
CORNING

1


CORNING
Third-Quarter 2020 Investor Call
Sales grew mid-teens sequentially, margins expanded significantly, and free cash flow exceeded $500M
Innovation adoption and strong execution drove performance across company
October 27, 2020

2

Forward-Looking and Cautionary Statements

The statements in this presentation 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.

Use of Non-GAAP Financial Information

Corning has included non-GAAP financial measures in this presentation to supplement Corning's consolidated financial statements presented on a GAAP basis. In managing the Company and assessing our financial performance, we adjust certain measures provided by our consolidated financial statements to exclude specific items to arrive at core performance measures.

In managing the Company and assessing our financial performance, we adjust certain measures provided by our consolidated financial statements to exclude specific items to report core performance measures. These items include gains and losses on our translated earnings contracts, acquisition-related costs, certain discrete tax items and other tax-related adjustments, restructuring, impairment losses, and other charges and credits, certain litigation-related expenses, pension mark-to-market adjustments and other items which do not reflect on-going operating results of the Company or our equity affiliates. Corning utilizes constant-currency reporting for our Display Technologies, Environmental Technologies, Specialty Materials and Life Sciences segments for the Japanese yen, South Korean won, Chinese yuan, new Taiwan dollar and the euro. The Company believes that the use of constant-currency reporting allows investors to understand our results without the volatility of currency fluctuations and reflects the underlying economics of the translated earnings contracts used to mitigate the impact of changes in currency exchange rates on our earnings and cash flows. Corning also believes that reporting core performance measures provides investors greater transparency to the information used by our management team to make financial and operational decisions.

Core performance measures are not prepared in accordance with Generally Accepted Accounting Principles in the United States ("GAAP"). We believe investors should consider these non-GAAP measures in evaluating our results as they are more indicative of our core operating performance and how management evaluates our operational results and trends. These measures are not, and should not be viewed as a substitute for, GAAP reporting measures. With respect to the Company's outlook for future periods, it is not possible to provide reconciliations for these non-GAAP measures because the Company does not forecast the movement of foreign currencies against the U.S. dollar, or other items that do not reflect ongoing operations, nor does it forecast items that have not yet occurred or are out of the Company's control. As a result, the Company is unable to provide outlook information on a GAAP basis.

CORNING

Third-Quarter 2020 Investor Call

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

Innovation adoption and strong execution drove performance across company

October 27, 2020

5

Third-Quarter 2020 Core Performance

"We had a very strong quarter financially and operationally. Sales and operating income grew on improving demand and commercialization of 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. 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."

- Wendell Weeks, Chairman and CEO

$3.0B
Q3 Core Sales
Up 16.2% Sequentially

$518M
Q3 Free Cash Flow

$0.43
Q3 Core EPS
Up 72% Sequentially

18.3%
Q3 Operating Margin

CORNING

6

All seven, all around the world, all the time

Corning Values

This latest innovation with Apple exemplifies our ongoing strategy of consistent, long-term value creation by combining our deep expertise in glass science, ceramic science, and optical physics with our unparalleled manufacturing and engineering capabilities.

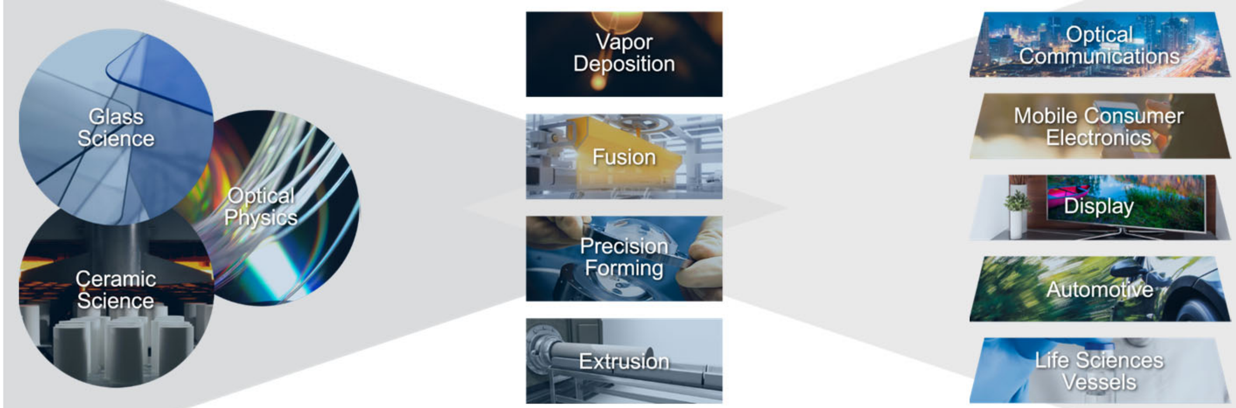
Focused and Cohesive Portfolio

Foundation for Sustained Growth

3 Core Technologies

4 Manufacturing & Engineering Platforms

5 Market-Access Platforms



Focus >80% of resources on opportunities that leverage capabilities from at least two of three columns

CORNING

 9

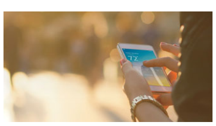
9

Improving Lives Through Innovations

Third-Quarter Highlights

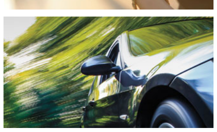
Optical Communications

- Advanced significant 5G innovations to help operators expand and densify networks. Working with Verizon, enabling 5G mmWave deployments for retail stores, hospitals, manufacturing plants, and other indoor deployments.
- Launched Evolv™ 5G-ready connectivity solutions, which help operators speed deployment, reduce cost, and pack more fibers into tight spaces.



Mobile Consumer Electronics

- Innovation adoption drove Specialty Materials sales up 23% year over year despite a declining smartphone market.
- Apple's iPhone 12 launch event highlighted Corning's invention of the world's first highly transparent, color-free glass ceramic. Apple and Corning partnered to develop and scale manufacturing of Ceramic Shield, which offers unparalleled durability and toughness.
- Samsung selected Corning® Gorilla® Glass Victus™, the toughest Gorilla Glass yet, for its Galaxy Note20 Ultra launch.

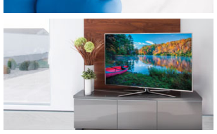


Automotive

- 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 its GPF innovation.

Life Sciences

- Corning is contributing critical solutions in the global fight against COVID-19 – expanding Valor® Glass capacity and supplying glass vials for vaccines as part of Operation Warp Speed.
- Building on its leadership in Life Sciences, helping drive diagnostic-testing and virus-research efforts.



Display

- Ramping 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.

CORNING

 10

10

Operational Highlights

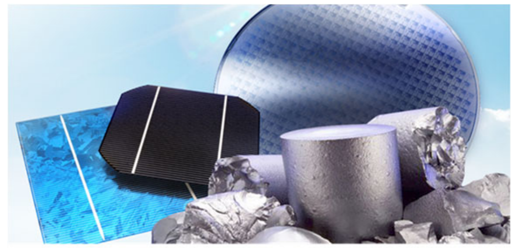
- Successfully started up Gen10.5 melting operations in China during a pandemic
- Scaled up new-to-the-world manufacturing processes and product to meet Apple's iPhone launch
- Quickly re-started operations to meet Auto OEM start-ups
- Expanded Optical Communications profitability on flat sales

CFO Perspective

- Very strong third quarter
- Bolstered healthy balance sheet
- Sales growth and cost actions led to strong sequential margin expansion
- Operational adjustments begun in Q2 are working
- Focusing on operational excellence, cash flow generation and prudent capital allocation

Corning Ownership of Hemlock Semiconductor Group
Results of Hemlock Transactions

- Transformed Corning's long-time ownership in Hemlock into a majority position
- Hemlock purchased certain manufacturing assets from DuPont and gained control of a critical raw material
- Transactions are good for Hemlock, Corning and Corning shareholders
- No cash outlay by Corning
- Recognized $31M of sales in Q3
- Adds ~$150M in cash flow annually
- See web disclosure for details



CORNING

 13

13

Q3 2020 GAAP Earnings
Restructuring and FX Hedge Accounting

- Incurred a primarily non-cash gain of $387M associated with the Hemlock transaction
- Restructuring charges of ($129M)
- Recorded unrealized, non-cash, after-tax loss of ($103M) in Q3 2020 on mark-to-market adjustments associated with currency-hedging contracts and foreign debt
  - Translation hedges reduce our economic exposure to currency fluctuations, providing higher certainty for our earnings and cash flow, our growth investments, and our future shareholder distributions
  - Hedge contracts settled in any given quarter substantially offset changes in earnings and cash flow due to currency fluctuations

CORNING

 14

14

Third-Quarter 2020 Core Performance

“We’ve executed effectively and bolstered our healthy balance sheet despite the ongoing macro-economic 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.”

- Tony Tripeny, EVP and CFO

$3.0B
Q3 Core Sales
16.2% Increase QoQ

18.3%
Q3 Operating Margin

$518M
Q3 Free Cash Flow

$380M
Q3 Core Net Income
Up 74% Sequentially

$0.43
Q3 Core EPS
Up 72% Sequentially

$2.5B
Q3 Cash Balance

Display Technologies

Large-Size TV Retail Sales Strong

$827M
Q3 Net Sales
Up 10% Sequentially

$196M
Q3 Net Income
Up 29% Sequentially

Q3 Results

- Display glass volume grew approximately 10% sequentially, as panel makers increased utilization
- Sequential price declines were moderate, as expected
- Expect television demand to remain resilient, consumers in developed markets are prioritizing in-home entertainment
- Globally, work and study from home trends are growing, increasing the demand for TV and IT products

Observations / Full-Year 2020 Expectations

- Remain confident that TV screen size will continue to grow in 2020 and beyond
- Continue to expect glass pricing to decline by a mid-single-digit percentage in 2020

Optical Communications

Q3 Sales up 2% sequentially, profitability improves

$909M
Q3 Net Sales
Up 2% Sequentially

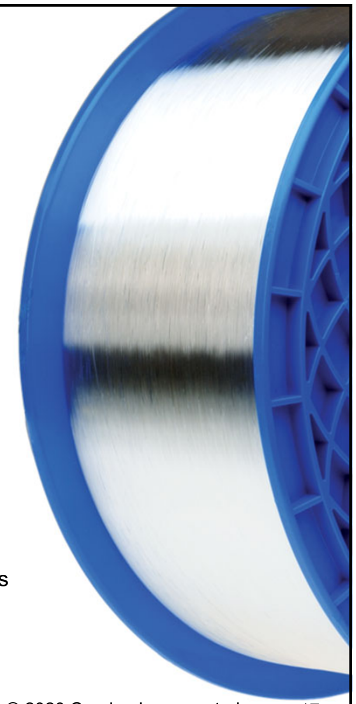
$115M
Q3 Net Income
Up 42% Sequentially

Q3 Results

- Q3 sales grew 2% sequentially, as carrier spending and deployments remained stable and Enterprise sales grew slightly
- Profitability driven by improving cost performance

Observations / Full-Year 2020 Expectations

- Expect operators to begin additional investments to reestablish normal network headroom and expand offerings
- Large carrier and enterprise capital projects are inevitable, but as we have said before, it is always hard to predict the timing



CORNING

 17

17

Environmental Technologies

Sales grow faster than auto market recovery

$379M
Q3 Net Sales
Up 68% sequentially

$69M
Q3 Net Income

Q3 Results

- Third-quarter sales were $379 million
- OEM's continued to adopt GPFs in Europe and China
- North America and European OEMs both continued to ramp production
- Diesel sales improved 49% from last quarter, but were still down 14% year-over-year

Observations / Full-Year 2020 Expectations

- Although, full-year results will be impacted by COVID-19, we are recovering faster than the market from increasing content with GPFs and advanced heavy-duty products
- Our content-driven strategy continues to drive strong results

CORNING

 18

18

Specialty Materials

Q3 Sales up YoY in sharp contrast to the smartphone market

$570M
Q3 Net Sales
Up 23% YoY

$146M
Q3 Net Income
Up 59% YoY

Q3 Results

- Q3 sales were $570 million in the third-quarter, up 23% year over year while the smartphone market declined year over year
- Sales growth was driven by our new-to-the world glass-ceramic on the iPhone 12, as well as premium glass sales, IT/tablet glass sales in support of work-from-home trends, and strength in Advanced Optics products

Observations / Full-Year 2020 Expectations

- Expect strong growth for full-year 2020 from strong adoption and commercialization of our innovations

CORNING

Life Sciences

Confident in the opportunities ahead

$223M
Q3 Net Sales

$28M
Q3 Net Income

Q3 Results

- Third-quarter sales were down 8% sequentially to $223 million dollars, constrained by the startup of a new North American distribution center
- North American lab utilization is increasing, and the pandemic is driving demand for laboratory diagnostic-testing consumables
- Implementing recovery plans for distribution center and are confident that normal operations will be in place for Q4

Observations / Full-Year 2020 Expectations

- Expect strong sequential sales growth in Q4

CORNING

Balance Sheet

Commitment to Strong Financial Stewardship

- Generating positive free cash flow in 2020
- Maintaining strong cash balance
- Conservative debt structure
- Maintaining current stock dividend

CORNING

 21

21

22

Corning's 2020 Investor Outreach Plans

- Virtual Conference Plans:
  - Nov. 10: Baird Virtual Global Industrial Conference
  - Nov. 11: Morgan Stanley Virtual Life After COVID Conference
  - Nov. 30: Credit Suisse Annual Technology Conference
  - Dec. 10: Barclays Global Technology, Media and Telecommunications Conference
  - Management virtual visits to investor offices in select cities
- Scheduled virtual visits to Corning locations for hosted tours

2020 Corporate Metrics (as of October 27, 2020)(1)(2)

- **Sales:**
  - Q4 sales: Another strong quarter
- **2020 Operating Expenses:**
  - SG&A: ~$1.4B
  - RD&E: ~$900M
- Other income/expense: (~$255M) net expense *(incl. Noncontrolling Interest Expense)*
- Gross equity earnings: ~$80M; Q4:$3M-$4M
- Tax rate: ~20-21%
- Capital expenditures: ~$1.3B-$1.4B
- Free Cash Flow positive for full-year

(1) Corning does not forecast the movement of foreign currencies against the U.S. dollar, or other items that do not reflect ongoing operations. As a result, the company is unable to provide guidance on a GAAP basis.
(2) Core performance measures are non-GAAP measures. Definitions and reconciliations are provided on our website.

CORNING

 25

25

Q3 2020 Core Performance

$ in millions, except EPS	Q3 2020	Q2 2020	Q3 2019
Core Net Sales	$3,007	$2,588	$2,969
Core Gross Margin	$1,130	$863	$1,156
Gross Margin %	*38%*	*33%*	*39%*
Core SG&A	$369	$356	$381
% of Sales	*12%*	*14%*	*13%*
Core RD&E	$212	$218	$239
% of Sales	*7%*	*8%*	*8%*
Core Operating Margin	$549	$289	$536
% of Sales	*18%*	*11%*	*18%*
Core Gross Equity Earnings	$9	$55	$23
Core Net Profit Before Taxes	$476	$284	$488
Core Net Income	$380	$218	$397
Core EPS	$0.43	$0.25	$0.44
Weighted-Average Shares Outstanding	889	880	897

Core performance measures are non-GAAP measures. Definitions and reconciliations are provided on our website.

CORNING

 26

26

Q3 2020 Operating Performance by Segment

Segment Net Sales *$ in millions*	Q3 2020	Q2 2020	% change	Q3 2019	% change
Display Technologies	$827	$753	*10%*	$793	*4%*
Optical Communications	$909	$887	*2%*	$1,007	*(10%)*
Carrier Network	$676	$677	*(0%)*	$705	*(4%)*
Enterprise Network	$233	$210	*11%*	$302	*(23%)*
Environmental Technologies	$379	$226	*68%*	$397	*(5%)*
Automotive	$255	$143	*78%*	$252	*1%*
Diesel	$124	$83	*49%*	$145	*(14%)*
Specialty Materials	$570	$417	*37%*	$463	*23%*
Life Sciences	$223	$243	*(8%)*	$256	*(13%)*
All Other	$99	$62	*60%*	$53	*87%*
Total Segment Net Sales	**$3,007**	**$2,588**	***16%***	**$2,969**	***1%***

Segment Net Income *$ in millions*	Q3 2020	Q2 2020	% change	Q3 2019	% change
Display Technologies	$196	$152	*29%*	$185	*6%*
Optical Communications	$115	$81	*42%*	$127	*(9%)*
Environmental Technologies	$69	$0	*	$79	*(13%)*
Specialty Materials	$146	$90	*62%*	$92	*59%*
Life Sciences	$28	$31	*(10%)*	$41	*(32%)*
All Other	($50)	($66)	*24%*	($70)	*29%*
Total Segment Net Income	**$504**	**$288**	***75%***	**$454**	***11%***

* Not Meaningful

Core performance measures are non-GAAP measures. Definitions and reconciliations are provided on our website.

CORNING

Year-to-Date 2020 Core Performance

$ in millions, except EPS	YTD Q3 2020	YTD Q3 2019
Core Net Sales	$8,124	$8,805
Core Gross Margin	$2,837	$3,493
Gross Margin %	*35%*	*40%*
Core SG&A	$1,072	$1,186
% of Sales	*13%*	*13%*
Core RD&E	$678	$736
% of Sales	*8%*	*8%*
Core Gross Equity Earnings	$78	$77
Core Net Profit Before Taxes	$985	$1,454
Core Net Income	$775	$1,172
Core EPS	$0.88	$1.30
Weighted-Average Shares Outstanding	883	903

Core performance measures are non-GAAP measures. Definitions and reconciliations are provided on our website.

CORNING

Year-to-Date 2020 Operating Performance by Segment

Segment Net Sales *$ in millions*	YTD Q3 2020	YTD Q3 2019	% *change*
Display Technologies	$2,331	$2,459	*(5%)*
Optical Communications	$2,587	$3,161	*(18%)*
Carrier Network	$1,921	$2,234	*(14%)*
Enterprise Network	$666	$927	*(28%)*
Environmental Technologies	$925	$1,125	*(18%)*
Automotive	$596	$664	*(10%)*
Diesel	$329	$461	*(29%)*
Specialty Materials	$1,339	$1,141	*17%*
Life Sciences	$724	$759	*(5%)*
All Other	$218	$160	*36%*
Total Segment Net Sales	**$8,124**	**$8,805**	***(8%)***

Segment Net Income *$ in millions*	YTD Q3 2020	YTD Q3 2019	% *change*
Display Technologies	$500	$606	*(17%)*
Optical Communications	$225	$427	*(47%)*
Environmental Technologies	$104	$199	*(48%)*
Specialty Materials	$287	$208	*38%*
Life Sciences	$97	$112	*(13%)*
All Other	($185)	($210)	*12%*
Total Segment Net Income	**$1,028**	**$1,342**	***(23%)***

Core performance measures are non-GAAP measures. Definitions and reconciliations are provided on our website.

CORNING

 29

29

Adjusted Operating Cash Flow Reconciliation

$ in millions	Q3 2020	Q3 2019	YTD Q3 2020	YTD Q3 2019
Cash flows from operating activities	$608	$889	$1,406	$1,013
Realized (losses) gains on translated earnings contracts	($2)	$1	$10	$39
Premiums received from options contracts				$11
Translation gains (losses) on cash balances	$65	($53)	$54	($87)
Other Adjustments		$26		$26
Adjusted cash flows from operating activities	**$671**	**$863**	**$1,470**	**$1,002**
Less: Capital expenditures	$153	$508	$986	$1,602
Free cash flow	**$518**	**$355**	**$484**	**($600)**

Core performance measures are non-GAAP measures. Definitions and reconciliations are provided on our website.

CORNING

 30

30

Reconciliation of Non-GAAP to GAAP Financial Measures

Q3 2020	Sales	Gross Margin	Gross Margin %	SG&A	RD&E	Operating Margin	Operating Margin %	Equity (Losses) Earnings	Income Before Taxes	Net Income	Tax Rate	Per Share
As Reported - GAAP	**$3,001**	**$1,001**	**33.4%**	**$480**	**$231**	**$290**	**9.7%**	**($76)**	**$450**	**$427**	**5.1%**	**$0.48**
Constant-currency adjustment	6									(14)		(0.02)
Translation loss on Japanese yen-denominated debt									39	31		0.03
Translated earnings contract (gain) loss		(2)				(2)			99	77		0.09
Acquisition-related costs		7		(7)	(1)	15			47	37		0.04
Discrete tax items and other tax-related adjustments										(58)		(0.07)
Litigation, regulatory and other legal matters				(83)		83			83	72		0.08
Restructuring, impairment, and other charges and credits		124		(21)	(18)	163			171	129		0.15
Equity in losses of affiliated companies								85	85	66		0.07
Transaction-related gain, net									(498)	(387)		(0.44)
Core performance measures	**$3,007**	**$1,130**	**37.6%**	**$369**	**$212**	**$549**	**18.3%**	**$9**	**$476**	**$380**	**20.2%**	**$0.43**

Q3 2020 YTD	Sales	Gross Margin	Gross Margin %	SG&A	RD&E	Operating Margin	Operating Margin %	Equity Earnings	Income Before Taxes	Net Income	Tax Rate	Per Share
As Reported - GAAP	**$7,953**	**$2,318**	**29.1%**	**$1,276**	**$922**	**$120**	**1.5%**	**$17**	**$293**	**$260**	**11.3%**	**$0.24**
Constant-currency adjustment	66	28		3		25			25	(33)		(0.04)
Translation loss on Japanese yen-denominated debt									50	39		0.05
Translated earnings contract (gain) loss		(4)				(4)			6	5		0.01
Acquisition-related costs		7		(8)	(1)	16			104	79		0.10
Discrete tax items and other tax-related adjustments										19		0.02
Litigation, regulatory and other legal matters				(108)		108			108	92		0.12
Restructuring, impairment, and other charges and credits		383		(91)	(243)	717			733	549		0.71
Cumulative adjustment related to customer contract	105	105				105			105	105		0.14
Equity in losses of affiliated companies								61	61	48		0.06
Pension mark-to-market adjustment									(2)	(1)		(0.00)
Transaction-related gain, net									(498)	(387)		(0.50)
Core performance measures	**$8,124**	**$2,837**	**34.9%**	**$1,072**	**$678**	**$1,087**	**13.4%**	**$78**	**$985**	**$775**	**21.3%**	**$0.88**

Core performance measures are non-GAAP measures. Definitions and reconciliations are provided on our website.

CORNING

 31

31

32