Owens Corning (OC)

Updated February 27th, 2025, by Yiannis Zourmpanos

Key Metrics

Current Price:	$154	**5 Year CAGR Estimate:**	8.0%	**Market Cap:**	$13.1 B
Fair Value Price:	$129	**5 Year Growth Estimate:**	10.0%	**Ex-Dividend Date:**	03/10/2025
% Fair Value:	119%	**5 Year Valuation Multiple Estimate:**	-3.4%	**Dividend Payment Date:**	04/10/2025
Dividend Yield:	1.8%	**5 Year Price Target**	$209	**Years Of Dividend Growth:**	10
Dividend Risk Score:	A	**Retirement Suitability Score:**	B	**Rating:**	Hold

Overview & Current Events

Owens Corning (OC), a global company, produces and sells insulation, roofing, and fiberglass materials across diverse markets. Operating in Composites, Insulation, and Roofing segments, it manufactures and sells glass reinforcements, fiber products, thermal insulation, foam sheathing, roofing shingles, and components used in construction and various industries. Its wide distribution network directly supplies manufacturers, installers, retailers, and distributors.

On February 24th, 2025 the company announced results for the fourth quarter of 2024. Owens Corning reported Q4 non-GAAP EPS of $3.22, beating market estimates by $0.31, and revenue of $2.84 billion, which was up 24% year-over-year.

Owens Corning delivered robust sales performance in 2024, with net sales climbing 13% to $11.0 billion, supported by its recent acquisition of Masonite International, which contributed $1.4 billion in revenue. Despite this revenue growth, net earnings fell 46% to $647 million, impacted by strategic business realignments. Adjusted EBIT rose 13% to $2.04 billion, maintaining a 19% margin, while adjusted EBITDA increased 17% to $2.7 billion, reflecting improved operational efficiency. The company generated $1.2 billion in free cash flow, with 51% returned to shareholders through dividends and buybacks. CEO Brian Chambers emphasized that 2024 was a pivotal year, marked by the company's realignment into a North American and European building products leader, with a focus on resilient earnings and cash flow growth.

Owens Corning has also made strategic moves, including the sale of its global glass reinforcements business, expected to close in 2025, further streamlining its focus on high-margin building materials. The company announced an expansion in its laminate shingle production capacity to meet rising demand, set to come online in 2027. OC remains committed to capital returns, increasing its quarterly dividend by 15% and repurchasing $430 million in stock. CFO Todd Fister highlighted the company's disciplined capital allocation, balancing reinvestment in growth with strong shareholder returns. With a solid financial foundation and strategic investments, Owens Corning is poised for sustained profitability and long-term growth.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$2.79	$3.41	$2.55	$4.89	$3.68	-$3.53	$9.54	$12.70	$13.27	$7.37	***$14.39***	***$23.17***
DPS	$0.68	$0.74	$0.81	$0.85	$0.90	$0.98	$1.13	$1.57	$2.16	$2.49	***$2.76***	***$4.06***
Shares[1]	118.2	115.4	113.2	111.4	110.1	108.6	104.3	97.7	91.0	87.8	***85.0***	***72.1***

For the company's EPS estimate for 2025, we used the midpoint of analysts' estimates at $14.39, and with a 10.0% annual growth through 2030, it leads to our estimated EPS of $23.17. Moreover, the company has a solid record of paying dividends despite operating in an industrial sector, as Owens Corning has paid increasing dividends for the past 10 years. We expect the company to maintain its dividend growth and have forecasted a dividend CAGR of 8.0%, leading to a dividend of $4.06 in 2030.

[1] In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	15.4	14.6	27.7	13.0	15.4	-17.0	9.6	6.9	9.1	23.5	***10.7***	***9.0***
Avg. Yld.	1.6%	1.5%	1.1%	1.3%	1.6%	1.6%	1.2%	1.8%	1.8%	1.4%	***1.8%***	***1.9%***

Shares of the building products manufacturer trades at a forward P/E of 10.7, lower than the long-term average P/E of 11.8, but well above the five-year average P/E of 6.4. Even though the stable volumes and demand will benefit the company in the near term, we assign a P/E of 9.0 to the stock, which is a fair reflection of its value, in our opinion. Accordingly, with an EPS of $23.17 and P/E of 9.0, our target price for the stock stands at $209 by 2030.

Safety, Quality, Competitive Advantage, & Recession Resiliency

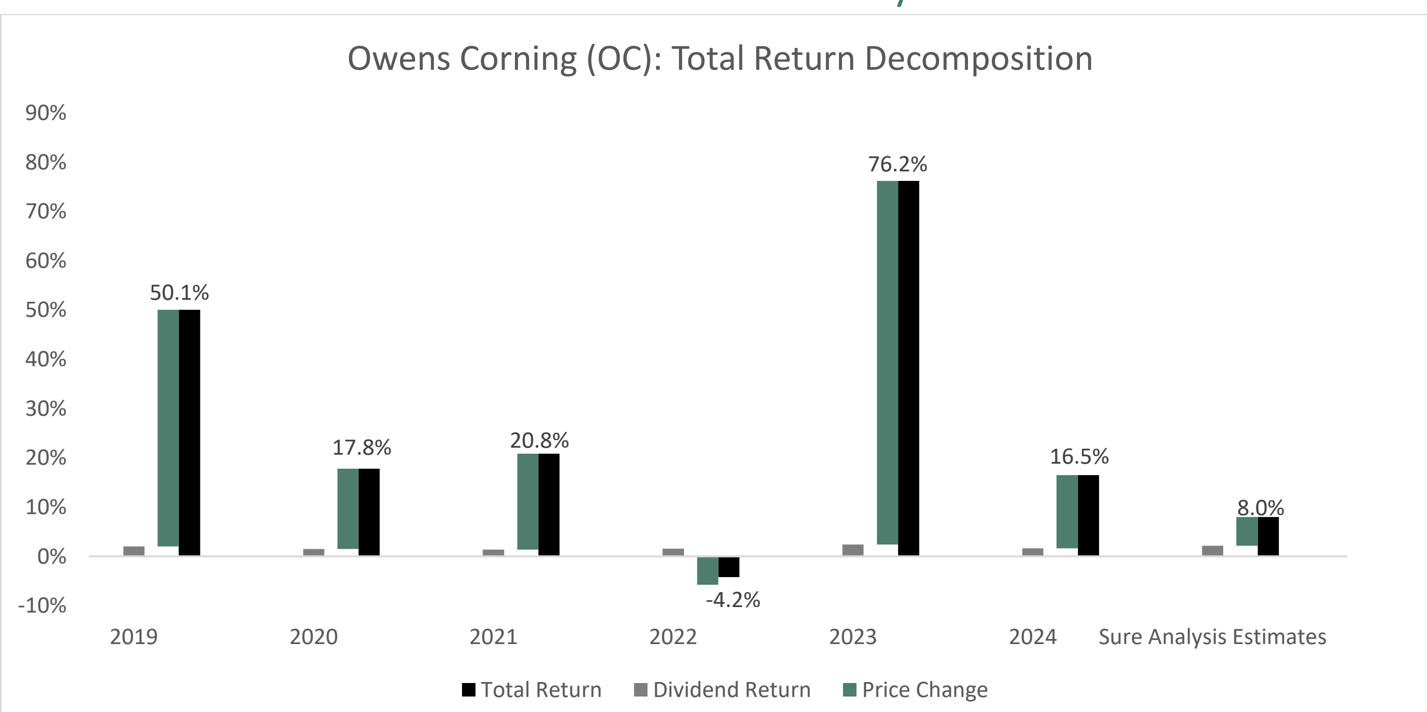
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	24%	22%	32%	17%	24%	-28%	12%	12%	16%	34%	***19%***	***18%***

The company has paid a consistent dividend to its shareholders with a 10-year payout ratio averaging just 17%, and we expect the company to maintain its payout around these levels in the future. The demand for the company's product has been stable in recent quarters, and we expect the company to be in a much better position in the future than it is today. The company aims to balance long-term shareholder value through dividends, share repurchases, strategic investments, and financial discipline. In Q4, Owens Corning repurchased 2.6 million shares for $430 million in 2024, reinforcing its commitment to shareholder value through disciplined capital allocation.

Final Thoughts & Recommendation

With elevated rates and geopolitical risks, Owens Corning faces potential revenue headwinds despite strong margins and capital discipline. While its realignment supports long-term stability, valuation concerns persist. We revise our rating to hold premised upon 8.0% annualized total returns for the medium-term, derived from the forecasted earnings-per-share growth of 10.0%, the 1.8% dividend yield, and a valuation headwind.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	5,260	5,350	5,677	6,384	7,057	7,160	7,055	8,498	9,761	9,677
Gross Profit	976	1,153	1,377	1,569	1,632	1,609	1,610	2,217	2,616	2,683
Gross Margin	18.6%	21.6%	24.3%	24.6%	23.1%	22.5%	22.8%	26.1%	26.8%	27.7%
SG&A Exp.	487	525	584	620	700	698	664	757	803	831
D&A Exp.	304	300	343	371	433	457	493	502	531	609
Operating Profit	392	548	697	797	807	787	806	1,438	1,584	1,623
Op. Margin	7.5%	10.2%	12.3%	12.5%	11.4%	11.0%	11.4%	16.9%	16.2%	16.8%
Net Profit	226	330	393	289	545	405	(383)	995	1,241	1,196
Net Margin	4.3%	6.2%	6.9%	4.5%	7.7%	5.7%	-5.4%	11.7%	12.7%	12.4%
Free Cash Flow	78	341	570	679	266	590	828	1,087	1,314	1,193
Income Tax	5	120	188	269	156	186	129	319	373	401

Balance Sheet Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets	7,542	7,326	7,741	8,632	9,771	10,006	9,481	10,015	10,752	11,240
Cash & Equivalents	67	96	112	246	78	172	717	959	1,099	1,615
Accounts Receivable	674	709	678	806	794	770	919	939	961	987
Inventories	817	644	710	841	1,072	1,033	855	1,078	1,334	1,198
Goodwill & Int. Ass.	2,185	2,166	2,474	2,867	3,728	3,653	2,656	2,607	2,985	2,920
Total Liab.	3,812	3,547	3,852	4,428	5,447	5,335	5,540	5,680	6,131	6,027
Accounts Payable	542	535	615	834	851	815	875	1,095	1,345	1,216
Long-Term Debt	2,012	1,871	2,102	2,405	3,362	2,986	3,126	2,960	2,992	3,046
Total Equity	3,692	3,739	3,849	4,162	4,283	4,631	3,901	4,296	4,575	5,166
LTD/E Ratio	0.55	0.50	0.55	0.58	0.79	0.64	0.80	0.69	0.65	0.59

Profitability & Per Share Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Assets	3.0%	4.4%	5.2%	3.5%	5.9%	4.1%	-3.9%	10.2%	12.0%	10.9%
Return on Equity	6.0%	8.9%	10.4%	7.2%	12.9%	9.1%	-9.0%	24.3%	28.0%	24.3%
ROIC	3.9%	5.8%	6.8%	4.6%	7.6%	5.3%	-5.2%	13.9%	16.6%	15.1%
Shares Out.	118.3	118.2	115.4	113.2	111.4	110.1	108.6	104.3	97.7	91.0
Revenue/Share	44.46	45.26	49.19	56.40	63.35	65.03	64.96	81.48	99.91	106.34
FCF/Share	0.66	2.88	4.94	6.00	2.39	5.36	7.62	10.42	13.45	13.11

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.