

# News Release

FOR RELEASE – OCTOBER 27, 2020

## Corning Reports Third-Quarter 2020 Results

*Sales grew mid-teens sequentially, margins expanded significantly, and free cash flow exceeded \$500 million*

*Innovation adoption and strong execution drove performance across company*

**CORNING, N.Y.** — Corning Incorporated (NYSE: GLW) today announced strong financial results for the third quarter ended Sept. 30, 2020.

- GAAP and core sales were \$3.0 billion.
  - Core sales increased 16% sequentially, led by Environmental Technologies and Specialty Materials, which had sequential growth of 68% and 37%, respectively.
  - Core sales grew 1% year over year, led by Specialty Materials and Display Technologies, which had year-over-year growth of 23% and 4%, respectively.
- GAAP EPS was \$0.48 and core EPS was \$0.43. Core EPS grew 72% sequentially. Core operating margin expanded to 18.3%, up 710 basis points sequentially and 20 basis points year over year.
- Free cash flow for the third quarter was \$518 million. Cumulative free cash flow for the first three quarters was \$484 million. Cash balance grew to \$2.5 billion.
- Hemlock Semiconductor Group's Sept. 9 share redemption transformed Corning's long-time ownership into a majority position. Corning recognized \$31 million of third-quarter sales from the newly consolidated Hemlock.

Wendell P. Weeks, chairman and chief executive officer, said, "We had a very strong quarter financially and operationally. Sales and operating income grew on improving demand and commercialization of our innovations. In all the industries we serve, important market trends are offering new opportunities that we're uniquely qualified to address, and we're supporting our customers with more Corning content for the products that people already buy."

Weeks continued, "While our markets continue to flash green, we remain vigilant in our actions to safeguard the company's financial strength. Operationally, we're keeping a tight focus on cost and manufacturing execution.

"When it comes to the global health fight, we're all-in – mobilizing our capabilities to combat the virus while prioritizing the health, safety, and well-being of our employees. We are focused on responding effectively to the current global uncertainties, and we continue to rise to the challenges of these times."

## Advancing Key Growth Initiatives in Market-Access Platforms

Corning holds a leadership position in each of the markets addressed by its five Market-Access Platforms. In the third quarter, the company captured significant sales from new material inventions and continued to innovate with industry leaders. Highlights include:

- **Mobile Consumer Electronics** – Innovation adoption drove Specialty Materials sales up 23% year over year despite a declining smartphone market. Apple’s iPhone 12 launch highlighted Corning’s invention of the world’s first transparent, color-free glass-ceramic. Apple and Corning partnered to develop and scale manufacturing of Ceramic Shield, which offers unparalleled durability and toughness. Additionally, Samsung selected Corning® Gorilla® Glass Victus™, the toughest Gorilla Glass yet, for its Galaxy Note20 Ultra.
- **Life Sciences** – Corning is contributing critical solutions in the global fight against COVID-19 – expanding Corning Valor® Glass capacity and supplying glass vials for vaccines as part of Operation Warp Speed. The company is also building on its leadership in Life Sciences by supporting diagnostic-testing and virus-research efforts.
- **Automotive** – In Environmental Technologies, strong adoption of Corning’s gasoline particulate filters (GPF) and rebounding automotive demand supported 68% quarter-over-quarter sales growth. Corning earned industry recognition from the American Ceramic Society for the development of Corning® DuraTrap® GC Filters for automotive emissions control.
- **Optical Communications** – Corning advanced significant 5G innovations to help operators expand and densify networks. Working with Verizon, Corning is enabling 5G mmWave deployments for retail stores, hospitals, manufacturing plants, and other indoor deployments. Corning also launched its Evolv™ 5G-ready connectivity solutions, which help operators speed deployment, reduce cost, and pack more fibers into tight spaces.
- **Display** – Corning is ramping its new Gen 10.5 plants in China in both Wuhan and Guangzhou. These facilities position the company well to capture the fast-growing demand for large TVs.

## Maintaining Financial Strength

Corning generated \$518 million in free cash flow in the third quarter, exiting the quarter with \$2.5 billion in cash.

Tony Tripeny, executive vice president and chief financial officer, said, “We’ve executed effectively and bolstered our healthy balance sheet despite the ongoing macroeconomic challenges. Corning’s third-quarter sales growth and cost actions led to strong sequential margin expansion, further demonstrating that the operational adjustments are working. We have the resources to deliver on our commitments and extend our market leadership as we continue to focus on operational excellence, cash flow generation, and prudent capital allocation.

“We expect another solid quarter to end the year,” Tripeny concluded. “Our execution and market leadership position us to emerge from the current uncertainty even stronger. In the near

term, we measure our success by our ability to outperform our markets, our innovation progress, and our balance sheet.”

### Third-Quarter 2020 Results and Comparisons

(In millions, except per-share amounts)

	Q3 2020	Q2 2020	% change	Q3 2019	% change
GAAP Net Sales	\$ 3,001	\$ 2,561	17%	\$ 2,934	2%
GAAP Net Income (Loss)	\$ 427	\$ (71)	**	\$ 337	27%
GAAP EPS	\$ 0.48	\$ (0.13)	**	\$ 0.38	26%
Core Sales*	\$ 3,007	\$ 2,588	16%	\$ 2,969	1%
Core Net Income*	\$ 380	\$ 218	74%	\$ 397	(4%)
Core EPS*	\$ 0.43	\$ 0.25	72%	\$ 0.44	(2%)

\*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.

\*\*Not Meaningful

### Third-Quarter Segment Results

#### Display Technologies

	Q3 2020	Q2 2020	% change	Q3 2019	% change
Net Sales	\$ 827	\$ 753	10%	\$ 793	4%
Net Income Before Tax	\$ 248	\$ 193	28%	\$ 234	6%
Net Income	\$ 196	\$ 152	29%	\$ 185	6%

In Display Technologies, third-quarter sales were \$827 million, up 10% sequentially, and net income was \$196 million, up 29% sequentially. Corning's volume grew approximately 10% sequentially. Sequential price declines were moderate, as expected.

#### Optical Communications

	Q3 2020	Q2 2020	% change	Q3 2019	% change
Net Sales	\$ 909	\$ 887	2%	\$ 1,007	(10%)
Net Income Before Tax	\$ 147	\$ 104	41%	\$ 162	(9%)
Net Income	\$ 115	\$ 81	42%	\$ 127	(9%)

In Optical Communications, third-quarter sales were \$909 million, up 2% sequentially as carrier spending and deployments remained stable and Enterprise sales grew slightly.

**Environmental Technologies**

	Q3 2020	Q2 2020	% change	Q3 2019	% change
Net Sales	\$ 379	\$ 226	68%	\$ 397	(5%)
Net Income Before Tax	\$ 87	\$ —	*	\$ 100	(13%)
Net Income	\$ 69	\$ —	*	\$ 79	(13%)

*\*Not Meaningful*

In Environmental Technologies, third-quarter sales of \$379 million were up 68% sequentially as light-duty and heavy-duty demand improved and OEMs increased production. Corning outperformed the underlying markets on strong GPF sales.

**Specialty Materials**

	Q3 2020	Q2 2020	% change	Q3 2019	% change
Net Sales	\$ 570	\$ 417	37%	\$ 463	23%
Net Income Before Tax	\$ 184	\$ 114	61%	\$ 117	57%
Net Income	\$ 146	\$ 90	62%	\$ 92	59%

In Specialty Materials, sales grew 37% sequentially, driven by demand for premium glasses, Corning's new glass-ceramic product (Ceramic Shield), and strength in the company's products for the IT and wearable markets.

**Life Sciences**

	Q3 2020	Q2 2020	% change	Q3 2019	% change
Net Sales	\$ 223	\$ 243	(8%)	\$ 256	(13%)
Net Income Before Tax	\$ 36	\$ 39	(8%)	\$ 52	(31%)
Net Income	\$ 28	\$ 31	(10%)	\$ 41	(32%)

In Life Sciences, sequential sales declined 8%. Corning expects sequential growth for the fourth quarter.

**Upcoming Investor Events (Virtual)**

On Nov. 10, Corning will attend the Baird Global Industrial Conference. On Nov. 11, Corning will attend the Morgan Stanley Life After COVID Conference. On Nov. 30, Corning will attend the Credit Suisse Annual Technology Conference. And on Dec. 10, Corning will attend the Barclays Global Technology, Media and Telecommunications Conference.

**Third-Quarter Conference Call Information**

The company will host a third-quarter conference call on Tuesday, Oct. 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 994 8918. 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 recent 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 169-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 mobile consumer electronics, optical communications, automotive technologies, life sciences technologies, and display technologies.

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