Corning, Inc.'s 150th Birthday Gift? – Large LCD Flat Screen TVs
By Stephanie Powers

Corning, Inc. is living "Large Growth" with its large first quarter net income of $1.03 billion and large sales growth of 24% over a year ago. Is it too large to be real? They did show a large $327 million gain from the Pittsburgh Corning bankruptcy. The LCD glass manufacturer also benefitted by valuing large amounts of assets in Japanese Yen instead of U.S. dollars. The rest is real.

Is it worth the price?
Yes. Corning already increased shareholder value with $62 million in stock repurchases this year (more promised by the end of the year), pushing earnings per share to $.64. Those who can stomach the risk will receive a $.05 per share quarterly dividend. Plus, GLW predicts second quarter sales growth of 20%.

The recent stock price of $22.22 represents an opportunity to add a high quality Large Cap Growth stock to your portfolio.

How'd they do it?
Corning's strategy has been calculated risk and shrewd management:

- Stave off obsolescence with intense research & development. Whether its fiber-optics vs wireless or LCD flat screen TVs vs. Plasma, Corning's 150 years of innovation is paying off. Their quest to meet the demand for ginormous glass screens is working. The company's other products; fiber optic cable, diesel emissions equipment, and specialty glass are expected to grow market share.

- Tighten expenses to beat the competition. A whopping 52% quarterly gross margin is impressive in any market, but to do it in the face of inflationary production costs shows mastery of economies of scale.

- Cut your losses and restructure. The bankruptcies of Pittsburgh Corning and Dow Corning represent the company's willingness to take a chance and manage away failures.

Can they keep it up?
Close your eyes, cross your fingers, and pray! When it comes to equipment manufacturing – it is what it is. A cyclical business with many uncertainties. Regardless of whether or not Americans choose to spend their tax stimulus checks on LCD TVs and computer displays, Corning has positioned itself for continued profitability.

You need a lot of cash if you intend to manufacture glass, finance R&D AND pay dividends. Corning is allocating its cash wisely. They have increased their value and maintain a BBB+ credit rating to prepare for the future possibility of sell bonds or taking loans. Overall Corning is financially sound and poised for continued growth.
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