

PPG - Second Quarter 2019 Financial Results



Michael H. McGarry, Chairman and Chief Executive Officer

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Information current as of July 18, 2019



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 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, customer inventory levels, our ability to maintain favorable supplier relationships and arrangements, the timing of and the realization of anticipated cost savings from restructuring initiatives, the ability to identify additional cost savings opportunities, difficulties in integrating acquired businesses and achieving expected synergies therefrom, economic and political conditions in the markets we serve, 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, the unpredictability of existing and possible future litigation, including asbestos litigation, and governmental investigations. 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 2018 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 2018 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.

All of this information speaks only as of July 18, 2019, 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.

Second Quarter 2019 Financial Highlights

Net sales up about 1% in constant currencies

- Selling prices increased by more than 2%, marking nine consecutive quarters of higher pricing; both reporting segments contributed similar price gains
- Sales from recent acquisitions of SEM, Whitford and Hemmelrath improved sales by about 2%
- Sales volumes were lower versus the prior year by about 2%, excluding the previously announced customer assortment changes in the U.S. architectural coatings business
- Unfavorable foreign currency translation impacted sales by more than 3%, or about \$130 million

Second quarter adjusted earnings per diluted share of \$1.85*

- Adjusted earnings per diluted share comparable to prior year second quarter in constant currency
- Operating margin recovery continued; industrial coatings segment margins were 100 basis points higher year over year driven by continued selling price realization and cost management
- Business restructuring savings of about \$20 million in the quarter; new cost savings program announced in second quarter with \$125 million of annualized savings once fully implemented

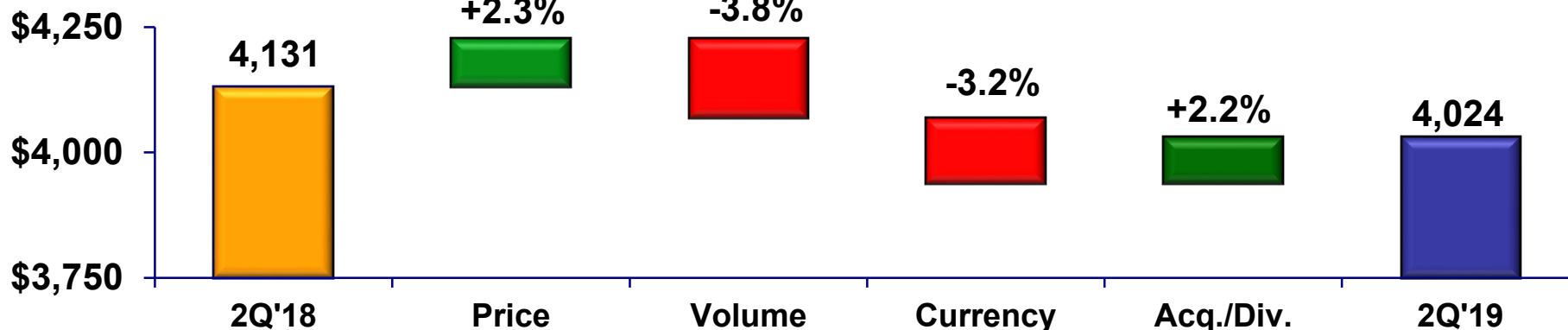
Cash deployment focus on shareholder value creation

- Completed acquisition of Hemmelrath
- Acquisition pipeline remains active

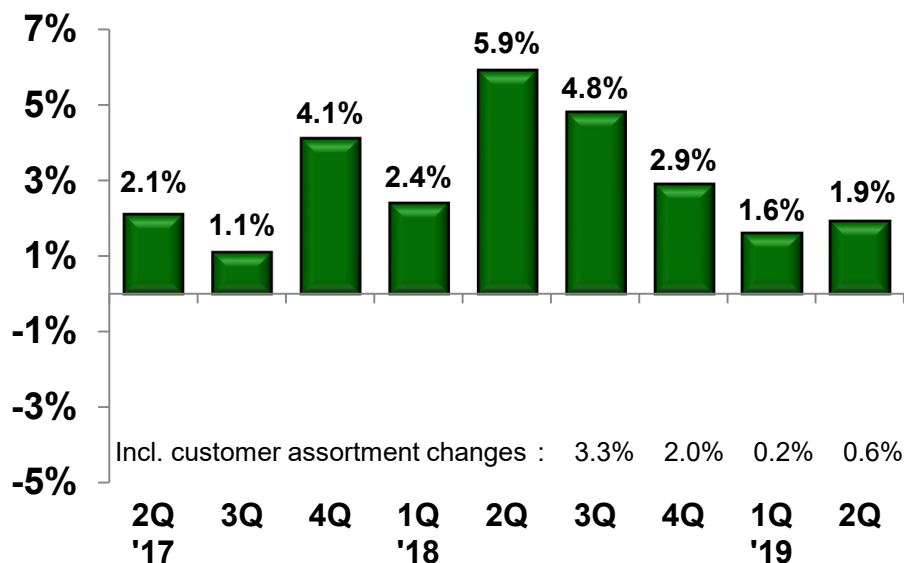


PPG Second Quarter Net Sales*

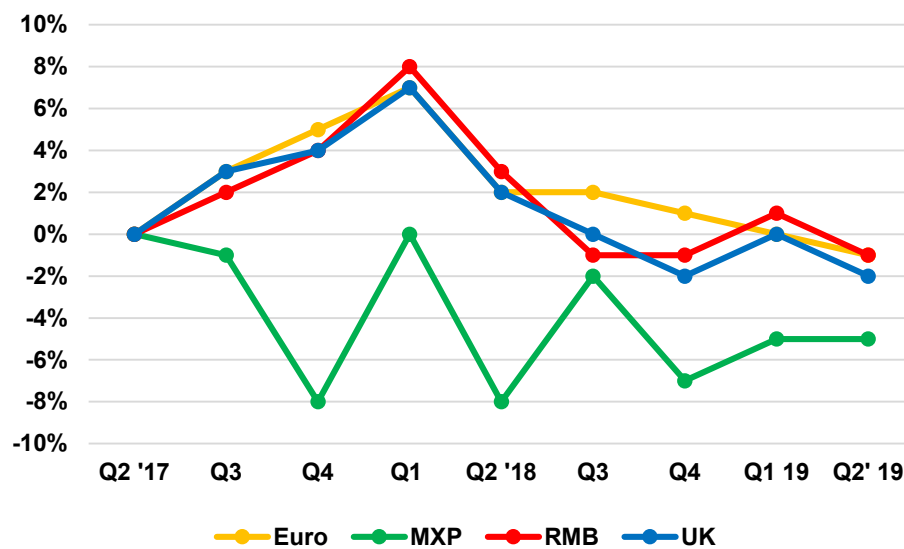
(\$ in millions)



PPG Y-O-Y Net Sales Trend
(excluding currency impacts)



Foreign Currency Rate Trends vs. U.S. Dollar
(indexed to Q2'17)



2Q'19: Sales impacted by soft macro industrial demand

US dollar gained versus most key currencies in 2Q'19

* Sales from continuing operations



Second 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		Above Market	Above Market		At Market	
Automotive Refinish	Below Market		At Market	At Market		At Market	
Architectural	Co. Stores At Market	DIY & Dealer Below Mkt	Above Market	AUS Above Market	CN At Market	Mexico At Market	BRZ Below Mkt
Protective	At Market		At Market	Above Market		At Market	
Marine	Above Market		Above Market	Above Market		N/A	
Automotive OEM	Below Market		Above Market	At Market		Above Market	
General Industrial	At Market		At Market	At Market		At Market	
Packaging	Below Market		Below Market	At Market		Above Market	

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

- Above Market
- At Market
- Below Market

2. Year-over-year PPG volume legend:



Based on PPG estimates

Performance Coatings

Coveted PPG products available at ALL leading DIY centers in the U.S.

\$MM (USD)	2Q19	2Q18	Chg	%
Net Sales	2,430	2,498	-68	-3%
Income	425	428	-3	-1%
Margin %	17.5%	17.1%	+0.4%	--
Select Net Sales Detail	Total	Price	Currency	
2Q Y-O-Y Change	-3%	+2%	-3%	



LIQUID NAILS® One of the most recognized brands in construction adhesives and sealants
DONE ONCE. DONE RIGHT®.



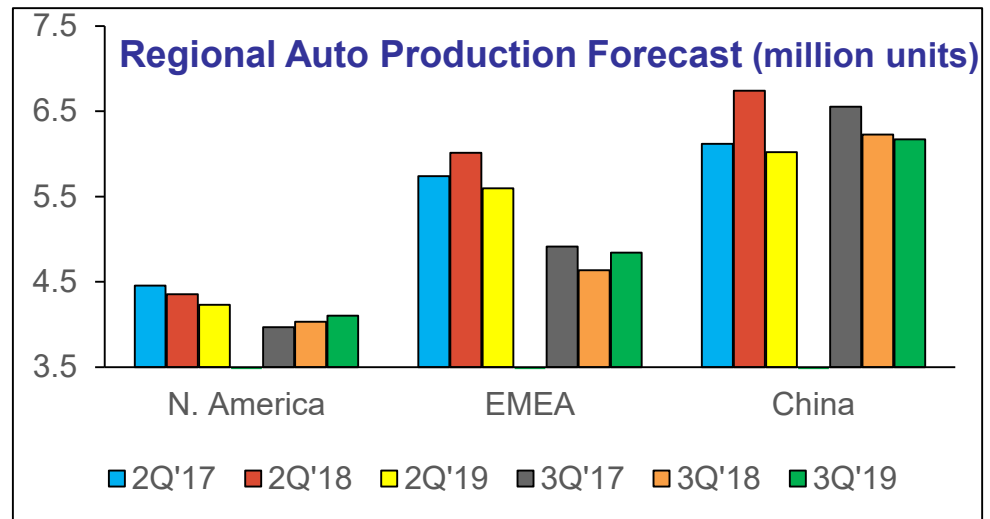
HOMAX® brand products make tough tasks easier. The brand offers aerosol wall and ceiling textures, interior patch and repair solutions, as well as kitchen & bath restoration products.

Business	2 nd Quarter Results	3 rd Quarter Outlook
Segment	✓ Increase in selling prices and savings from cost initiatives aid margin improvement ✓ Volume growth was ~1% excluding lower U.S. DIY sales	✓ Modestly lower sequential sales (normal seasonal trends) ✓ Expect further selling price actions to support margin recovery
Refinish	Lower sales; strong prior-year U.S. & Canada sales volumes. Acquisitions sales contributed ~\$15MM.	Sales volumes grow low-single-digit percentage; prior-year destocking
Architectural Americas & Asia-Pacific	✓ U.S. & Canada relatively flat sales in company-owned same-store sales & lower U.S. DIY sales due to customer assortment change – reduced segment revenue ~\$60MM ✓ Latin America low single-digit organic sales growth; sales volumes impacted by lower economic activity in Mexico	Grow organic sales by a low-single-digit percentage
Architectural EMEA	EMEA organic sales grew a low-single-digit percentage; weather (wetter than normal) impacted sales volumes	Organic sales by a low-single-digit percentage
Aerospace	Sales volume grew a high-single-digit percentage	Sales volume grows by a high-single-digit percentage
PMC	Strong sales volumes continued in protective and marine	YOY Sales volume growth at slower rate than second quarter due to difficult comparisons to prior year quarter
Currency	Unfavorable foreign currency translation; lower segment sales (~\$70MM) and income (~\$10MM)	Unfavorable sales impact of between \$15 - \$25MM from foreign currency translation (based on current rates)



Industrial Coatings

\$MM (USD)	2Q19	2Q18	Chg	%
Net Sales	1,594	1,633	-39	-2%
Income	235	223	+12	+5%
Margin %	14.7%	13.7%	+1.0%	--
Select Net Sales Detail	Total	Price	Currency	
2Q Y-O-Y Change	-2%	+2%	-4%	



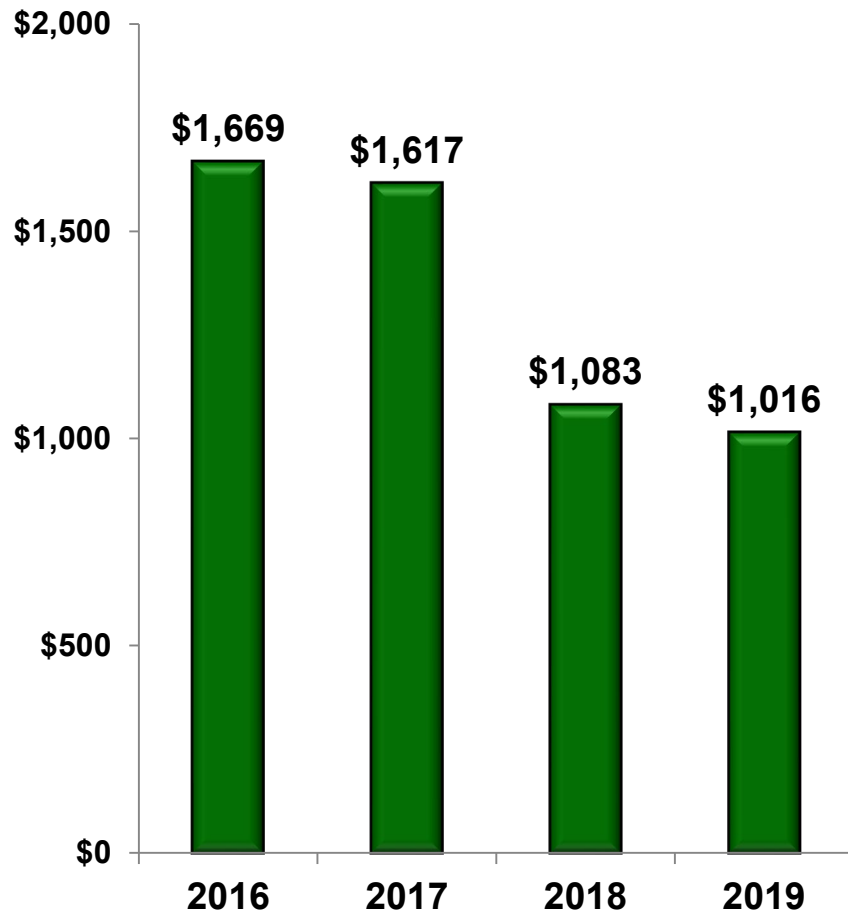
Source: IHS Global Insights

Business	2 nd Quarter Results	3 rd Quarter Outlook
Segment	✓ Continued progress on margin recovery driven by higher selling prices of 2 percent and strong cost management ✓ Weakened global industrial production impacting all major regions	✓ Modestly lower sequential sales (normal seasonal trends) ✓ Selling prices increase year-over-year, similar to second quarter ✓ Softer global industrial production activity is anticipated to continue
Automotive OEM	✓ Sales volumes declined a high-single-digit percentage similar to industry production rates; ❖ China down high-teen-percentage - similar to industry ❖ Europe down mid-single-digit percentage - similar to industry ✓ Price gains in all regions	• Global automotive OEM industry builds projected to be lower year-over-year • Global industry volumes began to weaken in prior year quarter • Similar sales volume trends to the second quarter
Industrial	Aggregate sales volume was lower by a mid-single-digit percentage; weakening industry demand in all major regions, most notably in Asia	Sales volumes trends similar to the second quarter anticipated
Packaging	Low single-digit percentage sales volume decline driven by fewer customer conversions and strong prior year	Sales volumes trends similar to the second quarter
Currency	Unfavorable foreign currency translation; lower segment sales (~\$65MM) and income (~\$10MM)	Unfavorable sales impact \$15 - \$25MM from foreign currency translation (based on current rates)



Balance Sheet and Cash

Second Quarter Cash and Short-Term Investments (\$MM)



Second Quarter 2019 Activity

- ✓ 2Q 2019 approximate cash uses:
 - Capital Spending \$85MM
 - Dividends \$115MM
- ✓ 2Q operating cash flow of ~\$550MM
 - ✓ First six months of 2019 +\$350MM compared to prior year
- ✓ Strong cash position; continued focus on cash deployment for long-term shareholder value creation
- ✓ Acquisition pipeline remains active



Third Quarter 2019 Financial Assumptions

Category	Projection
(\$ in millions unless stated otherwise)	
Cost savings programs (incremental)	• \$17 - \$20
Raw material costs (Y-O-Y)	• Continued moderation
Corporate & legacy expenses (total)	• \$45 - \$50
Unfavorable foreign currency (Y-O-Y) Based on current rates	• \$30 - \$50 Sales • \$4 - \$6 Segment expense
Net interest expense (total)	• \$29 - \$32
3Q tax rate	• 23% - 25%
Adjusted earnings-per-diluted share (EPS)	• \$1.57 - \$1.67
Full Year EPS growth (excluding currency*)	• 7% - 10%

*Currency translation has negatively impacted EPS by \$0.11 in the six months ended June 30, 2019



Additional Materials and Appendix

Thank you for your interest in PPG Industries, Inc.

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Adjusted EPS Reconciliation

2nd Quarter Reporting Period

\$ in millions, except EPS

	Continuing Operations		Discontinued Operations		Total PPG	
	Net Income	EPS	Net Income	EPS	Net Income	EPS
Second Quarter 2019						
Net Income Attributable to PPG as Reported	\$ 270	\$ 1.13	\$ 2	\$ 0.01	\$ 272	\$ 1.14
Business restructuring, net	133	0.56	--	--	133	0.56
Costs associated with ongoing accounting investigations	2	0.01	--	--	2	0.01
Environmental remediation charges, net	23	0.10	--	--	23	0.10
Acquisition-related costs	8	0.03	--	--	8	0.03
Accelerated depreciation and other costs from restructuring actions	5	0.02	--	--	5	0.02
Adjusted Net Income Attributable to PPG	\$ 441	\$ 1.85	\$ 2	\$ 0.01	\$ 443	\$ 1.86
Second Quarter 2018						
Net Income Attributable to PPG as Reported	\$ 371	\$ 1.51	\$ --	\$ --	\$ 371	\$ 1.51
Costs related to a customer assortment change	8	0.03	--	--	8	0.03
Business restructuring, net	63	0.25	--	--	63	0.25
Accelerated depreciation from restructuring actions	4	0.02	--	--	4	0.02
Costs associated with ongoing accounting investigations	7	0.03	--	--	7	0.03
Impairment of a non-manufacturing asset	7	0.03	--	--	7	0.03
Legacy legal settlement	8	0.03	--	--	8	0.03
Adjusted Net Income Attributable to PPG	\$ 468	\$ 1.90	\$ --	\$ --	\$ 468	\$ 1.90