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Corning Incorporated (GLW.N)

Corning & Verizon Announce Multi-Year, Multi-Billion-Dollar Supply Agreement for Broadband Expansion/AI Infrastructure

CITI'S TAKE

Corning (GLW) and Verizon signed a multi-billion-dollar agreement covering more than 80 million+ miles of high-density optical fiber and connectivity solutions from 2027 through 2032. The deployment will support Verizon's expansion toward 40–50 million broadband passings while creating a national long-haul backbone for generative AI workloads and hyperscaler data centers. The agreement deepens the companies' 30-year partnership and provides Verizon with greater supply-chain certainty for its broadband and AI infrastructure buildout. It also enables Corning to continue scaling its US manufacturing footprint. Products supplied will include Corning Contour Flow Cable, a flexible ribbon cable designed to fit more optical fiber into existing conduit pathways, increasing network capacity and improving the value of Verizon's infrastructure investments. The fiber network will also extend high-speed connectivity to communities nationwide. Corning will be presenting at Citi's TMT conference tomorrow.

Buy	
Price (04 Sep 26 16:00)	US$154.30
Target price	US$220.00
Expected share price return	42.6%
Expected dividend yield	0.7%
Expected total return	43.3%
Market Cap	US$132,912M

Asiya Merchant, CFA[AC]

See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations

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Valuation

We derive our $220 target price based on applying a ~32x P/E multiple to our CY28 EPS discounted by a year. Given multiyear AI infrastructure build cycles and improving optical capacity and higher visibility, we now anchor valuation to 2028E earnings which better reflects structural demand. Our target multiples are higher than the stock's median multiples over the past five years (but in line with peers), reflective of the current secular dynamics in Corning's end markets. On EV/EBITDA, our target price is equivalent to applying a ~27x EV/EBITDA multiple to our NTM EBITDA 1 year from today.

Risks

Risks that could impact our target price include: 1) LCD glass market fundamentals, potentially resulting from global TV demand or average TV screen size varying negatively from expectations; 2) Corning's Optical Communications business growth differs from what we expect; 3) Recession risk continues to temper demand; 4) Yen and other foreign currency volatility; and 5) Varying capital expenditures to support the company’s numerous growth initiatives and business partners.

The impact from the above could be worse than expected, resulting in the share price failing to achieve our target price.

