

# News Release

FOR RELEASE – JANUARY 27, 2021

## **Corning Reports Full-Year 2020 Results Highlighted by Strong Fourth Quarter with Growth in All Segments**

*Achieved 17% year-over-year core sales growth in Q4*

*Expanded margins in second half and generated \$948 million in free cash flow in 2020*

*Expects continued momentum across all businesses in 2021*

**CORNING, N.Y.** – Corning Incorporated (NYSE: GLW) today announced results for the fourth quarter and full year ended Dec. 31, 2020.

Fourth-quarter financial performance:

- GAAP sales of \$3.4 billion and GAAP EPS of \$0.28
- Core sales of \$3.3 billion, up 11% sequentially and 17% year over year
- Core EPS of \$0.52, up 21% sequentially and 13% year over year
- Free cash flow of \$464 million and \$948 million cumulatively for the year
- Strong execution across the company’s focused portfolio drove sales and net income growth in all segments:
  - Sequentially, core sales grew 11% and operating margin grew 18%, both above expectations
  - Core operating margin was 19.4%, up 110 basis points sequentially
  - Life Sciences and Environmental Technologies delivered the largest sequential sales growth, with 23% and 17% growth respectively
  - Organic sales, which exclude \$163 million in consolidated sales from Hemlock Semiconductor, grew 11% year over year
  - Year over year, Specialty Materials sales grew 20%, Environmental Technologies sales grew 19% – both strongly outperforming their underlying markets – and Optical Communications returned to growth with continued growth expected

Wendell P. Weeks, chairman and chief executive officer, said:

“We delivered outstanding fourth-quarter results, as each of our businesses grew sales and profits year over year.” Weeks continued, “2020 was an incredibly difficult year as the world dealt with the pandemic, economic uncertainty, and social unrest. Throughout the year, we focused on serving our customers, executing our strategic priorities, and protecting our people. We gained sales-growth momentum, expanded margins in the second half, and generated significant free cash flow. Our investments in our people and technology, along with our deep relevance across key markets, are creating opportunities for ‘more Corning.’”

Weeks added, “We continue to strengthen the company and remain committed to our employees, communities, customers, and shareholders. Corning is proud to be creating life-changing technologies that contribute to keeping people safe and that help society address the challenges of the pandemic.”

### **Financial Outlook**

Tony Tripeny, executive vice president and chief financial officer, said, “In 2020, we successfully navigated a very challenging year. We strengthened our balance sheet, achieved growth in the second half, and generated free cash flow of \$948 million for the year.”

Tripeny continued, “We expect year-over-year growth to accelerate in the first quarter of 2021. We expect core sales of \$3.0 billion to \$3.2 billion – compared with \$2.5 billion in the first quarter last year – and EPS of \$0.40 to \$0.44, which is double last year’s first-quarter EPS at the low end of the range. We will continue to focus on operational excellence, cash-flow generation, and prudent capital allocation.”

### **Market-Access Platform Highlights**

Corning holds a leadership position in each of the markets addressed by its five Market-Access Platforms. Throughout 2020, the company advanced important growth initiatives and reported the following highlights:

- **Life Sciences** – Corning deployed its broad Life Sciences capabilities to combat the pandemic by supplying technologies that help customers develop novel treatments and vaccines, provide mass testing, and accelerate vaccine production. In the second quarter, Corning was awarded \$204 million in funding from the Biomedical Advanced Research and Development Authority to substantially expand domestic manufacturing capacity for Corning Valor® Glass vials. In the fourth quarter, Corning shipped Valor Glass vials to multiple COVID-19 vaccine manufacturers that support more than 100 million doses. Corning also received a \$15 million award from the U.S. Department of Defense and U.S. Department of Health and Human Services to further expand domestic production capacity for robotic pipette tips used in support of COVID-19 diagnostic testing. The company was also recognized by BioNTech for its role in the successful development of its COVID-19 vaccine.
- **Mobile Consumer Electronics** – Innovation adoption drove Specialty Materials sales up 18% year over year despite the declining smartphone market. The company launched Corning® Gorilla® Glass Victus™, the toughest Gorilla Glass yet, which is featured on six Samsung devices. Corning also invented the world’s first transparent, color-free glass-ceramic, which is featured on the front cover of the latest iPhone. Apple and Corning partnered to develop and scale manufacturing of Ceramic Shield, which offers unparalleled durability and toughness. Strength in the IT market contributed to sales growth as work- and learn-from-home trends remained pervasive throughout the year, driving demand for tablets and touch-screen laptops.
- **Automotive** – Environmental Technologies is recovering faster than its markets, driven by more Corning content in both automotive and diesel. Fourth-quarter results were highlighted by year-over-year growth in gasoline particulate filter sales as adoption expanded in Europe

and China. Additionally, Groupe Renault honored Corning with a 2020 Supplier Award for innovation for Corning® FLORA® substrates. Mercedes-Benz recently debuted the MBUX Hyperscreen dashboard display system featuring Gorilla Glass for Automotive.

- **Optical Communications** – Optical Communications returned to growth – and expects growth to continue – as customers increase spending to support growing bandwidth requirements. In 2020, the company introduced new and innovative solutions that help speed the deployment of 5G. Corning launched its Evolv™ 5G-ready connectivity solutions featuring compact, easy-to-install terminals that connect the fiber network to neighborhoods and businesses. Operators can save up to \$500 at each terminal site by dramatically lowering installation costs and speeding deployment. By collaborating with Verizon, Corning is enabling 5G mmWave indoor deployments for enterprise customers. Additionally, Corning is working with Qualcomm Technologies to deliver indoor networks that are 5G-ready, easy-to-install, and affordable and with EnerSys to simplify the delivery of fiber and electrical power to small-cell wireless sites.
- **Display** – Retail demand for TV and IT products remains strong. Demand for large-size TVs continues to grow – 75-inch sets were up more than 60% for the full year. Large TVs are most efficiently made on Gen 10.5 fabs and Corning is well-positioned to capture that growth with its Gen 10.5 plants in China, including its two newest Gen 10.5 facilities, in Wuhan and Guangzhou, which are now expanding production to meet customer demand.

#### Fourth-Quarter and Full-Year 2020 Results and Comparisons (In millions, except per-share amounts)

	Q4 2020	Q3 2020	% change	Q4 2019	% change	Full- year 2020	Full- year 2019	% change
GAAP Net Sales	\$ 3,350	\$ 3,001	12%	\$ 2,817	19%	\$ 11,303	\$ 11,503	(2%)
GAAP Net Income	\$ 252	\$ 427	(41%)	\$ 32	**	\$ 512	\$ 960	(47%)
GAAP Diluted EPS	\$ 0.28	\$ 0.48	(42%)	\$ 0.01	**	\$ 0.54	\$ 1.07	(50%)
Core Sales*	\$ 3,328	\$ 3,007	11%	\$ 2,851	17%	\$ 11,452	\$ 11,656	(2%)
Core Net Income*	\$ 462	\$ 380	22%	\$ 406	14%	\$ 1,237	\$ 1,578	(22%)
Core EPS*	\$ 0.52	\$ 0.43	21%	\$ 0.46	13%	\$ 1.39	\$ 1.76	(21%)

\*Core performance measures are non-GAAP financial measures. The reconciliation between GAAP and non-GAAP measures is provided in the tables following this news release, as well as on the company's website. The largest difference between our GAAP and core results stemmed from restructuring charges, which are primarily non-cash, as well as non-cash, mark-to-market losses associated with the company's currency-hedging contracts.

\*\*Not Meaningful

## Fourth-Quarter Segment Results

### Display Technologies

	Q4 2020	Q3 2020	% change	Q4 2019	% change	Full- year 2020	Full- year 2019	% change
Net Sales	\$ 841	\$ 827	2%	\$ 795	6%	\$ 3,172	\$ 3,254	(3%)
Net Income Before Tax	\$ 274	\$ 248	10%	\$ 227	21%	\$ 907	\$ 993	(9%)
Net Income	\$ 217	\$ 196	11%	\$ 180	21%	\$ 717	\$ 786	(9%)

In Display Technologies, fourth-quarter sales were \$841 million, up 2% sequentially and 6% year over year, and net income was \$217 million, up 11% sequentially and 21% year over year. Corning's volume grew by a low-single digit percentage sequentially. Sequential price declines were very moderate, as expected.

### Optical Communications

	Q4 2020	Q3 2020	% change	Q4 2019	% change	Full- year 2020	Full- year 2019	% change
Net Sales	\$ 976	\$ 909	7%	\$ 903	8%	\$ 3,563	\$ 4,064	(12%)
Net Income Before Tax	\$ 179	\$ 147	22%	\$ 81	121%	\$ 467	\$ 639	(27%)
Net Income	\$ 141	\$ 115	23%	\$ 62	127%	\$ 366	\$ 489	(25%)

Optical Communications fourth-quarter sales were \$976 million, up 7% sequentially and 8% year over year, driven by strength in both carrier and enterprise businesses. Fourth-quarter net income was \$141 million, up 23% sequentially and 127% year over year, driven by increased volume and favorable cost performance. Management expects Optical Communications to grow in 2021 as customers increase investments in their optical networks.

### Environmental Technologies

	Q4 2020	Q3 2020	% change	Q4 2019	% change	Full- year 2020	Full- year 2019	% change
Net Sales	\$ 445	\$ 379	17%	\$ 374	19%	\$ 1,370	\$ 1,499	(9%)
Net Income Before Tax	\$ 118	\$ 87	36%	\$ 81	46%	\$ 249	\$ 333	(25%)
Net Income	\$ 93	\$ 69	35%	\$ 64	45%	\$ 197	\$ 263	(25%)

Environmental Technologies fourth-quarter sales were \$445 million, up 17% sequentially and 19% year over year driven by improving markets and more Corning content. Greater adoption of

GPFs and diesel filters to meet regulations in China increased Corning's total addressable market.

### Specialty Materials

	Q4 2020	Q3 2020	% change	Q4 2019	% change	Full- year 2020	Full- year 2019	% change
Net Sales	\$ 545	\$ 570	(4%)	\$ 453	20%	\$ 1,884	\$ 1,594	18%
Net Income Before Tax	\$ 173	\$ 184	(6%)	\$ 119	45%	\$ 536	\$ 383	40%
Net Income	\$ 136	\$ 146	(7%)	\$ 94	45%	\$ 423	\$ 302	40%

Specialty Materials fourth-quarter sales were \$545 million, up 20% year over year, due to strong demand for premium cover materials, strength in the IT market, and demand for semiconductor-related materials. Full-year sales increased 18% to \$1.9 billion.

### Life Sciences

	Q4 2020	Q3 2020	% change	Q4 2019	% change	Full- year 2020	Full- year 2019	% change
Net Sales	\$ 274	\$ 223	23%	\$ 256	7%	\$ 998	\$ 1,015	(2%)
Net Income Before Tax	\$ 53	\$ 36	47%	\$ 49	8%	\$ 176	\$ 190	(7%)
Net Income	\$ 42	\$ 28	50%	\$ 38	11%	\$ 139	\$ 150	(7%)

Life Sciences fourth-quarter sales grew 23% sequentially and 7% year over year to \$274 million. Segment results reflect strong demand for research consumables and bioproduction products.

### Upcoming Investor Events (Virtual)

On Feb. 11, Corning will attend the Goldman Sachs 2021 Virtual Tech and Internet Conference. On Feb. 23, Corning will attend the UBS West Coast Conference. And on Mar. 1, Corning will attend the Morgan Stanley Technology, Media, and Telecom Conference.

### Fourth-Quarter Conference Call Information

The company will host a fourth-quarter conference call on Wednesday, Jan. 27, at 8:30 a.m. EST. To participate, please call toll free (877) 710-0209 or for international access, call (315) 625-3068 approximately 10 to 15 minutes prior to the start of the call. The Access Code is 128 5416. 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

This news release includes non-GAAP financial measures. 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 company's underlying performance. Definitions of these non-GAAP financial measures and reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures can be found on the Company's website by going to the Investor Relations page and clicking "Quarterly Results" under the "Financials and Filings" tab. These reconciliations also accompany this news release.

### **Caution Concerning Forward-Looking Statements**

The statements in this release that are not historical facts or information and contain words such as "will," "believe," "anticipate," "expect," "intend," "plan," "seek," "see," "would," and "target" and similar expressions are forward-looking statements. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and include estimates and assumptions related to economic, competitive and legislative developments. Such statements relate to future events that by their nature address matters that are, to different degrees, uncertain. These forward-looking statements relate to, among other things, the Company's future operating performance, the Company's share of new and existing markets, the Company's revenue and earnings growth rates, the Company's ability to innovate and commercialize new products, and the Company's implementation of cost-reduction initiatives and measures to improve pricing, including the optimization of the Company's manufacturing capacity. These statements are subject to change and uncertainty which are, in many instances, beyond our control. There can be no assurance that future developments will be in accordance with management's expectations. Actual results could differ materially from those expected by us, depending on the outcome of various factors. We do not undertake to update forward-looking statements.

Although the Company believes that these forward-looking statements are based upon reasonable assumptions regarding, among other things, current estimates and forecasts, general economic conditions, its knowledge of its business, and key performance indicators that impact the Company, actual results could differ materially. The Company does not undertake to update forward-looking statements. Some of the risks, uncertainties and other factors that could cause actual results to differ materially from those expressed in or implied by the forward-looking statements include, but are not limited to: the duration and severity of the COVID-19 pandemic, and its ultimate impact across our businesses on demand, operations and our global supply chains; the effects of acquisitions, dispositions and other similar transactions; 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; loss of intellectual property due to theft, cyber-attack, or disruption to our information technology infrastructure; 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 ongoing operations and manufacturing expansions and pay receivables when due; loss of significant customers; changes in tax laws and regulations including the 2017 Tax Cuts and Jobs Act; the impacts of audits by taxing authorities; the potential impact of legislation, government regulations, and other government action and investigations; and other risks detailed in Corning's SEC filings.

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.

### **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 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 170-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, automotive, and life sciences.

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