

# News Release

FOR RELEASE – JANUARY 29, 2019

## **Corning Reports Excellent Fourth-Quarter and Full-Year 2018 Financial Results and Continued Progress on Strategy and Capital Allocation Framework**

*Achieved 11% annual sales growth and advanced leadership position in all businesses;  
Continued growth expected in 2019 and beyond*

**CORNING, N.Y.** — Corning Incorporated (NYSE: GLW) today announced results for fourth-quarter and full-year 2018.

### **News Summary:**

- Strong fourth quarter, including year-over-year sales growth in all businesses, finished an excellent 2018
  - Full-year GAAP sales of \$11.3 billion, and full-year GAAP EPS of \$1.13; Q4 GAAP sales of \$3.0 billion, and Q4 GAAP EPS of \$0.32
  - 2018 core sales of \$11.4 billion, and core EPS of \$1.78, both up 11%
  - Fourth-quarter core sales of \$3.1 billion, up 15% year over year, and core EPS of \$0.59, up 28% year over year
- All businesses delivered full-year sales growth powered by adoption of innovations and strategic growth investments
  - Optical Communications full-year sales growth of 18% for second consecutive year puts business on pace to exceed goal of \$5 billion in 2020 sales, with continued growth beyond
  - Specialty Materials full-year sales growth of 5% follows exceptional 2017 growth of 25%, driven by adoption of latest Corning innovations
  - Environmental Technologies full-year sales growth accelerated to 17%, driven by adoption of gasoline particulate filters (GPF)
  - Display Technologies sales grew 4% as the company ramped its new Gen 10.5 facility and reached important milestone of mid-single-digit percentage year-over-year price declines in the second half
  - Life Sciences full-year sales were up 8%, as the business continued to outpace market growth
- Significant progress on Strategy and Capital Allocation Framework
  - Company achieved key milestones in all five market-access platforms, including customer and platform wins, as well as new product and market development advancements
  - Since the Framework began, returned \$11.8 billion to shareholders on path to return more than \$12.5 billion, and increased dividends per share 50%

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- Company expects continued growth in 2019 and beyond, driven by benefits from its investments as well as adoption of technologies well-aligned to key industry trends and Corning's cohesive portfolio

“For the past three years, we have invested for growth through our Strategy and Capital Allocation Framework,” said Wendell P. Weeks, chairman, chief executive officer and president. “The significant benefits of these investments are evident in our financial performance. In 2018, we built new capacity, launched new products, grew sales by more than \$1 billion, and extended our leadership position in all businesses. We exited the year with strong execution, expanded margins, and great momentum.

“We expect our momentum to continue with additional growth in 2019 as we successfully deliver our Strategy and Capital Allocation Framework objectives,” he added.

### **Strategy and Capital Allocation Framework Progress**

The Framework outlines the company's 2016-2019 leadership priorities. Under the Framework, Corning plans to deliver more than \$12.5 billion to shareholders while investing \$10 billion in growth opportunities. Since it was announced in October 2015, the company has achieved key milestones including the return of \$11.8 billion to shareholders through dividends, which have increased 50%, and share repurchases, which have reduced outstanding shares by 36%.

“As we enter the final year under the Framework, the strategic and financial benefits of Corning's cohesive portfolio are clear,” Weeks said. “We're especially pleased with the significant achievements across our market-access platforms.”

Highlights of progress in Corning's market-access platforms include:

- **Optical Communications:** Secured contracts with industry leaders in the carrier and data center segments that will add significant sales in 2019 and beyond, and expanded market access through the acquisition of 3M's Communication Markets Division;
- **Mobile Consumer Electronics:** Extended the company's leadership with the launch and adoption of Corning® Gorilla® Glass 6 as well as other cover glass and sensing technology innovations;
- **Automotive:** Gained significant new sales and platform wins for gasoline particulate filters; increased pull for Gorilla Glass for Automotive solutions, particularly the industry's first AutoGrade™ Glass Solutions for automotive interiors, reaching more than 55 platforms to date;
- **Life Sciences Vessels:** Increased shipments of Corning Valor® Glass fourfold year over year, indicating progress toward certification across more pharmaceutical companies;
- **Display:** Reached stable returns as the glass pricing environment continued to improve and Corning extended its global leadership by establishing the world's first Gen 10.5 manufacturing facility.

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## Fourth-Quarter and Full-Year 2018 Results and Comparisons (In millions, except per-share amounts)

	Q4 2018	Q3 2018	% change	Q4 2017	% change	Full- year 2018	Full- year 2017	% change
GAAP Net Sales	\$ 3,035	\$ 3,008	1%	\$ 2,637	15%	\$ 11,290	\$ 10,116	12%
GAAP Net Income (Loss)	\$ 292	\$ 625	(53%)	\$ (1,412)	NM	\$ 1,066	\$ (497)	NM
GAAP Diluted EPS	\$ 0.32	\$ 0.67	(52%)	\$ (1.66)	NM	\$ 1.13	\$ (0.66)	NM
Core Sales*	\$ 3,081	\$ 3,045	1%	\$ 2,675	15%	\$ 11,398	\$ 10,258	11%
Core Earnings*	\$ 539	\$ 476	13%	\$ 455	18%	\$ 1,673	\$ 1,634	2%
Core EPS*	\$ 0.59	\$ 0.51	16%	\$ 0.46	28%	\$ 1.78	\$ 1.60	11%

NM - Not Meaningful

## Segment Results and Outlook

“We had another outstanding quarter, and our full-year results exceeded our expectations,” said Tony Tripeny, executive vice president and chief financial officer. “In 2018, we did what we said we were going to do, which was to expand our manufacturing capacity in the first half and begin leveraging those growth investments in the second half. In 2019, we expect to build on this momentum and keep growing across all of our businesses.”

## Display Technologies:

	Q4 2018	Q3 2018	% change	Q4 2017	% change	Full- year 2018	Full- year 2017	% change
Segment Net Sales	\$ 899	\$ 852	6%	\$ 783	15%	\$ 3,276	\$ 3,137	4%
Segment Net Income Before Tax	\$ 304	\$ 275	11%	\$ 260	17%	\$ 1,056	\$ 1,122	(6%)
Segment Net Income	\$ 240	\$ 218	10%	\$ 206	17%	\$ 835	\$ 888	(6%)

Full-year sales in Display Technologies were \$3.3 billion, and net income was \$835 million. During 2018, Corning extended its global leadership by successfully ramping Gen 10.5 production, which allowed the company to grow volume faster than the overall market. Pricing improved as anticipated to a mid-single-digit percentage decline year over year in both the third and fourth quarters of 2018.

Fourth-quarter sales were \$899 million, and net income was \$240 million. In the fourth quarter, display glass market volume grew by a low-single-digit percentage sequentially and Corning’s volume grew more.

For full-year 2019, Corning expects display glass market volume to grow by a mid-single digit percentage. The company expects its volume to grow more than the market, resulting from the ramp of its Gen 10.5 facility during 2018. Annual Display glass price declines are expected to be a mid-single-digit percentage, an improvement over 2018.

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In the first quarter, price declines are expected to remain moderate and be the most favorable first-quarter price change in over a decade. Volume is expected to be down by a mid-single digit percentage sequentially, consistent with the market, which typically declines in the first quarter.

### Optical Communications:

	Q4 2018	Q3 2018	% change	Q4 2017	% change	Full-year 2018	Full-year 2017	% change
Segment Net Sales	\$ 1,166	\$ 1,117	4%	\$ 928	26%	\$ 4,192	\$ 3,545	18%
Segment Net Income Before Tax	\$ 217	\$ 214	1%	\$ 126	72%	\$ 777	\$ 596	30%
Segment Net Income	\$ 165	\$ 168	(2%)	\$ 99	67%	\$ 592	\$ 469	26%

Optical Communications full-year sales were \$4.2 billion, up 18% for the second consecutive year. The business is on track to surpass its goal of \$5 billion in 2020 sales. Net income was up 26% year over year. Fourth-quarter sales exceeded \$1 billion for the third consecutive quarter and were up 26% year over year. Net income for the quarter rose 67% over 2017.

The company expects another year of growth in Optical Communications in 2019. Specifically, full-year sales are expected to be up by a low-teens percentage, with first-quarter sales up in the low-20 percent range year over year.

### Environmental Technologies:

	Q4 2018	Q3 2018	% change	Q4 2017	% change	Full-year 2018	Full-year 2017	% change
Segment Net Sales	\$ 319	\$ 331	(4%)	\$ 291	10%	\$ 1,289	\$ 1,106	17%
Segment Net Income Before Tax	\$ 53	\$ 76	(30%)	\$ 54	(2%)	\$ 263	\$ 209	26%
Segment Net Income	\$ 42	\$ 60	(30%)	\$ 43	(2%)	\$ 208	\$ 165	26%

Environmental Technologies 2018 sales were \$1.3 billion, up 17% year over year, driven by growth in all product categories and emerging sales of GPFs. Net income grew faster than sales at 26% year over year. Fourth-quarter sales grew 10% year over year.

For 2019, Environmental sales are expected to increase by a mid-single-digit percentage in the first quarter and by a high-single-digit percentage for the full year.

### Specialty Materials:

	Q4 2018	Q3 2018	% change	Q4 2017	% change	Full-year 2018	Full-year 2017	% change
Segment Net Sales	\$ 399	\$ 459	(13%)	\$ 393	2%	\$ 1,479	\$ 1,403	5%
Segment Net Income Before Tax	\$ 110	\$ 147	(25%)	\$ 111	(1%)	\$ 396	\$ 380	4%
Segment Net Income	\$ 87	\$ 116	(25%)	\$ 88	(1%)	\$ 313	\$ 301	4%

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Specialty Materials 2018 sales were in line with expectations, after an exceptionally strong year of 25% sales growth in 2017. Full-year sales rose 5% as OEMs continued to adopt glass backs and Corning's portfolio of premium glass products. Fourth-quarter sales were \$399 million, up 2% versus the fourth quarter of 2017.

The company expects year-over-year sales growth for Specialty Materials in 2019, with the rate and pace dependent on customer adoption of Corning's innovations. First-quarter sales are expected to increase by a mid-to high-single-digit percentage year over year.

### Life Sciences:

	Q4 2018	Q3 2018	% change	Q4 2017	% change	Full-year 2018	Full-year 2017	% change
Segment Net Sales	\$ 238	\$ 231	3%	\$ 225	6%	\$ 946	\$ 879	8%
Segment Net Income Before Tax	\$ 37	\$ 38	(3%)	\$ 30	23%	\$ 148	\$ 120	23%
Segment Net Income	\$ 29	\$ 30	(3%)	\$ 24	21%	\$ 117	\$ 95	23%

In Life Sciences, full-year 2018 sales were up 8%, with strong fourth-quarter sales, as the business continued to outpace market growth. For the full year and first quarter of 2019, sales are expected to grow by a low- to mid-single-digit percentage.

### Upcoming Investor Events

On Feb. 12, Corning will attend the Goldman Sachs Technology and Internet Conference to be held in San Francisco. Corning plans to host its 2019 investor meeting on Friday, June 14 at The Conrad, 102 North End Avenue, New York.

### Fourth-Quarter Conference Call Information

The company will host a fourth-quarter conference call on Tuesday, Jan. 29, at 8:30 a.m. ET. To participate, please call toll free (800) 230-1074 or for international access call (612) 234-9960 approximately 10-15 minutes prior to the start of the call. The host is "NICHOLSON." To listen to a live audio webcast of the call, go to Corning's website at [http://www.corning.com/investor\\_relations](http://www.corning.com/investor_relations), click "Events" and follow the instructions.

### Presentation of Information in this News Release

Non-GAAP financial measures are not in accordance with, or an alternative to, GAAP. Corning's non-GAAP financial measures exclude the impact of items that are driven by general economic conditions and events that do not reflect the underlying fundamentals and trends in the company's operations. The company believes presenting non-GAAP financial measures assists in analyzing financial performance without the impact of items that may obscure trends in the

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company's underlying performance. Detailed reconciliations outlining the differences between these non-GAAP measures and the most directly comparable GAAP measure can be found on Corning's investor relations website at [investor.corning.com](http://investor.corning.com), by clicking "[Quarterly Results](#)" under the "Financials" tab. These reconciliations also accompany this news release.

### Caution Concerning Forward-Looking Statements

This press release contains "forward-looking statements" (within the meaning of the Private Securities Litigation Reform Act of 1995), which are based on current expectations and assumptions about Corning's financial results and business operations, that involve substantial risks and uncertainties that could cause actual results to differ materially. These risks and uncertainties include: the effects of acquisitions, dispositions and other similar transactions by the Company, the effect of global business, financial, economic and political conditions; tariffs and import duties; currency fluctuations between the U.S. dollar and other currencies, primarily the Japanese yen, New Taiwan dollar, euro, Chinese yuan, and South Korean won; product demand and industry capacity; competitive products and pricing; availability and costs of critical components and materials; new product development and commercialization; order activity and demand from major customers; the amount and timing of our cash flows and earnings and other conditions, which may affect our ability to pay our quarterly dividend at the planned level or to repurchase shares at planned levels; possible disruption in commercial activities due to terrorist activity, cyber-attack, armed conflict, political or financial instability, natural disasters, or major health concerns; unanticipated disruption to equipment, facilities, IT systems or operations; effect of regulatory and legal developments; ability to pace capital spending to anticipated levels of customer demand; rate of technology change; ability to enforce patents and protect intellectual property and trade secrets; adverse litigation; product and components performance issues; retention of key personnel; customer ability, most notably in the Display Technologies segment, to maintain profitable operations and obtain financing to fund their ongoing operations and manufacturing expansions and pay their receivables when due; loss of significant customers; changes in tax laws and regulations including the Tax Cuts and Jobs Act of 2017; and the potential impact of legislation, government regulations, and other government action and investigations.

For a complete listing of risks and other factors, please reference the risk factors and forward-looking statements described in our annual reports on Form 10-K and quarterly reports on Form 10-Q. Forward-looking statements speak only as of the day that they are made, and Corning undertakes no obligation to update them in light of new information or future events.

### Web Disclosure

In accordance with guidance provided by the SEC regarding the use of company websites and social media channels to disclose material information, Corning Incorporated ("Corning") wishes to notify investors, media, and other interested parties that it uses its website (<http://www.corning.com/worldwide/en/about-us/news-events.html>) to publish important information about the company, including information that may be deemed material to investors, or supplemental to information contained in this or other press releases. The list of websites and social media channels that the company uses may be updated on Corning's media and website from time to time. Corning encourages investors, media, and other interested parties to review

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the information Corning may publish through its website and social media channels as described above, in addition to the company's SEC filings, press releases, conference calls, and webcasts.

### **About Corning Incorporated**

Corning ([www.corning.com](http://www.corning.com)) is one of the world's leading innovators in materials science, with a more than 165-year track record of life-changing inventions. Corning applies its unparalleled expertise in glass science, ceramic science, and optical physics along with its deep manufacturing and engineering capabilities to develop category-defining products that transform industries and enhance people's lives. Corning succeeds through sustained investment in RD&E, a unique combination of material and process innovation, and deep, trust-based relationships with customers who are global leaders in their industries.

Corning's capabilities are versatile and synergistic, which allows the company to evolve to meet changing market needs, while also helping our customers capture new opportunities in dynamic industries. Today, Corning's markets include optical communications, mobile consumer electronics, display technology, automotive, and life sciences vessels. Corning's industry-leading products include damage-resistant cover glass for mobile devices; precision glass for advanced displays; optical fiber, wireless technologies, and connectivity solutions for state-of-the-art communications networks; trusted products to accelerate drug discovery and delivery; and clean-air technologies for cars and trucks.

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