



**PPG Industries**

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## PPG Industries, Inc. – Fourth Quarter 2014 Financial Results

Charles E. Bunch, Chairman and Chief Executive Officer

Michael H. McGarry, Chief Operating Officer

Frank S. Sklarsky, Executive Vice President and Chief Financial Officer

Information current as of January 15, 2015



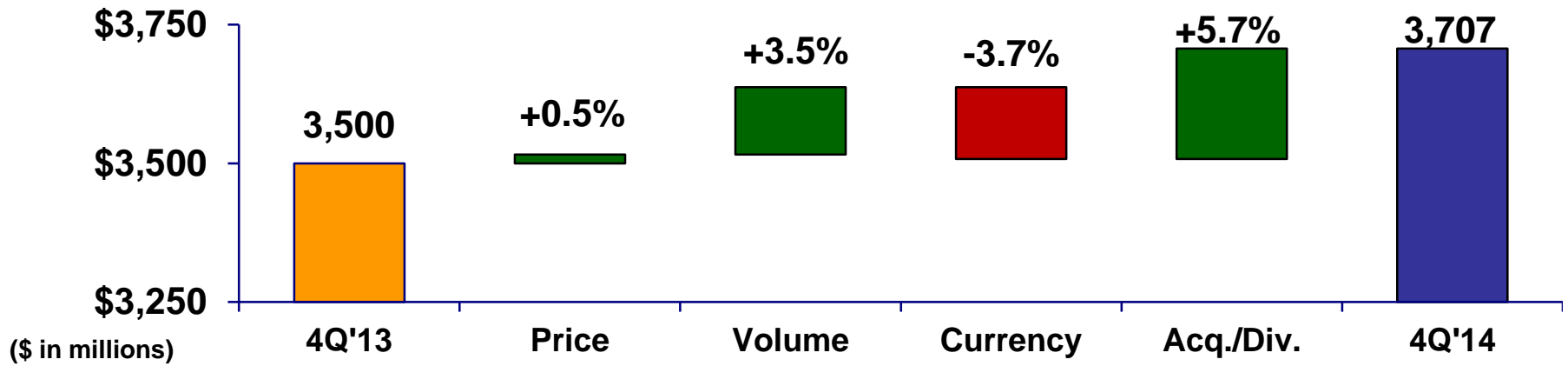
# Forward-Looking Statements

Statements contained herein relating to matters that are not historical facts are forward-looking statements reflecting PPG's current view with respect to future events and financial performance. These matters within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, involve risks and uncertainties that may affect PPG's operations, as discussed in PPG's filings with the Securities and Exchange Commission pursuant to Sections 13(a), 13(c) or 15(d) of the Exchange Act, and the rules and regulations promulgated thereunder. Accordingly, many factors could cause actual results to differ materially from the forward-looking statements contained herein. Such factors include global economic conditions, increasing price and product competition by foreign and domestic competitors, fluctuations in cost and availability of raw materials, the ability to maintain favorable supplier relationships and arrangements, the realization of anticipated cost savings from restructuring initiatives, difficulties in integrating acquired businesses and achieving expected synergies therefrom, economic and political conditions in international markets, the ability to penetrate existing, developing and emerging foreign and domestic markets, foreign exchange rates and fluctuations in such rates, fluctuations in tax rates, the impact of future legislation, the impact of environmental regulations, unexpected business disruptions, and the unpredictability of existing and possible future litigation, including litigation that could result if the asbestos settlement discussed in PPG's filings with the Securities and Exchange Commission does not become effective. However, it is not possible to predict or identify all such factors. Consequently, while the list of factors presented here and in PPG's 2013 Form 10-K are considered representative, no such list should be considered to be a complete statement of all potential risks and uncertainties. Unlisted factors may present significant additional obstacles to the realization of forward-looking statements. Consequences of material differences in results compared with those anticipated in the forward-looking statements could include, among other things, business disruption, operational problems, financial loss, legal liability to third parties and similar risks, any of which could have a material adverse effect on PPG's consolidated financial condition, results of operations or liquidity. All information in this presentation speaks only as of January 15, 2015, and any distribution of this presentation after that date is not intended and will not be construed as updating or confirming such information. PPG undertakes no obligation to update any forward-looking statement, except as otherwise required by applicable law.

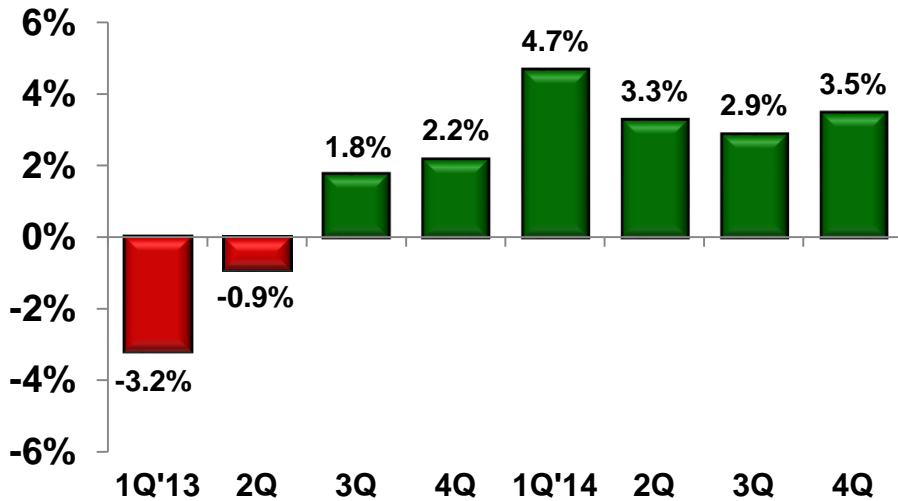
# Fourth Quarter 2014 Financial Highlights

- **Sales growth of 6 percent driven by higher volumes and acquisitions**
  - Aggregate volume growth of 3.5 percent year-over-year, higher than recent quarters.
  - Volume growth at or above the previous quarter in all major regions led by North America, Asia and Latin America.
  - Currency translation reduced sales 4 percent, as many currencies declined vs. the U.S. dollar.
  - Acquisitions added 6 percent, including a partial quarter of Comex.
- **Continued, strong earnings growth**
  - Fourth quarter record adjusted earnings per diluted share from continuing operations up 26 percent versus the prior year.
  - Each segment improved earnings by at least 10 percent, aided by higher sales, improved manufacturing costs and acquisition-related benefits, more than offsetting inflation.
- **Continued portfolio enhancement and balance sheet management**
  - Comex acquisition closed November 5, 2014 (\$2.3 billion purchase price).
  - Share repurchases totaled \$300 million in the quarter; \$750 million for the year. Shareholder dividends paid were \$361 million for the full year.
  - Quarter-end cash and short-term investments of \$1.2 billion.
  - Refinanced certain long-term debt obligations which will result in lower 2015 interest cost.
  - Company anticipates continued earnings-accretive cash deployment in 2015 and 2016 (combined) of \$1.5 billion -to- \$2.5 billion.

# PPG Fourth Quarter Net Sales

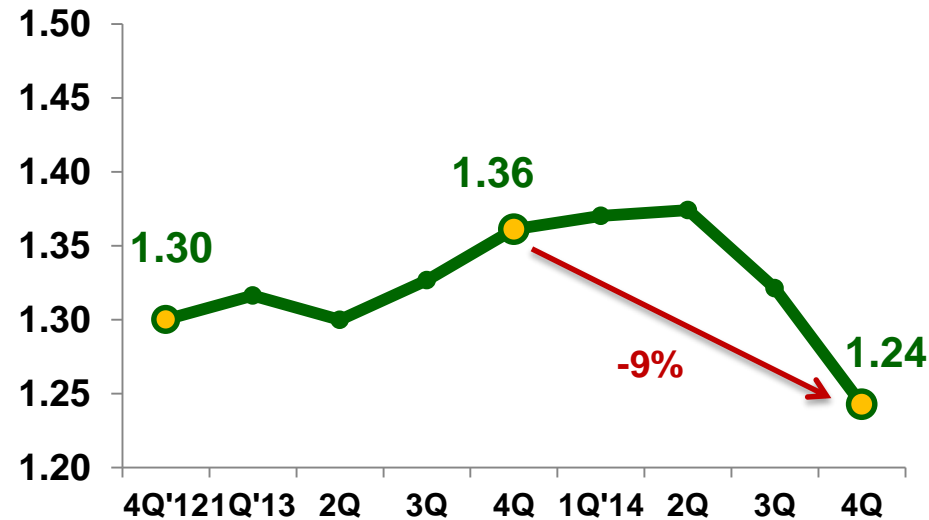


**PPG Y-O-Y Volume Trends \***  
(excludes price, currency and acquisition impacts)



Higher quarter growth rate and versus tougher PY comp

**Dollar/Euro Conversion Rate**  
(Quarter rate = 3-month average)

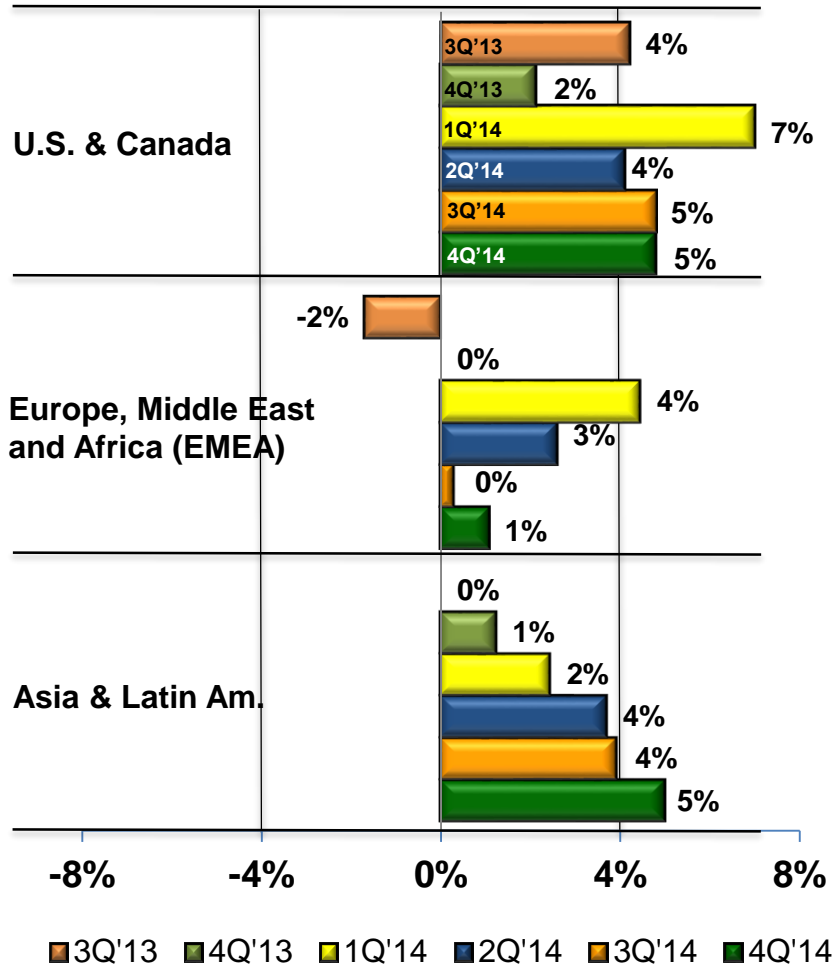


Euro down ~9%, one of many currency declines vs. USD

\* Prior year figures as originally reported, not adjusted for segment reporting changes or business divestitures

# Net Sales Volume Trends – Coatings Segments

## PPG Coatings Y-O-Y Regional Volume Trends (excludes price, currency and acquisition impacts)



**Improved volume growth versus strengthening prior year comparable period results**

## 4Q 2014 Commentary Y-O-Y (versus 4Q 2013):

### U.S. & Canada:

Consistent demand growth supported by continued, moderate regional economic improvement.

Sales volume growth in each Industrial Coatings segment business unit, coupled with excellent growth in aerospace, automotive refinish and modest architectural coatings growth.

### Europe, Middle East & Africa:

Modest sales volume growth versus strengthening prior year sales trend. Overall demand trends remained quite varied by country and end-use market, a pattern consistent with previous quarters.

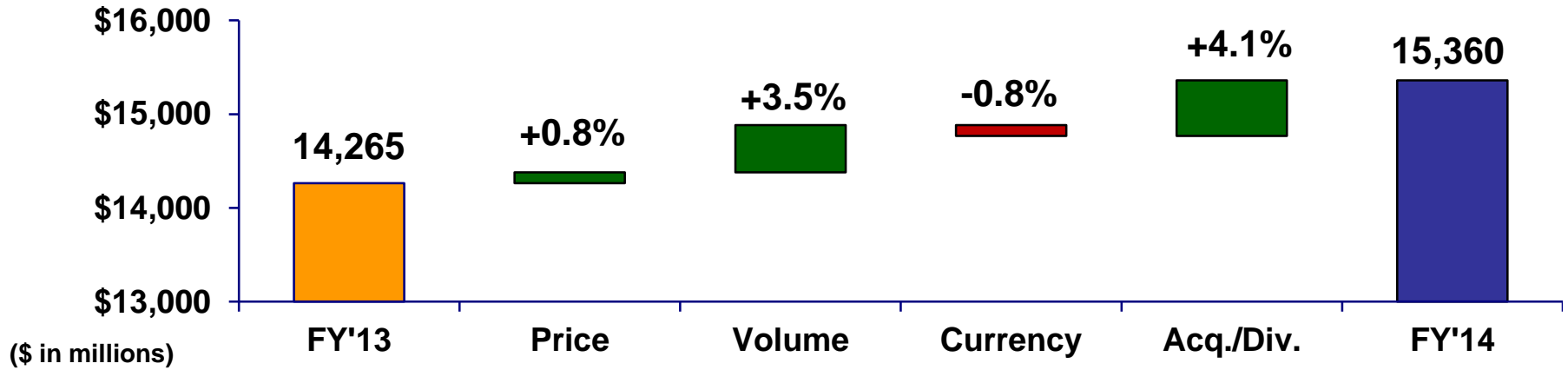
Growth in each business within the Industrial Segment. Also, aerospace growth offset by modestly lower demand in architectural coatings EMEA.

### Asia & Latin America (emerging regions):

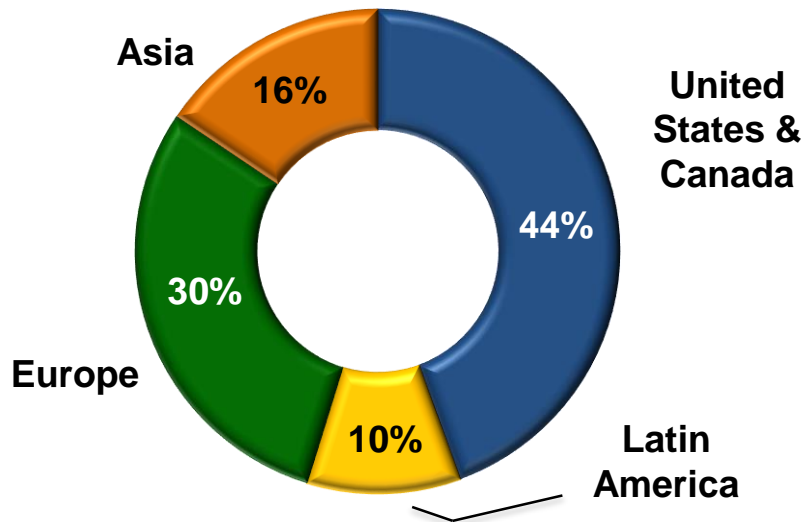
Accelerating growth rate in emerging regions with improvement in both Asia, primarily China, and Latin America for the quarter.

Growth rates improved in most end-use markets (for both Asia and Latin America), led by automotive OEM, aerospace and protective & marine.

# PPG Full Year Net Sales

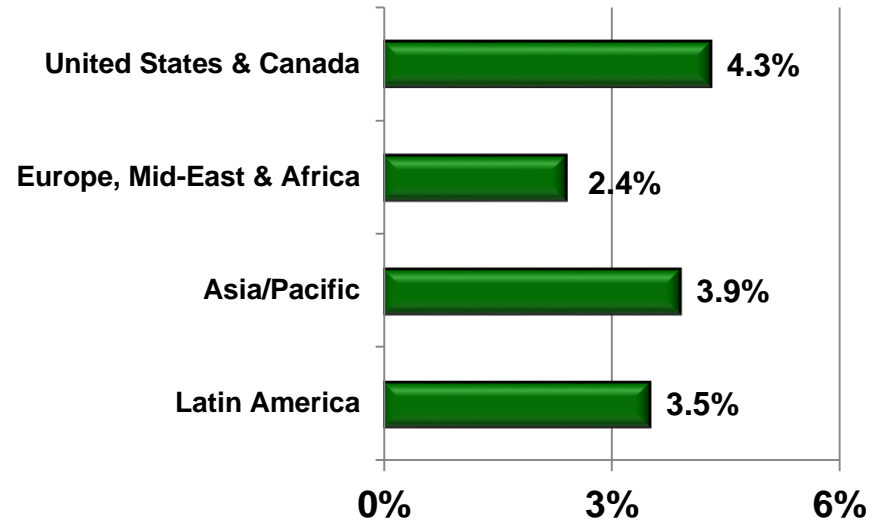


## Geographic Net Sales Mix – (Pro Forma)



Pro forma - includes full year sales from Comex (~\$1B)

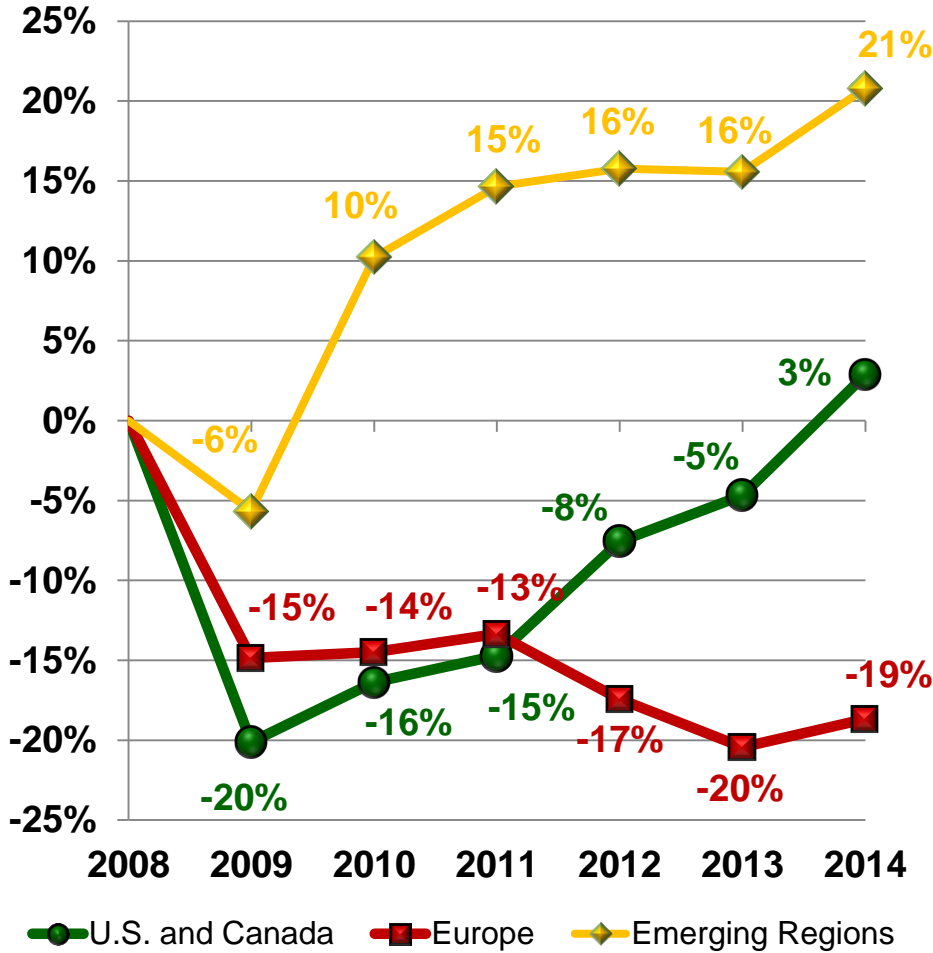
## 2014 Full Year Volume Trends – All Businesses (excludes price, currency & acquisitions)



Volume growth in each region coupled with acquisition-related gains

# PPG Regional Trends and Earnings

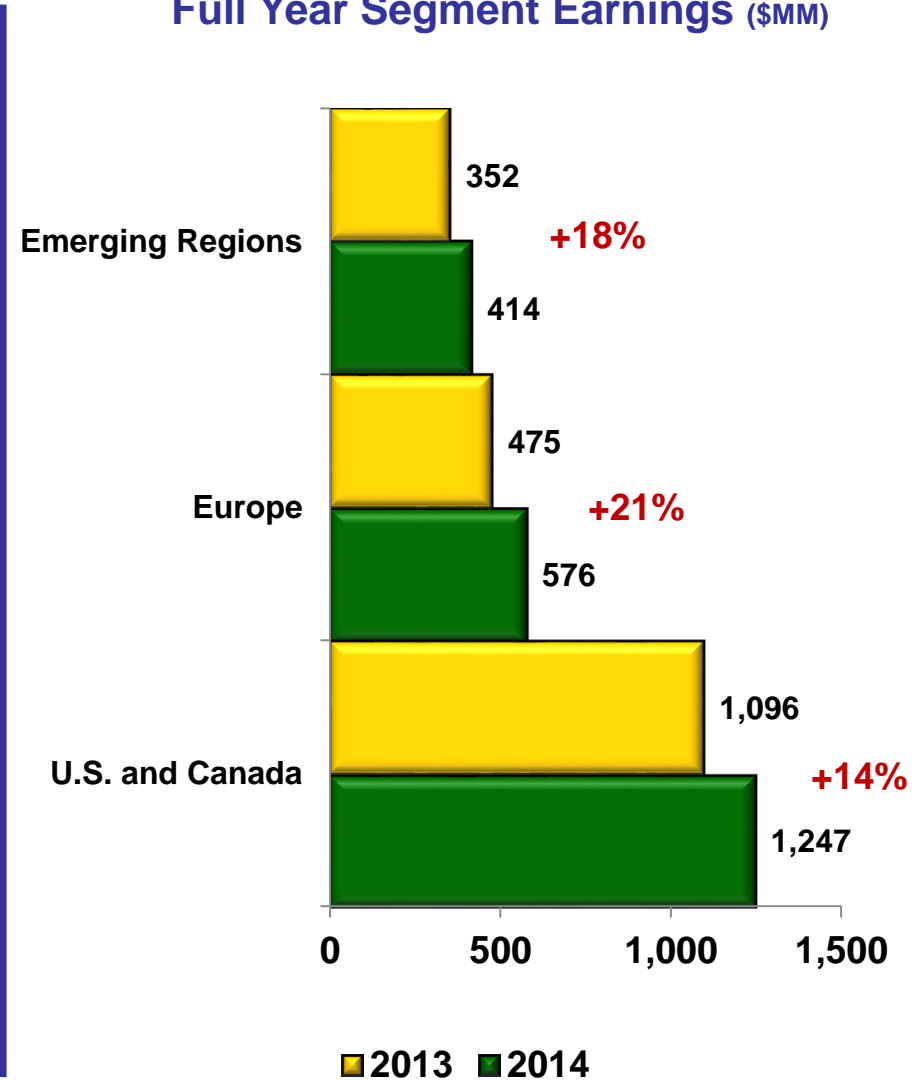
PPG Coatings Volume Trend \*  
(indexed to 2008)



\* Excludes price, currency & acquisitions-related impacts

\* Prior year figures as originally reported, not adjusted for segment reporting changes or business divestitures

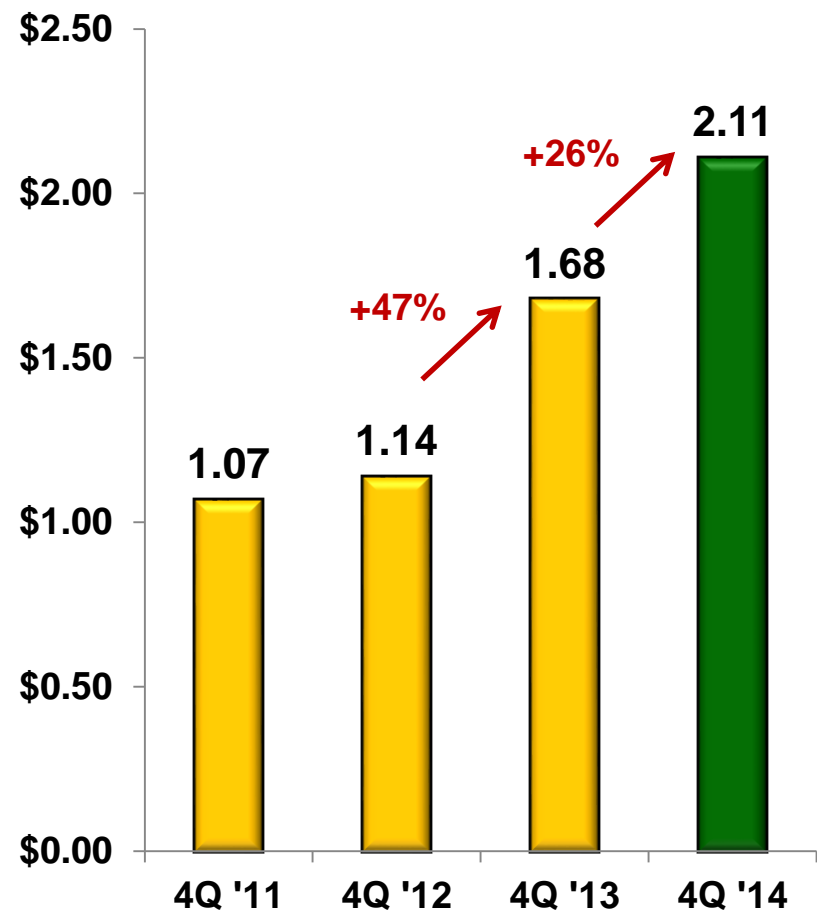
Full Year Segment Earnings (\$MM)



European volumes remain depressed; Record earnings achieved in all major regions

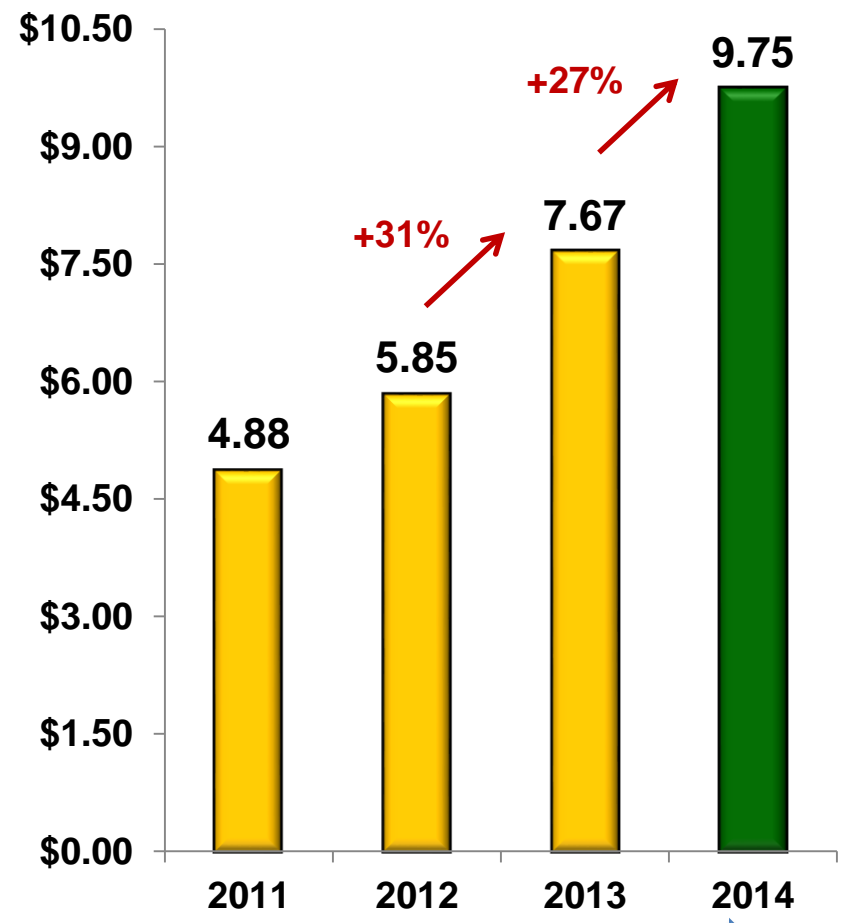
# PPG Adjusted Diluted Earnings Per Share\*

## Fourth Quarter



Results up 26% versus record prior year

## Full Year



CAGR = 26%

\* Adjusted EPS – see presentation appendix for reconciliation to reported EPS



# Performance Coatings

\$MM (USD)	4Q13	4Q14	Chg	%		Year 2013	Year 2014	Chg	%
<b>Net Sales</b>	<b>1,907</b>	<b>2,091</b>	<b>184</b>	<b>10%</b>		<b>7,934</b>	<b>8,698</b>	<b>764</b>	<b>10%</b>
<b>Earnings</b>	<b>202</b>	<b>239</b>	<b>37</b>	<b>18%</b>		<b>1,043</b>	<b>1,205</b>	<b>162</b>	<b>16%</b>
<b>Margin %</b>	<b>10.6%</b>	<b>11.4%</b>	<b>--</b>	<b>--</b>		<b>13.1%</b>	<b>13.8%</b>	<b>--</b>	<b>--</b>

Select Net Sales Detail	Total	Volume	Currency
4Q Y-O-Y Change	<b>10%</b>	<b>2%</b>	<b>-4%</b>

Select Net Sales Detail	Total	Volume	Currency
2014 Y-O-Y Change	<b>10%</b>	<b>2%</b>	<b>-1%</b>

## Fourth Quarter (Y-O-Y):

- ✓ Aerospace and refinish growth continued
- ✓ Modest decline in Architectural coatings EMEA volume – results varied by country
- ✓ Low-to-mid single-digit percentage growth in N.A. architectural coatings
- ✓ N.A. architectural coatings (AkzoNobel) acquisition synergies were completed one year ahead of schedule
- ✓ Increased demand in protective & marine, including higher marine new-build activity
- ✓ Comex added partial quarter acquisition-related sales of ~\$175MM at a mid-teen percentage return on sales
- ✓ Negative currency translation on sales of 4 percent, modest earnings impact

## 1Q, 2015 Outlook:

- ✓ Negative Y-O-Y and sequential currency translation based on current exchange rates
- ✓ Aerospace, automotive refinish and protective and marine trends continue
- ✓ 1Q'14 weather conditions for architectural coatings were favorable in Europe (harder comp) and unfavorable in N.A. (easier comp)
- ✓ Anticipated N.A. regional architectural coatings demand comparable to recent quarters. Increased growth-related investments in certain distribution channels.
- ✓ Mixed country demand trends expected to remain in architectural coatings EMEA
- ✓ Comex expected to add \$180MM -to- \$200MM of acquisition-related sales

# Industrial Coatings

\$MM (USD)	4Q13	4Q14	Chg	%		Year 2013	Year 2014	Chg	%
Net Sales	1,329	1,344	15	1%		5,264	5,552	288	5%
Earnings	202	223	21	10%		824	951	127	15%
Margin %	15.2%	16.6%	--	--		15.7%	17.1%	--	--

Select Net Sales Detail	Total	Volume	Currency
4Q Y-O-Y Change	1%	5%	-4%

Select Net Sales Detail	Total	Volume	Currency
2014 Y-O-Y Change	5%	6%	-1%

## Fourth Quarter (Y-O-Y):

- ✓ Mid-to-high single-digit percentage PPG global automotive OEM volume growth:
  - Each region delivered growth
  - PPG outpaced global industry auto production growth of ~2%
- ✓ Industrial and specialty coatings and materials businesses grew volumes at mid single-digit percentages led by N.A. results
- ✓ Low-to-mid single-digit percent packaging coatings volume growth led by Europe
- ✓ Unfavorable currency translation on sales, modest earnings impact

## 1Q, 2015 Outlook:

- ✓ Negative Y-O-Y sales and earnings currency translation based on current exchange rates
- ✓ Sequentially Q-o-Q, higher sales (seasonality) partly offset by currency translation
- ✓ Consistent Y-O-Y global automotive OEM industry growth forecasted in each region
- ✓ Overall general industrial-related demand growth anticipated, with variation by region and industrial sub-sector continuing
- ✓ Packaging coatings conversion to new interior food and beverage can coatings technology in certain European regions

# Glass

\$MM (USD)	4Q13	4Q14	Chg	%		Year 2013	Year 2014	Chg	%
<b>Net Sales</b>	<b>264</b>	<b>272</b>	<b>8</b>	<b>3%</b>		<b>1,067</b>	<b>1,111</b>	<b>43</b>	<b>4%</b>
<b>Earnings</b>	<b>22</b>	<b>33</b>	<b>11</b>	<b>50%</b>		<b>56</b>	<b>81</b>	<b>25</b>	<b>45%</b>
<b>Margin %</b>	<b>8.3%</b>	<b>12.1%</b>	<b>--</b>	<b>--</b>		<b>5.2%</b>	<b>7.3%</b>	<b>--</b>	<b>--</b>

Select Net Sales Detail	Total	Volume	Currency
4Q Y-O-Y Change	<b>3%</b>	<b>2%</b>	<b>-2%</b>

Select Net Sales Detail	Total	Volume	Currency
2014 Y-O-Y Change	<b>4%</b>	<b>3%</b>	<b>-1%</b>

## Fourth Quarter (Y-O-Y):

- ✓ Higher flat glass pricing
- ✓ Increased flat glass volumes – continued end-use market demand improvement, including higher value-added/specialty non-residential product mix
- ✓ Lower fiber glass volumes, primarily U.S. end market related (customer inventory management)
- ✓ Cost inflation - higher Y-O-Y freight costs
- ✓ Improved manufacturing costs
- ✓ Unfavorable currency translation impacted sales and earnings

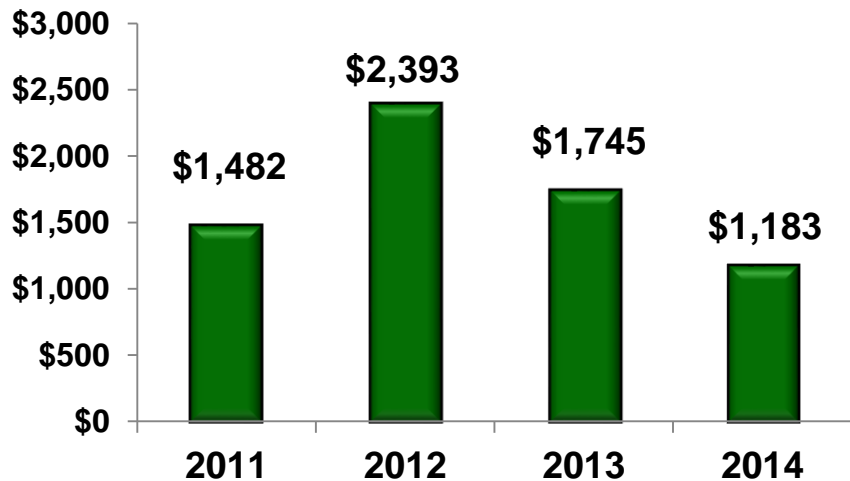
## 1Q, 2015 Outlook:

- ✓ Slight negative currency translation sequentially and year-over-year (majority of segment sales are U.S. based)
- ✓ Lower flat glass sales vs. fourth quarter (business seasonality)
- ✓ Continued flat glass demand growth and favorable product mix and pricing
- ✓ Uneven fiber glass demand trends continue
- ✓ Higher pension and OPEB costs
- ✓ Absence of large prior year maintenance costs (~\$10MM)

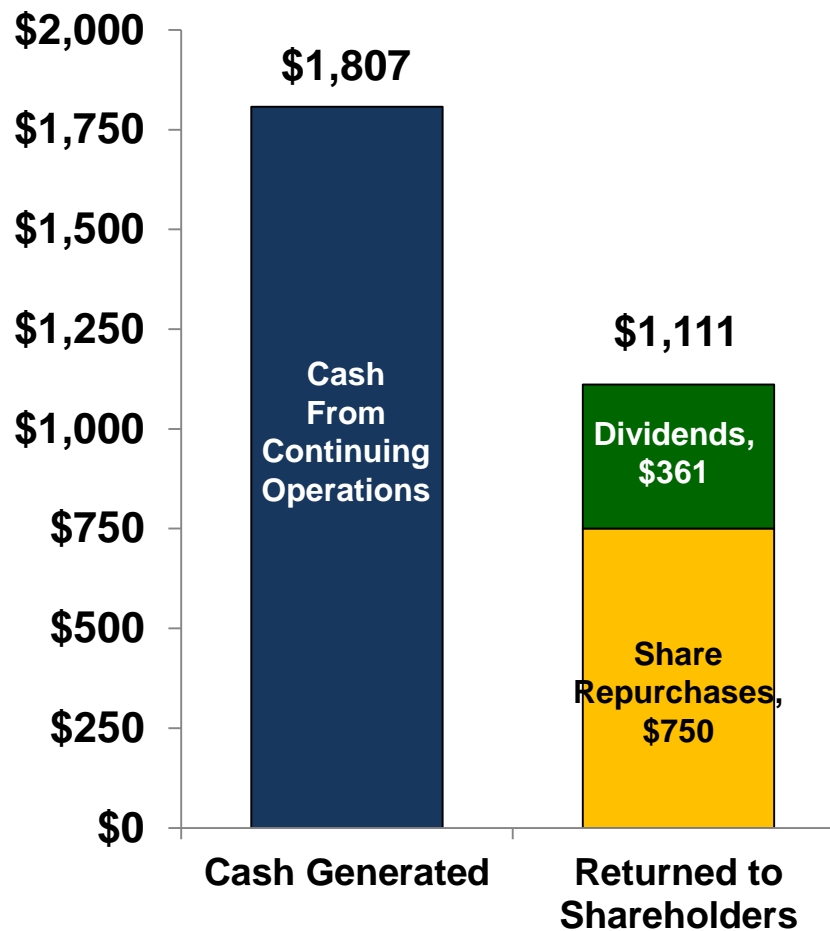
# Cash

(\$ in millions)

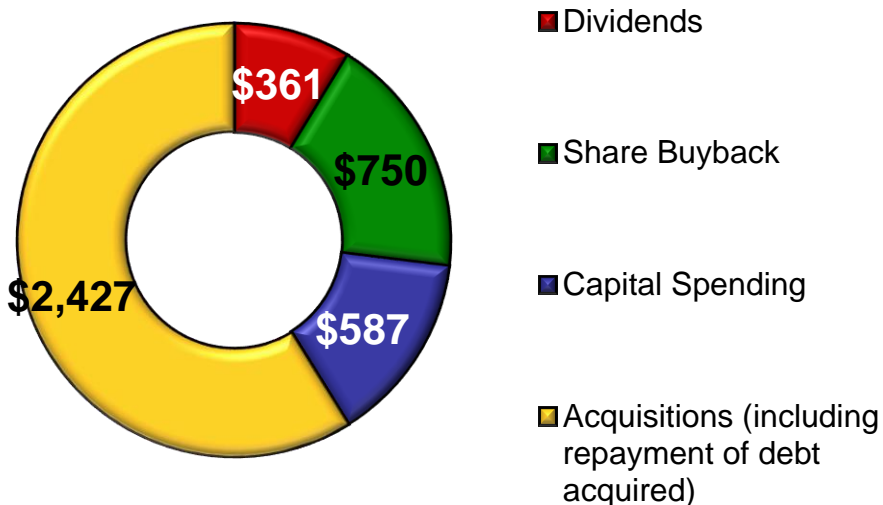
## Cash and Short Term Investments



## Cash Returned to Shareholders



## Select 2014 Cash Uses



>60% of Cash Generated from Operations was Returned to Shareholders

# 2015 Financial Assumptions

Category	Full Year Sales	Full Year Earnings	Comments:
(\$ as millions of USD unless stated otherwise)			
Comex Acquisition	> \$1B annually; \$800 - \$850 incremental vs. 2014	Mid-teen full year EBIT percentage  Varies by quarter	a. PPG 2014 results included partial year (two months – Nov/Dec) Comex sales and earnings results. b. Full year EBITDA percentage of sales of mid-to-high teens
Unfavorable Foreign Currency Translation	\$650- \$750 (Lower Sales)	\$65- \$75 (Lower Earnings)	Based on recent exchange rates. Impact more prevalent in Q2 and Q3 due to seasonality of businesses.
Increased OPEB & Pension Expense	N/A	\$60 - \$65 (Lower Earnings)	Changes to mortality tables and lower year-end discount rate. Equally distributed throughout the year.
Lower Net Interest Exp. (Debt Refinance)	N/A	\$55 (Higher Earnings)	2015 quarterly net interest savings YOY: 1Q - \$18, 2Q - \$11, 3Q - \$14, 4Q - \$12
Full Year Tax Rate on Ongoing Earnings from Continuing Operations	Expected range of 24.0% -to- 25.0%. Tax rate is higher vs. 2014 comparable rate of 23.9% primarily due to Comex earnings (higher Mexican tax rate).		
Cash Deployment	Cash deployment of \$1.5 -to- \$2.5 billion over years 2015 and 2016 (combined) on acquisitions and share repurchases.		

# Summary

- ✓ **Continued, strong operational and financial performance**
  - Strong, record fourth quarter and full year results
  - Higher earnings in all major regions, including ~20% European growth
  - Achievement of N.A. architectural coatings (AkzoNobel) acquisition-related synergies one year ahead of schedule
- ✓ **Ongoing strategy execution and cash deployment**
  - Sale of ownership interest in Transitions Optical joint venture (first quarter)
  - Comex acquisition completed (fourth quarter) - \$2.3 billion purchase price
  - Share repurchases of \$750 million for 2014; ~\$360 million in dividends
  - About \$3.2 billion of cash deployment in 2014 related to acquisitions and share repurchases
- ✓ **Strong financial flexibility remains**
  - Strong cash generation of \$1.8 billion for 2014
  - Long-term debt refinancing completed (fourth quarter)
  - Cash and short-term investments totaling \$1.2 billion at year-end



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# Additional Materials and Appendix

Thank you for your interest in PPG Industries, Inc.

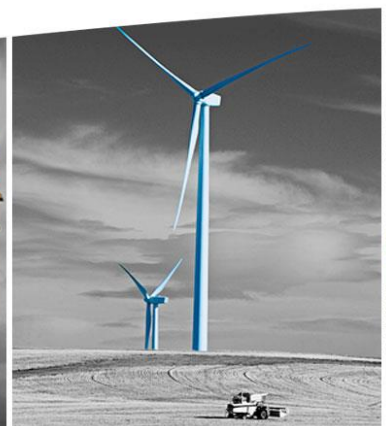
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# PPG Debt Obligations Refinanced

Interest Rate	Year Due	Obligation as of 9/30/2014	Retired Amount	Remaining Obligation 12/31/2014
<b>Obligations Refinanced (weighted interest cost of 6.5%):</b>				
7.375%	2016	\$146.0	\$146.0	\$0
6.875%	2017	74.5	74.5	0
6.65%	2018	700.0	575.0	125.0
7.4%	2019	199.0	199.0	0
9.0%	2021	150.0	16.1	133.9
2.7%	2022	400.0	400.0	0
7.7%	2038	250.0	74.1	175.9
	Totals	\$1,919.5	\$1,484.7	\$434.8

Refinancing lowered PPG's debt portfolio weighted average interest rate from ~5.4% to ~2.7%

Amounts in Millions of USD except percentages



# Adjusted EPS Reconciliation

## 4<sup>th</sup> Quarter Reporting Period

	Continuing Operations		Discontinued Operations		Total PPG	
	Net Income	EPS	Net Income	EPS	Net Income	EPS
<b>Year 2014</b>						
<b>Net Income/(Loss) Attributable to PPG as Reported</b>	\$ 86	\$ 0.62	\$ (3)	\$ (0.02)	\$ 83	\$ 0.60
Debt refinancing charge	200	1.44			200	1.44
Transaction-related costs	36	0.26			36	0.26
Favorable foreign tax ruling	(29)	(0.21)			(29)	(0.21)
<b>Adjusted Net Income/(Loss) Attributable to PPG</b>	<b>\$ 293</b>	<b>\$ 2.11</b>	<b>\$ (3)</b>	<b>\$ (0.02)</b>	<b>\$ 290</b>	<b>\$ 2.09</b>
<b>Year 2013</b>						
<b>Net Income/(Loss) Attributable to PPG as Reported</b>	\$ 237	\$ 1.66	\$ 17	\$ 0.12	\$ 254	\$ 1.78
Transaction-related costs	3	0.02	1	0.01	4	0.03
<b>Adjusted Net Income/(Loss) Attributable to PPG</b>	<b>\$ 240</b>	<b>\$ 1.68</b>	<b>\$ 18</b>	<b>\$ 0.13</b>	<b>\$ 258</b>	<b>\$ 1.81</b>
<b>Year 2012</b>						
<b>Net Income/(Loss) Attributable to PPG as Reported</b>	\$ 175	\$ 1.12	\$ 52	\$ 0.34	\$ 227	\$ 1.46
Business separation costs	--	--	8	0.05	8	0.05
Transaction-related costs	3	0.02	--	--	3	0.02
<b>Adjusted Net Income/(Loss) Attributable to PPG</b>	<b>\$ 178</b>	<b>\$ 1.14</b>	<b>\$ 60</b>	<b>\$ 0.39</b>	<b>\$ 238</b>	<b>\$ 1.53</b>
<b>Year 2011 (no adjustments)</b>						
<b>Net Income/(Loss) Attributable to PPG as Reported</b>	\$ 166	\$ 1.07	\$ 50	\$ 0.32	\$ 216	\$ 1.39

Amounts in Millions of USD except EPS

# Adjusted EPS Reconciliation

## 3<sup>rd</sup> Quarter Reporting Period

	Continuing Operations		Discontinued Operations		Total PPG	
	Net Income	EPS	Net Income	EPS	Net Income	EPS
<b>Year 2014</b>						
<b>Net Income/(Loss) Attributable to PPG as Reported</b>	\$ 377	\$ 2.70	\$ (6)	\$ (0.04)	\$ 371	\$ 2.66
Gain on asset sales	(73)	(0.52)	--	--	(73)	(0.52)
Increase to legacy environmental reserves	86	0.61	--	--	86	0.61
Pension settlement charge	2	0.01	--	--	2	0.01
Transaction-related costs	2	0.02	--	--	2	0.02
<b>Adjusted Net Income/(Loss) Attributable to PPG</b>	\$ 394	\$ 2.82	(6)	\$ (0.04)	\$ 388	\$ 2.78
<b>Year 2013</b>						
<b>Net Income/(Loss) Attributable to PPG as Reported</b>	\$ 204	\$ 1.41	\$ 22	\$ 0.15	\$ 226	\$ 1.56
Business restructuring	73	0.50	--	--	73	0.50
Increase to legacy environmental reserves	56	0.39	--	--	56	0.39
Transaction-related costs	3	0.02	1	0.01	4	0.03
<b>Adjusted Net Income/(Loss) Attributable to PPG</b>	\$ 336	\$ 2.32	23	\$ 0.16	\$ 359	\$ 2.48
<b>Year 2012</b>						
<b>Net Income/(Loss) Attributable to PPG as Reported</b>	\$ 269	\$ 1.73	\$ 70	\$ 0.45	\$ 339	\$ 2.18
Business separation costs	--	--	9	0.06	9	0.06
<b>Adjusted Net Income/(Loss) Attributable to PPG</b>	\$ 269	\$ 1.73	\$ 79	\$ 0.51	\$ 348	\$ 2.24
<b>Year 2011 (no adjustments)</b>						
<b>Net Income/(Loss) Attributable to PPG as Reported</b>	\$ 223	\$ 1.41	\$ 88	\$ 0.55	\$ 311	\$ 1.96

Amounts in Millions of USD except EPS

# Adjusted EPS Reconciliation

## 2<sup>nd</sup> Quarter Reporting Period

	Continuing Operations		Discontinued Operations		Total PPG	
	Net Income	EPS	Net Income	EPS	Net Income	EPS
<b>Year 2014</b>						
<b>Net Income/(Loss) Attributable to PPG as Reported</b>	\$ 393	\$ 2.80	\$ (7)	\$ (0.05)	\$ 386	\$ 2.75
Pension settlement charge	3	0.02	--	--	3	0.02
Transaction-related costs	2	0.01	--	--	2	0.01
<b>Adjusted Net Income/(Loss) Attributable to PPG</b>	<b>\$ 398</b>	<b>\$ 2.83</b>	<b>\$ (7)</b>	<b>\$ (0.05)</b>	<b>\$ 391</b>	<b>\$ 2.78</b>
<b>Year 2013</b>						
<b>Net Income/(Loss) Attributable to PPG as Reported</b>	\$ 318	\$ 2.19	\$ 23	\$ 0.16	\$ 341	\$ 2.35
Transaction-related costs	13	0.09	2	0.01	15	0.10
<b>Adjusted Net Income/(Loss) Attributable to PPG</b>	<b>\$ 331</b>	<b>\$ 2.28</b>	<b>\$ 25</b>	<b>\$ 0.17</b>	<b>\$ 356</b>	<b>\$ 2.45</b>
<b>Year 2012</b>						
<b>Net Income/(Loss) Attributable to PPG as Reported</b>	\$ 295	\$ 1.90	\$ 67	\$ 0.44	\$ 362	\$ 2.34
Business separation costs	--	--	3	0.02	3	0.02
<b>Adjusted Net Income/(Loss) Attributable to PPG</b>	<b>\$ 295</b>	<b>\$ 1.90</b>	<b>\$ 70</b>	<b>\$ 0.46</b>	<b>\$ 365</b>	<b>\$ 2.36</b>
<b>Year 2011 (no adjustments)</b>						
<b>Net Income/(Loss) Attributable to PPG as Reported</b>	\$ 245	\$ 1.53	\$ 95	\$ 0.59	\$ 340	\$ 2.12

Amounts in Millions of USD except EPS

# Adjusted EPS Reconciliation

## 1<sup>st</sup> Quarter Reporting Period

	Continuing Operations		Discontinued Operations		Total PPG	
	Net Income	EPS	Net Income	EPS	Net Income	EPS
<b>Year 2014</b>						
<b>Net Income/(Loss) Attributable to PPG as Reported</b>	\$ 277	\$ 1.97	\$ 985	\$ 7.00	\$ 1,262	\$ 8.97
Transaction-related costs	2	0.01	--	--	2	0.01
<b>Adjusted Net Income/(Loss) Attributable to PPG</b>	\$ 279	\$ 1.98	\$ 985	\$ 7.00	\$ 1,264	\$ 8.98
<b>Year 2013</b>						
<b>Net Income/(Loss) Attributable to PPG as Reported</b>	\$ 191	\$ 1.29	\$ 2,219	\$ 15.02	\$ 2,410	\$ 16.31
Legacy pension and environmental costs	21	0.14	--	--	21	0.14
Transaction-related costs	5	0.03	--	--	5	0.03
U.S. tax law change enacted in 2013	(10)	(0.07)	--	--	(10)	(0.07)
<b>Adjusted Net Income/(Loss) Attributable to PPG</b>	\$ 207	\$ 1.39	\$ 2,219	\$ 15.02	\$ 2,426	\$ 16.41
<b>Year 2012</b>						
<b>Net Income/(Loss) Attributable to PPG as Reported</b>	\$ (77)	\$ (0.50)	\$ 90	\$ 0.58	\$ 13	\$ 0.08
Business restructuring	137	0.89	26	0.17	163	1.06
Environmental remediation costs	99	0.64	--	--	99	0.64
Transaction-related costs	4	0.03	--	--	4	0.03
<b>Adjusted Net Income/(Loss) Attributable to PPG</b>	\$ 163	\$ 1.06	\$ 116	\$ 0.75	\$ 279	\$ 1.81
<b>Year 2011 (no adjustments)</b>						
<b>Net Income/(Loss) Attributable to PPG as Reported</b>	\$ 144	\$ 0.88	\$ 84	\$ 0.52	\$ 228	\$ 1.40

Amounts in Millions of USD except EPS