

PPG – First Quarter 2018 Financial Results

Michael H. McGarry, Chairman and Chief Executive Officer

Vincent J. Morales, Senior Vice President and Chief Financial Officer

John Bruno, Director, Investor Relations

Information current as of April 19, 2018



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First Quarter 2018 Financial Highlights

Net sales up nearly 9 percent; local currency sales increased about 3 percent

- Sales volumes increased modestly year-over-year; growth in aerospace, automotive refinish, general industrial, and packaging coatings sales volume growth was offset by fewer shipping days, harsh weather in Europe, and lower U.S. architectural national retail (DIY) sales
- Selling prices increased 1.6 percent; sequentially improved in both segments
- Favorable foreign currency translation benefited sales by nearly 6 percent or about \$200 million

Record first quarter adjusted earnings per diluted share up more than 4%*

- Adjusted earnings per diluted share increased to \$1.39, including the unfavorable impact of continued, elevated raw material and logistics cost inflation
- Selling prices improved sequentially by 100 basis points; additional selling price increases have been secured for the second quarter 2018
- Aggressive cost management continues:
 - Selling, general and administrative costs reduced by more than 100 basis points as a percentage of sales
 - Restructuring actions continued - full year 2018 savings are expected to be higher than prior guidance, between \$50 - \$55 million

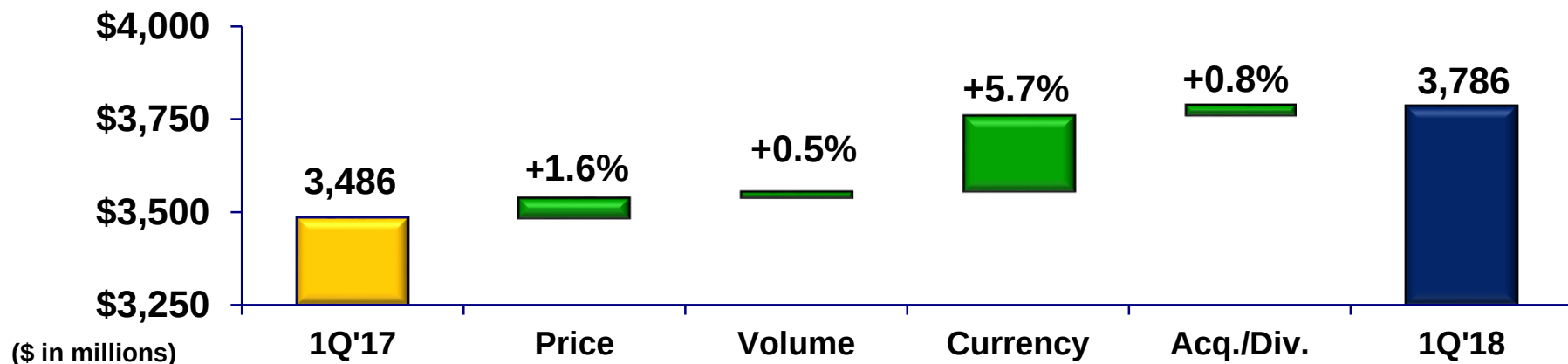
Strong progress on cash deployment; financial flexibility remains

- \$600 million of stock repurchases
- Active acquisition pipeline remains



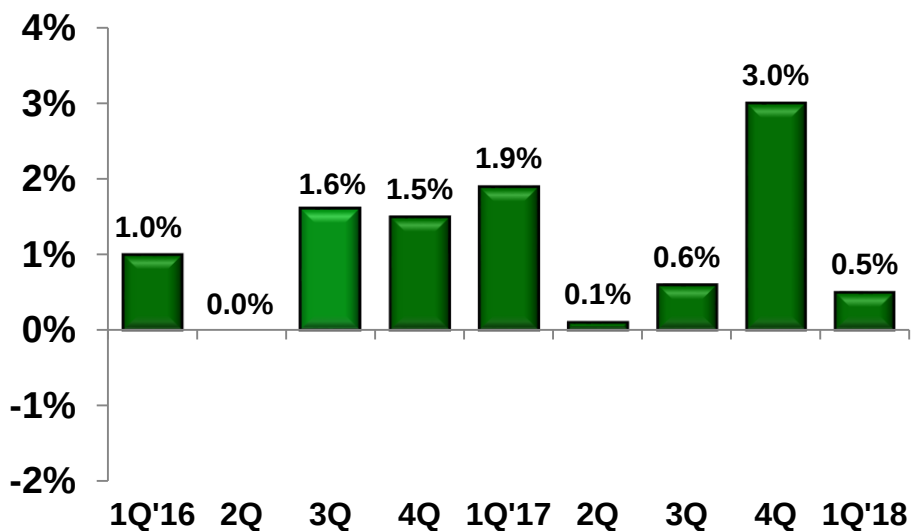
* Adjusted EPS (from continuing operations) – see presentation appendix for reconciliation to reported EPS

PPG First Quarter Net Sales*



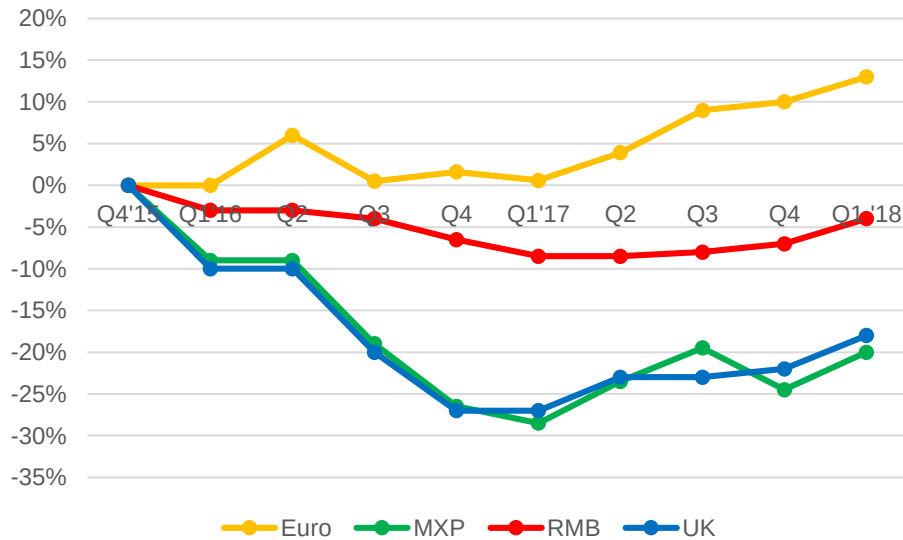
PPG Y-O-Y Volume Trends**

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



Foreign Currency Rate Trends vs. U.S. Dollar

(indexed to Q4'15)



1Q'18: volumes increased modestly – fewer shipping days YOY

US dollar weakened versus key currencies in 1Q'18

First Quarter Net Sales Volumes

PPG volume performance by major coatings vertical vs. prior year and end-use market demand

	U.S. & Canada		Europe / Middle East / Africa	Asia-Pacific		Latin America	
Aerospace	Above Market		Below Market	Above Market		At Market	
Automotive Refinish	At Market		Above Market	At Market		At Market	
Architectural	Co. Stores At Market	DIY & Dealer Below Mkt	At Market	AUS At Market	CN Below Mkt	Mexico At Market	BRZ At Mkt
Protective	At Market		Below Market	At Market		At Market	
Marine	At Market		At Market	At Market		N/A	
Automotive OEM	At Market		At Market	At Market		Above Market	
General Industrial	At Market		Above Market	At Market		Above Market	
Packaging	Above Market		Above Market	Below Market		At Market	

1. PPG compared to industry end-use market demand legend:

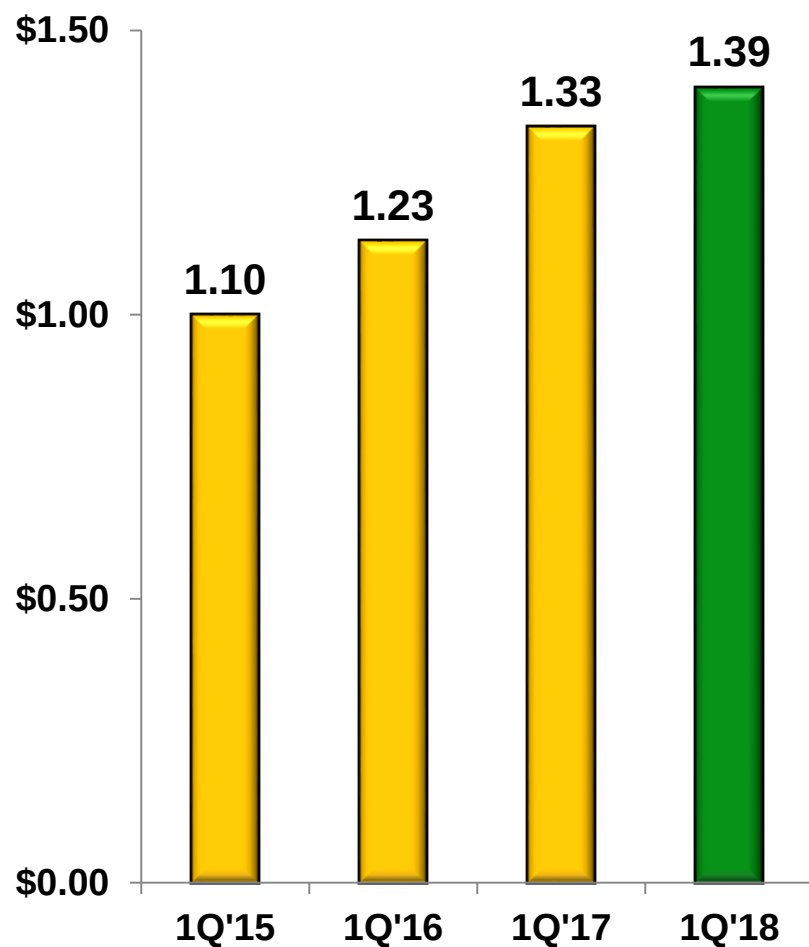
- Above Market
- At Market
- Below Market

2. Year-over-year PPG volume legend:



Based on PPG estimates

PPG Record First Quarter Adjusted Earnings Per Diluted Share*



First Quarter Comments

- ✓ Reporting segment updates included on succeeding slides. Aggregate items embedded in segment reviews:
 - Selling prices increased 1.6% Y-O-Y
 - Raw material inflation was elevated at a mid-single-digit percentage level
 - Continued, aggressive cost management including business restructuring actions
 - Favorable foreign currency translation Y-O-Y of approximately \$27MM
- ✓ Average diluted shares outstanding down about 3 percent vs. prior-year quarter
- ✓ Lower effective income tax rate on adjusted net income (U.S. tax reform):
 - 1Q 2018 = 23.5%
 - 1Q 2017 = 24.9%

* Adjusted EPS (from continuing operations) – see presentation appendix for reconciliation to reported EPS



Performance Coatings

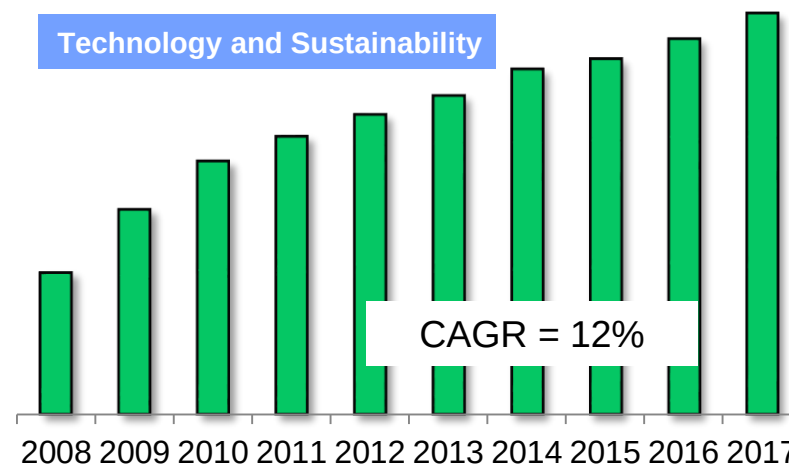
\$MM (USD)	1Q17	1Q18	Chg	%
Net Sales	2,017	2,165	148	7%
Income	285	285	0	0%
Margin %	14.1%	13.2%	--	--

Select Net Sales Detail	Total	Volume	Currency
1Q Y-O-Y Change	+7%	--	+6%

First Quarter (Y-O-Y):

- ✓ Selling prices improved more than 2 percent
- ✓ Fewer shipping days impacted sales; ~100 basis points
- ✓ Automotive refinish organic sales grew a mid-single-digit percentage with above-market growth in Europe
- ✓ Aerospace sales volumes outpaced the market and grew by a high-single-digit percentage due to advantaged technology product sales and solid industry fundamentals
- ✓ Architectural - EMEA sales declined a mid-single-digit percentage; soft industry demand due to inclement weather
- ✓ Architectural - Americas & Asia Pacific coatings sales volumes declined modestly:
 - Sales volumes continued to grow at a mid-single-digit percentage in U.S. & Canada company-owned stores offset by lower independent dealer networks and DIY channel demand
 - Sales volumes in the Latin America region grew a mid-single-digit percentage
- ✓ Favorable foreign currency; segment sales (~\$120MM) and income (~\$15MM)

PPG-Supplied Waterborne Refinish Paint Shops



Second Quarter 2018 Outlook:

- ✓ Higher sequential sales due to normal seasonality
- ✓ Expect raw material inflation to continue and further selling price actions to support margin recovery
- ✓ Consistent sales volume trends in automotive refinish coatings & aerospace coatings
- ✓ Anticipate in-line market performance for architectural - EMEA coatings
- ✓ Expect continued growth in U.S. architectural company-owned stores and lower Y-O-Y DIY and independent dealer channel sales
- ✓ Sales volumes for architectural coatings in Latin America are expected to grow by a low-single-digit percentage
- ✓ Continued growth-related spending up to \$5 million Y-O-Y
- ✓ Favorable Y-O-Y foreign currency translation; slightly lower impact than the first quarter



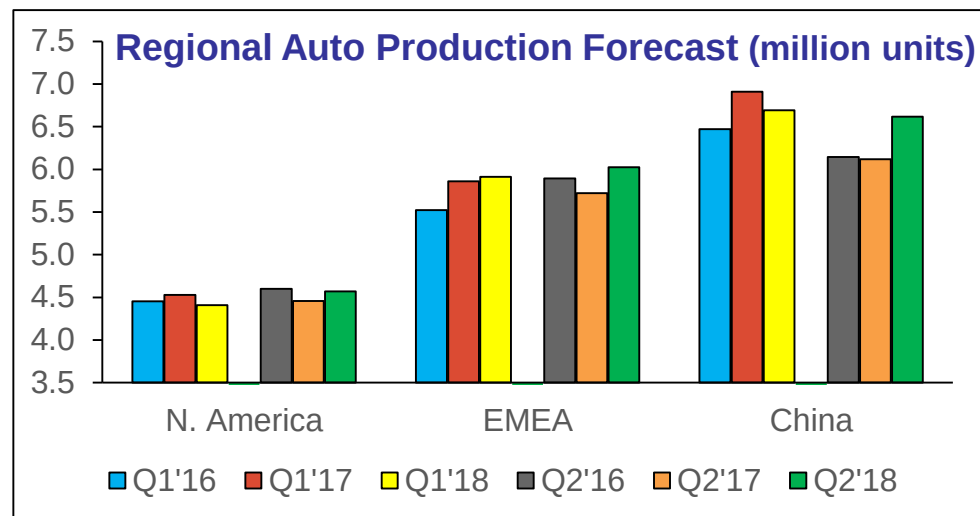
Industrial Coatings

\$MM (USD)	1Q17	1Q18	Chg	%
Net Sales	1,469	1,621	152	+10%
Income	276	240	-36	-13%
Margin %	18.8%	14.8%	--	--

Select Net Sales Detail	Total	Volume	Currency
1Q Y-O-Y Change	+10%	+2%	+6%

First Quarter (Y-O-Y):

- ✓ Elevated raw material inflation driven by production curtailments in China and higher logistics costs
- ✓ Selling prices improved nearly 1 percent Y-O-Y; sequentially vs. 4Q'17 nearly 200 basis points
- ✓ Automotive OEM coatings sales volumes were consistent with global industry growth rates:
 - Above-market performance growth in Latin America
 - China sales volumes lower versus prior year
- ✓ General industrial and packaging coatings sales volumes increased at a low-single-digit percentage
 - Strong sales volumes in developed regions; lower growth levels in the Asia-Pacific region due to strong prior year comparison
- ✓ Acquisition-related sales of ~\$30MM, currently below segment margins
- ✓ Favorable foreign currency translation on segment sales (~\$85MM) and income (~\$10MM)



Source: IHS Global Insights

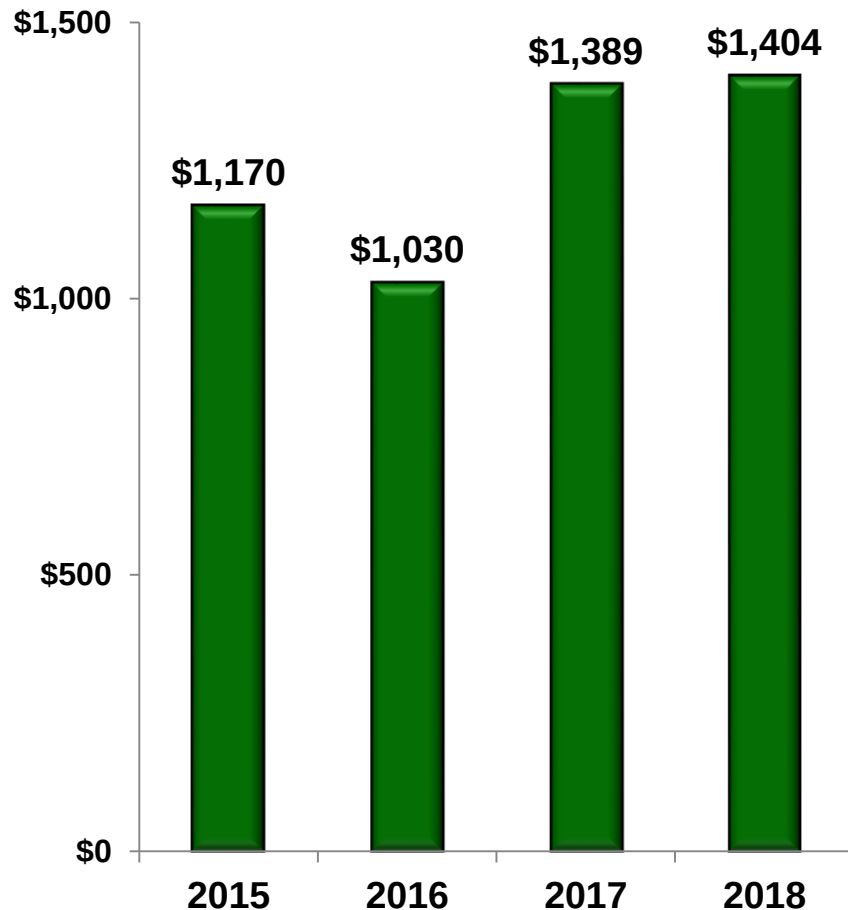
Second Quarter 2018 Outlook:

- ✓ Modestly higher sequential sales due to normal seasonal patterns
- ✓ Expect raw material inflation to persist but at a moderating pace, and further pricing actions to support margin recovery
- ✓ Global automotive OEM sales volumes expected to be consistent with industry; China automotive OEM industry production growth resumes
- ✓ Continued overall general industrial demand growth; expect general industrial and packaging coatings Y-O-Y sales volume growth rate to be comparable to the first quarter
- ✓ Acquisition-related sales growth of approximately \$30MM, below segment margins
- ✓ Favorable Y-O-Y foreign currency translation; slightly lower impact than the first quarter



Balance Sheet and Cash

First Quarter Cash and Short Term Investments (\$MM)



First Quarter 2018 Activity

- ✓ 1Q 2018 approximate cash uses:
 - Capital Spending \$75MM
 - Dividends \$110MM
 - Share Repurchases \$600MM
- ✓ Strong cash position remains; continued focus on cash deployment for earnings accretion
- ✓ Committed to deploy \$2.4 billion for acquisitions and share repurchases in 2018
 - ✓ Active acquisition pipeline remains
- ✓ Net debt* increased from the first quarter 2017 by \$800 million year-over-year to \$3.8 billion in the first quarter

*Total debt less cash and short term investments



Additional Materials and Appendix

Thank you for your interest in PPG Industries, Inc.

Contact Information:

Investors:

John Bruno

phone: +1.412.434.3466

email: jbruno@ppg.com

Media:

Mark Silvey

phone: +1.412.434.3046

email: silvey@ppg.com



Adjusted EPS Reconciliation

1st Quarter Reporting Period

	Continuing Operations		Discontinued Operations		Total PPG	
	Net Income	EPS	Net Income	EPS	Net Income	EPS
First Quarter 2018						
Net Income Attributable to PPG as Reported	\$ 347	\$ 1.38	\$ 6	\$ 0.02	\$ 353	\$ 1.40
Costs related to a customer assortment change	3	0.01	--	--	3	0.01
Adjusted Net Income Attributable to PPG	\$ 350	\$ 1.39	\$ 6	\$ 0.02	\$ 356	\$ 1.41
First Quarter 2017						
Net Income Attributable to PPG as Reported	\$ 328	\$ 1.27	\$ 6	\$ 0.02	\$ 334	\$ 1.29
Transaction-related costs	3	0.01	--	--	3	0.01
Pension settlement charge	14	0.05	--	--	14	0.01
Adjusted Net Income Attributable to PPG	\$ 345	\$ 1.33	\$ 6	\$ 0.02	\$ 351	\$ 1.35
First Quarter 2016						
Net Income Attributable to PPG as Reported	\$ 328	\$ 1.22	\$ 19	\$ 0.07	\$ 347	\$ 1.29
Transaction-related costs	1	0.01	--	--	1	0.01
Asset write-down	--	--	3	0.01	3	0.01
Adjusted Net Income Attributable to PPG	\$ 329	\$ 1.23	\$ 22	\$ 0.08	\$ 351	\$ 1.31
First Quarter 2015						
Net Income Attributable to PPG as Reported	\$ 300	\$ 1.09	\$ 22	\$ 0.08	\$ 322	\$ 1.17
Transaction-related costs	3	0.01	3	0.01	6	0.02
Adjusted Net Income Attributable to PPG	\$ 303	\$ 1.10	\$ 25	\$ 0.09	\$ 328	\$ 1.19

Amounts in Millions of USD except EPS



Regulation G Reconciliation

Three Months Ended March 31, 2018	Income Before Income Taxes	Tax Expense	Effective Tax Rate
Effective tax rate, continuing operations	\$462	\$109	23.5%
Costs related to a customer assortment change	4	1	24.3%
Adjusted effective tax rate, continuing operations	\$466	\$110	23.5%

Three Months Ended March 31, 2017	Income Before Income Taxes	Tax Expense	Effective Tax Rate
Effective tax rate, continuing operations	\$440	\$107	24.3%
Transaction-related costs	4	1	37.9%
Pension settlement charges	22	8	37.9%
Adjusted effective tax rate, continuing operations	\$466	\$116	24.9%

Amounts in Millions of USD