




PPG Industries
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PPG Industries, Inc. – Fourth Quarter 2015 Financial Results

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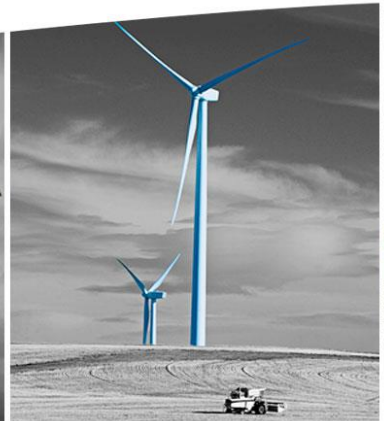
Information current as of January 21, 2016



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 timing 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 2014 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, lower sales or earnings, 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 21, 2016, 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.

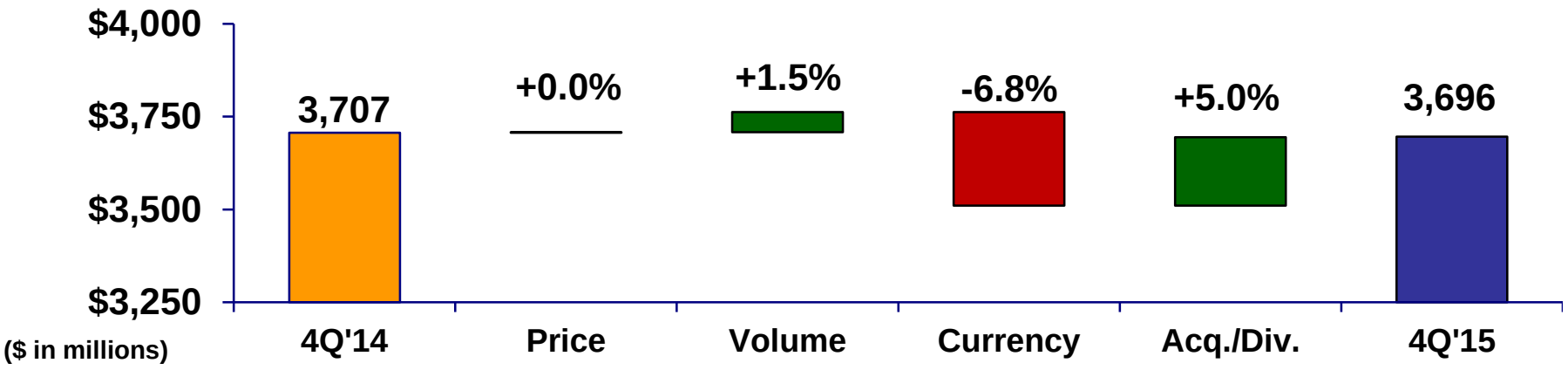
Fourth Quarter 2015 Financial Highlights

- **Sales up 7 percent in local currencies aided by higher volumes**
  - Aggregate sales volumes increased nearly 2 percent year-over-year; highest 2015 quarterly growth rate
  - Acquisition-related sales contributed 5 percent, including 1 month of Comex (acquired in Nov. 2014) and 6 other acquisitions
  - Foreign currency translation reduced sales by 7 percent or approximately $250 million

- **Continued, strong earnings growth; sales volume and cost driven**
  - Fourth quarter record adjusted earnings per diluted share from continuing operations up 17 percent versus prior year, despite an unfavorable $25 million pre-tax earnings impact from foreign currency translation
  - Segment income improved by 12 percent in local currencies aided by sales volume growth, acquisition-related sales and synergies, and lower costs, including initial restructuring benefits

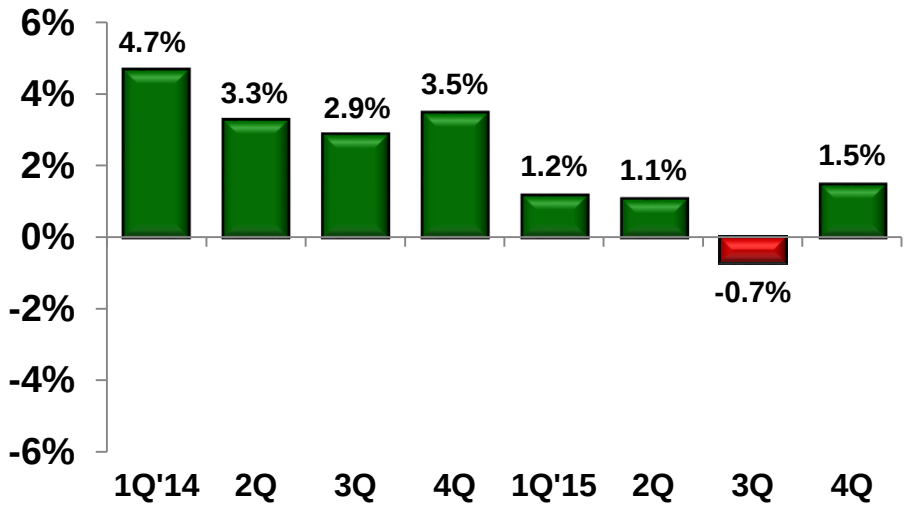
- **Cash deployment continues**
  - Deployed $1.15 billion in cash for full year 2015
    - ✦ Business acquisitions totaled more than $400 million (purchase price); share repurchases of ~$750 million
  - Full-year shareholder dividends of ~$385 million, annual per share payout increased for the 44th consecutive year
  - Year-end cash and short-term investments of $1.5 billion
  - Company remains on pace for earnings-accretive cash deployment in 2015 and 2016 (combined) of $2.0 -to- $2.5 billion, including ~$1.15 billion deployed in 2015

PPG Fourth Quarter Net Sales



PPG Y-O-Y Volume Trends

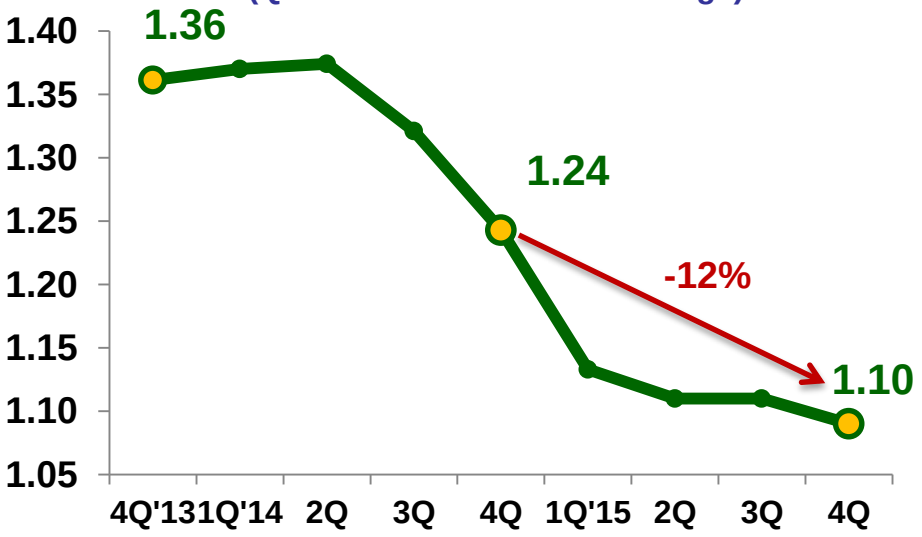
(excl. price, currency and acquisition/divestiture impacts)



4Q'15: Return to volume growth, strongest 2015 quarter

Dollar/Euro Conversion Rate

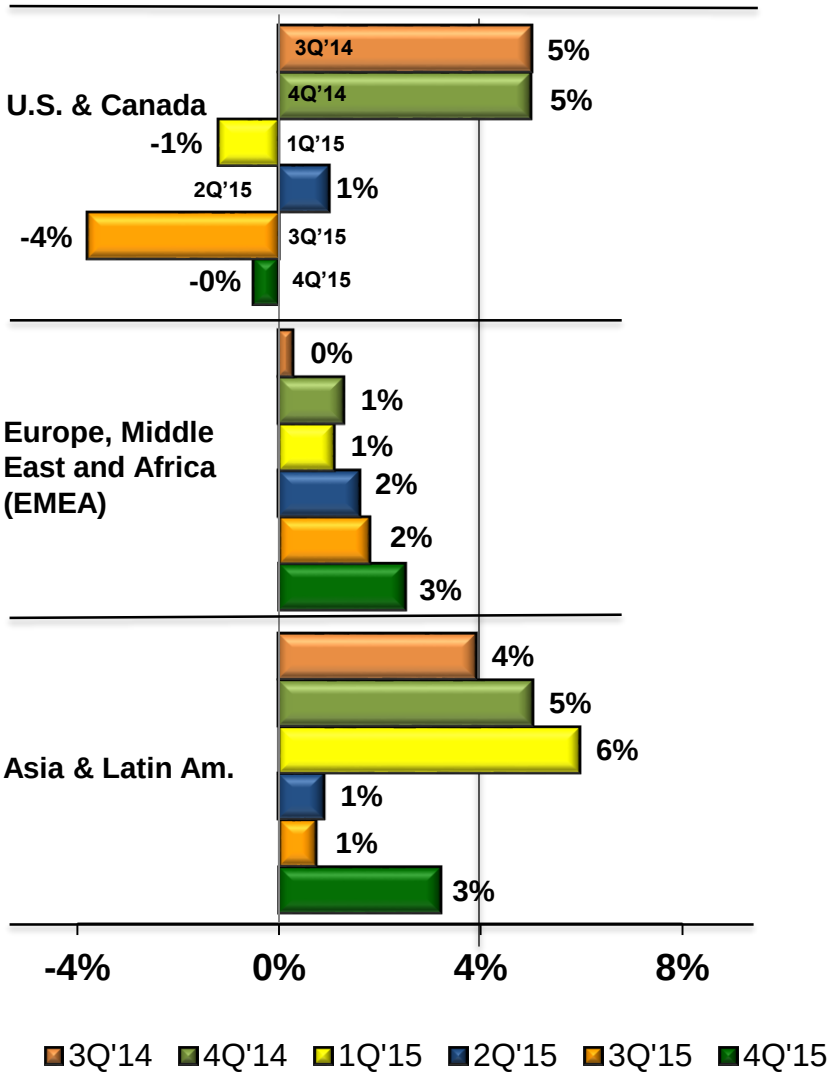
(Quarter rate = 3-month average)



Euro down ~12%, one of many currency declines vs. USD

Net Sales Volume Trends – Coatings Segments

PPG Coatings Y-O-Y Regional Volume Trends
(excl. price, currency and acquisition/divestiture impacts)



4Q 2015 Commentary Y-O-Y (versus 4Q 2014):

U.S. & Canada:

Sales volumes slightly unfavorable versus strong prior year quarterly growth of 5 percent.

Year-over-year sales volume results were mixed by business. Growth was led by packaging, industrial, and automotive OEM coatings. Architectural coatings sales volumes declined modestly as weaker demand in Canada and the independent dealer channel offset improved growth in other U.S. retail channels. Lower aerospace coatings sales volumes versus strong prior year growth.

Europe, Middle East & Africa:

Improvement in sales volume growth rates continued throughout the year.

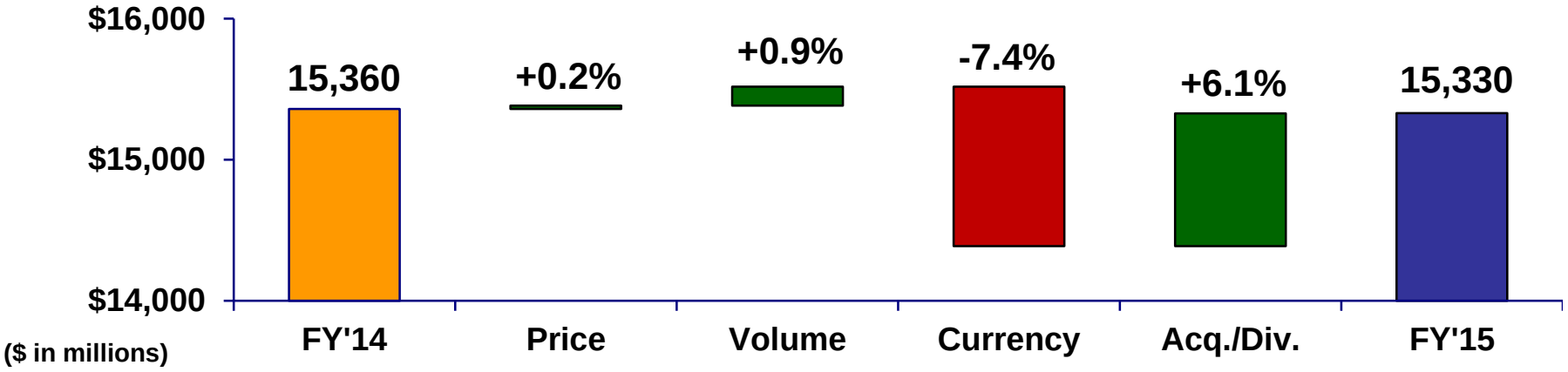
Broadening growth across businesses was led by automotive OEM, industrial, packaging, and protective and marine coatings. Architectural coatings EMEA sales volumes also improved year-over-year and sequentially versus the prior quarter.

Asia & Latin America (emerging regions):

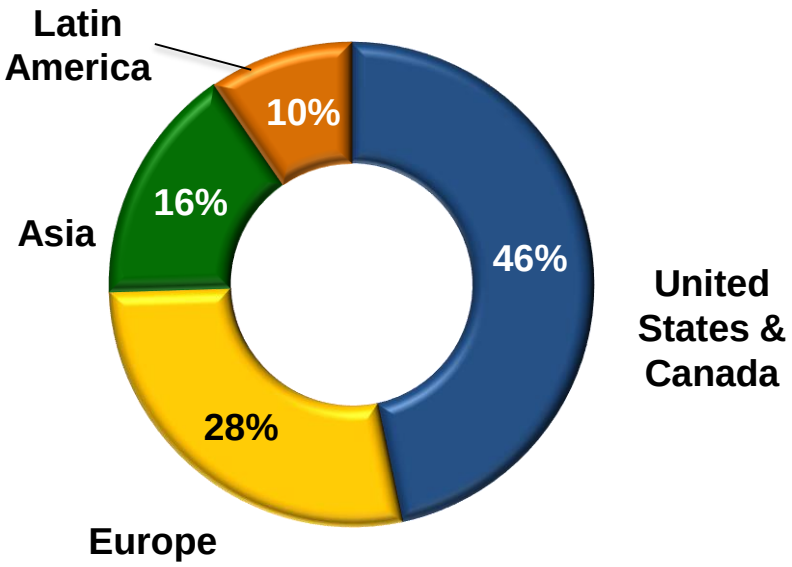
Sales volume growth improved year-over-year and sequentially versus the prior quarter. Asian sales volumes were up a mid-single-digit percentage and improvement in Mexico was tempered by weakness in Brazil.

Business unit growth was led by automotive OEM, industrial, aerospace, and protective and marine coatings.

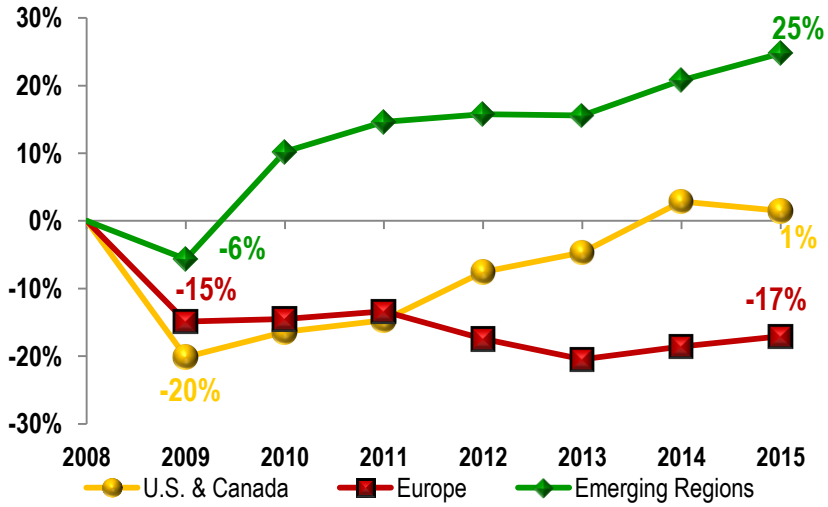
PPG Full Year Net Sales



2015 Net Sales Mix by Major Region



PPG Coatings Volume Trend* (indexed to 2008)

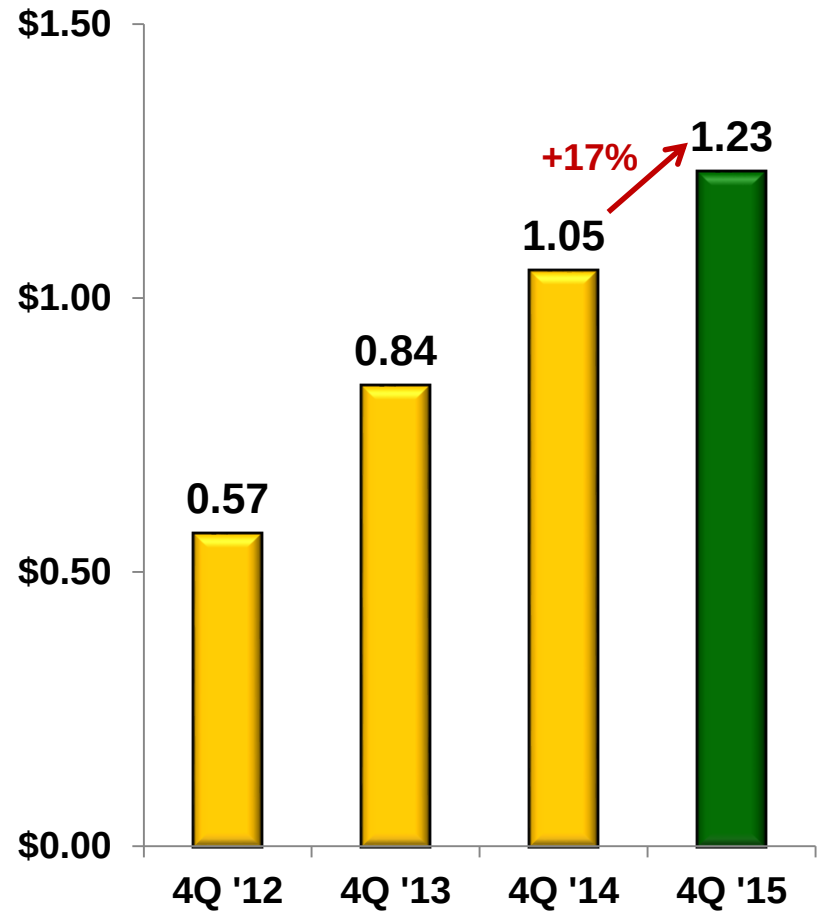


* As originally reported, not adjusted for segment reporting changes

Sales growth in local currencies of 7 percent, offset by foreign currency translation

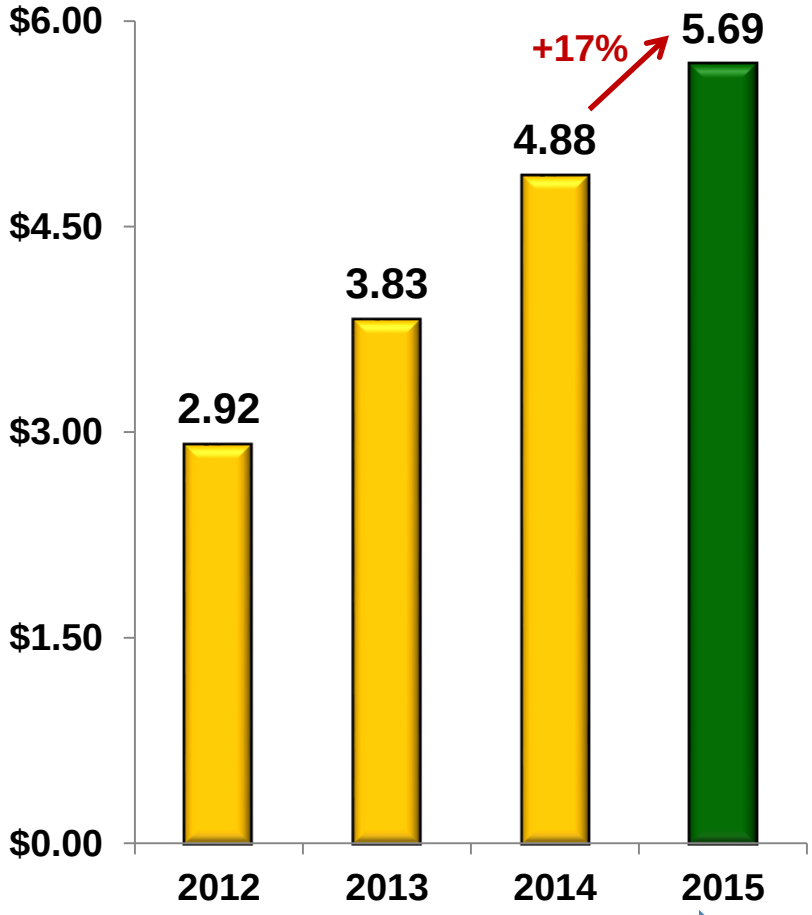
PPG Adjusted Earnings Per Diluted Share*

Fourth Quarter



Results up 17% versus record prior year

Full Year



CAGR = 24%

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

Performance Coatings

$MM (USD)	4Q14	4Q15	Chg	%		Year 2014	Year 2015	Chg	%
Net Sales	2,091	2,060	-31	-2%		8,698	8,765	67	1%
Earnings	239	250	11	5%		1,205	1,302	97	8%
Margin %	11.4%	12.1%	--	--		13.9%	14.9%	--	--

Select Net Sales Detail	Total	Volume	Currency
4Q Y-O-Y Change	-2%	0%	-8%

Select Net Sales Detail	Total	Volume	Currency
2015 Y-O-Y Change	1%	-1%	-8%

Fourth Quarter (Y-O-Y):

- ✓ Refinish volume growth at industry levels
- ✓ Architectural coatings EMEA volumes continued to increase, growing by a low-single-digit percentage
- ✓ Flat sales in architectural coatings Americas & Asia Pacific; increased demand in Mexico & U.S. offset weak demand in Canada, Brazil, & China
- ✓ Mid-single-digit percentage volume growth in protective & marine coatings, led by protective coatings, including Comex-related synergies
- ✓ Lower aerospace coatings volumes due to strong prior year and customer order patterns
- ✓ Acquisition-related sales ~$120MM, primarily Comex (1 month)
- ✓ Unfavorable foreign currency impact on segment sales (~$150MM) & earnings (~$15MM)

1Q, 2016 Outlook:

- ✓ Aerospace coatings volume growth; normal customer order patterns, increased demand for PPG products
- ✓ Recent trends continuing in automotive refinish and protective and marine coatings
- ✓ Improved demand in N.A. architectural coatings partly tempered by Canada and Brazil weakness
- ✓ New product/brand launch initiatives with major home centers (~$15 million) aligned with PPG's multi-year rebranding announced in 2015
- ✓ End-market conditions continue to improve in architectural EMEA
- ✓ Acquisition-related sales growth of $25-to-$30MM
- ✓ Unfavorable Y-O-Y foreign currency translation, less than 2015 fourth quarter at current rates

Industrial Coatings

$MM (USD)	4Q14	4Q15	Chg	%		Year 2014	Year 2015	Chg	%
Net Sales	1,344	1,371	27	2%		5,552	5,476	-76	-1%
Earnings	223	240	17	8%		951	985	34	4%
Margin %	16.6%	17.5%	--	--		17.1%	18.0%	--	--

Select Net Sales Detail	Total	Volume	Currency
4Q Y-O-Y Change	2%	4%	-7%

Select Net Sales Detail	Total	Volume	Currency
2015 Y-O-Y Change	-1%	3%	-7%

Fourth Quarter (Y-O-Y):

- ✓ Mid-single-digit percentage PPG global automotive OEM volume growth:
  - PPG outpaced global auto industry production growth of 4%
- ✓ Industrial and specialty coatings and materials businesses returned to volume growth
  - Higher volumes in all regions
- ✓ Mid-single-digit percentage packaging coatings volume growth continued, aided by customer adoption of new technologies
- ✓ Unfavorable foreign currency impact on segment sales (~$90MM) and earnings (~$10MM)

1Q, 2016 Outlook:

- ✓ Y-O-Y global automotive OEM industry volume growth
- ✓ Modest general industrial-related demand growth, varying by region and industrial sub-sector
- ✓ Packaging coatings industry technology-related product conversions continue to benefit PPG
- ✓ Acquisition-related sales growth $80-to-$90MM
- ✓ Unfavorable Y-O-Y foreign currency translation, less than 2015 fourth quarter at current rates

Glass

$MM (USD)	4Q14	4Q15	Chg	%		Year 2014	Year 2015	Chg	%
Net Sales	272	265	-7	-3%		1,110	1,089	-21	-2%
Earnings	33	38	5	15%		81	137	56	33%
Margin %	12.1%	14.3%	--	--		7.3%	12.6%	--	--

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

Select Net Sales Detail	Total	Volume	Currency
2015 Y-O-Y Change	-2%	3%	-4%

Fourth Quarter (Y-O-Y):

- ✓ Improved flat glass pricing
- ✓ Modest flat glass volume growth due to higher end-use market demand in commercial and residential construction
- ✓ Absence of sales from Mt. Zion flat glass facility sold in 2014
- ✓ Weak flat glass manufacturing cost performance due to Fresno facility; scheduled major repair in Q1 2016
- ✓ Fiber glass volume improvement, primarily in U.S. end-markets
- ✓ Unfavorable foreign currency impact on segment sales (~$10MM)

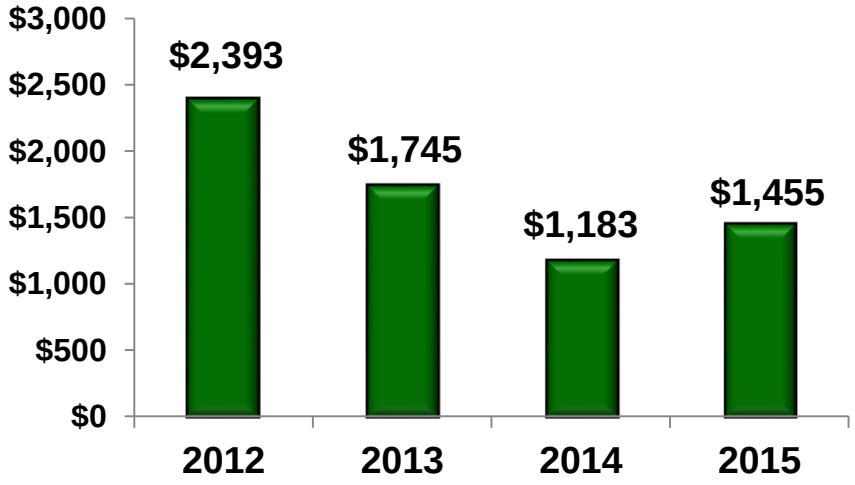
1Q, 2016 Outlook:

- ✓ Lower flat glass sales versus 2015 fourth quarter due to business seasonality and planned facility outage
- ✓ PPG flat glass at full capacity; industry demand growing
- ✓ Higher YOY flat glass maintenance costs related to planned Fresno repair (~$8 million)
- ✓ Recent fiber glass sales volume trends continue
- ✓ Lower equity earnings from fiber glass joint ventures (consumer electronics)
- ✓ Unfavorable Y-O-Y foreign currency translation, less than 2015 fourth quarter at current rates

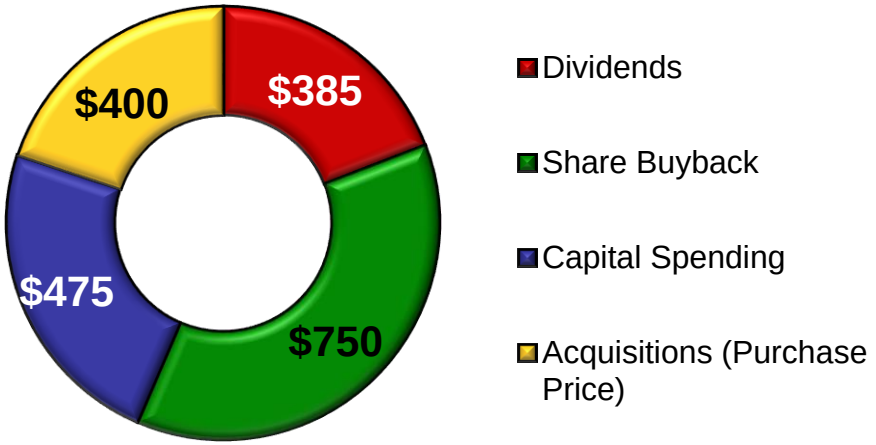
Cash

($ in millions)

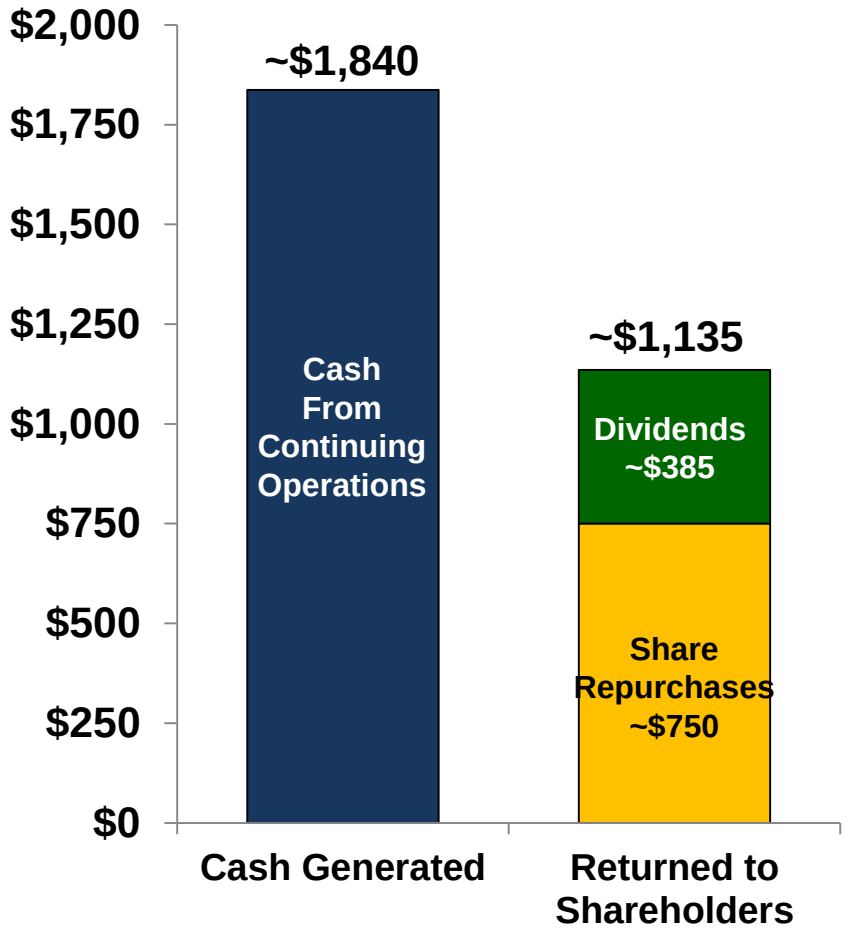
Cash and Short Term Investments



Approximate 2015 Cash Uses



2015 Cash Returned to Shareholders



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

2016 Financial Assumptions

Category	Full Year Sales	Full Year Pre-Tax Income	Comments:
($ as millions of USD unless stated otherwise)			
2015 Acquisition Carry-Over Impact	~ $250 incremental vs. 2015	At or below segment average earnings margins	Phasing of incremental sales follows 2015 acquisition closure timeline
Unfavorable Foreign Currency Translation	$550- $600 (Lower Sales) Memo: 2015 ~$1.1B	$70 - $80 (Lower Income) Memo: 2015 ~$120MM	Based on recent exchange rates. Impact more prevalent in Q1 and Q2 due to prior year exchange rate trends and seasonality of businesses
Lower OPEB & Pension Expense	N/A	$20 - $25 (Higher Income)	Change in application of discount rates, partially offset by lower return on assets assumption
Higher Net Interest Expense	N/A	~$20 (Lower Income)	2016 quarterly net interest expense: 1Q: $25, 2Q: $28, 3Q: $26, 4Q: $27
Full Year Adjusted Effective Tax Rate	Expected range of 24.5% -to- 25.5%. Adjusted effective tax rate is higher vs. 2015 comparable rate of 24.5% primarily due to a shift in the mix of earnings toward higher tax rate jurisdictions.		
Cash Deployment	Cash deployment pace continues at $2.0 -to- $2.5 billion over years 2015 and 2016 (combined) on acquisitions and share repurchases.		

2015 Full Year Summary

✓ Robust operational and financial performance

- Record full-year adjusted earnings per diluted share up 17 percent year-over-year
- Segment income up 14 percent in local currencies; improved results in each segment
- Strong results despite unfavorable currency translation on sales ($1.1 billion) and reported pre-tax income (~$120 million)
- Announced restructuring in April; initial savings realized by year end

✓ Accretive expansion of coatings portfolio and cash deployment

- Successful integration of Comex acquisition; synergies on track
- On pace to deliver earnings-accretive cash deployment of $2.0 -to- $2.5 billion (2015 and 2016 combined)
  - ✦ Bolt-on acquisitions totaled more than $400 million (purchase price)
  - ✦ Share repurchases of ~$750 million for 2015

✓ Significant financial flexibility remains

- Record cash generation from operations of ~$1.8 billion for 2015
- Returned ~60 percent of cash generated to share holders via dividends and share repurchases
- Cash and short-term investments totaling ~$1.5 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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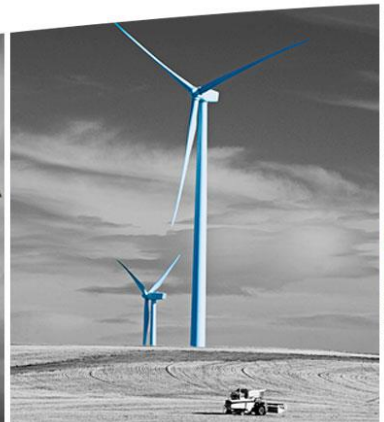



Adjusted EPS Reconciliation

4th Quarter Reporting Period

	Continued Operations		Discontinued Operations		Total PPG	
	Net Income	EPS	Net Income	EPS	Net Income	EPS
Year 2015						
Net Income Attributable to PPG as Reported	$ 314	$ 1.16	$ -	$ -	$ 314	$ 1.16
Transaction-related costs	11	0.04	-	-	11	0.04
Equity affiliate debt refinancing charge	7	0.03	-	-	7	0.03
Adjusted Net Income Attributable to PPG	$ 332	$ 1.23	$ -	$ -	$ 332	$ 1.23
Year 2014						
Net Income/(Loss) Attributable to PPG as Reported	$ 86	$ 0.31	$ (3)	$ (0.01)	$ 83	$ 0.30
Debt refinancing charge	200	0.72	-	-	200	0.72
Transaction-related costs	36	0.13	-	-	36	0.13
Favorable foreign tax ruling	(29)	(0.11)	-	-	(29)	(0.11)
Adjusted Net Income/(Loss) Attributable to PPG	$ 293	$ 1.05	$ (3)	$ (0.01)	$ 290	$ 1.04
Year 2013						
Net Income Attributable to PPG as Reported	$ 237	$ 0.83	$ 17	$ 0.05	$ 254	$ 0.88
Transaction-related costs	3	0.01	1	0.01	4	0.02
Adjusted Net Income Attributable to PPG	$ 240	$ 0.84	$ 18	$ 0.06	$ 258	$ 0.90
Year 2012						
Net Income Attributable to PPG as Reported	$ 175	$ 0.56	$ 52	$ 0.17	$ 227	$ 0.73
Business separation costs	3	0.01	8	0.02	11	0.03
Adjusted Net Income Attributable to PPG	$ 178	$ 0.57	$ 60	$ 0.19	$ 238	$ 0.76

Amounts in Millions of USD except EPS

PPG Adjusted Earnings Per Share Trend Reconciliation

	Adjusted EPS from Continuing Operations					Y-O-Y Change in Adjusted EPS from Continuing Operations			
Period	**2011**	**2012**	**2013**	**2014**	**2015**	**2012 vs. 2011**	**2013 vs. 2012**	**2014 vs. 2013**	**2015 vs. 2014**
1Q	$ 0.44	$ 0.62	$ 0.69	$ 0.99	$ 1.18	$ 0.18	$ 0.07	$ 0.30	$ 0.19
2Q	0.76	0.86	1.14	1.42	1.67	0.10	0.28	0.28	0.25
3Q	0.70	0.86	1.15	1.41	1.61	0.16	0.29	0.26	0.20
4Q	0.53	0.57	.084	1.05	1.23	0.04	0.27	0.21	0.18
Full Year*	$ 2.44	$ 2.92	$ 3.83	$ 4.88	$ 5.69	$ 0.48	$ 0.91	$ 1.05	$ 0.81
Year over year percentage increase in EPS						**+20%**	**+31%**	**+27%**	**+17%**

*Full year diluted EPS was calculated using the full year weighted average shares outstanding. As such, the sum of the quarters may not equal the total EPS for the year.

Amounts in Millions of USD except EPS