarter 2020.
- In May, Owens Corning ranked No. 1 on the 100 Best Corporate Citizens list for 2021, which recognizes outstanding environmental, social and governance (ESG) transparency and performance among the largest, publicly traded U.S. companies. The company was also No. 1 in 2020 and 2019, making it the first to earn the top ranking for three consecutive years.
- On July 13, the company announced the acquisition of vliepa GmbH, which specializes in the coating, printing and finishing of nonwovens, paper and film for the building materials industry. The acquisition broadens Owens Corning’s significant global nonwovens portfolio to better serve European customers and accelerate growth of building and construction market applications in the region.
- On July 28, Owens Corning entered into an agreement to sell the company’s Insulation site in Santa Clara, California, to commercial real estate developer Panattoni. The company expects to continue operations at this facility through third-quarter 2022 and complete the transaction in first-quarter 2023. This action is part of the company’s ongoing strategy to operate a flexible, cost-efficient manufacturing network and geographically locate its assets to better service its customers. The company continues to invest in capacity to serve the market, including in its Nephi, Utah, and Eloy, Arizona, facilities.
- Owens Corning will host an Investor Day at its world headquarters in Toledo, Ohio, on Wednesday, November 10th.

The company will also provide a live webcast. More details will be given in the coming months.

2021 Outlook

- The key economic factors that impact the company's businesses are residential repair and remodeling activity, U.S. housing starts, global commercial construction activity, and global industrial production.
- In the near term, the company expects the U.S. residential housing market to remain robust and global commercial and industrial markets to continue to strengthen. The company continues to closely monitor and manage the regional impacts of the COVID-19 pandemic on its businesses.
- General corporate expenses are now estimated to be between \$150 million and \$155 million, compared with its previous estimate of \$135 million and \$145 million.
- Capital additions are expected to be approximately \$460 million. Depreciation and amortization is now estimated to be approximately \$500 million, up from \$480 million.
- Interest expense is estimated to be between \$120 million and \$130 million.
- The company estimates an effective tax rate of 26% to 28%, and a cash tax rate of 18% to 20%, both on adjusted pre-tax earnings.

Second-Quarter 2021 Conference Call and Presentation

Wednesday, July 28, 2021

9 a.m. Eastern Time

All Callers

- Live dial-in telephone number: U.S. 1.888.317.6003; Canada 1.866.284.3684; and other international +1.412.317.6061.
- Entry number: 1186698 (Please dial in 10-15 minutes before conference call start time)
- Live webcast: <https://services.choruscall.com/links/oc210728.html>

Telephone and Webcast Replay

- Telephone replay will be available one hour after the end of the call through August 4, 2021. In the U.S., call 1.877.344.7529. In Canada, call 1.855.669.9658. In other international locations, call +1.412.317.0088.
- Conference replay number: 10157724.
- Webcast replay will be available for one year using the above link.

About Owens Corning

Owens Corning is a global building and industrial materials leader. The company's three integrated businesses are dedicated to the manufacture and advancement of a broad range of insulation, roofing and fiberglass composite materials. Leveraging the talents of 19,000 employees in 33 countries, Owens Corning provides innovative products and sustainable solutions that address energy efficiency, product safety, renewable energy, durable infrastructure, and labor productivity. These solutions provide a material difference to the company's customers and make the world a better place. Based in Toledo, Ohio, USA, the company posted 2020 sales of \$7.1 billion. Founded in 1938, it has been a Fortune 500® company for 67 consecutive years. For more information, please visit www.owenscorning.com.

Use of Non-GAAP Measures

Owens Corning uses non-GAAP measures in its earnings press release that are intended to supplement investors' understanding of the company's financial information. These non-GAAP measures include EBIT, adjusted EBIT, adjusted earnings, adjusted diluted earnings per share attributable to Owens Corning common stockholders ("adjusted EPS"), adjusted pre-tax earnings, free cash flow and free cash flow conversion. When used to report historical financial information, reconciliations of these non-GAAP measures to the corresponding GAAP measures are included in the financial tables of this press release. Specifically, see Table 2 for EBIT and adjusted EBIT, Table 3 for adjusted earnings and adjusted EPS, and Table 8 for free cash flow.

For purposes of internal review of Owens Corning's year-over-year operational performance, management excludes from net earnings attributable to Owens Corning certain items it believes are not representative of ongoing operations. The non-GAAP financial measures resulting from these adjustments (including adjusted EBIT, adjusted earnings, adjusted EPS and adjusted pre-tax earnings) are used internally by Owens Corning for various purposes, including reporting results of operations to the Board of Directors, analysis of performance, and related employee compensation measures. Management believes that these adjustments result in a measure that provides a useful representation of its operational performance; however, the adjusted measures should not be considered in isolation or as a substitute for net earnings attributable to Owens Corning as prepared in accordance with GAAP.

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 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 provide 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 effect on our future GAAP results.

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are subject to risks, uncertainties and other factors and actual results may differ materially from any results projected in the statements. These risks, uncertainties and other factors 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; competitive and pricing factors; demand for our products; relationships with key customers; availability and cost of energy, transportation, raw materials or other inputs; issues related to acquisitions, divestitures, joint ventures or expansions; 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; changes to tariff, trade or investment policies or laws; uninsured losses, including those from natural disasters, pandemics, catastrophe, theft or sabotage; legal and regulatory proceedings, including litigation and environmental actions; 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 information in this news release speaks as of July 28, 2021, and is subject to change. The company does not undertake any duty to update or revise forward-looking statements except as required by federal securities laws. Any distribution of this news release after that date is not intended and should not be construed as updating or confirming such information.

Owens Corning Company News / Owens Corning Investor Relations News

Table 1
Owens Corning and Subsidiaries
Consolidated Statements of Earnings (Loss)
(unaudited)
(in millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
NET SALES	\$ 2,239	\$ 1,625	\$ 4,154	\$ 3,226
COST OF SALES	1,621	1,282	3,092	2,577
Gross margin	618	343	1,062	649
OPERATING EXPENSES				
Marketing and administrative expenses	188	151	362	330
Science and technology expenses	22	18	42	39
Goodwill impairment charge	—	—	—	944
Other (income) expenses, net	(17)	6	(65)	38
Total operating expenses	193	175	339	1,351
OPERATING INCOME (LOSS)	425	168	723	(702)
Non-operating income	(3)	(3)	(6)	(7)
EARNINGS (LOSS) BEFORE INTEREST AND TAXES	428	171	729	(695)
Interest expense, net	33	36	66	63
EARNINGS (LOSS) BEFORE TAXES	395	135	663	(758)
Income tax expense	97	39	156	63
Equity in net (loss) earnings of affiliates	—	(1)	1	—
NET EARNINGS (LOSS)	298	95	508	(821)
Net loss attributable to noncontrolling interests	—	(1)	—	—
NET EARNINGS (LOSS) ATTRIBUTABLE TO OWENS CORNING	\$ 298	\$ 96	\$ 508	\$ (821)
EARNINGS (LOSS) PER COMMON SHARE ATTRIBUTABLE TO OWENS CORNING COMMON STOCKHOLDERS				
Basic	\$ 2.85	\$ 0.88	\$ 4.84	\$ (7.55)
Diluted	\$ 2.82	\$ 0.88	\$ 4.80	\$ (7.55)
WEIGHTED AVERAGE COMMON SHARES				
Basic	104.6	108.6	105.0	108.7
Diluted	105.5	108.9	105.9	108.7

Table 2
Owens Corning and Subsidiaries
EBIT Reconciliation Schedules
(unaudited)

Adjusting income (expense) items to EBIT are shown in the table below (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Restructuring costs	\$ (1)	\$ (5)	\$ (2)	\$ (10)
Gains on sale of certain precious metals	21	9	41	19
Goodwill impairment charge	—	—	—	(944)
Intangible assets impairment charge	—	—	—	(43)
Total adjusting items	\$ 20	\$ 4	\$ 39	\$ (978)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
NET EARNINGS (LOSS) ATTRIBUTABLE TO OWENS CORNING	\$ 298	\$ 96	\$ 508	\$ (821)
Net loss attributable to noncontrolling interests	—	(1)	—	—
NET EARNINGS (LOSS)	298	95	508	(821)
Equity in net (loss) earnings of affiliates	—	(1)	1	—
Income tax expense	97	39	156	63
EARNINGS (LOSS) BEFORE TAXES	395	135	663	(758)
Interest expense, net	33	36	66	63
EARNINGS (LOSS) BEFORE INTEREST AND TAXES	428	171	729	(695)
Adjusting items from above	20	4	39	(978)
ADJUSTED EBIT	\$ 408	\$ 167	\$ 690	\$ 283

Table 3
Owens Corning and Subsidiaries
EPS Reconciliation Schedules
(unaudited)
(in millions, except per share data)

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 are shown in the tables below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
RECONCILIATION TO ADJUSTED EARNINGS				
NET EARNINGS (LOSS) ATTRIBUTABLE TO OWENS CORNING	\$ 298	\$ 96	\$ 508	\$ (821)
Adjustment to remove adjusting items (a)	(20)	(4)	(39)	978
Adjustment to remove tax expense/(benefit) on adjusting items (b)	4	2	9	(16)
Adjustment to remove significant tax items (c)	—	—	—	18
Adjustment to tax expense to reflect pro forma tax rate (d)	(8)	5	(21)	7
ADJUSTED EARNINGS	\$ 274	\$ 99	\$ 457	\$ 166
RECONCILIATION TO ADJUSTED DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWENS CORNING COMMON STOCKHOLDERS				
DILUTED EARNINGS (LOSS) PER COMMON SHARE ATTRIBUTABLE TO OWENS CORNING COMMON STOCKHOLDERS	\$ 2.82	\$ 0.88	\$ 4.80	\$ (7.55)
Adjustment to remove adjusting items (a)	(0.19)	(0.04)	(0.37)	9.00
Adjustment to remove tax expense/(benefit) on adjusting items (b)	0.04	0.02	0.08	(0.15)
Adjustment to remove significant tax items (c)	—	—	—	0.17
Adjustment to tax expense to reflect pro forma tax rate (d)	(0.07)	0.05	(0.19)	0.06
ADJUSTED DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWENS CORNING COMMON STOCKHOLDERS	\$ 2.60	\$ 0.91	\$ 4.32	\$ 1.53
RECONCILIATION TO DILUTED SHARES OUTSTANDING				
Weighted-average number of shares outstanding used for basic earnings per share	104.6	108.6	105.0	108.7
Non-vested restricted and performance shares	0.8	0.2	0.8	—
Options to purchase common stock	0.1	0.1	0.1	—
Weighted-average number of shares outstanding and common equivalent shares used for diluted earnings (loss) per share	105.5	108.9	105.9	108.7

(a) Please refer to Table 2 "EBIT Reconciliation Schedules" for additional information on adjusting items.

(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) There were no significant tax items in the first six months of 2021. For comparability, significant tax items in 2020 include the impact of a change in valuation allowances recorded against certain deferred tax assets.

(d) To compute adjusted earnings, we apply a full year pro forma effective tax rate to each quarter presented. 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%, excluding the adjusting items referenced in (a), (b) and (c). For comparability, in 2020, we have used an effective tax rate of 24%, which was our 2020 effective tax rate, excluding the adjusting items referenced in (a), (b) and (c).

Table 4
Owens Corning and Subsidiaries
Consolidated Balance Sheets
(unaudited)
(in millions, except per share data)

ASSETS	June 30, 2021	December 31, 2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 888	\$ 717
Receivables, less allowance of \$10 at both June 30, 2021 and December 31, 2020	1,226	919
Inventories	887	855
Other current assets	123	115
Total current assets	3,124	2,606
Property, plant and equipment, net	3,791	3,809
Operating lease right-of-use assets	145	154
Goodwill	985	989
Intangible assets	1,634	1,667
Deferred income taxes	33	28
Other non-current assets	265	228
TOTAL ASSETS	\$ 9,977	\$ 9,481
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Current operating lease liabilities	\$ 53	\$ 55
Other current liabilities	1,584	1,385
Total current liabilities	1,637	1,440
Long-term debt, net of current portion	3,144	3,126
Pension plan liability	153	159
Other employee benefits liability	169	171
Non-current operating lease liabilities	92	99
Deferred income taxes	370	332
Other liabilities	256	213
OWENS CORNING STOCKHOLDERS' EQUITY		
Preferred stock, par value \$0.01 per share (a)	—	—

Common stock, par value \$0.01 per share (b)	1	1
Additional paid in capital	4,064	4,059
Accumulated earnings	2,282	1,829
Accumulated other comprehensive deficit	(593)	(588)
Cost of common stock in treasury (c)	(1,637)	(1,400)
Total Owens Corning stockholders' equity	4,117	3,901
Noncontrolling interests	39	40
Total equity	4,156	3,941
TOTAL LIABILITIES AND EQUITY	\$ 9,977	\$ 9,481

- (a) 10 shares authorized; none issued or outstanding at June 30, 2021, and December 31, 2020
- (b) 400 shares authorized; 135,500,000 issued and 103.3 outstanding at June 30, 2021; 135,500,000.0 issued and 105.6 outstanding at December 31, 2020
- (c) 32.2 shares at June 30, 2021, and 29.9 shares at December 31, 2020

Table 5
Owens Corning and Subsidiaries
Consolidated Statements of Cash Flows
(unaudited)
(in millions)

	Six Months Ended June 30,	
	2021	2020
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES		
Net earnings (loss)	\$ 508	\$ (821)
Adjustments to reconcile net earnings (loss) to cash provided by operating activities:		
Depreciation and amortization	241	232
Deferred income taxes	35	48
Provision for pension and other employee benefits liabilities	—	(1)
Stock-based compensation expense	24	20
Goodwill impairment charge	—	944
Intangible assets impairment charge	—	43
Other adjustments to reconcile net earnings (loss) to cash provided by operating activities	(32)	(20)
Changes in operating assets and liabilities	(62)	(191)

Pension fund contribution	(3)	(12)
Payments for other employee benefits liabilities	(6)	(7)
Other	(3)	(6)
Net cash flow provided by operating activities	702	229
NET CASH FLOW USED FOR INVESTING ACTIVITIES		
Cash paid for property, plant, and equipment	(177)	(140)
Proceeds from the sale of assets or affiliates	1	38
Derivative settlements	(32)	48
Other	(5)	—
Net cash flow used for investing activities	(213)	(54)
NET CASH FLOW (USED FOR) PROVIDED BY FINANCING ACTIVITIES		
Proceeds from long-term debt	—	297
Proceeds from senior revolving credit and receivables securitization facilities	—	736
Payments on senior revolving credit and receivables securitization facilities	—	(546)
Payments on term loan borrowing	—	(50)
Net decrease in short-term debt	—	(17)
Dividends paid	(55)	(52)
Purchases of treasury stock	(263)	(96)
Other	(2)	(7)
Net cash flow (used for) provided by financing activities	(320)	265
Effect of exchange rate changes on cash	2	(30)
Net increase in cash, cash equivalents, and restricted cash	171	410
Cash, cash equivalents and restricted cash at beginning of period	724	179
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	\$ 895	\$ 589

Table 6
Owens Corning and Subsidiaries
Segment Information
(unaudited)

Composites

The table below provides a summary of net sales, EBIT and depreciation and amortization expense for the Composites segment (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net sales	\$ 583	\$ 398	\$ 1,142	\$ 892
% change from prior year	46%	-26%	28%	-15%

EBIT	\$	98	\$	6	\$	177	\$	50
EBIT as a % of net sales		17%		2%		15%		6%
Depreciation and amortization expense	\$	39	\$	39	\$	77	\$	77

Insulation

The table below provides a summary of net sales, EBIT and depreciation and amortization expense for the Insulation segment (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,					
	2021	2020	2021	2020				
Net sales	\$	806	\$	595	\$	1,506	\$	1,198
% change from prior year		35%		-10%		26%		-4%
EBIT	\$	112	\$	32	\$	194	\$	71
EBIT as a % of net sales		14%		5%		13%		6%
Depreciation and amortization expense	\$	53	\$	49	\$	104	\$	98

Roofing

The table below provides a summary of net sales, EBIT and depreciation and amortization expense for the Roofing segment (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,					
	2021	2020	2021	2020				
Net sales	\$	917	\$	677	\$	1,628	\$	1,232
% change from prior year		35%		-13%		32%		-11%
EBIT	\$	234	\$	148	\$	390	\$	212
EBIT as a % of net sales		26%		22%		24%		17%
Depreciation and amortization expense	\$	14	\$	15	\$	29	\$	29

Table 7
Owens Corning and Subsidiaries
Corporate, Other and Eliminations
(unaudited)

Corporate, Other and Eliminations

The table below provides a summary of EBIT and depreciation and amortization expense for the Corporate, Other and Eliminations category (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
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	2021		2020		2021		2020	
Restructuring costs	\$	(1)	\$	(5)	\$	(2)	\$	(10)
Gains on sale of certain precious metals		21		9		41		19
Goodwill impairment charge		—		—		—		(944)
Intangible assets impairment charge		—		—		—		(43)
General corporate expense and other		(36)		(19)		(71)		(50)
EBIT	\$	(16)	\$	(15)	\$	(32)	\$	(1,028)
Depreciation and amortization	\$	16	\$	13	\$	31	\$	28

Table 8
Owens Corning and Subsidiaries
Free Cash Flow Reconciliation Schedule
(unaudited)

The reconciliation from net cash flow provided by operating activities to free cash flow is shown in the table below (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,					
	2021	2020	2021	2020				
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES	\$	498	\$	281	\$	702	\$	229
Less: Cash paid for property, plant and equipment		(93)		(48)		(177)		(140)
FREE CASH FLOW	\$	405	\$	233	\$	525	\$	89

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Source: Owens Corning