



# USG Corporation Fourth Quarter 2012 Earnings Conference Call and Webcast

**February 6, 2013**



# Forward-Looking Statements



This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 related to management's expectations about future conditions. Actual business, market or other conditions may differ materially from management's expectations and, accordingly, may affect our sales and profitability or other results and liquidity. Actual results may differ materially due to various other factors, including: economic conditions, such as the levels of new home and other construction activity, employment levels, the availability of mortgage, construction and other financing, mortgage and other interest rates, housing affordability and supply, the levels of foreclosures and home resales, currency exchange rates and consumer confidence; capital markets conditions and the availability of borrowings under our credit agreement or other financings; competitive conditions, such as price, service and product competition; shortages in raw materials; changes in raw material and energy costs; volatility in the assumptions used to determine the funded status of our pension plans; the loss of one or more major customers and our customers' ability to meet their financial obligations to us; capacity utilization rates for us and the industry; our ability to expand into new geographic markets and the stability of such markets; changes in laws or regulations, including environmental and safety regulations; the satisfactory performance of certain business functions by third party service providers; our ability to achieve anticipated savings from cost reduction programs; the outcome in contested litigation matters; the effects of acts of terrorism or war upon domestic and international economies and financial markets; and acts of God. We assume no obligation to update any forward-looking information contained in this press release.

## Agenda

- Overview  
James S. Metcalf  
*Chairman, President and CEO*
- Financial Results  
Matthew F. Hilzinger  
*Executive VP, Chief Financial Officer*
- Building on the Recovery  
James S. Metcalf  
*Chairman, President and CEO*
- Questions
- Closing Remarks  
James S. Metcalf  
*Chairman, President and CEO*



# James S. Metcalf

## Chairman, President and CEO



# Fourth Quarter 2012 Results



\$ Millions	4Q12	4Q11	Change
<b>Net Sales*</b>			
North American Gypsum	508	422	86
Worldwide Ceilings	141	140	1
Building Products Distribution	282	264	18
Corporate & Eliminations	(116)	(100)	(16)
<b>Total USG Corporation</b>	<b>815</b>	<b>726</b>	<b>89</b>
<b>Operating Profit/(Loss)*</b>			
North American Gypsum	17	(21)	38
Worldwide Ceilings	14	17	(3)
Building Products Distribution	(10)	(15)	5
Corporate & Eliminations	(29)	(24)	(5)
<b>Total USG Corporation</b>	<b>(8)</b>	<b>(43)</b>	<b>35</b>

# Strategic Priorities



- Strengthen our core businesses
- Diversify the sources of our earnings
  - Select emerging markets
  - Adjacent products/systems
- Differentiate through innovation





# Matthew F. Hilzinger Executive VP, Chief Financial Officer

## Financial Results



# Q4 2012 Consolidated Financial Results



\$ Millions (except EPS)	4Q 2012	4Q 2011
Net sales <sup>1</sup>	815	726
Gross profit <sup>1</sup>	85	38
% of net sales <sup>1</sup>	10%	5%
SG&A <sup>1</sup>	80	76
Operating profit (loss) <sup>1</sup>	(8)	(43)
Interest expense <sup>1</sup>	52	53
Net loss <sup>2</sup>	(13)	(100)
Diluted EPS <sup>2</sup>	(0.11)	(0.95)
Restructuring and impairment charges <sup>1</sup>	13	5
Adjusted operating profit (loss)* <sup>1</sup>	5	(38)



# FY 2012 Consolidated Financial Results



\$ Millions (except EPS)	FY 2012	FY 2011
Net sales <sup>1</sup>	3,224	2,910
Gross profit <sup>1</sup>	395	158
% of net sales <sup>1</sup>	12%	5%
SG&A <sup>1</sup>	304	289
Operating profit (loss) <sup>1</sup>	73	(206)
Interest expense <sup>1</sup>	206	211
Net loss <sup>2</sup>	(126)	(390)
Diluted EPS <sup>2</sup>	(1.19)	(3.76)
Restructuring and impairment charges <sup>1</sup>	18	75
Adjusted operating profit (loss)* <sup>1</sup>	91	(131)

# North American Gypsum



## Q4 2012 Highlights

- Highest wallboard price and volume in over three years
- Joint compound price, volume and cost improve
- Other products saw typical seasonality

Q4 2011 Operating Loss	(\$21)
US Wallboard Price	\$24
US Wallboard Cost	\$7
US Wallboard Volume	\$2
Joint Compound	\$3
GTL Profit	\$11
Restructuring/Other	(\$9)
<b>Q4 2012 Operating Profit</b>	<b>\$17</b>

\$ (in millions)	Q4 2012	Q4 2011	Variance
Net Sales	\$508	\$422	\$86
Operating Profit/(Loss)	\$17	(\$21)	\$38
Restructuring/ Impairment	\$11	\$6	\$5
Adjusted Operating Profit/(Loss)*	\$28	(\$15)	\$43
DD&A	\$30	\$30	-



# Worldwide Ceilings

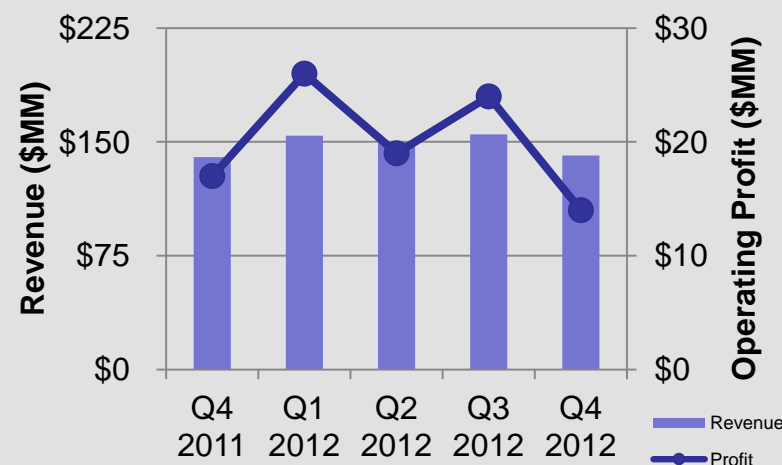


## Q4 2012 Highlights

- Commercial opportunity remains choppy
- Normal seasonality in USG Interiors returns after a strong Q4 2011 comparison
- CGC Ceilings improves results

Q4 2011 Operating Profit	\$17
U.S. Tile	(\$2)
CGC Ceilings	\$1
Other	(\$2)
<hr/>	
Q4 2012 Operating Profit	\$14

\$ (in millions)	Q4 2012	Q4 2011	Variance
Net Sales	\$141	\$140	\$1
Operating Profit	\$14	\$17	(\$3)
Restructuring/ Impairment	-	-	-
Adjusted Operating Profit	\$14	\$17	(\$3)
DD&A	\$4	\$4	-



# Building Products Distribution

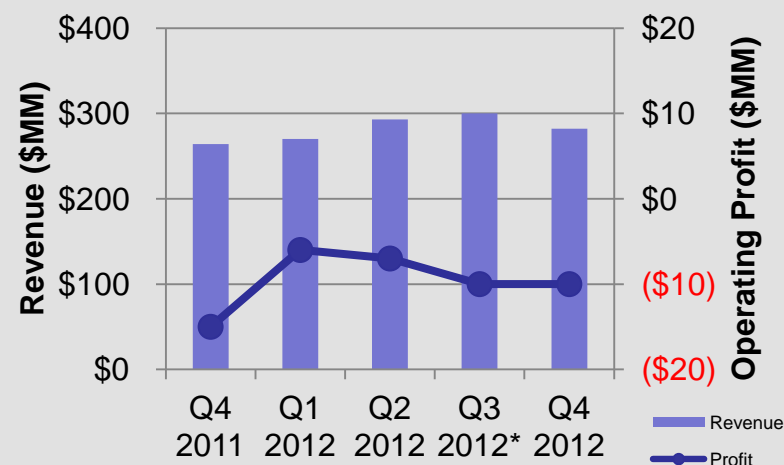


## Q4 2012 Highlights

- Same store net sales increase 13%
- Wallboard volume increases 8% and spread increases 10%
- Gross margin dollars for other core products increase by 7%

Q4 2011 Operating Loss	(\$15)
Wallboard Margin	\$4
<u>Other Core Products</u>	<u>\$1</u>
Q4 2012 Operating Loss	(\$10)

\$ (in millions)	Q4 2012	Q4 2011	Variance
Net Sales	\$282	\$264	\$18
Operating Loss	(\$10)	(\$15)	\$5
Restructuring/ Impairment	-	(\$1)	\$1
Adjusted Operating Loss*	(\$10)	(\$16)	\$6
DD&A	\$3	\$3	-



# USG Corporation

## Other Consolidated Results



\$ Millions	12 months ending December 31, 2012	12 months ending December 31, 2011
Cash flow provided by (used for) operations	68	(205)
Capital Expenditures	(70)	(54)
Investments and Loans to JVs	(18)	(4)
Acquisition of Mining Rights	(16)	-
Other*	88	13
Adjusted cash flow used for investment activities**	(16)	(45)
Cash flow used for financing activities	(38)	(9)
Effect of exchange rate on cash	4	(5)
Discontinued operations	9	10
Adjusted increase/(decrease) in cash and cash equivalents**	27	(254)
	12/31/12	12/31/11
Cash and cash equivalents and marketable securities	677	651
Total liquidity	874	834
Total debt	2,309	2,304

\* \$73MM in 2012 from sale of European operations

\*\* US GAAP measure of net cash provided by (used for) investing activities was \$138MM in 2012 and (\$55MM) in 2011 and includes net (purchases)/sales of marketable securities of \$154MM in 2012 and (\$10MM) in 2011

# Adjusted Operating Profit/(Loss) Reconciled to GAAP Operating Profit/(Loss)\*



\$ Millions	4Q12	4Q11	Change
<b>Adjusted operating profit (loss)</b>			
North American Gypsum	28	(15)	43
Worldwide Ceilings	14	17	(3)
Building Products Distribution	(10)	(16)	6
Corporate & Eliminations	(27)	(24)	(3)
<b>TOTAL</b>	<b>5</b>	<b>(38)</b>	<b>43</b>
<b>Restructuring and Asset Impairment Charges</b>			
North American Gypsum	11	6	5
Worldwide Ceilings	-	-	-
Building Products Distribution	-	(1)	1
Corporate & Eliminations	2	-	2
<b>TOTAL</b>	<b>13</b>	<b>5</b>	<b>8</b>
<b>Reported GAAP operating profit (loss)</b>			
North American Gypsum	17	(21)	38
Worldwide Ceilings	14	17	(3)
Building Products Distribution	(10)	(15)	5
Corporate & Eliminations	(29)	(24)	(5)
<b>TOTAL</b>	<b>(8)</b>	<b>(43)</b>	<b>35</b>

# Adjusted Operating Profit/(Loss) Reconciled to GAAP Operating Profit/(Loss)\*



\$ Millions	FY12	FY11	Change
<b>Adjusted operating profit (loss)</b>			
North American Gypsum	130	(69)	199
Worldwide Ceilings	84	82	2
Building Products Distribution	(33)	(61)	28
Corporate & Eliminations	(90)	(83)	(7)
<b>TOTAL</b>	<b>91</b>	<b>(131)</b>	<b>222</b>
<b>Restructuring and Asset Impairment Charges</b>			
North American Gypsum	15	67	(52)
Worldwide Ceilings	1	-	1
Building Products Distribution	-	7	(7)
Corporate & Eliminations	2	1	1
<b>TOTAL</b>	<b>18</b>	<b>75</b>	<b>(57)</b>
<b>Reported GAAP operating profit (loss)</b>			
North American Gypsum	115	(136)	251
Worldwide Ceilings	83	82	1
Building Products Distribution	(33)	(68)	35
Corporate & Eliminations	(92)	(84)	(8)
<b>TOTAL</b>	<b>73</b>	<b>(206)</b>	<b>279</b>



# James S. Metcalf Chairman, President and CEO

## Closing Remarks



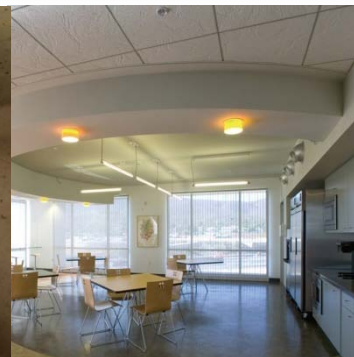


# Building on the Recovery



- New residential continues to be strong, although off low base
- Regional demand could drive additional shifts at plants
- Commercial opportunity still weak and choppy
- Repair and remodel demand improving
- Signs of seasonality in Q4 point to improving demand environment

# Questions?





# James S. Metcalf Chairman, President and CEO

## Closing Remarks

