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Corning Incorporated (GLW.N)

Sept Q Results - Quick Takes

CITI'S TAKE

GLW stock is up +3% premarket after reporting Sept-Q results that exceeded Street with F4Q revenue/eps guide a smidge above expectations. We are awaiting additional commentary on the 8:30am ET earnings call.

Buy	
Price (26 Oct 26 16:00)	US$127.74
Target price	US$220.00
Expected share price return	72.2%
Expected dividend yield	0.9%
Expected total return	73.1%
Market Cap	US$110,034M

Asiya Merchant, CFA[AC]

Fundamentals— Revenues of $5.081bln (+19% y/y) upsided guide of ~$4.9-5.0 bln vs Street (FactSet) expectations of $5.03bln. Gross margins were 40.5% vs Street40.2%. Adjusted operating margins were 22.7% vs Street 22.2%. Non-GAAP EPS of $0.91 (+36% y/y) compared with guidance of $0.85-0.89 and Street $0.88. Adjusted FCF was $661mln.

- Optical segment sales of $2.379bln, +44% y/y growth, including 84% increase in enterprise optical vs consensus of $2.24bln. Optical NI of $532mln (+80% y/y), representing NI margins of 22.4%. Incremental net income margins at 33% yy.
- Glass Innovations sales of $1.506bln, -3% y/y vs consensus at $1.55bln. NI of $328mln (-10% y/y), representing NI margins of 21.8%.
- Automotive segment sales of $470mln, +4% y/y vs consensus at $460.3mln, NI of $67mln (-1% y/y) , representing NI margins of 14.3%.
- Solar segment sales of $436mln vs consensus at $495.3mln, +37% y/y, NI of $-7mln.
- Life Sciences + other segment sales of $290mln (vs consensus at $293.3mln), NI of $-28mln.

Guidance — The company guided F4Q26 revenues of $5.2-5.3bln (+19% yy vs. FactSet consensus of $5.2bln) and EPS of $0.96-1.00 (vs. consensus of $0.93). We are awaiting additional commentary on the earnings call.

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



Corning Incorporated

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.