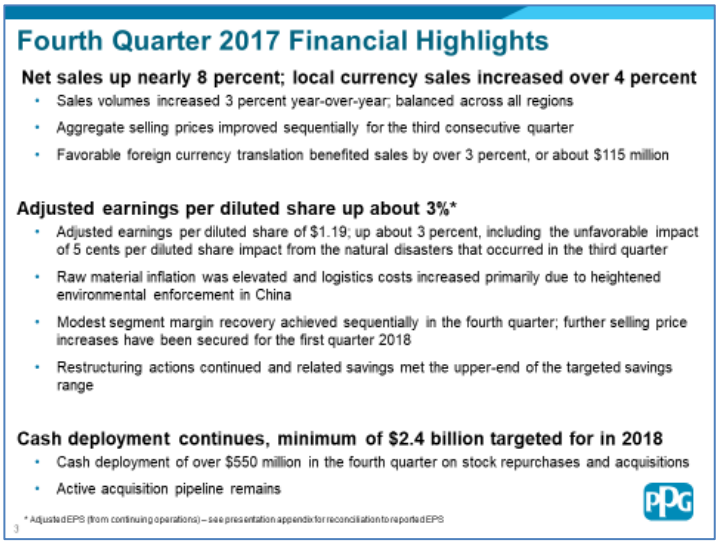
PPG Industries, Inc. Fourth 2017 Financial Results

Earnings Brief – January 18, 2018

Fourth Quarter Financial Highlights



PPG fourth quarter net sales from continuing operations were approximately $3.7 billion, increasing nearly 8 percent versus the prior year. Net sales in local currencies grew by more than 4 percent year-over-year, aided by 3 percent higher sales volumes. Higher year-over-year sales volumes were realized across all major regions and in both reporting segments. Aggregate selling prices improved sequentially in the fourth quarter, reflecting improving pricing momentum for the third consecutive quarter. Additional selling price initiatives were announced during the fourth quarter that will be implemented in early 2018. Acquisition-related sales added less than 1 percent, or about $27 million. Favorable foreign currency translation added over 3 percent to sales. More detailed sales comparisons for the company and individual reporting segments are included on subsequent presentation slides.

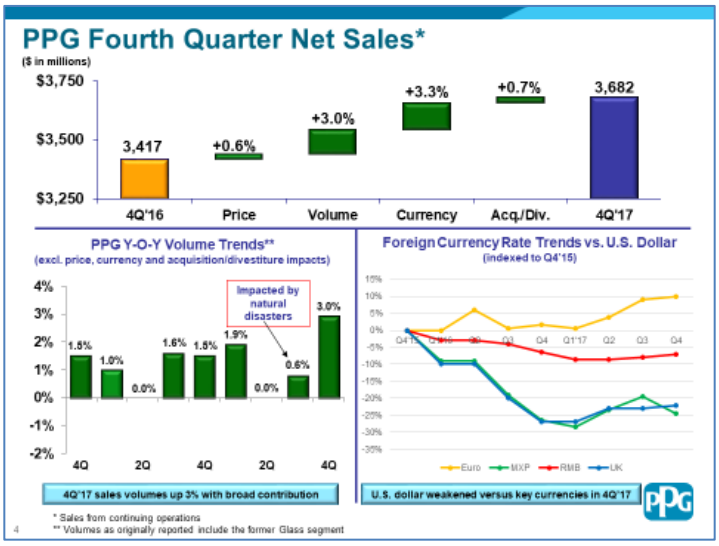
Reported earnings per diluted share from continuing operations was $0.72 and adjusted earnings per diluted share from continuing operations was $1.19, an increase of about 3 percent versus the prior year. The natural disasters that occurred in the third quarter impacted fourth quarter earnings per share by 5 cents. The company's profit contribution margin declined 160 basis points year-over-year, or approximately 120 basis points excluding the impact of the natural disasters, marking a modest improvement in contribution margin compression from the third quarter. This improvement in the margin was aided by strong cost management, including restructuring savings at the top end of our targeted range, and lower selling, general, and administrative expenses which declined as a percentage of sales by more than 80 basis points year to date.

The year-over-year increase in adjusted earnings per diluted share was achieved despite continuing raw material inflation, which intensified in the fourth quarter mainly due to the lingering effects of the hurricanes that occurred in the third quarter in the U.S., coupled with heightened environmental enforcement-related production curtailments in China. These factors have driven tight supply conditions resulting in the inflation of several key raw materials.

Earnings accretive cash deployment continued in the fourth quarter including $400 million of shares repurchases, which represented nearly 3.5 million shares. Separately, on January 2, 2018, the company announced the acquisition of ProCoatings, a leading architectural paint and coatings wholesaler located in The Netherlands. The company plans to continue its share repurchase program in the first quarter 2018 and is committed to deploying a minimum of $2.4 billion during 2018 on share repurchases and acquisitions as part of our previously communicated target to deploy $3.5 billion in 2017 and 2018 combined. The company's acquisition pipeline remains active.

The company continues to have excellent financial flexibility with cash and short-term investments of about $1.5 billion at year-end.

PPG Fourth Quarter Net Sales

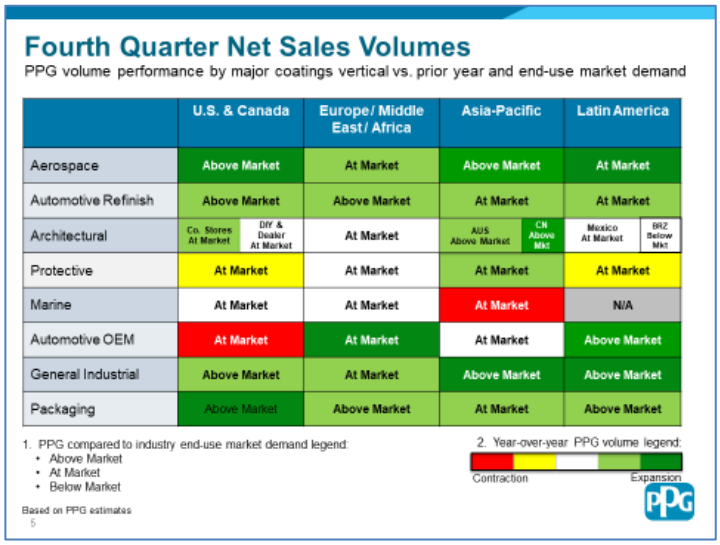


PPG fourth quarter net sales of $3.7 billion increased by nearly eight percent, or $265 million year-over-year, including favorable foreign currency translation of approximately $115 million. Local currency sales increased by more than four percent.

Sales volumes grew 3 percent year-over-year, the highest growth rate since in more than two years. The volume growth was balanced across all major geographies with strong growth continuing in emerging regions and sequential improvement in Europe. Additional details on the volume results by region and business unit are included later in the presentation materials. Aggregate selling prices improved year-over-year and sequentially led by higher pricing in several businesses. In the fourth quarter, the company had approximately $27 million of acquisition-related sales primarily from The Crown Group acquisition that was completed in October.

Favorable foreign currency translation increased sales by about 3 percent year-over-year, as a few key currencies for the company strengthened against the U.S dollar, most notably, the euro, Mexican peso, and Chinese yuan. These trends are expected to continue into the first-quarter based on current exchange rates.

Fourth Quarter Net Sales Volume



Aggregate global sales volumes grew by 3 percent in the fourth quarter of 2017.

In the U.S. and Canada region, volumes increased by a low-single-digit percentage versus the prior year. Most business units had volume growth in the fourth-quarter, led by high-single-digit percentage growth in the packaging coatings and specialty coatings businesses and solid mid-single-digit percentage growth in the aerospace and general industrial coatings businesses. In architectural coatings, same store sales in company-owned stores continued to grow volumes at a mid-single-digit percentage rate, excluding the benefit of price, while volumes in the independent dealer network and national retail accounts (DIY) channels were flat year-over-year, but in-line with the market.

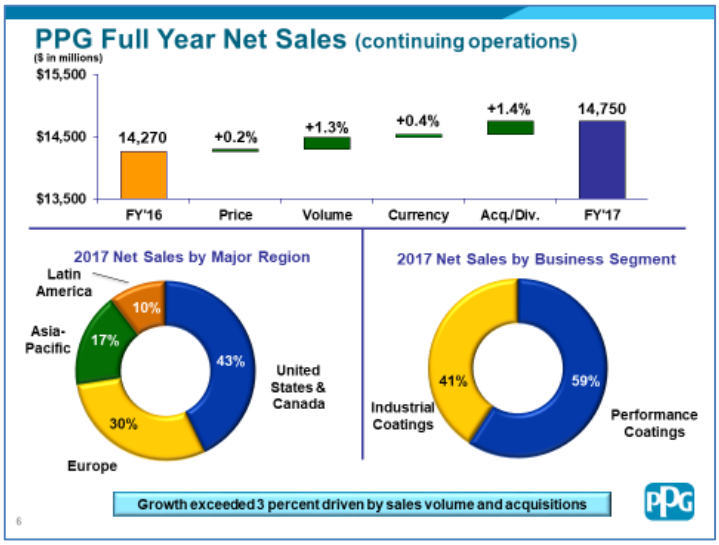
Sales volumes returned to broad-based, low-single-digit percentage growth in the Europe, Middle East, and Africa (EMEA) region following flat third quarter 2017 results. Fourth quarter results were led by demand for PPG's products in automotive OEM, general industrial, packaging and automotive refinish coatings. Sales volumes in architectural coatings and protective and marine coatings were flat with prior year and in-line with market.

Sales volumes in Asia-Pacific grew by a low-to-mid-single digit percentage year-over-year. Volumes in the Asia-Pacific region had grown at a high-single-digit percentage in the fourth-quarter 2016, providing

for a difficult comparison period for the current quarter. Volume gains were led by above-market growth in general industrial, aerospace, and architectural coatings. From a country and sub-region perspective, volumes grew in China, India, and Southeast Asia versus the prior year, but decreased in Korea due to continuing soft but moderating marine shipbuilding activity.

In Latin America, sales volumes advanced by a mid-single-digit percentage versus the prior year primarily due to double-digit percentage volume growth in the Industrial Coatings segment businesses. Volumes in the Performance Coating segment businesses were level with the prior year, including some lingering impact from the third quarter Mexican earthquakes. Within the region, volumes continued to expand in Mexico and Central America, along with a shift to modest growth in South America.

PPG Full Year Net Sales

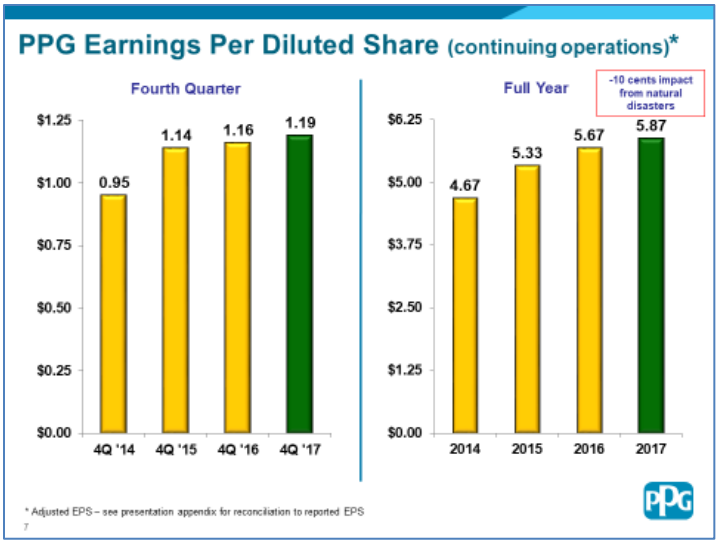


PPG's full-year net sales totaled approximately $14.8 billion, up more than 3 percent compared to the prior year. Acquisition-related sales benefited net sales by more than 1 percent partly due to the partial-year sales from businesses acquired during 2016, including MetoKote and Univer as well as the 2017 acquisitions of DEUTEK, Futian, and The Crown Group.

Year-over-year sales volumes, excluding acquisition-related sales, grew over 1 percent, led by growth in emerging regions and Europe. From a business unit perspective, general industrial, automotive OEM, packaging, specialty coatings and materials, and automotive refinish coatings provided the largest contributions to the overall volume gains.

Foreign currency translation was modestly favorable to net sales year-over-year. Favorable foreign currency translation experienced in the second half of 2017 slightly offset unfavorable impacts during the first half of the year. In 2017, overall selling prices for the company increased a modest two-tenths of one percent versus the prior year, with pricing momentum growing during the second half of 2017.

The company's 2017 regional sales mix was largely consistent with the prior-year. Sales in the U.S. and Canada were about 43 percent, with sales in the U.S. now slightly less than 40 percent of total company sales reflecting continued geographic broadening of the company. Also, PPG's business mix shifted from approximately 97 percent coatings, coatings services, and specialty materials in 2016, as originally reported, to 100 percent at the end of 2017. This change reflects the completion of PPG's business portfolio transformation following the divestiture of the North American Fiber Glass business during 2017.



PPG Adjusted Earnings Per Diluted Share

Fourth quarter 2017 adjusted earnings per diluted share from continuing operations of $1.19 increased 3 cents, or nearly 3 percent versus the prior year. This improvement driven by sales

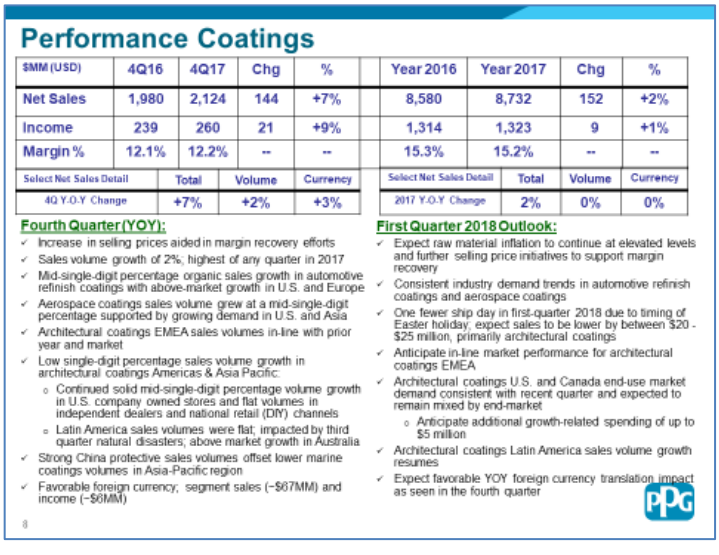
volume growth of 3 percent, strong cost management including the benefits of business restructuring actions, higher selling prices, and favorable currency translation. These improvements were partly offset by persistent raw material inflation which intensified to a mid-single-digit percentage inflation rate in the fourth quarter, including the effects from ongoing China environmental enforcement resulting in tight supply conditions. Selling price initiatives continued in quarter with further pricing secured for early 2018.

Fourth quarter 2017 reported net income from continuing operations was $184 million, or 72 cents per diluted share, including the unfavorable impact of 5 cents per diluted share stemming from the natural disasters that occurred in the third quarter. Adjusted net income from continuing operations was $304 million, or $1.19 per diluted share. Adjusted net income excludes net after-tax charges totaling $120 million, or 47 cents per diluted share. These net after-tax charges include: $97 million net charge related to the new U.S. Tax Cuts and Jobs Act legislation; $24 million for pension settlement charges; and $7 million for asset write-downs, partially offset by an $8 million gain from the sale of a non-operating asset. The net tax charge reflects the company's current best estimate of the new U.S. tax legislation's impact. As new information becomes available, including issuance by regulatory bodies, the company may update this estimate. For the fourth quarter 2017, the effective tax rate was 49.7 percent and the adjusted effective tax rate was 24.3 percent.

Fourth quarter 2016 reported net income from continuing operations was $91 million, or 34 cents per diluted share. Adjusted net income from continuing operations was $306 million, or $1.16 per diluted share. Adjusted net income excludes net after-tax charges totaling $215 million, or 82 cents per diluted share. These net after-tax charges include: $144 million for business restructuring; $51 million for increases to legacy environmental reserves; $23 million for higher tax expense related to asbestos settlement funding; and $5 million for a premium on the early retirement of debt, partially offset by an $8 million net gain on the disposals of ownership interests in business affiliates. For the fourth quarter 2016, the effective tax rate was 31.2 percent and the adjusted effective tax rate was 24.4 percent.

A detailed reconciliation of the fourth quarter and full year adjusted earnings per diluted share figures for all periods presented is included in the presentation materials appendix.

Performance Coatings



Performance Coatings

$MM (USD)	4Q16	4Q17	Chg	%	Year 2016	Year 2017	Chg	%
Net Sales	1,980	2,124	144	+7%	8,580	8,732	152	+2%
Income	239	260	21	+9%	1,314	1,323	9	+1%
Margin %	12.1%	12.2%	--	--	15.3%	15.2%	--	--

Select Net Sales Detail	Total	Volume	Currency
4Q Y-O-Y Change	+7%	+2%	+3%

Select Net Sales Detail	Total	Volume	Currency
2017 Y-O-Y Change	2%	0%	0%

Fourth Quarter (YOY):

- Increase in selling prices aided in margin recovery efforts
- Sales volume growth of 2%, highest of any quarter in 2017
- Mid-single-digit percentage organic sales growth in automotive refinish coatings with above-market growth in U.S. and Europe
- Aerospace coatings sales volume grew at a mid-single-digit percentage supported by growing demand in U.S. and Asia
- Architectural coatings EMEA sales volumes in-line with prior year and market
- Low single-digit percentage sales volume growth in architectural coatings Americas & Asia Pacific:
  - Continued solid mid-single-digit percentage volume growth in U.S. company owned stores and flat volumes in independent dealers and national retail (DIY) channels
  - Latin America sales volumes were flat; impacted by third quarter natural disasters; above market growth in Australia
- Strong China protective sales volumes offset lower marine coatings volumes in Asia-Pacific region
- Favorable foreign currency; segment sales (~$67MM) and income (~$6MM)

First Quarter 2018 Outlook:

- Expect raw material inflation to continue at elevated levels and further selling price initiatives to support margin recovery
- Consistent industry demand trends in automotive refinish coatings and aerospace coatings
- One fewer ship day in first-quarter 2018 due to timing of Easter holiday; expect sales to be lower by between $20 - $25 million, primarily architectural coatings
- Anticipate in-line market performance for architectural coatings EMEA
- Architectural coatings U.S. and Canada end-use market demand consistent with recent quarter and expected to remain mixed by end-market
  - Anticipate additional growth-related spending of up to $5 million
- Architectural coatings Latin America sales volume growth resumes
- Expect favorable YOY foreign currency translation impact as seen in the fourth quarter

PPG

Performance Coatings segment net sales for the fourth quarter were $2.1 billion, up $144 million, or more than 7 percent, versus the prior year, and included favorable foreign currency translation of about $68 million, or more than 3 percent. Sales in local currencies were up nearly 4 percent year-over-year. Segment sales volumes increased 2 percent versus the prior year, with growth in all regions except Latin America, which was flat year-over-year.

Fourth quarter segment income was $260 million, up $21 million, or about 9 percent, year-over-year including favorable impact from foreign currency translation of about $7 million. Segment income in local currencies increased by $15 million, or about 6 percent, primarily due to higher sales volumes, higher selling price, and strong cost management, including benefits from prior year business restructuring actions, partially offset by raw material inflation.

From a business unit perspective, automotive refinish coatings organic sales grew by a mid-single-digit percentage, led by market outperformance in the U.S. and Europe as customers continued to adopt

PPG's industry leading technologies. Automotive refinish coatings organic sales also increased in emerging regions year-over-year, reflecting high end-use market demand. These general trends are expected to continue in the first quarter 2018.

Aerospace coatings sales volumes grew by a mid-single-digit percentage with above-market growth in the U.S. and Asia. In the second half of 2017, industry demand growth improved and similar trends are anticipated in the first quarter 2018.

Architectural coatings EMEA sales volumes were consistent with the prior year, as sales volume growth in Northern Europe offset lower customer demand in Southern and Eastern Europe. Sales volumes in the fourth-quarter improved sequentially from the third-quarter as customer demand improved, albeit in a lower quarter seasonally. The volume growth trend for architectural coatings EMEA is expected to improve modestly in the first quarter 2018, with results remaining uneven by country.

Architectural coatings Americas and Asia-Pacific sales in local currencies increased by a low-to-mid-single-digit percentage versus the prior year with differences by channel and region. Organic sales improved in both the Latin America and Asia-Pacific regions. For the full year, the PPG-Comex architectural coatings business added over 200 additional concessionaries in Mexico.

In the U.S. and Canada, same store sales volumes in company-owned architectural stores grew by a solid mid-single-digit percentage, while volumes in the independent dealer networks and national retail accounts (DIY) channels were flat versus the prior year marking an improvement versus prior quarters in 2017. The PPG Timeless product in the Home Depot continues to meet our targets and is being expanded to more locations during 2018. We expect a similar amount to be added in 2018. In the first quarter of 2018, we anticipate additional growth-related spending of up to $5 million to support the continued momentum in the region.

Protective and marine coatings net sales were flat year-over-year. Sales volumes in Asia-Pacific were up a high-single-digit percentage driven by strong protective coatings sales growth in China offset by a high-single-digit percentage, but moderating decrease in marine coatings. The business is expected to perform in-line with the market in the first quarter 2018. The positive trend of improved ship-building orders in Asia continued in the fourth quarter.

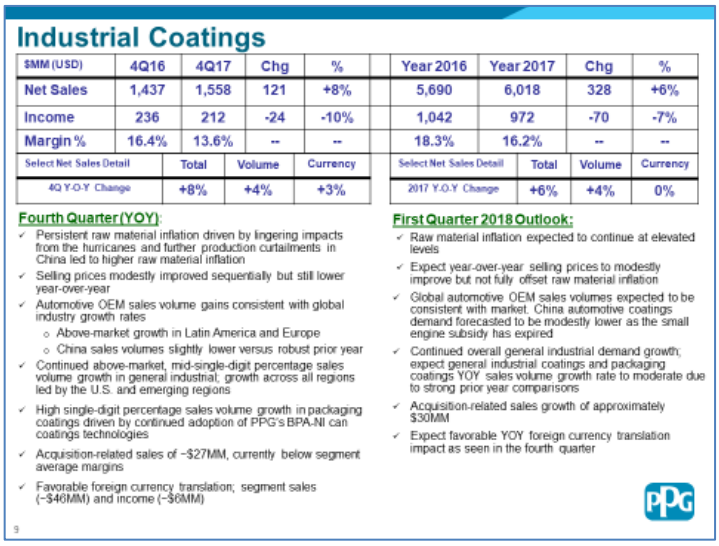
Looking ahead, we expect raw material costs to remain elevated in the first-quarter 2018, at similar levels experienced in the fourth quarter. There will be no material benefit from acquisition-related sales in the segment, and, based on current exchange rates, foreign currency translation is expected to have a similar sequential favorable impact on segment sales and income in the first quarter 2018.

Due to the timing of the Easter holiday, there is one fewer ship day in the first-quarter 2018 compared to first-quarter 2017, which is expected to unfavorably impact global architectural coatings sales volumes by about $20 – to - $25 million in net sales. This unfavorable impact will reverse in the second quarter.

Full-year segment net sales were approximately $8.7 billion, increasing by about 2 percent, or $152 million year-over-year, including favorable foreign currency translation of about $28 million, or less than 1 percent. Net sales in local currencies improved by more than 1 percent versus the prior year. Segment sales volumes were flat year-over-year and acquisition-related sales added about 1 percent, primarily from the Univer, DEUTEK, and Futian acquisitions.

Segment income margins were flat at 15.2% year-over-year. The businesses in this segment experienced significant raw material inflation, which was countered with strong cost management and initial selling price initiatives. Looking ahead, further selling price increases in 2018 will be needed to offset more recent raw material inflation.

Industrial Coatings



Industrial Coatings

$MM (USD)	4Q16	4Q17	Chg	%	Year 2016	Year 2017	Chg	%
Net Sales	1,437	1,558	121	+8%	5,690	6,018	328	+6%
Income	236	212	-24	-10%	1,042	972	-70	-7%
Margin %	16.4%	13.6%	--	--	18.3%	16.2%	--	--

Select Net Sales Detail	Total	Volume	Currency
4Q Y-O-Y Change	+8%	+4%	+3%

Select Net Sales Detail	Total	Volume	Currency
2017 Y-O-Y Change	+6%	+4%	0%

Fourth Quarter (YOY):

- Persistent raw material inflation driven by lingering impacts from the hurricanes and further production curtailments in China led to higher raw material inflation
- Selling prices modestly improved sequentially but still lower year-over-year
- Automotive OEM sales volume gains consistent with global industry growth rates
  - Above-market growth in Latin America and Europe
  - China sales volumes slightly lower versus robust prior year
- Continued above-market, mid-single-digit percentage sales volume growth in general industrial; growth across all regions led by the U.S. and emerging regions
- High single-digit percentage sales volume growth in packaging coatings driven by continued adoption of PPG's BPA-NI can coatings technologies
- Acquisition-related sales of ~$27MM, currently below segment average margins
- Favorable foreign currency translation; segment sales (~$40MM) and income (~$0MM)

First Quarter 2018 Outlook:

- Raw material inflation expected to continue at elevated levels
- Expect year-over-year selling prices to modestly improve but not fully offset raw material inflation
- Global automotive OEM sales volumes expected to be consistent with market. China automotive coatings demand forecasted to be modestly lower as the small engine subsidy has expired
- Continued overall general industrial demand growth; expect general industrial coatings and packaging coatings YOY sales volume growth rate to moderate due to strong prior year comparisons
- Acquisition-related sales growth of approximately $30MM
- Expect favorable YOY foreign currency translation impact as seen in the fourth quarter

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Industrial Coatings segment net sales for the fourth quarter were about $1.6 billion, up $121 million or more than 8 percent year-over-year, including favorable foreign currency translation of over 3 percent, or about $46 million. Segment sales volumes grew by more than 4 percent, and acquisition-related sales added approximately 2 percent, or about $27 million, primarily from The Crown Group. In the fourth quarter, year-over-year segment sales growth was positive in every major geographic region; however, aggregate selling prices were modestly lower, although some pricing traction was achieved versus the prior sequential quarter.

Segment income of $212 million was down $24 million, or about 10 percent year-over-year, including favorable foreign currency translation of approximately $5 million primarily related to the Chinese yuan, the euro and the Mexican peso. Segment income benefited from higher sales volumes and lower manufacturing costs which were more than offset by elevating raw material costs and modestly lower selling prices.

From a business unit perspective, sales volumes increased by a low-single-digit percentage in automotive OEM coatings versus the prior year, consistent with the overall global industry growth rate. PPG's growth outpaced regional industry growth rates in Mexico and South America and were in-line with the market in Europe and the Asia-Pacific region. Sales volumes declined in the U.S. and Canada, including the impact from weaker industry demand in the region. Global automotive industry growth is forecasted to be about 1 percent in the first quarter 2018 led by Europe and Mexico. In China, industry automotive production is expected to modestly decrease in the first quarter of 2018, reflecting the expiration of a small engine subsidy that had been in effect the past several years.

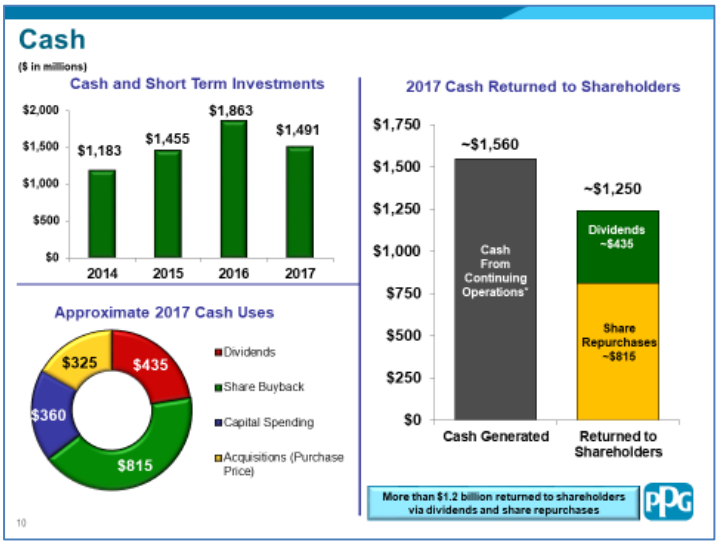
PPG's general industrial and specialty coatings and materials businesses grew sales volumes by a mid-single-digit percentage year-over-year, marking eight consecutive quarters of above-market growth. Volumes grew in each major region, led by the U.S. and Canada, driven by strong end-market demand for heavy-duty equipment and electronics materials. Looking ahead, solid general industrial demand growth trends are expected to continue in aggregate, but remain mixed by geography and end-use market. PPG's market outperformance is expected to continue.

Global packaging coatings sales volumes were up a high-single-digit percentage versus the prior year due to ongoing adoption of PPG's new can coating technologies. This above-market sales volume growth was balanced across all regions. We anticipate volume growth will continue due to the ongoing industry conversion to BPA non-intent interior can coatings, with PPG's year-over-year growth rates continuing at an above market level in 2018.

Industrial coatings full year segment sales were $6 billion, up nearly 6 percent, including a modest favorable impact from foreign currency translation. Year-over-year sales volumes grew by 4 percent and acquisition-related sales added 4 percent, partially offset by lower selling prices. Segment income margins were lower by about $70 million, or 7 percent, versus the prior year, decreasing about 200 basis points versus 2016. Acquisition-related sales are expected to add approximately $30 million to first quarter 2018 segment sales and, based on current exchange rates, foreign currency translation is expected to have a similar sequential favorable impact on segment sales and income in the first quarter 2018.

Segment margin recovery continues to be a priority for 2018. Based on recent raw material inflation, segment margins recovery is expected to continue through the first half of 2018. All businesses in the segment have made progress with selling price initiatives and additional price increases have been announced for the early 2018. Also, efforts to reduce costs remain a key focus in 2018.

Balance Sheet and Cash



PPG ended the fourth quarter with about $1.5 billion in cash and short-term investments. Cash generated from continuing operations was more than $550 million in the fourth quarter, and totaled more than $1.5 billion for full-year.

Approximate uses of cash for the fourth quarter and full-year were as follows:

- Capital expenditures were about $150 million in the quarter and approximately $350 million, or about 2.5 percent of sales, for the full year. We anticipate capital spending to be in the range of 2.5 -to- 3.0 percent of sales in 2018.

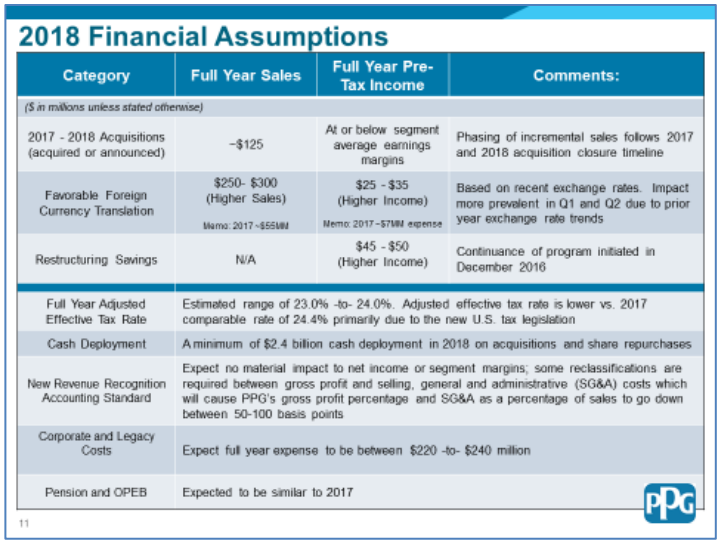
- Dividends paid were $113 million in the fourth quarter and about $435 million for the full-year. In July 2017, the company raised it is per share dividend by 13 percent. PPG has paid annual dividends for 118 consecutive years, including 46 consecutive years of increased annual payouts.

- Cash spending for 2017 acquisitions was about $325 million. This included the acquisitions of The Crown Group, DEUTEK, and Futian.

- PPG stock repurchases totaled approximately $400 million in the fourth quarter and about $815 million for the year. The company has about $3.6 billion remaining under its current share repurchase authorizations as of year-end.

The company is committed to deploying a minimum of $2.4 billion in cash during 2018 for acquisitions and share repurchases.

2018 Financial Assumptions



Category	Full Year Sales	Full Year Pre-Tax Income	Comments:
($ in millions unless stated otherwise)			
2017 - 2018 Acquisitions (acquired or announced)	~$125	At or below segment average earnings margins	Phasing of incremental sales follows 2017 and 2018 acquisition closure timeline
Favorable Foreign Currency Translation	$250- $300 (Higher Sales) Memo: 2017 ~$55MM	$25 - $35 (Higher Income) Memo: 2017 ~$7MM expense	Based on recent exchange rates. Impact more prevalent in Q1 and Q2 due to prior year exchange rate trends
Restructuring Savings	N/A	$45 - $50 (Higher Income)	Continuance of program initiated in December 2016
Full Year Adjusted Effective Tax Rate	Estimated range of 23.0% -to- 24.0%. Adjusted effective tax rate is lower vs. 2017 comparable rate of 24.4% primarily due to the new U.S. tax legislation		
Cash Deployment	A minimum of $2.4 billion cash deployment in 2018 on acquisitions and share repurchases		
New Revenue Recognition Accounting Standard	Expect no material impact to net income or segment margins; some reclassifications are required between gross profit and selling, general and administrative (SG&A) costs which will cause PPG's gross profit percentage and SG&A as a percentage of sales to go down between 50-100 basis points		
Corporate and Legacy Costs	Expect full year expense to be between $220 -to- $240 million		
Pension and OPEB	Expected to be similar to 2017		

For 2018, the company is providing the following financial assumptions based on information currently known that will affect 2018 financial results:

- Acquisitions made in 2017 and January 2018 are expected to add incremental 2018 sales of approximately $125 million, reflecting the flow-through impact from acquisitions made in the 2017 calendar year. The acquisitions will contribute at or below their respective segment margins as they are fully integrated during 2018.

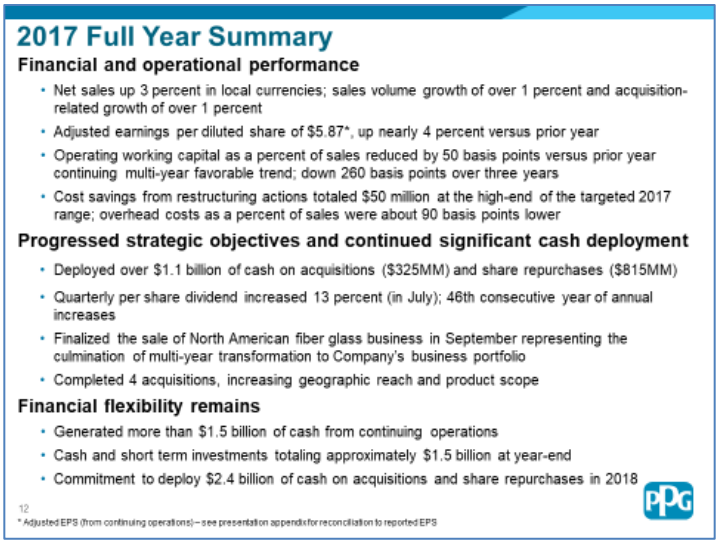
- Throughout 2017, a variety of major foreign currencies continued to strengthen versus the U.S. dollar, accelerating in the second half of the year. As a result, based on recent exchange

rates, the company expects that year-over-year foreign currency translation will favorably impact sales by $250 million -to- $300 million, and pre-tax income by about $25 million -to- $35 million, with greater favorable impacts in the first half 2018 due to the timing of the underlying 2017 currency increases. The company generally purchases raw materials, incurs manufacturing costs and sells finished products in the same currency, so it does not typically incur significant foreign currency-related transaction impacts.

- The company initiated a business-restructuring program in December 2016 targeting $125 million in total run-rate annual savings once fully implemented. Execution against this program is expected to result in an additional $45 million -to- $50 million of cost savings in 2018.

- The company's 2018 effective tax rate on income from continuing operations is expected to be in the range of 23 -to- 24 percent. The comparable rate for 2017 was 24.4 percent. The decrease primarily relates to the new U.S. Tax Cuts and Jobs Act legislation enacted in December 2017. Other factors may affect the 2018 effective tax rate throughout the year, including changes to various tax regulations in the U.S. and abroad.

Full Year Summary



In summary for the full year, the company's adjusted earnings per diluted share from continuing operations was $5.87, an increase of about 4 percent versus the prior year including unfavorable foreign currency translation of $7 million. Full-year net sales increased by about 3 percent in local currencies, growing in each major geographic region of the world. Sales volumes increased over 1 percent versus the prior year, led by the Industrial Coatings segment. Acquisition-related sales added about 1 percent growth year-over-year.

The company continued to perform well operationally with aggressive management of the overall cost structure, including benefits from the prior year restructuring program. Additionally, a 50 basis point improvement in year-over-year working capital was achieved. Working capital ratios have improved by a total of about 260 basis points during the past 3 years, despite numerous acquisitions which generally result in increases to working capital during integration.

Strategically, business portfolio optimization continued including the acquisitions of The Crown Group and ProCoatings (January 2018). In addition, the company completed its multi-year strategic portfolio transformation with the sale of the North American Fiber Glass business.

The company continues to have excellent financial flexibility with cash and short-term investments of about $1.5 billion at year-end.

The company is committed to deploying a minimum of $2.4 billion of cash during 2018 on acquisitions and share repurchases as part of our previously communicated commitment to deploy $3.5 billion in 2017 and 2018 combined.

Adjusted EPS Reconciliation

4th Quarter Reporting Period

$ in millions, except EPS

	Continued Operations		Discontinued Operations		Total PPG	
	Net Income	EPS	Net Income	EPS	Net Income	EPS
Fourth Quarter 2017						
Net Income Attributable to PPG as Reported	$ 184	$ 0.72	$ –	$ –	$ 184	$ 0.72
Net tax charge for Tax Cuts and Job Act legislation	97	0.38	–	–	97	0.38
Pension settlement charges	24	0.09	–	–	24	0.09
Gain on sale of non-operating asset	(8)	(0.03)	–	–	(8)	(0.03)
Asset write-downs	7	0.03	–	–	7	0.03
Adjusted Net Income Attributable to PPG	$ 304	$ 1.19	$ –	$ –	$ 304	$ 1.19
Fourth Quarter 2016						
Net Income Attributable to PPG as Reported	$ 91	$ 0.34	$ 253	$ 0.96	$ 344	$ 1.30
Business restructuring charge	144	0.55	2	–	146	0.55
Environmental remediation charge	51	0.20	–	–	51	0.20
Loss on divestiture of European fiber glass business	–	–	44	0.17	44	0.17
Net gain on disposals of ownership interests in business affiliates	(8)	(0.04)	(25)	(0.09)	(33)	(0.13)
Net tax effect of asbestos settlement trust funding	23	0.09	–	–	23	0.09
Premium on early retirement of debt	5	0.02	–	–	5	0.02
Adjusted Net Income Attributable to PPG	$ 306	$ 1.16	$ 274	$ 1.04	$ 580	$ 2.20
Fourth Quarter 2015						
Net Income Attributable to PPG as Reported	$ 290	$ 1.07	$ 24	$ 0.09	$ 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	$ 308	$ 1.14	$ 24	$ 0.09	$ 332	$ 1.23
Fourth Quarter 2014						
Net Income Attributable to PPG as Reported	$ 66	$ 0.24	$ 17	$ 0.06	$ 83	$ 0.30
Debt refinancing charge	200	0.72	–	–	200	0.72
Transaction-related costs	30	0.10	6	0.03	36	0.13
Favorable foreign tax ruling	(29)	(0.11)	–	–	(29)	(0.11)
Adjusted Net Income Attributable to PPG	$ 267	$ 0.95	$ 23	$ 0.09	$ 290	$ 1.04

PPG Adjusted Earnings Per Share Trend Reconciliation

	Adjusted EPS from Continuing Operations			
Period	2014	2015	2016	2017
1Q	$0.98	$1.10	$1.23	$1.33
2Q	1.40	1.58	1.73	1.83
3Q	1.33	1.53	1.52	1.52
4Q	0.95	1.14	1.16	1.19
Full Year*	$4.67	$5.33	$5.67	$5.87
Year over year percentage increase in EPS				

*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.

Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by or on behalf of the Company. This presentation contains forward-looking statements that reflect the Company's current views with respect to future events and financial performance. You can identify forward-looking statements by the fact that they do not relate strictly to current or historic facts. Forward-looking statements are identified by the use of the words "aim," "believe," "expect," "anticipate," "intend," "estimate," "project," "outlook," "forecast" and other expressions that indicate future events and trends. Any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to update any forward looking statement, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our reports to the Securities and Exchange Commission. Also, note the following cautionary statements:

Many factors could cause actual results to differ materially from the Company's forward-looking statements. Such factors include ongoing impacts of the natural disasters and their length and severity, any currently unanticipated future impacts from the natural disasters, global economic conditions, increasing price and product competition by foreign and domestic competitors, fluctuations in cost and availability of raw materials, the ability to achieve selling price increases, the ability to recover margins, the ability to maintain favorable supplier relationships and arrangements, the timing of and 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. However, it is not possible to predict or identify all such factors. Consequently, while the list of factors presented here and under Item 1A of PPG's 2016 Form 10-K is 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 the 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, other factors set forth in Item 1A of PPG's 2016 Form 10-K and similar risks, any of which could have a material adverse effect on the Company's consolidated financial condition, results of operations or liquidity.

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