



# Third Quarter 2023 Financial Results

October 18, 2023

Tim Knavish, Chairman and Chief Executive Officer  
Vince Morales, Senior Vice President and Chief Financial Officer  
John Bruno, Vice President Finance



We protect and beautify the world®

# Forward-Looking Statements

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 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 production levels, our ability to maintain favorable supplier relationships and arrangements, the timing of and the 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 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 2022 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 2022 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 October 18, 2023, 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.

# Third Quarter 2023 Financial Highlights

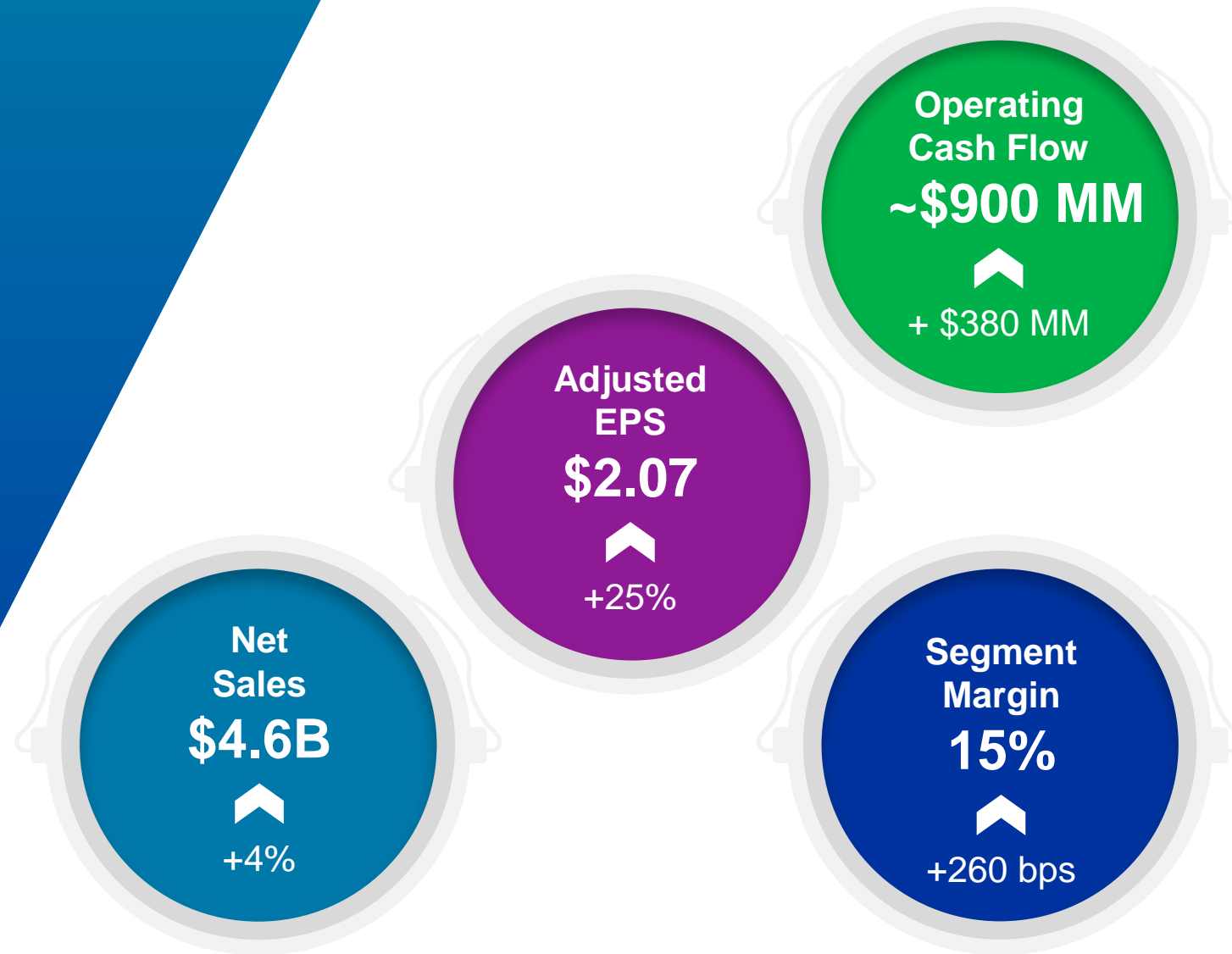
Record quarterly sales and adjusted EPS

Strong organic growth in aerospace coatings,  
auto OEM coatings and PPG Comex

Global industrial production muted,  
including slow recovery in China

25%+ margin improvement YOY  
in both segments

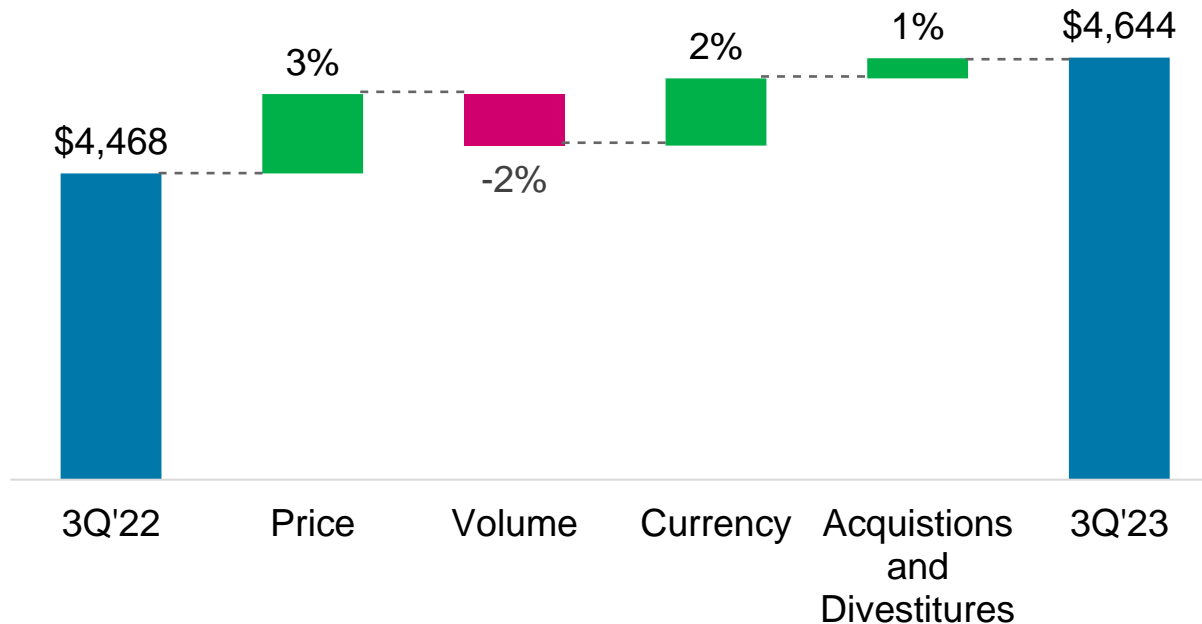
Record cash generation



# Third Quarter Record Net Sales

Organic sales up 1% year-over-year

Net Sales  
(\$ in millions)



- ✓ Selling prices: Includes incremental 2023 actions
- ✓ Volumes: Strong aerospace coatings and PPG Comex more than offset by soft industrial production and slow recovery in China
- ✓ Currency: YOY appreciation in Euro and Mexican peso partially offset by lower Chinese yuan
- ✓ Acquisitions: Paint films and powder coatings

# Current Operating Environment Similar to 2Q 2023

## Watching

- China recovery (excluding auto)
- U.S. consumer spending
- U.S. labor climate
- Europe energy price (winter)
- Geopolitical environment



## Positives

- Aerospace recovery and order backlog
- Economic growth in Mexico
- Price – cost recovery momentum
- Raw material availability
- Europe demand stabilizing



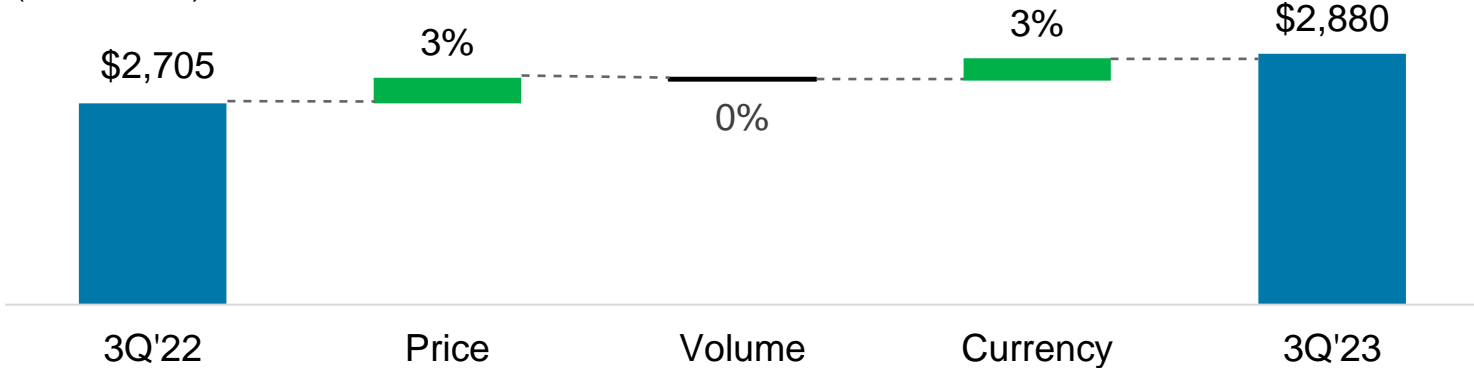
## Challenges

- U.S. housing: existing home sales
- Soft global industrial production
- Increasing interest rate environment
- Wage rates / skilled labor availability

# Performance Coatings

6% net sales increase driven by aerospace and PPG Comex

Net Sales  
(\$ in millions)



## Highlights

- Strong YOY margin improvement
- Continued strong organic growth in aerospace coatings
- Record PPG Comex sales for 13<sup>th</sup> consecutive quarter
- Europe architectural demand stabilizing
- Refinish: In U.S., solid body shop activity; uneven distributor order patterns

Segment Margin

15.7%

+230 bps YOY

Organic Sales	3Q'23 Results	4Q'23 Outlook
Aerospace	DD	DD
Refinish	LSD	LSD
Architectural EMEA	LSD	FLAT
Architectural Americas & AP	LSD	LSD
Protective & Marine	MSD	LSD
Traffic Solutions	MSD	FLAT
Performance Coatings Segment	LSD	LSD

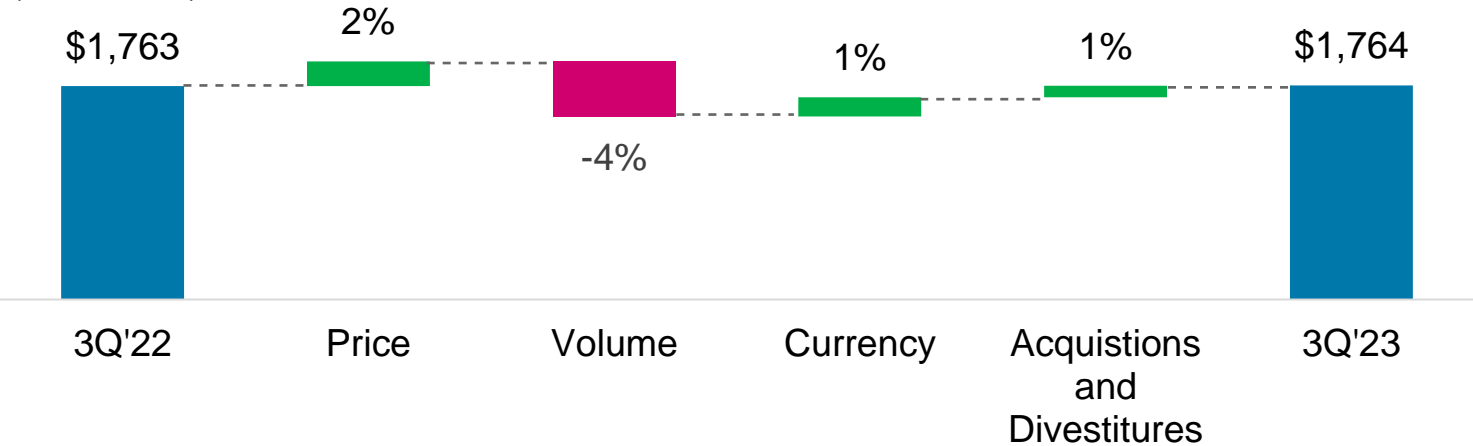
Note: Organic sales results and outlook include only price and sales volumes. DD = double digit; HSD/MSD/LSD = High/Mid/Low Single Digit. ROS Segment Margin includes amortization.



# Industrial Coatings

Strong YOY margin improvement

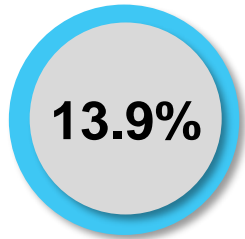
Net Sales  
(\$ in millions)



## Highlights

- Strong YOY margin improvement
- Global auto OEM growing; minimal 3Q impact from U.S. auto workers' strike
- Soft global industrial manufacturing activity; slow China recovery
- Lower packaging coatings volumes due to industry destocking
- 4Q outlook includes impact from U.S. auto workers' strike; other regions growing

Segment  
Margin

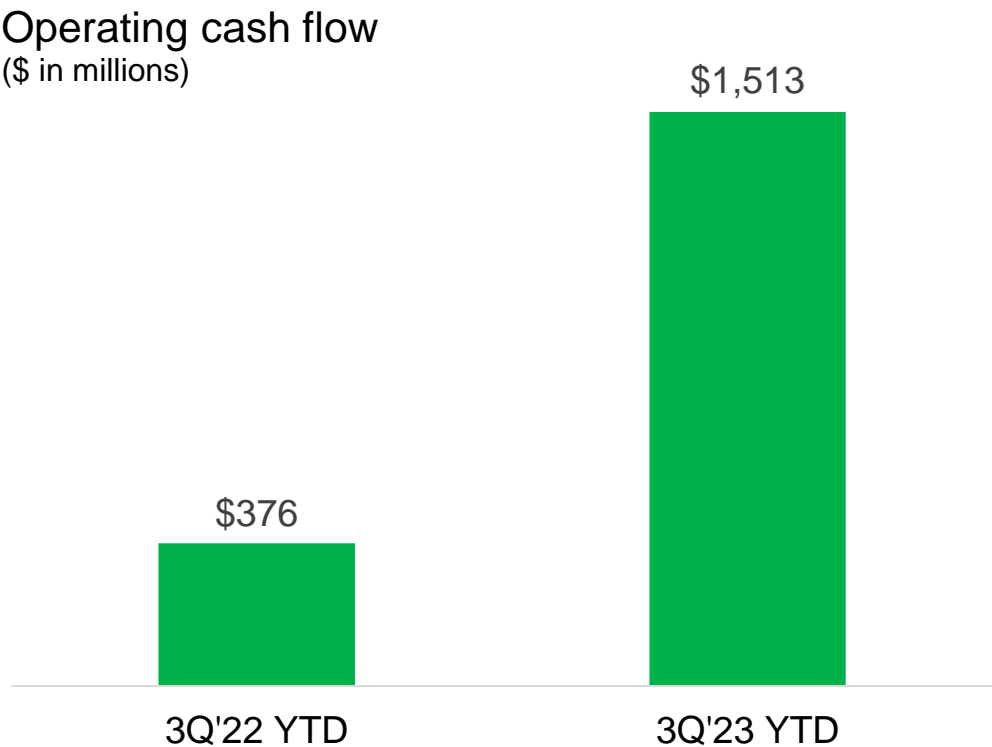


+300 bps YOY

Organic Sales	3Q'23 Results	4Q'23 Outlook
Auto OEM	⬆ LSD	⬆ LSD
Industrial	⬆ MSD	⬆ MSD
Packaging	⬆ HSD	⬆ LSD
Industrial Coatings Segment	⬆ LSD	⬆ LSD



# Record Operating Cash Flow



## 3Q'23 Activity



**~\$900 MM**

**Operating cash flow**

▲ \$380 MM YOY



**\$1.3 B**

**Cash balance**

September 30, 2023



**\$4.9 B**

**Net debt**

September 30, 2023

- ✓ Paid down \$500 MM of term loan debt
- ✓ Significantly reduced net interest expense



# Examples of PPG Organic Growth Drivers



**Comex**

PPG: **#1** paint company in Mexico

**World class distribution network** with further opportunities in Refinish, PMC, Industrial and Traffic Solutions



**Powder Coatings**

One of the **fastest growing coating technologies** in the world, delivering protection on sharp, hard-to-coat edges with a higher first pass transfer efficiency



**Electric Vehicles**

**A leading EV coatings supplier in China** providing conventional coatings and new innovations such as dielectric powder, sealants, battery fire protection

Well positioned to deliver **consistent organic growth**

# Sustainability: Examples of Recent Progress

## Recent Accomplishments

## Priorities



**Announced NRG Energy agreement** to supply renewable energy to PPG Texas plants and stores



**Launched the PPG SUSTAINABILITY CO<sub>2</sub>NCEPT™** system, a suite of tools designed to help automotive repair shops reduce energy, waste and greenhouse gas emissions



**Partnered with NextEra Energy** to develop Scope 1 & 2 decarbonization roadmap



**Introduced PPG LINQ™ Color software and the PPG MAGICBOX™** providing productivity and sustainability improvement in automotive repair shops



Announced a commitment to **invest \$5 MM by 2030** in environmental sustainability education



Initiate execution of PPG's **Scope 1 & 2 decarbonization roadmap**



# Full Year and Fourth Quarter 2023 Financial Projections

Category	Fourth Quarter 2023	Full-Year
Total organic sales (YOY)	+/- LSD	
Adjusted EPS	\$1.44 - \$1.50 per share	\$7.58 – \$7.64 per share
Raw material costs (YOY)	- HSD	
Favorable foreign currency impact (YOY) Based on current rates	~\$60 MM net sales ~\$10 MM EBIT	
Corporate expense	~\$90 MM	
Net interest expense	~\$25 MM to \$27 MM	
Restructuring savings (incremental)	~\$15 MM	
Capital expenditures		~\$575 MM
Effective tax rate	~21.5% - 22.5%	

Note: HSD/MSD/LSD = High/Mid/Low Single Digit. The fourth quarter and full-year 2023 adjusted EPS figures exclude amortization expense, previously approved and communicated business restructuring, a non-cash pension settlement charge, transaction-related costs and the benefit from an insurance recovery in the first quarter 2023. The company is not able to provide a reconciliation of fourth quarter or full-year 2023 expected adjusted earnings per diluted share to the most directly comparable GAAP financial measure without unreasonable effort because certain items that impact such measure are uncertain or cannot be reasonably predicted at this time.

# Appendix

# Segment Margin and Adjusted EPS Excluding Amortization

\$ in millions, except margin %

	2021					2022					2023	2023	2023
Performance Segment	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
<b>Segment Margin, As Reported</b>	16.6%	16.5%	14.8%	9.7%	14.4%	12.4%	15.2%	13.4%	10.9%	13.1%	15.0%	17.7%	15.7%
Net Sales	\$ 2,319	\$ 2,749	\$ 2,758	\$ 2,507	\$ 10,333	\$ 2,570	\$ 2,929	\$ 2,705	\$ 2,490	\$ 10,694	\$2,628	\$3,041	\$2,880
EBIT	386	454	408	243	1,491	319	446	362	272	1,399	395	537	452
Amortization	29	30	33	34	126	32	31	30	30	123	30	28	28
EBIT excluding Amortization	415	484	441	277	1,617	351	477	392	302	1,522	425	565	480
<b>Segment Margin excluding Amortization</b>	<b>17.9%</b>	<b>17.5%</b>	<b>16.0%</b>	<b>11.0%</b>	<b>15.6%</b>	<b>13.7%</b>	<b>16.3%</b>	<b>14.5%</b>	<b>12.1%</b>	<b>14.2%</b>	<b>16.2%</b>	<b>18.6%</b>	<b>16.7%</b>
<b>Industrial Segment</b>													
<b>Segment Margin, As Reported</b>	15.7%	11.8%	8.7%	6.2%	10.5%	8.1%	8.9%	10.9%	9.1%	9.2%	13.7%	13.6%	13.9%
Net Sales	\$ 1,562	\$ 1,610	\$ 1,614	\$ 1,683	\$ 6,469	\$ 1,738	\$ 1,762	\$ 1,763	\$ 1,695	\$ 6,958	\$1,752	\$1,831	\$1,764
EBIT	245	190	140	105	680	140	156	192	155	643	240	250	246
Amortization	10	11	13	12	46	11	11	10	11	43	11	12	12
EBIT excluding Amortization	255	201	153	117	726	151	167	202	166	686	251	262	258
<b>Segment Margin excluding Amortization</b>	<b>16.3%</b>	<b>12.4%</b>	<b>9.5%</b>	<b>7.0%</b>	<b>11.2%</b>	<b>8.7%</b>	<b>9.5%</b>	<b>11.5%</b>	<b>9.8%</b>	<b>9.9%</b>	<b>14.3%</b>	<b>14.3%</b>	<b>14.6%</b>
<b>Total Segments</b>													
<b>Segment Margin, As Reported</b>	16.3%	14.7%	12.5%	8.3%	12.9%	10.7%	12.8%	12.4%	10.2%	11.6%	14.5%	16.2%	15.0%
Net Sales	\$ 3,881	\$ 4,359	\$ 4,372	\$ 4,190	\$ 16,802	\$ 4,308	\$ 4,691	\$ 4,468	\$ 4,185	\$ 17,652	\$4,380	\$4,872	\$4,644
EBIT	631	644	548	348	2,171	459	602	554	427	2,042	635	787	698
Amortization	39	41	46	46	172	43	42	40	41	166	41	40	40
EBIT excluding Amortization	670	685	594	394	2,343	502	644	594	468	2,208	676	827	738
<b>Segment Margin excluding Amortization</b>	<b>17.3%</b>	<b>15.7%</b>	<b>13.6%</b>	<b>9.4%</b>	<b>13.9%</b>	<b>11.7%</b>	<b>13.7%</b>	<b>13.3%</b>	<b>11.2%</b>	<b>12.5%</b>	<b>15.4%</b>	<b>17.0%</b>	<b>15.9%</b>
<b>Total PPG</b>													
<b>Adjusted EPS</b>	1.76	1.81	1.54	1.11	6.22	1.23	1.68	1.53	1.09	5.52	1.69	2.12	1.94
Amortization EPS	0.12	0.13	0.15	0.15	0.55	0.14	0.13	0.13	0.13	0.53	0.13	0.13	0.13
<b>Adjusted EPS excl Amortization</b>	<b>1.88</b>	<b>1.94</b>	<b>1.69</b>	<b>1.26</b>	<b>6.77</b>	<b>1.37</b>	<b>1.81</b>	<b>1.66</b>	<b>1.22</b>	<b>6.05</b>	<b>1.82</b>	<b>2.25</b>	<b>2.07</b>

Note: Figures in the table may not recalculate due to rounding. Individual segment margin defined as segment income as a percentage of segment net sales and segment margin for the total segments defined as total segment income as a percentage of net 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.

## Reconciliation:

# Adjusted EPS

\$ in millions, except EPS

Third Quarter 2023	Total PPG	
	Net Income	EPS <sup>(a)</sup>
<b>Net Income from Continuing Operations, As Reported</b>	\$ 426	\$ 1.79
Acquisition-related amortization expense	30	0.13
Business restructuring-related costs, net <sup>(b)</sup>	10	0.04
Transaction-related costs <sup>(c)</sup>	27	0.11
<b>Adjusted Net Income Attributable to PPG</b>	<b>\$ 493</b>	<b>\$ 2.07</b>

Third Quarter 2022	Total PPG	
	Net Income	EPS <sup>(a)</sup>
<b>Net Income from Continuing Operations, As Reported</b>	\$ 329	\$ 1.39
Acquisition-related amortization expense	30	0.13
Business restructuring-related costs, net <sup>(b)</sup>	34	0.14
<b>Adjusted Net Income Attributable to PPG</b>	<b>\$ 393</b>	<b>\$ 1.66</b>

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

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

(c) Transaction-related costs include losses on the sale of certain assets, which are included in Other charges/(income), net in the condensed consolidated statement of income, including the loss recognized in the third quarter 2023 on the sale of the company's legacy industrial Russian operations, resulting primarily from the recognition of accumulated foreign currency translation losses upon the divestiture. Transaction-related costs also include advisory, legal, accounting, valuation, other professional or consulting fees, and certain internal costs directly incurred to effect acquisitions, which are included in Selling, general and administrative expense in the condensed consolidated statement of income, and the impact for the step up to fair value of inventory acquired in certain acquisitions, which is included in Cost of sales, exclusive of depreciation and amortization in the condensed consolidated statement of income.

# Thank You For Your Interest In PPG

## Contact Information:

### INVESTORS:

**John Bruno**

phone: +1.412.434.3466

email: [jbruno@ppg.com](mailto:jbruno@ppg.com)

### MEDIA:

**Mark Silvey**

phone: +1.412.434.3046

email: [silvey@ppg.com](mailto:silvey@ppg.com)



We protect and beautify the world®