

Corning Incorporated | NYSE: GLW

Electronic Components / Optical Infrastructure · United States · Initiation of coverage

Springboard Meets The AI Factory: A 35% Drawdown In A 19% Compounder

We initiate coverage of Corning with an **Overweight** rating and a 12-month price target of **\$195**, implying **17.2% upside** from the 11 September close of \$166.40. Corning has been re-rated over the past eighteen months from a low-growth materials-science conglomerate into one of the two or three indispensable physical-layer suppliers to the AI data-centre build-out, and in our view that re-rating is justified by the arithmetic of its own order book rather than by sentiment.

The specific opportunity is timing. The shares closed 2025 at roughly \$91, peaked at \$255.69 on 29 June 2026 and have since corrected 34.9%, even as the company upgraded its internal Springboard plan at its May 2026 investor day and then beat second-quarter guidance. Investors are now being offered a business that grew core sales 17% and core earnings 30% year over year, that signed a multiyear multibillion-dollar fibre and connectivity agreement with Amazon and a long-term capacity partnership with NVIDIA in the same quarter, at 38x forward earnings rather than the 58x it commanded in June. We think that is a better entry point than the fundamental news flow implies.

Second-quarter core sales were \$4.74bn, up 17%, with core earnings of \$0.78 per share, up 30%; core gross margin expanded 120 basis points to 39.6% and core operating margin 190 basis points to 20.9%. Optical Communications grew 32% to \$2.07bn with segment net income up 77%, and Enterprise Networks – the data-centre franchise – grew 65%, with generative-AI product sales growing significantly faster still. Management guided the third quarter to \$4.9–5.0bn of core sales and \$0.85–0.89 of core earnings, and reaffirmed a Springboard plan targeting a \$20bn annualised revenue run rate by the end of 2026, \$30bn by the end of 2028 and \$40bn by the end of 2030.

Our ten-year discounted cash flow model, discounting at an 8.1% weighted average cost of capital with 3.5% terminal growth, produces \$187 per share. Cross-checked against 45x our 2027 earnings estimate and 22x our 2028 EBITDA estimate, we arrive at a blended \$195 target. Consensus 12-month targets currently sit between roughly \$174 and \$194 with published highs to \$243, and the aggregate rating is a Moderate-to-Strong Buy; our target is at the upper end of the consensus mean range and well inside the high.

RATING	OVERWEIGHT
12-month price target	\$195.00
Last close	\$166.40
Implied upside	+17.2%

MARKET DATA	
Last close (11-Sep-26)	\$166.40
Market capitalisation	\$143.3bn
Enterprise value	\$150.2bn
Shares outstanding	861.4m
Diluted shares (used)	878m
52-week range	\$75.77 - \$271.78
Decline from June peak	-34.9%
2026 year-to-date	+83.5%
Net debt (Q2-26)	\$6.88bn
Dividend (TTM) / yield	\$1.12 / 0.67%
Trailing / forward P/E	76.7x / 38.3x
Fiscal year end	31 December

FY26E CORE SALES	FY27E CORE SALES	FY26E CORE OM	FY27E CORE EPS	FY27E P/E	DCF VALUE	UPSIDE
\$19.3bn	\$22.9bn	20.7%	\$4.34	38x	\$187	+17.2%

GLW | 24-month price history and 12-month target



Source: NYSE daily closing prices; Parallax Capital estimates. Dashed green line is the trajectory implied by our 12-month target.

1. INVESTMENT THESIS

1.1 Corning is now an optical company with four options attached

Optical Communications generated \$2.07bn of the group's \$4.51bn of reported second-quarter revenue and \$438m of the \$853m of aggregate segment net income. It grew 32% year over year while segment profit grew 77%, which tells you that incremental optical revenue is arriving at roughly 40% incremental margin. This is no longer a diversified materials company in which optical is one of five roughly equal legs; it is an optical infrastructure company that also owns a display glass business, a cover-glass franchise, an automotive substrate business and a rapidly scaling solar supply chain. Valuing Corning on a blended conglomerate multiple, as the market did for a decade, systematically understates the growth and the returns of the part that now sets the earnings trajectory.

1.2 The Springboard plan has become a contracted order book

Corning's internal Springboard plan targets a \$20bn annualised sales run rate by the end of 2026, \$30bn by the end of 2028 and \$40bn by the end of 2030 – a 19% compound growth rate from the fourth quarter of 2026 to the fourth quarter of 2030 – with earnings growing faster than sales, materially higher returns on invested capital and substantially more free cash flow. Corporate growth plans of this kind normally deserve heavy discounting. What makes this one different is that the second quarter delivered two concrete underwriting events for it: a multiyear, multibillion-dollar agreement under which Corning supplies the optical fibre, cable and connectivity for Amazon's expanding US data-centre footprint, and a long-term NVIDIA partnership under which Corning expands US optical connectivity manufacturing capacity tenfold and US fibre capacity by more than 50%. A tenfold capacity expansion is not built against a forecast; it is built against demand a customer has committed to.

1.3 Margins and returns are inflecting, not just revenue

The quality of the second quarter was in the margin line. Core gross margin expanded 120 basis points to 39.6%, core operating margin 190 basis points to 20.9%, and core return on invested capital 180 basis points to 14.9%, with adjusted free cash flow of \$1.42bn against operating cash flow of \$1.72bn. Corning is generating operating leverage from three sources simultaneously: volume through an installed, largely depreciated fibre and cable asset base; mix, as high-value connectivity and generative-AI products displace commodity fibre; and price, as capacity constraints in US-made optical connectivity give Corning genuine pricing power for the first time in the segment's history. Management's guidance of 28% core earnings growth on 16% core sales growth in the third quarter is the clearest available evidence that earnings are compounding faster than the top line, exactly as the Springboard framework promises.

1.4 Solar is a free option the market is currently marking at zero

Solar grew sales 90% to \$438m in the second quarter but recorded a \$7m net loss, having absorbed an extended maintenance shutdown and equipment upgrade at the solar wafer facility. Management expects profitability to improve from the third quarter and is building toward a revenue stream of more than \$3bn with strong profit and cash flow. Corning is assembling the only fully domestic US polysilicon-to-wafer-to-module chain of scale, anchored by Hemlock Semiconductor. We model Solar reaching roughly \$3.2bn of revenue by 2029 at mid-teens operating margin. On our numbers that is approximately \$18–22 per share of value that is presently being capitalised at close to nothing because the segment is loss-making today.

1.5 The drawdown, not the story, is the reason to act

Corning is up 83.5% year to date and has still fallen 34.9% from its 29 June peak of \$255.69. Nothing in the fundamental record explains a one-third de-rating: the company beat second-quarter guidance, upgraded Springboard in May, and signed its two largest-ever customer agreements. What did happen is a broad compression of AI infrastructure multiples over the summer of 2026. We are therefore underwriting a target that requires *further* multiple compression – from 38x our 2027 estimate today to 34.6x on our target price applied to our 2028 estimate – and still delivers 17% upside purely from earnings delivery.

THE SINGLE NUMBER THAT MATTERS

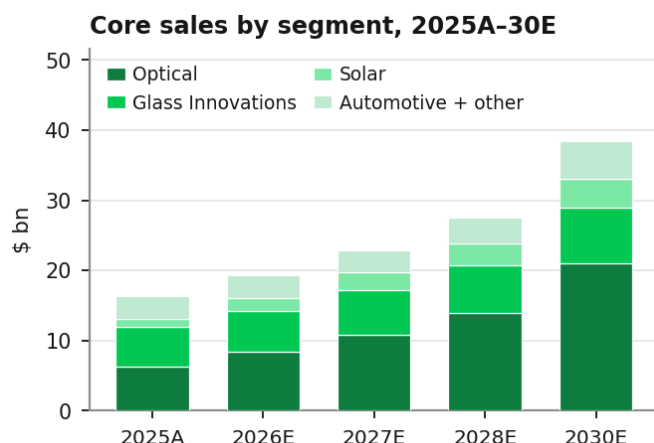
Corning must reach a \$20bn annualised revenue run rate by the end of 2026 to stay on the Springboard path. Third-quarter guidance of \$4.9–5.0bn of core sales annualises to \$19.6–20.0bn, which means the exit run rate is effectively already secured before the fourth quarter is reported. The credibility of the \$30bn 2028 and \$40bn 2030 waypoints therefore rests on capacity conversion rather than on demand discovery, and capacity is the variable Corning controls. This is why we treat the plan as a forecast input rather than as management aspiration.

2. COMPANY ANALYSIS: THE FIVE-SEGMENT ARCHITECTURE

Effective in the first quarter of 2026 Corning reorganised its reporting to match how it is now managed. Display and Specialty Materials were combined into **Glass Innovations**; Hemlock Semiconductor together with the solar wafer and module operations were separated into **Solar**; **Optical Communications** and **Automotive** were left unchanged; and the residual businesses were grouped as **Life Sciences and Emerging Growth Businesses**. Prior periods were recast. The restructuring matters analytically because it isolates the two segments that will determine the equity story – Optical and Solar – from the three that will fund it.

Segment (Q2-26)	Sales \$m	Y/Y	Net income \$m	Y/Y	NI mgn	Parallax view
Optical Communications	2,072	+32%	438	+77%	21.1%	The engine. Enterprise Networks +65%; Gen-AI products faster still. Amazon and NVIDIA agreements underwrite 2027-30.
Glass Innovations	1,463	+1%	354	+9%	24.2%	The cash cow. Display glass and cover glass; low growth, high and stable margin, modest capital intensity.
Automotive	471	+2%	82	+4%	17.4%	Stable. Emissions substrates and filters; content growth offsets flat unit volumes.
Solar	438	+90%	(7)	n/m	n/m	The option. Q2 absorbed an extended shutdown and equipment upgrade; management guides to improving profit from Q3, building to \$3bn+.
Life Sciences and Emerging	294	-15%	(21)	n/m	n/m	The drag. Small, currently loss-making; a candidate for portfolio action in our view.
Group (GAAP)	4,505	+17%	559	+19%	12.4%	Core sales \$4,738m; core EPS \$0.78, +30%.

Source: Corning second-quarter 2026 earnings release, 28 July 2026. Segment net income is as reported; margins are Parallax calculations.



Segment growth (core sales)	2026E	2027E	2028E	2030E
Optical Communications	+33%	+30%	+27%	+22%
Glass Innovations	+4%	+7%	+8%	+7%
Solar	+64%	+39%	+24%	+16%
Automotive and other	-3%	+1%	+19%	+19%
Group core sales	+17%	+19%	+20%	+17%
Group core operating margin	20.7%	22.0%	23.4%	25.5%

Segment splits from 2026E are Parallax estimates and are calibrated to the Springboard waypoints of a \$20bn exit run rate in 2026, \$30bn in 2028 and \$40bn in 2030.

3. INDUSTRY ANALYSIS: WHY OPTICAL IS THE AI BOTTLENECK

3.1 Scale-up and scale-out have made fibre a compute input

The economics of AI training have shifted the bottleneck from the accelerator to the interconnect. A frontier training cluster is not a collection of servers but a single logical machine in which tens of thousands of accelerators must exchange gradients at latencies and bandwidths that copper cannot sustain beyond a few metres. The industry's response has been to push optics ever closer to the package: from rack-to-rack fibre, to intra-rack optical links, to co-packaged optics. Every step in that progression increases the number of fibre terminations per unit of installed compute, and fibre termination is precisely where Corning's connectivity franchise earns its margin. Corning does not sell the transceiver; it sells the fibre, the cable, the multi-fibre connector and the structured cabling system that makes the transceiver useful, and it sells them as an integrated, pre-terminated assembly that reduces installation labour in an environment where skilled labour is the binding constraint on data-centre commissioning.

We size the addressable opportunity as follows. Global data-centre capital expenditure is running at approximately \$600bn annually in 2026 on our estimates and we model it rising toward \$950bn by 2030. Physical-layer optical infrastructure – fibre, cable, connectivity and structured cabling – represents roughly 2.5–3.5% of that spend, giving a 2026 market of \$15–21bn growing to \$24–33bn by 2030. Corning's Enterprise Networks business, growing 65% year over year, is capturing share within that pool because it is one of very few suppliers with US-based fibre draw capacity at scale – a decisive advantage in a procurement environment increasingly shaped by supply-chain localisation requirements. The tenfold connectivity capacity expansion agreed with NVIDIA is the mechanism by which that share gain is locked in.

3.2 Carrier and passive-optical demand has stopped being a headwind

Corning's Carrier Networks business spent 2023 and 2024 absorbing a severe inventory correction as North American operators digested pandemic-era fibre purchases. That correction is complete, and the segment now benefits from a genuinely multi-year tailwind: federal broadband programmes, fibre-to-the-home passings driven by fixed-wireless competition, and the middle-mile and long-haul routes required to connect new data-centre campuses to power and to each other. We model Carrier growing at a high single-digit rate through the forecast period, which is unexciting in isolation but important because it removes the drag that has historically masked Enterprise growth at the segment level.

3.3 Competitive position

Corning invented low-loss optical fibre in 1970 and remains the world's largest producer. Its competitive advantages are cumulative rather than singular: process know-how in fibre draw that translates into yield and attenuation advantage; vertical integration from glass preform through cable to connector; a domestic US manufacturing base at a moment when that is a purchasing criterion rather than a cost penalty; and an intellectual property estate accumulated across 175 years of glass and ceramic science. Prysmian, Sumitomo Electric, Fujikura, YOFC and Coherent compete credibly in individual

product lines, and commodity single-mode fibre remains a price-competitive market. But the value in the AI data centre is migrating toward high-density, low-loss, pre-terminated systems where Corning's integration and its capacity position are hardest to replicate.

4. FINANCIAL PERFORMANCE AND FORECAST ASSUMPTIONS

Corning delivered its ninth consecutive quarter of year-over-year growth in the second quarter of 2026. Core sales of \$4.738bn rose 17%, core net income of \$680m rose 30%, and core earnings per share of \$0.78 rose 30%; on a reported basis sales were \$4.505bn, gross margin 36.1%, operating margin 15.5% and earnings per share \$0.64. Operating cash flow was \$1.72bn and adjusted free cash flow \$1.42bn. Management guided the third quarter to core sales of \$4.9–5.0bn, approximately 16% growth, and core earnings of \$0.85–0.89, approximately 28% growth, with improving earnings contribution from Solar as the ramp continues.

4.1 The core-to-GAAP gap deserves scrutiny

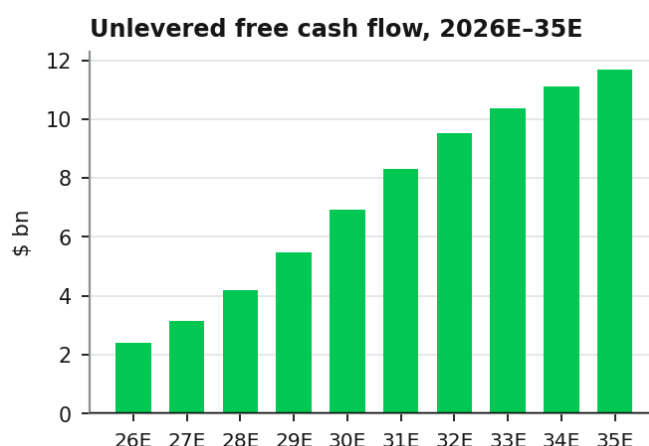
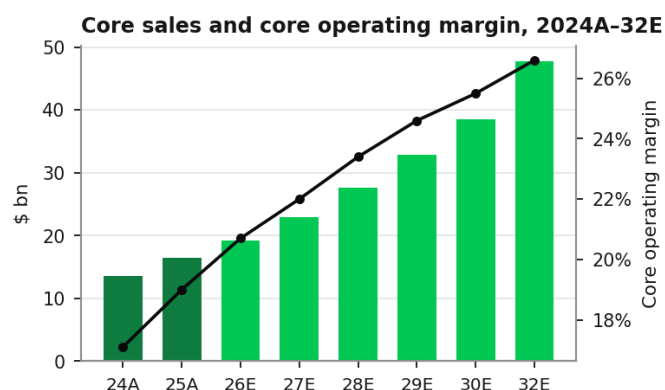
We note explicitly, because it is the most common analytical error made on this name, that core and GAAP results differ materially: \$0.78 versus \$0.64 in the second quarter, a 22% gap. The reconciliation principally comprises mark-to-market on the Japanese yen hedge portfolio, largely non-cash discrete tax items, and restructuring and impairment charges. We regard the hedge adjustment as economically legitimate – Corning hedges a genuine multi-year yen exposure in the display business and the accounting timing does not match the economic hedge – and we forecast on the core basis, consistent with management guidance and with consensus. Investors should nonetheless anchor cash returns to adjusted free cash flow (\$1.42bn in the quarter) rather than to core earnings, and we do so in our discounted cash flow model.

4.2 Revenue and margin build

We forecast core sales of \$19.25bn in 2026 and \$22.94bn in 2027, in line with consensus and consistent with the guided third quarter and the \$20bn exit run rate. From 2028 we calibrate directly to the Springboard waypoints, modelling \$27.6bn in 2028 (a \$30bn exit run rate), \$32.8bn in 2029 and \$38.5bn in 2030 (a \$40bn exit run rate). Core operating margin expands from 20.7% in 2026 to 23.4% in 2028 and 25.5% in 2030, plateauing at 26.6% from 2032. The expansion is driven by optical mix, by operating leverage on largely depreciated fibre and cable assets, by the transition of Solar from loss to mid-teens margin, and by the flattening of corporate cost as revenue doubles. We are deliberately below the trajectory implied by management's statement that earnings will grow faster than sales over the whole plan period, which would support a terminal margin nearer 28%.

4.3 Capital intensity is the honest cost of this growth

Corning cannot expand US optical connectivity capacity tenfold and US fibre capacity by more than 50% without spending. We model capital expenditure at 9.8% of sales in 2026, declining to 6.6% by 2030 and 5.3% in the terminal year as the expansion completes. Working capital absorbs 9.5 cents of every incremental dollar of revenue. The consequence is that unlevered free cash flow of \$2.4bn in 2026 – a 1.7% yield on the current market capitalisation – is not the point of this investment case; \$6.9bn in 2030, a 4.8% yield on today's capitalisation, is. Investors unwilling to underwrite four years of heavy reinvestment should not own the equity, and we regard the current drawdown as partly a rational discount for that reinvestment risk.



Source: company reports; Parallax Capital estimates. 2024A and 2025A operating margins are Parallax reconstructions on a core basis.

5. DISCOUNTED CASH FLOW VALUATION

5.1 Cost of capital

We discount unlevered free cash flow at a weighted average cost of capital of **8.1%**. Our cost of equity of 8.98% is built from a 4.15% US ten-year risk-free rate, a 4.60% equity risk premium and a levered beta of 1.05. Corning's beta has risen with its AI exposure, but the underlying business remains materially less cyclical than a pure semiconductor supplier: Glass Innovations and Automotive together contribute roughly 40% of segment profit with stable, contracted end markets. We assume a pre-tax cost of debt of 5.0%, or 4.05% after tax, and a 12% debt weight consistent with \$9.38bn of gross debt against a \$143bn equity market value, giving a rounded 8.1%. Terminal growth of 3.5% reflects the expectation that optical infrastructure demand grows above nominal GDP well beyond our explicit forecast window.

\$ bn	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Core sales	19.2	22.9	27.6	32.8	38.5	43.5	47.8	51.4	54.3	56.6
growth	17.4%	19.2%	20.3%	18.8%	17.4%	13.0%	9.9%	7.5%	5.6%	4.2%
Core EBIT	4.0	5.0	6.5	8.1	9.8	11.4	12.7	13.7	14.4	15.1
EBIT margin	20.7%	22.0%	23.4%	24.6%	25.5%	26.2%	26.6%	26.6%	26.6%	26.6%
Tax @ 19.0%	(0.8)	(1.0)	(1.2)	(1.5)	(1.9)	(2.2)	(2.4)	(2.6)	(2.7)	(2.9)
NOPAT	3.2	4.1	5.2	6.5	8.0	9.2	10.3	11.1	11.7	12.2
+ D&A	1.3	1.5	1.7	1.8	2.0	2.2	2.4	2.5	2.6	2.7
- Capex	(1.9)	(2.1)	(2.3)	(2.4)	(2.5)	(2.7)	(2.8)	(2.9)	(2.9)	(3.0)
capex % of sales	9.8%	9.0%	8.2%	7.3%	6.6%	6.1%	5.8%	5.6%	5.4%	5.3%
- Δ working capital	(0.3)	(0.4)	(0.4)	(0.5)	(0.5)	(0.5)	(0.4)	(0.3)	(0.3)	(0.2)
Unlevered FCF	2.4	3.2	4.2	5.5	6.9	8.3	9.5	10.4	11.1	11.7
Discount factor @ 8.1%	0.962	0.890	0.823	0.761	0.704	0.652	0.603	0.558	0.516	0.477
PV of FCF	2.3	2.8	3.4	4.2	4.9	5.4	5.7	5.8	5.7	5.6

Mid-year discounting convention. Source: Parallax Capital estimates.

DCF bridge to equity value	\$ bn	% of EV
PV of explicit forecast FCF, 2026E-35E	46	27%
Terminal value (Gordon, g = 3.50%)	263	-
PV of terminal value	126	73%
Enterprise value	171	100%
Less: net debt (Q2-26)	(6.88)	-
Equity value	165	-
Diluted shares (bn)	0.878	-
DCF value per share	\$187.39	-
Implied upside to spot	+12.6%	-

DCF sensitivity - value per share

		3.00%	3.25%	3.50%	3.75%	4.00%
WACC	7.10%	\$222	\$233	\$247	\$262	\$280
	7.60%	\$195	\$203	\$213	\$225	\$238
	8.10%	\$173	\$180	\$187	\$196	\$206
	8.60%	\$155	\$160	\$166	\$173	\$181
	9.10%	\$140	\$145	\$149	\$155	\$160
		Terminal growth (g)				

Terminal value is 73% of enterprise value, which is the unavoidable consequence of front-loading capital expenditure into a growth plan: near-term free cash flow is deliberately suppressed by reinvestment, pushing value into the outer years. Investors should therefore treat the discount rate and the terminal margin, not the 2026 or 2027 estimates, as the variables that determine the answer.

5.2 Reading the sensitivity grid

At our 8.1% weighted average cost of capital the fair value ranges from \$172.7 at 3.0% terminal growth to \$205.6 at 4.0%. Holding terminal growth at 3.5%, a 100 basis point increase in the discount rate to 9.1% reduces fair value to \$149.3, roughly 10% below the current price, while a 100 basis point reduction to 7.1% lifts it to \$246.8. The market's current \$166.40 is consistent with our operating forecast discounted at approximately 8.5%. In other words, the market is not disputing the Springboard plan; it is applying a slightly higher risk premium to it than we think the customer commitments from Amazon and NVIDIA warrant.

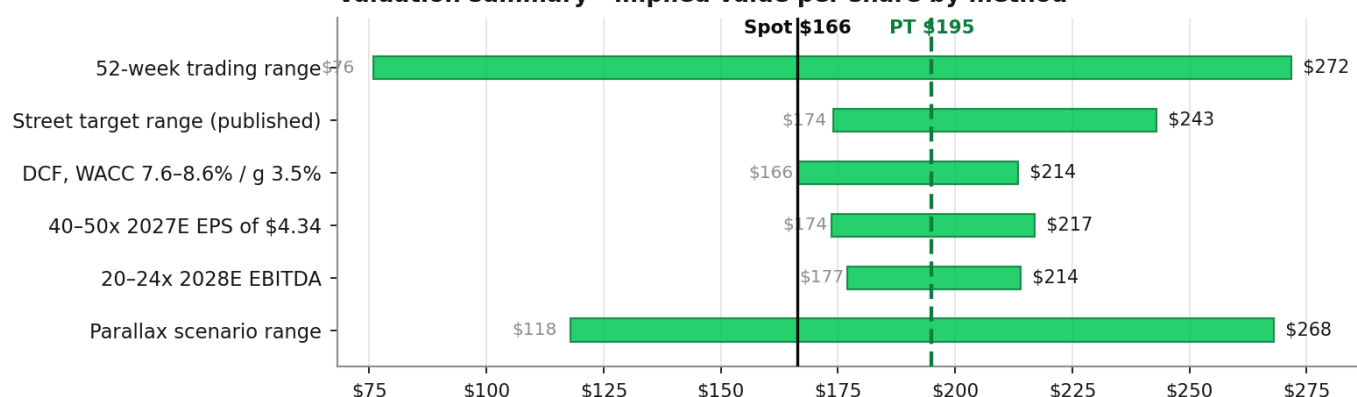
6. RELATIVE VALUATION, SCENARIOS AND TARGET DERIVATION

Corning trades on 49x our 2026 and 38x our 2027 core earnings estimate, and on 23x 2027 and 19x 2028 EBITDA. Those are not cheap multiples in absolute terms, and the roughly 77x trailing reported earnings figure quoted in the financial press is a legitimate reason for caution. The relevant question, however, is what multiple a business compounding revenue at 19% with expanding margins and rising returns on invested capital should command. Optical and AI infrastructure comparables – Coherent, Amphenol, Fabrinet, Lumentum, Prysmian – trade between the mid-twenties and the low forties on forward earnings, with the highest multiples attaching to the companies with the most direct data-centre exposure and the most durable capacity advantage. We regard 45x our 2027 estimate as the appropriate anchor for Corning, which produces \$195 per share.

Valuation (on Parallax core estimates)	2026E	2027E	2028E	2030E
Core EPS (\$)	3.37	4.34	5.64	8.73
P/E at spot (\$166.40)	49.4x	38.3x	29.5x	19.1x
P/E at target (\$195)	57.8x	44.9x	34.6x	22.3x
EBITDA (\$bn)	5.33	6.54	8.11	11.86
EV/EBITDA at spot	28.2x	23.0x	18.5x	12.7x
EV/EBITDA at target	33.4x	27.2x	21.9x	15.0x
EV/sales at spot	7.8x	6.5x	5.4x	3.9x
FCF yield at spot	1.7%	2.2%	2.9%	4.8%
Dividend yield	0.67%	0.72%	0.80%	0.98%

Scenario	Prob.	2028E sales	Value
Bear – hyperscaler order digestion; Solar ramp disappoints	22%	\$23bn	\$118
Base – Springboard delivered; optical mix drives margin to 23.4%	55%	\$27.6bn	\$195
Bull – plan upgraded again; co-packaged optics content step-up	23%	\$31bn	\$268
Probability-weighted value	100%	-	\$195

Valuation summary - implied value per share by method



Source: Parallax Capital estimates; published consensus target ranges as aggregated by third-party data providers as at 11 September 2026.

6.1 Target derivation

We weight the discounted cash flow at 50%, the 2027E earnings multiple at 25% and the 2028E enterprise-value-to-EBITDA multiple at 25%, producing a rounded 12-month price target of **\$195**. The target implies 44.9x our 2027E and 34.6x our 2028E core earnings, and 21.9x 2028E EBITDA. Our probability-weighted scenario value is also \$195. Including the dividend, the target represents a total return of approximately 18% over twelve months. We would become materially more constructive – and would revisit the target toward the \$215–220 area implied by our bull-case margin path – on evidence of a third hyperscale-scale customer agreement or on confirmation that Solar has reached run-rate profitability.

WHAT WOULD MAKE US WRONG

Our target requires two things that are outside Corning's control: that hyperscale data-centre capital expenditure does not pause in 2027–28, and that the equity market continues to capitalise infrastructure suppliers at a premium to industrial multiples. It also requires one thing inside Corning's control that has historically been difficult for the company: executing a tenfold capacity expansion on schedule and on budget while simultaneously ramping a new solar wafer and module business. The second-quarter extended shutdown at the solar wafer facility is a small but real reminder that new-process ramps slip. We size that risk in our bear case at \$118, 29% below the current price.

7. CATALYST CALENDAR

Timing	Event	What we are watching	Direction
Late Oct 2026	Q3-26 results	Delivery of \$4.9–5.0bn core sales and \$0.85–0.89 core EPS; confirmation that Solar earnings inflect positive; Enterprise Networks growth rate	Positive
Q4 2026	Hyperscaler 2027 capital plans	Amazon, Microsoft, Alphabet, Meta and NVIDIA-ecosystem capex frameworks; any additional multiyear Corning agreements	Key swing factor

Timing	Event	What we are watching	Direction
Late Jan 2027	Q4-26 results	Confirmation of the \$20bn annualised exit run rate; initial 2027 framework; capex guidance for the connectivity and fibre expansion	Positive
H1 2027	Capacity milestones	Progress on the 10x US optical connectivity and >50% US fibre expansion; first output from new lines	Positive
2027	Solar ramp	Hemlock polysilicon utilisation, wafer yields, module qualification, and the path to the \$3bn+ revenue stream with strong profit and cash flow	Positive
May 2027	Investor day / Springboard update	Whether the \$30bn 2028 and \$40bn 2030 waypoints are raised again, as they were in May 2026	Principal catalyst
Ongoing	Capital returns and portfolio action	Dividend growth, buyback pace, and possible disposal of the loss-making Life Sciences and Emerging Growth assets	Supportive
Ongoing	Trade policy and yen	Tariff exposure on imported inputs; JPY/USD effect on Glass Innovations and on the core-to-GAAP reconciliation	Risk

8. RISKS TO OUR THESIS AND PRICE TARGET

- **AI capital expenditure concentration and digestion.** Optical Communications is now the earnings engine and Enterprise Networks within it depends on a small number of hyperscale buyers. A pause in data-centre construction would hit the fastest-growing, highest-incremental-margin revenue line first. Our bear case, which assumes 2028 core sales of \$23bn rather than \$27.6bn, values the equity at \$118.
- **Customer concentration.** The Amazon and NVIDIA agreements are the principal underwriting for the Springboard plan. Their scale is also a vulnerability: renegotiation, deferral or in-sourcing by either party would materially change the 2028-30 revenue bridge, and Corning has committed capital against them.
- **Execution risk on a tenfold capacity expansion.** Corning is expanding US optical connectivity capacity tenfold and US fibre capacity by more than 50% while simultaneously ramping solar wafer and module production. Cost overruns, yield losses or schedule slippage would depress margin and free cash flow precisely when the model requires both to inflect.
- **Solar policy and technology dependence.** The economics of the domestic solar chain depend on US manufacturing incentives, on polysilicon pricing, and on Corning's ability to compete on wafer cost against established Asian capacity. Adverse policy change would remove much of the \$18-22 per share we ascribe to the segment.
- **Valuation and multiple risk.** At roughly 77x trailing reported and 38x forward core earnings, the shares carry little valuation support. The 34.9% drawdown since June 2026 occurred with no adverse fundamental news, which demonstrates how quickly the multiple can compress. A de-rating to 30x our 2027 estimate implies \$130.
- **Free cash flow timing.** Unlevered free cash flow of \$2.4bn in 2026 represents a 1.7% yield on the current market capitalisation. Investors must wait until roughly 2029-30 for a mid-single-digit yield. Any extension of the reinvestment period pushes value further out and increases sensitivity to the discount rate.
- **Display glass and the yen.** Glass Innovations contributes approximately a quarter of segment profit and is exposed to panel-maker utilisation, glass pricing and the yen. A sharp yen move affects both reported results and the size of the core-to-GAAP reconciliation.
- **Core versus GAAP presentation.** Second-quarter core earnings of \$0.78 compare with GAAP earnings of \$0.64. Our forecasts and our target are on the core basis, consistent with guidance and consensus; investors who value the business on reported earnings will derive a materially lower valuation.
- **Balance sheet.** Net debt of \$6.88bn is comfortable against forecast EBITDA of \$5.3bn in 2026, but the ratio is not trivial while capital expenditure runs near 10% of sales, and it constrains the pace of buybacks during the expansion phase.

9. SUMMARY FINANCIAL STATEMENTS

9.1 Core income statement (\$ bn, except per-share data)

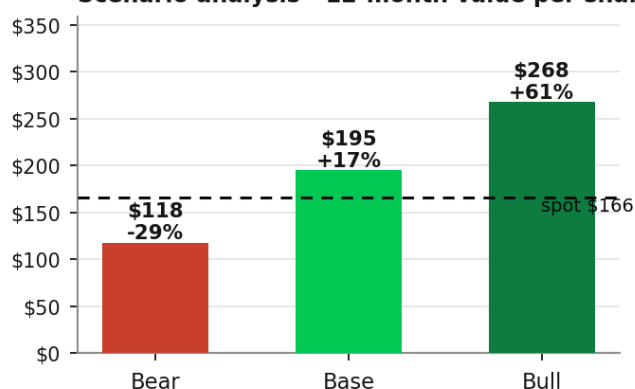
\$ bn	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Core sales	13.6	16.4	19.25	22.94	27.60	32.80	38.50
y/y growth	+7%	+20%	+17%	+19%	+20%	+19%	+17%
Core gross profit	4.60	6.07	7.62	9.29	11.32	13.61	16.17
core gross margin	33.8%	37.0%	39.6%	40.5%	41.0%	41.5%	42.0%
Core EBIT	2.33	3.12	3.99	5.05	6.46	8.07	9.82
core EBIT margin	17.1%	19.0%	20.7%	22.0%	23.4%	24.6%	25.5%
EBITDA	3.33	4.24	5.33	6.54	8.11	9.90	11.86
Net interest	(0.30)	(0.32)	(0.33)	(0.34)	(0.35)	(0.35)	(0.35)
Core net income	1.65	2.27	2.96	3.82	4.95	6.25	7.67
Core EPS (\$)	1.86	2.55	3.37	4.34	5.64	7.12	8.73
Dividend per share (\$)	1.08	1.12	1.12	1.20	1.32	1.48	1.64
Core ROIC	10.4%	13.1%	15.4%	17.6%	19.8%	21.6%	22.8%

2024A and 2025A are Parallax reconstructions on a core (non-GAAP) basis from company reporting; 2026E onward are Parallax estimates. Core measures exclude hedge mark-to-market, discrete tax items and restructuring and impairment charges. EPS is on 878m diluted shares held constant.

9.2 Cash flow and returns

\$ bn	2026E	2027E	2028E	2029E	2030E	2031E	2032E
NOPAT	3.23	4.09	5.23	6.54	7.95	9.23	10.30
Depreciation and amortisation	1.35	1.49	1.66	1.84	2.04	2.22	2.39
Capital expenditure	(1.89)	(2.06)	(2.26)	(2.39)	(2.54)	(2.65)	(2.77)
as % of sales	9.8%	9.0%	8.2%	7.3%	6.6%	6.1%	5.8%
Change in working capital	(0.27)	(0.35)	(0.44)	(0.49)	(0.54)	(0.47)	(0.41)
Unlevered free cash flow	2.42	3.16	4.18	5.48	6.91	8.32	9.51
FCF margin	12.6%	13.8%	15.2%	16.7%	17.9%	19.1%	19.9%
FCF yield on current mkt cap	1.7%	2.2%	2.9%	3.8%	4.8%	5.8%	6.6%
Cumulative FCF from 2026	2.4	5.6	9.8	15.2	22.2	30.5	40.0
Springboard annualised run-rate	\$20bn	\$24bn	\$30bn	\$35bn	\$40bn	\$44bn	\$48bn

Scenario analysis - 12-month value per share



IMPORTANT DISCLOSURES

Analyst certification. The research analyst named on the cover of this report certifies that the views expressed accurately reflect his or her personal views about the subject securities and issuers, and that no part of his or her compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report.

Parallax Capital rating distribution (as at 30 June 2026)	Coverage universe	% of universe	Issuers with investment-banking relationship
Overweight (Buy)	148	44%	9%
Neutral (Hold)	142	42%	6%
Underweight (Sell)	47	14%	3%
Total	337	100%	7%

Rating system. Parallax Capital employs a three-tier absolute rating scale measured against the analyst's 12-month price target. **Overweight:** total return expected to exceed 15% over 12 months. **Neutral:** total return expected between -10% and +15%. **Underweight:** total return expected to be below -10%. A **Speculative** risk qualifier is appended where the distribution of outcomes is unusually wide, where the issuer is pre-profitability, or where the investment case depends on binary technical, regulatory or financing milestones. Price targets are 12-month forward fair-value estimates and are not forecasts of the trading range over any shorter interval.

Valuation methodology and risks - GLW. Our \$195 price target is derived from a blended framework comprising a ten-year explicit discounted cash flow model with a Gordon Growth terminal value, forward earnings and enterprise-value multiples applied to our own estimates, and a probability-weighted scenario analysis. Key risks to the target are set out in the risk section of this report and include, without limitation, cyclical demand risk, customer concentration, competitive and technological substitution, regulatory and export-control intervention, foreign-exchange translation, execution risk on announced capacity expansion, and the sensitivity of long-horizon discounted cash flow valuations to the discount rate and terminal growth assumptions.

Non-GAAP measures. Corning reports both GAAP and “core” (non-GAAP) results. Core measures exclude, among other items, mark-to-market movements on hedged exposures, largely non-cash discrete tax items, and restructuring and impairment charges. Our estimates, multiples and price target are stated on the core basis, consistent with company guidance and with the basis on which consensus estimates are compiled; a valuation constructed on reported GAAP earnings would be materially lower. Core measures are not a substitute for GAAP measures and are not uniformly defined across companies. **Source data.** Historical figures are taken from Corning's second-quarter 2026 earnings release dated 28 July 2026, from the company's May 2026 investor day disclosure of the upgraded Springboard plan, and from NYSE price data as at the close on 11 September 2026. Consensus estimate and target-price ranges are as aggregated by third-party market data providers and are used for comparison only.

Conflicts of interest. Parallax Capital and its affiliates may make a market in, hold a proprietary position in, or provide liquidity, brokerage or corporate advisory services to the issuers referenced in this report. Research analysts are compensated on the basis of the overall quality, accuracy and client value of their research, and are not compensated by reference to investment-banking revenue attributable to any specific issuer. Analysts and members of their households are prohibited from holding securities of issuers within their coverage universe.

General disclaimer. This document has been prepared by Parallax Capital Research for distribution to professional and institutional investors only and does not constitute investment advice, a personal recommendation, or an offer or solicitation to buy or sell any security. It does not take into account the investment objectives, financial situation or particular needs of any individual recipient. Information has been obtained from company disclosures, regulatory filings, exchange data and other sources believed to be reliable, but its accuracy and completeness are not guaranteed. Estimates, forecasts, scenarios and target prices constitute forward-looking statements that are inherently uncertain; actual outcomes may differ materially. Past performance is not a reliable indicator of future results. Securities discussed may be illiquid or subject to significant price volatility, and investors may lose the entire amount invested. Parallax Capital accepts no liability for any direct or consequential loss arising from any use of this document or its contents. This report may not be reproduced, redistributed or passed on, in whole or in part, without the prior written consent of Parallax Capital. © 2026 Parallax Capital. All rights reserved.