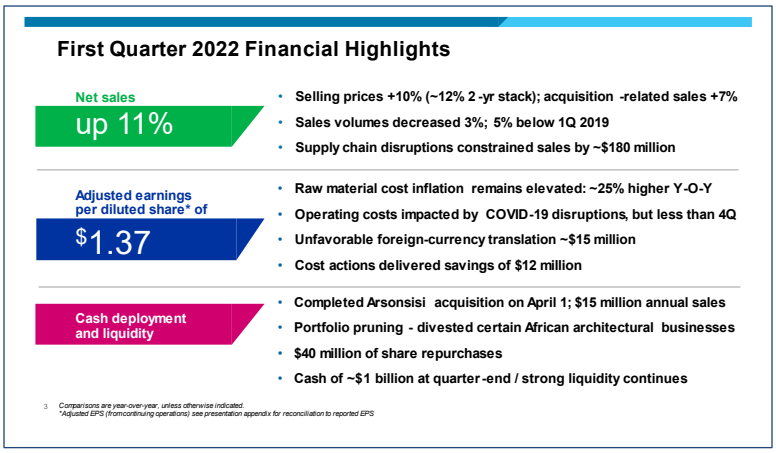
PPG First Quarter 2022 Financial Results

Earnings Brief – April 21, 2022

These prepared remarks should be read in conjunction with PPG's earnings press release and related presentation that were posted on PPG's website (investor.ppg.com) on April 21, 2022. In addition, these detailed remarks supplement the commentary that the company will make on its first quarter 2022 earnings conference call on April 22, 2022.



First Quarter Financial Highlights

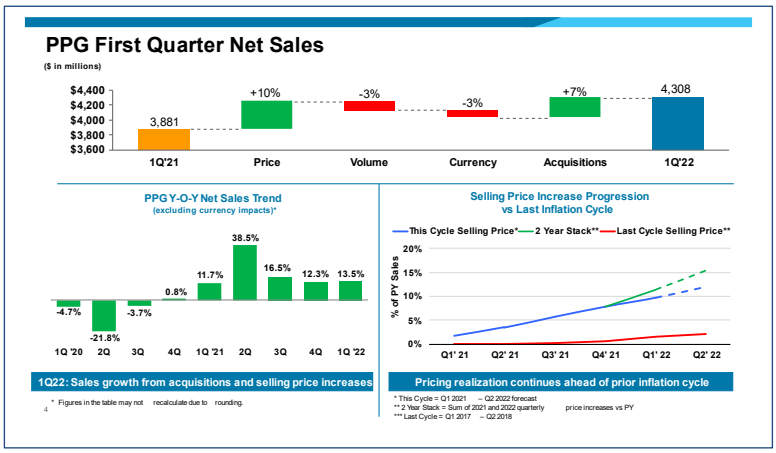
PPG achieved record first quarter 2022 net sales of approximately $4.3 billion - an increase of 11% versus the prior year. Solid underlying demand in most end-use markets continued to be constrained by various supply chain disruptions. As the quarter progressed, some of these disruptions abated. Sequential improvement in overall raw material availability and truck transportation in the U.S. is expected in the second quarter. This includes an expectation that the company's commodity suppliers will continue to improve their production capabilities from first quarter levels. Other areas, such as customer production constraints due to input component shortages, production curtailments and port congestion in China due to rising COVID-19 cases are expected to remain elevated in the second quarter.

First quarter 2022 net sales compared to first quarter 2019 net sales were up about 19%, despite sales volumes remaining about 5% below 2019 levels. The volume declines primarily stemmed from the effects of the delayed recovery due to global supply chain interruptions. Volume declines continue to be most pronounced in the automotive original equipment manufacturer (OEM) and aerospace coatings businesses, where aggregate sales volumes were lower by a mid-teen percentage compared to the first quarter 2019. We expect these end-use markets to further recover through 2023. In comparison to first quarter 2020, selling prices increased by about 12%, which fully offset raw material inflation during the quarter, but not total cost inflation, including elevated logistics and energy costs.

First quarter reported earnings per diluted share (EPS) was $0.08 compared to $1.58 in the prior-year quarter. Adjusted earnings per diluted share was $1.37, compared to $1.88 in the first quarter 2021. Adjusted first quarter 2022 EPS excludes $1.10 for impairment and related charges associated with the company's wind down of its Russian operations and $0.14 of acquisition-related amortization. Lower year-over-year earnings were the result of historically high raw material inflation and availability issues, transportation bottlenecks, and manufacturing interruptions at the company's manufacturing facilities as well as disruptions among customers and suppliers, including various force majeure declarations, which continued to drive higher operating costs. Raw material cost inflation was up by about 25% year-over-year, and about 30% on a two-year stacked basis. It is expected that raw material costs will be up by a high-teen-percentage on a year-over-year basis in the second quarter 2022 and up a low-to-mid-single digit percentage on a sequential basis. Energy and transportation costs are also expected to stay elevated in the second quarter. First quarter earnings also included unfavorable foreign-currency translation impacts of about $15 million. The company will continue to prioritize additional selling price increases in the second quarter. Restructuring actions delivered about $12 million of structural cost savings in the first quarter.

Reported earnings include a pretax charge related to the wind down of most of the company's operations in Russia of $290 million, primarily non-cash.

The company's reported and adjusted effective tax rates for the first quarter were about 70% and 23%, respectively. The higher reported effective tax rate stems from charges related to the company's Russian operations, which includes an estimated 9% tax effect.



PPG First Quarter Net Sales

First quarter record net sales of about $4.3 billion were 11% higher compared to the prior year. Aggregate global demand patterns remained solid. However, net sales were unfavorably impacted by the supply and operating disruptions noted above, which resulted in an estimated order backlog of about $180 million. The majority of the backlog is expected to be benefit volume growth in future quarters, particularly in the automotive OEM, aerospace and automotive refinish coatings businesses. In aggregate, company sales volumes decreased by 3% versus the prior-year first quarter. The prior-year first quarter included strong sales growth in architectural do it yourself (DIY) across most regions, strong industrial end-use market demand stemming from the initial recovery from the pandemic and minimal impact from customer production shortages due to component shortages.

Aggregate selling price increases were supported by strong sequential contributions from both reporting segments, including an almost 12% year-over-year increase in the Industrial Coatings segment led by the automotive OEM business unit. These selling price increases continue to be primarily structural in nature. Additional selling price increases are being prioritized in the second quarter to mitigate expected higher raw material, energy, logistics and labor costs. Recent acquisitions (Tikkurila, VersaFlex, Cetelon and Wörwag) increased the company's net sales by about 7%, or about $270 million, in the quarter. The U.S. dollar strengthened year over year compared to the company's overall basket of currencies, resulting in an unfavorable foreign currency translation impact to net sales of about $95 million in the first quarter. For the second quarter 2021, foreign currency translation is expected to have an unfavorable, year-over-year impact to net sales of about $110 million to $130 million.

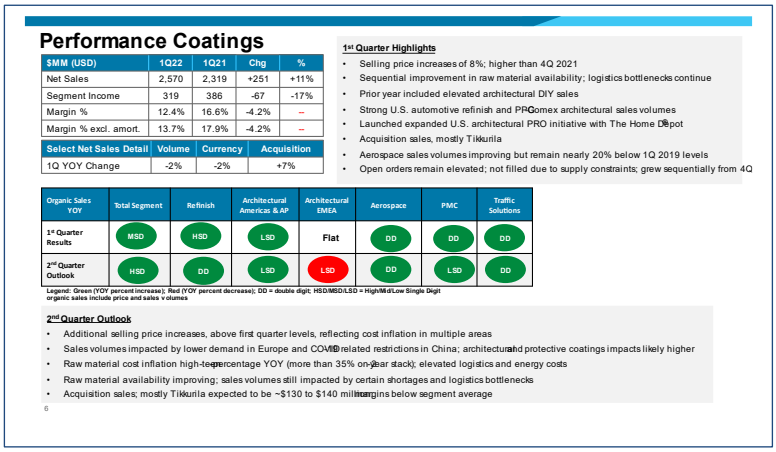
On a regional basis, sales volumes in the U.S. and Canada, were relatively flat compared to the prior year. Solid year-over-year increases in sales of aerospace, automotive refinish, industrial and traffic solutions were principally offset by lower year-over-year sales volumes in U.S. and Canada architectural coatings due to supply disruptions, including flat same-store-sales in architectural coatings.

In the Europe, Middle East and Africa (EMEA) region, sales volumes were down by a mid-single-digit percentage on a year-over-year basis. Strong year-over-year increases in aerospace and traffic solutions were offset by lower year-over-year sales volumes in architectural and automotive OEM. The war in Ukraine is estimated to have reduced sales volumes in the first quarter by about $20 million and is expected to negatively impact volumes in the second quarter by an estimated $100 million.

Sales volumes in the Asia Pacific region declined by a high-single-digit percentage year over year. Sales volumes were impacted by slower production activity during the Winter Olympics, intermittent COVID-19 restrictions in China that impacted six of the company's factories and resulted in various disruptions in the supply chain. These restrictions are continuing into the second quarter and are also causing logistics shortages further impacting raw material availability.

In Latin America, sales volumes increased by a mid-single-digit percentage as all businesses delivered strong year-over-year sales growth. Net sales in this region were a record for any first quarter.

Looking ahead, while certain parts of the supply chain are expected to continue to improve, sales volumes are expected to be constrained by continuing geopolitical issues in Europe and pandemic-related restrictions in China. The company is estimating sales volumes will be down a low-to-mid-single-digit percentage in the second quarter compared to the prior year.



Performance Coatings

$MM (USD)	1Q22	1Q21	Chg	%
Net Sales	2,570	2,319	+251	+11%
Segment Income	319	386	-67	-17%
Margin %	12.4%	16.6%	-4.2%	–
Margin % excl. amort.	13.7%	17.9%	-4.2%	–

Select Net Sales Detail	Volume	Currency	Acquisition
1Q YOY Change	-2%	-2%	+7%

1st Quarter Highlights
- Selling price increases of 8%; higher than 4Q 2021
- Sequential improvement in raw material availability; logistics bottlenecks continue
- Prior year included elevated architectural DIY sales
- Strong U.S. automotive refinish and PPGcomex architectural sales volumes
- Launched expanded U.S. architectural PRO initiative with The Home Depot
- Acquisition sales, mostly Tikkurila
- Aerospace sales volumes improving but remain nearly 20% below 1Q 2019 levels
- Open orders remain elevated; not filled due to supply constraints; grew sequentially from 4Q

Organic Sales YOY	Total Segment	Refinish	Architectural Americas & AP	Architectural EMEA	Aerospace	PMC	Traffic Solutions
1st Quarter Results	MSD	HSD	LSD	Flat	DD	DD	DD
2nd Quarter Outlook	HSD	DD	LSD	LSD	DD	LSD	DD

Legend: Green (YOY percent increase); Red (YOY percent decrease); DD = double digit; HSD/MSD/LSD = High/Mid/Low Single Digit
organic sales include price and sales volumes

2nd Quarter Outlook
- Additional selling price increases, above first quarter levels, reflecting cost inflation in multiple areas
- Sales volumes impacted by lower demand in Europe and COVID-related restrictions in China; architectural and protective coatings impacts likely higher
- Raw material cost inflation high-teens percentage YOY (more than 35% on a 2-year stack); elevated logistics and energy costs
- Raw material availability improving; sales volumes still impacted by certain shortages and logistics bottlenecks
- Acquisition sales; mostly Tikkurila expected to be ~$130 to $140 million; margins below segment average

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Performance Coatings

First quarter net sales for the Performance Coatings segment were about $2.6 billion, up 11% versus the prior year. Selling prices increased by more than 8% year-over-year and improved sequentially from the fourth quarter. Segment sales volumes were down about 2% compared to the first quarter 2021. Acquisition-related sales increased by about 7%, primarily from Tikkurila and VersaFlex. Unfavorable foreign currency translation reduced year-over-year net sales by about 2%. The level of digital sales continued to increase and in the first quarter was about 6% of total net sales transacted in the global architectural businesses. In comparison to 2019 levels, segment sales volumes were down about 3%.

Segment income was about $320 million, down approximately $65 million compared to the first quarter 2021. Earnings were favorably impacted by higher selling prices, acquisition-related earnings and restructuring savings, but these gains were more than offset by higher manufacturing costs, raw material and logistics cost inflation, lower sales volumes, and unfavorable foreign currency translation expense. Segment margins improved sequentially versus the fourth quarter 2021.

From a business unit perspective, year-over-year net sales, excluding the impact of currency and acquisitions (organic sales) for automotive refinish coatings improved by nearly 10%, aided by improving demand trends in the U.S. and Europe. While body shop demand continues to gradually improve in all major regions, it remains about 5% below pre-pandemic levels, depending on the region. Demand was mixed by country and impacted by mobility restrictions in certain countries and supply chain disruptions, most notably in China. In addition, raw material availability impacted the U.S., where open orders for refinish customers increased further to recent highs. In the U.S., body shop activity was robust during the first quarter, positively impacted by higher miles driven, a rise in sequential collision claims, and more people returning to office work, with year-over-year claims up about 18%. Compared to first quarter 2019, collision claims remain 6% lower. Sales volumes in the first quarter in the U.S. and Europe approached first quarter 2019 levels. Globally, the business continued to convert new body shops to PPG products during the first quarter. PPG has now installed 1,000 Moonwalk® automated paint dispensing devices, with about 20% of these installed with new PPG customers. Entering the second quarter, order books remain strong, especially in the U.S. Aggregate sales activity in the second quarter is expected to be modestly higher compared to the first quarter with ongoing raw material and labor availability challenges. Further selling price increases are being implemented.

Aerospace coatings sales volumes increased by a low-teen-percentage versus first quarter 2021 but remain a high-teen-percentage lower than first quarter 2019. During the quarter, demand was solid for commercial aftermarket and military applications. Manufacturing challenges continued, including raw material and transportation issues, resulting in increased unfilled orders. Global travel is currently about 20% below pre-pandemic levels, 8% below for domestic travel and about 45% below for international travel, which impacts the recovery pace for commercial new build demand. Demand for PPG technologically-advantaged aerospace products remains strong and is expected to trend higher in

subsequent quarters due to continued demand recovery and new business wins. Sales volumes, in aggregate, are expected to be slightly higher on a sequential basis in the second quarter but remain significantly below pre-pandemic levels. Higher COVID-19 restrictions in China continue to constrain on global airline activity and ultimate recovery to pre-pandemic levels.

Architectural coatings – EMEA organic sales were flat year over year as selling price increases were offset by lower sales volumes. The year-over-year sales volume results reflect a difficult comparison to the prior year's heightened DIY sales due to elevated remodeling activity and some modest demand weakness in the current quarter due to the war in Ukraine. Net sales for the newly acquired Tikkurila business were up a low-teen-percentage, excluding the business in Russia, with continuing synergy realization. In the second quarter 2022, organic sales are expected to be down a low-single-digit percentage compared to the second quarter 2021, with demand softening due to the geopolitical issues in Europe. Further selling price increases are expected to be implemented during the second quarter reflecting the inflationary backdrop. Tikkurila will continue to be reported as part of PPG's acquisition-related sales until it reaches the one-year anniversary of the acquisition closing in the middle of June.

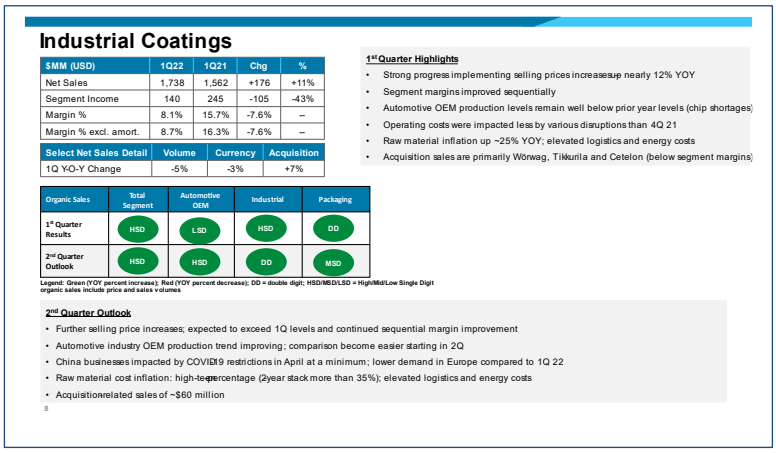
Architectural coatings - Americas and Asia-Pacific organic sales were up a low-single-digit percentage compared to the prior-year first quarter. Sales in the U.S. and Canada were impacted by ongoing raw material and transportation availability, impacting sales by an estimated $75 million during the first quarter. Sales were also impacted by the continuing moderation of DIY paint demand from strong prior year levels. Underlying professional demand remained strong, and PPG paint contractors (customers) continue to report higher backlogs than normal. Sales modestly benefited from the launch of the recently announced extended relationship with The Home Depot® and HD Supply to distribute PPG PRO painter products at more than 2,000 distribution points. In Mexico, PPG-Comex organic sales were higher as concessionaire network demand remained solid and further selling price increases were implemented. During the quarter, the business opened its 5,000th concessionaire location marking a significant milestone in the growth of this business. All regions are implementing further structural selling price increases during the second quarter. Looking ahead, aggregate organic sales are expected to be up a low-single-digit percentage, with normal seasonal demand patterns and inclusive of continuing raw material availability challenges.

Protective and marine coatings (PMC) organic sales increased by a mid-teen-percentage compared with the prior-year first quarter, driven by strong selling price increases. Sales volumes, while modestly higher, were negatively impacted by disruptions in the Asia Pacific and EMEA regions. Demand for protective coatings that are used in the U.S. oil and gas industry improved on a sequential basis and was higher than first quarter 2019 levels. The performance of the Versaflex acquisition continues to exceed original expectations. This acquisition reached its one-year anniversary in February, thus only the first two months of first quarter sales were reported as acquisition-related sales. Second quarter organic sales are expected to be a low-single-digit percentage above the second quarter 2021, as volumes are expected to be further impacted in China due to increasing pandemic-related restrictions, including a key PMC manufacturing facility in China.

First quarter organic sales for the traffic solutions business were up by about 25% compared to the first quarter 2021, in a traditionally low seasonal period. The sales in the quarter were a record for any first quarter, and cost synergy capture continues. Historically, second quarter sales activity in the traffic solutions business is significantly higher sequentially, given the weather dependency of the business. Securing all necessary raw materials needed to fulfill the large order backlogs and seasonal sales step-up continues to be challenging. Second quarter organic sales are expected to be up by a low-teen-percentage, including positive year-over-year sales volumes and selling prices.

Looking ahead, although disruptions in the supply chain and manufacturing environment are expected to persist, conditions are anticipated to continue to gradually improve as the quarter progresses. The supply of several key inputs remains tight, which will continue to constrain sales. Further selling price increases have been secured or are being initiated during the quarter for all businesses. The company will continue to execute against various cost-savings initiatives, including acquisition synergy targets. Aggregate sales

volumes are anticipated to be down a low-to-mid single-digit percentage compared to the second quarter 2021, including unfavorable impacts in Europe from the war in Ukraine and in China related to COVID-19 production curtailments. Second quarter acquisition-related sales are estimated to be about $140 million, principally from Tikkurila. Historically, Tikkurila sales improve sequentially in the second quarter due to a weather-related stronger painting season.



Industrial Coatings

$MM (USD)	1Q22	1Q21	Chg	%
Net Sales	1,738	1,562	+176	+11%
Segment Income	140	245	-105	-43%
Margin %	8.1%	15.7%	-7.6%	--
Margin % excl. amort.	8.7%	16.3%	-7.6%	--

Select Net Sales Detail	Volume	Currency	Acquisition
1Q YO-Y Change	-5%	-3%	+7%

1st Quarter Highlights
- Strong progress implementing selling prices increasesup nearly 12% YOY
- Segment margins improved sequentially
- Automotive OEM production levels remain well below prior year levels (chip shortages)
- Operating costs were impacted less by various disruptions than 4Q 21
- Raw material inflation up ~25% YOY; elevated logistics and energy costs
- Acquisition sales are primarily Wörwag, Tikkurila and Cetelon (below segment margins)

Organic Sales	Total Segment	Automotive OEM	Industrial	Packaging
1st Quarter Results	HSD	LSD	HSD	DD
2nd Quarter Outlook	HSD	HSD	DD	MSD

Legend: Green (YOY percent increase); Red (YOY percent decrease); DD = double digit; HSD/MSD/LSD = High/Mid/Low Single Digit
organic sales include price and sales volumes

2nd Quarter Outlook
- Further selling price increases; expected to exceed 1Q levels and continued sequential margin improvement
- Automotive industry OEM production trend improving; comparison become easier starting in 2Q
- China businesses impacted by COVID19 restrictions in April at a minimum; lower demand in Europe compared to 1Q 22
- Raw material cost inflation: high-teenpercentage (2year stack more than 35%); elevated logistics and energy costs
- Acquisitionrelated sales of ~$60 million

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Industrial Coatings

First quarter net sales for the Industrial Coatings segment were more than $1.7 billion, up 11% year over year. Segment sales volumes were lower by a mid-single-digit percentage due to lower customer production rates related to semiconductor chip shortages that led to lower sales in the automotive OEM coatings business, softer production activity in China as compared to the first quarter of 2021, impacts from geopolitical issues in Europe and general transportation bottlenecks. In comparison to 2019, sales volumes were down 7%. Aggregate selling prices were higher year over year by about 12% and were sequentially higher compared to the fourth quarter 2021. Unfavorable foreign currency translation reduced sales by about 3%. Acquisition-related sales, primarily from the Wörwag and Cetelon acquisitions, added nearly 7% to sales.

Segment income of $140 million was down $105 million year over year. Earnings were favorably impacted by higher selling prices, restructuring savings, and acquisition-related earnings, but were more than offset by significant manufacturing cost increases, raw material and logistics cost inflation and lower sales volumes. Segment margins improved sequentially versus the fourth quarter 2021.

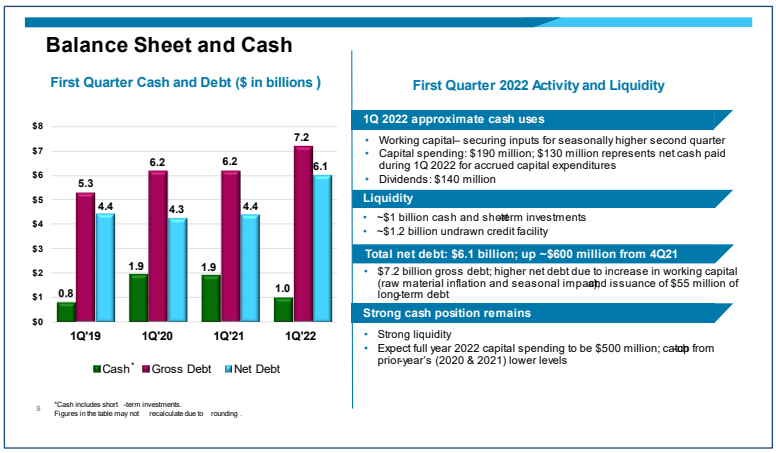
From a business unit perspective, global automotive OEM coatings year-over-year organic sales were up a low-single-digit percentage led by higher selling prices. Lower sales volumes caused by the ongoing semiconductor chip shortage impacted all major regions. In addition, industry production was further curtailed in Europe by the war in Ukraine and in China due to rising COVID-19 restrictions. In Western Europe, March's selling rate fell to a 9 million vehicle annualized rate, and third-party consultants are now projecting full-year sales will be about 10.5 million vehicles, flat with 2021. As a point of reference, annual regional sales during the recessions of 2009 and 2012 were closer to 12 million vehicles. In China, automotive industry retail sales were strong during the first two months of the quarter, exceeding 2019 levels, but fell sharply in March due to COVID-19 restrictions. In the U.S., automotive dealer retail inventories remain near record lows, and depressed retail sales reflect the ongoing lack of availability rather than a deterioration in vehicle demand. The business continued to make good progress implementing selling price increases and absolute earnings, and margins improved on a sequential basis compared with the fourth quarter. Looking ahead, the various issues that impacted production in the first quarter are expected to continue in the second quarter, with improvement in industry production rates not expected until later in 2022. Aggregate sales volumes are expected to be similar to the first quarter on a year-over-year basis, including expected supply interruptions and an easier comparison to lower sales in the prior second quarter.

First quarter industrial coatings organic sales were up a high-single-digit percentage compared to the prior year as strong selling price increases were partially offset by lower economic activity in China and Europe. Sales volumes grew solidly in the Americas compared to the prior-year first quarter, and the global recreational and general finishes end-use markets delivered the strongest year-over-year growth.

For the second quarter, organic sales are expected to be higher by a low-teen-percentage as lower sales volumes in the Europe and Asia-Pacific regions are expected to be offset by strong sales volumes in the U.S. and higher selling prices. These growth rates are being impacted by lower overall expected production rates in Europe and China.

Organic sales in packaging coatings increased by more than 10% in the first quarter versus the prior year led by strong selling price increases in all regions and record sales in the U.S. and Canada. Sales activity was significantly impacted in both Europe and China by geopolitical issues and COVID-19 restrictions, respectively. From a product segment perspective, volume growth was led by strong beverage growth in the U.S. and the personal care segment. PPG continues to secure new business stemming from beverage can capacity additions in North America and our technologically advantaged products. Second quarter organic sales are expected to be up by a mid-single-digit percentage led by higher selling prices offsetting slightly lower sales volumes due to lower production activity in Asia and Europe.

Looking ahead for the segment, aggregate sales volumes are expected to be down a low-single-digit percentage compared to the prior-year second quarter, including ongoing impacts from customer supply disruptions and coatings raw material shortages, along with continuing COVID-19-related restrictions and unfavorable impacts in Europe from the war in Ukraine. Many of these factors are also expected to lead to additional coatings raw material cost inflation in the second quarter sequentially versus the first quarter. The company continues to prioritize working with customers to secure further selling price increases in all businesses. Segment margins are expected to continue to improve on a sequential basis in the second quarter 2022. The company will also continue to aggressively manage costs, which includes executing against various cost-savings and restructuring initiatives. The acquisitions of Wörwag and Cetelon are together expected to deliver sales of about $60 million in the second quarter with margins below the segment's average.



Balance Sheet, Cash

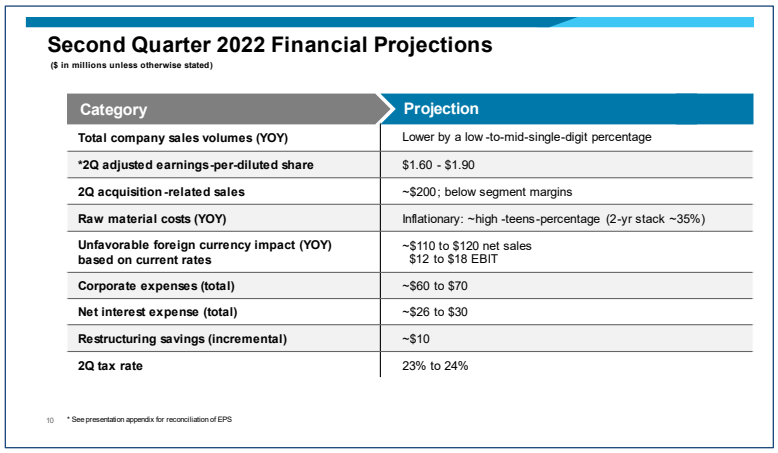
The company had cash and short-term investments totaling about $1.0 billion and net debt of $6.1 billion at the end of the first quarter.

Approximate uses of cash for the first quarter were as follows:

- Capital expenditures were about $190 million in the quarter, including $130 million net cash paid during the first quarter for accrued capital expenditures. The company expects full-year 2022 capital spending will be between $500 million and $525 million in support of future organic growth opportunities and reflecting lower capital spending the past two years due to pandemic constraints.

- Dividends paid were about $140 million in the quarter. With the March 2022 dividend payment, PPG has now paid uninterrupted annual dividends since 1899.

During the quarter, the company divested certain businesses in Africa to Océinde. Revenue from these businesses totaled about $50 million in 2021 and was mostly serving the architectural end-use market. This sale continues the company's legacy of evaluating all of its businesses and product lines to ensure they continue to have strategic value and meet the company's financial expectations.



Second Quarter 2022 Financial Projections

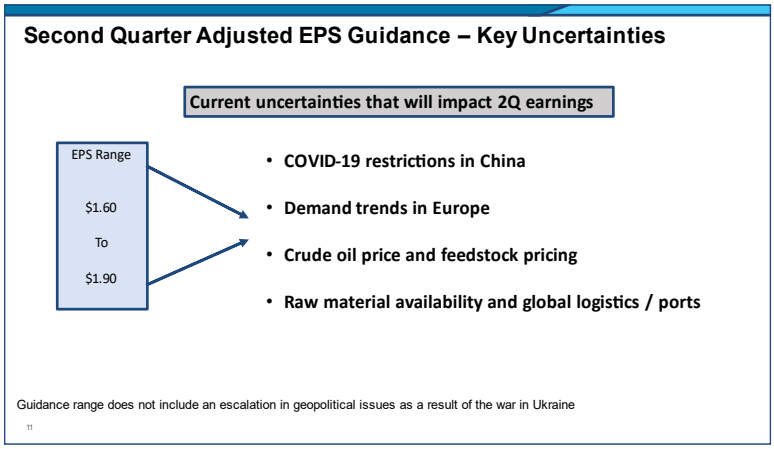
($ in millions unless otherwise stated)

Category	Projection
Total company sales volumes (YOY)	Lower by a low -to-mid-single-digit percentage
*2Q adjusted earnings-per-diluted share	$1.60 - $1.90
2Q acquisition -related sales	~$200; below segment margins
Raw material costs (YOY)	Inflationary: ~high -teens-percentage (2-yr stack ~35%)
Unfavorable foreign currency impact (YOY) based on current rates	~$110 to $120 net sales $12 to $18 EBIT
Corporate expenses (total)	~$60 to $70
Net interest expense (total)	~$26 to $30
Restructuring savings (incremental)	~$10
2Q tax rate	23% to 24%

10 * See presentation appendix for reconciliation of EPS

Second Quarter 2022 Financial Projections

The company detailed financial assumptions for the second quarter in its accompanying presentation materials based on information that is currently known. A few of the assumptions are highlighted below.



- Aggregate sales volumes expected to be down a low-to-mid single-digit percentage compared with the second quarter 2021
- Acquisition-related sales of about $200 million, at below respective segment average operating margins
- Reported earnings per diluted share of $1.44 to $1.74
- Adjusted earnings per diluted share of $1.60 to $1.90, excluding amortization expense of $0.14 and business restructuring-related costs of $0.02

Due to economic uncertainty, the company is not providing full-year guidance at this time. The company previously announced plans to exclude intangible asset amortization related to completed acquisitions from its reporting of adjusted earnings per share beginning in 2021. The appendix of the earnings presentation includes a chart with historical reconciliations of adjusted earnings per share excluding amortization expense.

PPG Supply Chain and Manufacturing Disruption Trends

Issue	Sequential Quarterly Trend			
	3Q 21	4Q 21	1Q 22	2Q 22 Outlook
Raw material availability	Severe shortages	Severe shortages	Slightly improving	Modest improvement, but not to normal levels
Logistics (truck availability)	Some shortages	Severe shortages	Remains difficult	Minimal improvement, spot rates improving
Logistics (port congestion)	Severe backlog	Severe backlog	Improving except in China	Continued improvement except in China (higher risk)
U.S. labor availability	Heightened shortages	Heightened shortages	Slightly improving	Modest improvement
U.S. COVID labor absenteeism	No major impacts	High level	Improved as qtr progressed	Minimal impact
China COVID lockdowns	No major impacts	Dual control impacts mfg.	Worsening	Disruptions in April, May / June uncertain

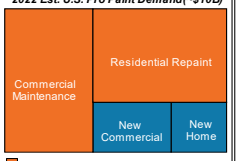
PPG PROFIRST™ RIGHT PRODUCT. RIGHT PLACE. RIGHT TIME. Program

PPG / The Home Depot® partnership enables opportunity for above industry growth in PRO category

RIGHT PRODUCT.

Full suite of products for all professionals

*2022 Est. U.S. Pro Paint Demand(~$10B)**



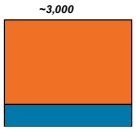
PPG / THD historical strength
PPG stores historical strength

*Expands access to the PRO painters ~$10B TAM**; leverages PPG's 1,000+ sales force and technical experts*

RIGHT PLACE.

Expanded distribution + PROSight digital app

Increasing distribution of PPG products through a PPG asset-light strategy



Expands reach by 2,300 locations; consistent omni-channel experience with ability to order online (pickup or delivery)

RIGHT TIME.

Rigorous service level agreements (SLAs)

Attributes of Partnership:

- ✓ Same day / next day delivery to 90%+ of the U.S.
- ✓ 2 hour / 4 hour / 6 hour / 24 hour delivery windows with SLAs depending on customer / order
- ✓ Utilization of PPG stores footprint for large order tinting / color matching / delivery, etc.

Delivering value to the professional: what they need and when they need it Driving new customer acquisition

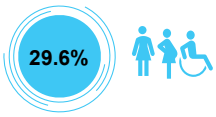
**Total U.S. Architectural Paint demand ~$20B (retail value) ** Total addressable market*

ESG Update: PPG Published Inaugural Diversity, Equity & Inclusion (DE&I) Report

Key Goals & Progress

Achieve 34% to 36% representation of non-frontline, global female professionals by 2025

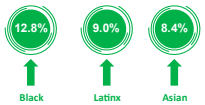
Achieved:



As of December 31, 2021

Increase headcount of Black, Latinx and Asian employees by 45% to 55% across non-frontline, U.S.-based employee population by 2025 *(using January 1, 2021, as our baseline)*

Increases achieved:



As of December 31, 2021

Achieve total global employee resource network and DE&I capability-building participation of 50% by 2025

Achieved:



As of December 31, 2021

Adjusted EPS Reconciliation

$ in millions, except EPS

First Quarter 2022	Total PPG Net Income	Total PPG EPS[a]
Net Income from Continuing Operations, As Reported	$ 18	$ 0.08
Impairment and other related charges[b]	263	1.10
Acquisition-related amortization expense	33	0.14
Business restructuring-related costs, net[c]	10	0.04
Acquisition-related costs[d]	3	0.01
Adjusted Net Income Attributable to PPG	$ 327	$ 1.37

Second Quarter 2022 Forecast	Total PPG EPS[a]
Reported earnings per diluted share	$ 1.44 - $ 1.74
Acquisition-related amortization expense	0.14
Business restructuring-related costs, net	0.02
Adjusted earnings per diluted share	$ 1.60 - $ 1.90

(a) Earnings per diluted share is calculated based on unrounded numbers. Figures in the table may not recalculate due to rounding.

(b) In the first quarter 2022, the Company recorded impairment and other related charges associated with the wind down of the company's operations in Russia.

(c) Included in business restructuring-related costs, net are business restructuring charges, accelerated depreciation of certain assets and other related costs, partially offset by releases to previously approved programs.

(d) Acquisition-related costs include advisory, legal, accounting, valuation, other professional or consulting fees, and certain internal costs directly incurred to effect acquisitions. These costs are included in Selling, general and administrative expense in the condensed consolidated statement of income.

Historical ROS* Segment Margin and Adjusted EPS Excluding Amortization

$ in millions, except ROS %

Performance Segment	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2020 FY	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2021 FY	2022 Q1
ROS Margin, As Reported	13.5%	17.5%	18.9%	13.8%	16.0%	16.6%	16.5%	14.8%	9.7%	14.4%	12.4%
Amortization	26	21	22	23	92	29	30	33	33	125	32
ROS Margin excluding Amortization	14.8%	18.5%	19.9%	14.9%	17.1%	17.9%	17.5%	16.0%	11.0%	15.6%	13.7%
Industrial Segment											
ROS Margin, As Reported	13.2%	3.7%	17.7%	17.7%	14.0%	15.7%	11.8%	8.7%	6.2%	10.5%	8.1%
Amortization	10	10	10	10	40	10	11	13	13	47	11
ROS Margin excluding Amortization	14.0%	4.7%	18.3%	18.4%	14.8%	16.3%	12.4%	9.5%	7.0%	11.2%	8.7%
Total Segments											
ROS Margin, As Reported	13.4%	13.2%	18.4%	15.4%	15.2%	16.3%	14.7%	12.5%	8.3%	12.9%	10.7%
Amortization	36	31	32	33	132	39	41	46	46	172	43
ROS Margin excluding Amortization	14.5%	14.2%	19.3%	16.3%	16.2%	17.3%	15.7%	13.6%	9.4%	13.9%	11.7%

Total PPG	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2020 FY	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2021 FY	2022 Q1
Adjusted EPS	1.19	0.99	1.93	1.59	5.70	1.76	1.81	1.54	1.11	6.22	1.23
Amortization EPS	0.12	0.10	0.10	0.10	0.42	0.12	0.13	0.15	0.15	0.55	0.14
Adjusted EPS excl Amortization	1.31	1.09	2.03	1.69	6.12	1.88	1.94	1.69	1.26	6.77	1.37

*ROS = Return on Sales

Full year EPS is calculated using the full year average diluted shares outstanding and quarterly EPS is calculated using the quarterly average diluted shares outstanding. As such, full year EPS may not equal the sum of the quarterly EPS figures due to this calculation.

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 earnings brief 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," "target," "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 statements related to the expected effects on our business of COVID-19, global economic conditions, geopolitical issues in Europe, increasing price and product competition by our competitors, fluctuations in cost and availability of raw materials, energy, labor and logistics, the ability to achieve selling price increases, the ability to recover margins, customer inventory levels, the ability to maintain favorable supplier relationships and arrangements, the timing of realization of anticipated cost savings from restructuring and other initiatives, the ability to identify additional cost savings opportunities, the timing and expected benefits of our acquisitions, 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, 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 in our 2021 Annual Report on Form 10-K, 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 of this information speaks only as of April 21, 2022, and any distribution of this earnings brief 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.