PPG Third Quarter 2025 Financial Results

Earnings Brief – October 28, 2025

These prepared remarks should be read in conjunction with PPG's earnings press release and related presentation that were posted on PPG's website at investor.ppg.com on October 28, 2025. In addition, these detailed remarks supplement the commentary that the company makes on its third quarter 2025 earnings conference call on October 29, 2025.



Third Quarter 2025 Highlights

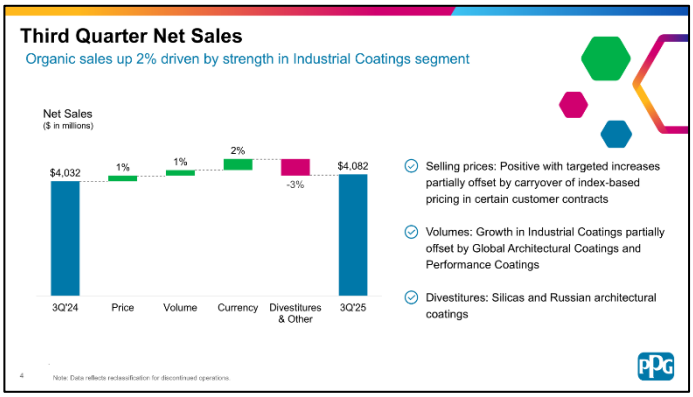
PPG third quarter net sales were $4.1 billion, an increase of 1% compared with the third quarter 2024. Organic sales[(a)] increased 2% versus prior year with contributions from both higher sales volumes and selling prices. Foreign currency translation benefited the quarter by 2% while divestitures reduced sales by 3%. Reported earnings per diluted share (EPS) was $1.96 and adjusted EPS was $2.13, an increase of 5% year over year.

Strong growth momentum was driven by a significant improvement in our Industrial Coatings segment as net sales grew 8% in automotive original equipment manufacturer (OEM) coatings and more than 10% in packaging coatings. Several businesses in the Performance Coatings segment delivered significant growth, including double-digit organic sales growth in both aerospace coatings and protective and marine coatings. This was offset by expected lower sales volumes in automotive refinish coatings as volumes were heavily weighted to the first half of 2025 due to distributor order patterns. Results for the Global Architectural Coatings segment were relatively unchanged as tepid consumer sentiment in Europe was offset by growth in Mexico.

Regionally, organic sales grew a low single-digit percentage in the U.S. and Canada, representing the third consecutive quarter of year over year increases. Organic sales also increased year over year in the Latin America and Asia-Pacific regions and were flat in Europe.

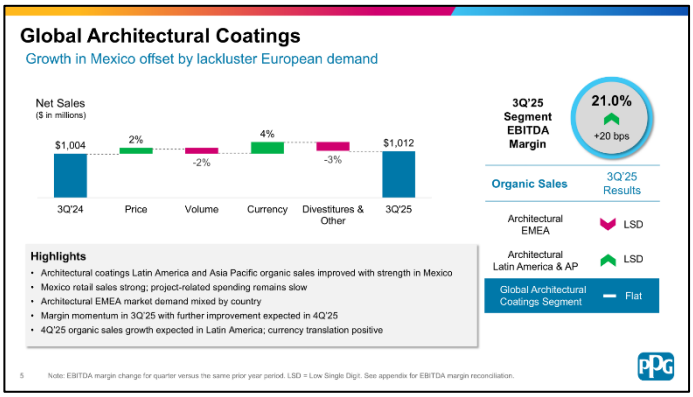
Our balance sheet remains strong, and consistent with our heritage, we remain focused on shareholder value creation. During the quarter, the company paid dividends of $160 million and repurchased approximately $150 million of stock, which combined totals $1.2 billion year to date.

PPG delivered a segment EBITDA margin of 19.6%, 20 basis points lower than the prior-year third quarter, driven by margin expansion in the Industrial Coatings and Global Architectural Coatings segments, offset by margin compression in the Performance Coatings segment.



Third Quarter Net Sales

Organic sales increased 2% year over year led by share gains in the Industrial Coatings segment. Aggregate selling prices increased 1% year over year as structural price increases were partially offset by declines in certain indexed-based customer contract pricing. Overall company sales volumes improved 1% compared to the prior-year third quarter. Net sales also included a 2% benefit from foreign currency translation and a 3% decline due to business divestitures.



Global Architectural Coatings Segment

Third quarter 2025 net sales for the Global Architectural Coatings segment were $1.0 billion, an increase of 1% compared to the prior year. Results benefited from a 4% increase in foreign currency translation and were negatively impacted by 3% due to the divestiture of the architectural coatings business in Russia. Organic sales were flat with selling prices increasing 2% offset by a 2% decline in sales volumes.

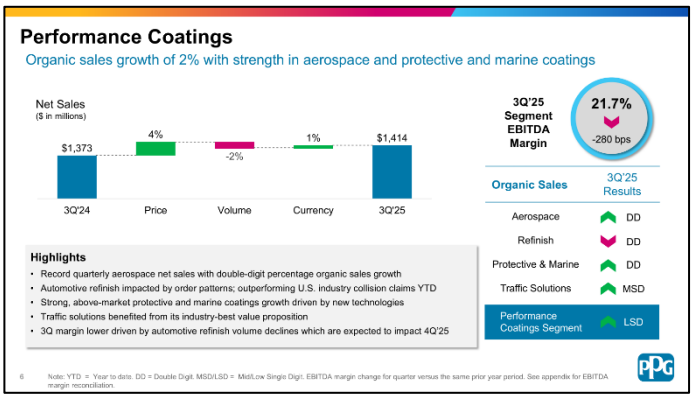
Segment EBITDA and segment EBITDA margin were slightly higher than the prior year with implementation of higher selling prices, cost control actions and favorable currency translation offset by the business divestiture and lower sales volumes.

Architectural coatings – Europe, Middle East, and Africa (EMEA)
Third quarter organic sales for architectural coatings – EMEA decreased a low single-digit percentage compared to the prior year with higher selling prices more than offset by lower sales volumes. Overall demand for architectural coatings in Europe was lackluster, with declines primarily in the west partially balanced by organic sales growth in the east.

Architectural coatings – Latin America and Asia Pacific
Organic sales for architectural coatings – Latin America and Asia Pacific increased by a low single-digit percentage compared to the prior-year quarter driven by strength in Latin America. In Mexico, retail sales volumes were solid in the quarter, reflecting improving consumer demand, while project-related spending

remained lower than the prior year stemming from economic uncertainty which has tempered government and business investment.

Outlook
In the fourth quarter of 2025, the company expects further year over year strengthening in retail sales and a modest recovery of project-related spending in Mexico, while consumer sentiment in Europe is anticipated to remain soft. Quarterly aggregate organic sales for the segment are expected to be in the range of flat to a positive low single-digit percentage compared to the fourth quarter 2024.



Performance Coatings Segment
Third quarter 2025 net sales for the Performance Coatings segment were $1.4 billion, an increase of 3% compared to the prior year. Selling prices increased by 4% year over year, and sales volumes decreased 2%, with organic sales growth led by aerospace coatings, protective and marine coatings, and traffic solutions partially offset by automotive refinish coatings. Segment net sales also increased due to foreign currency translation.

Segment EBITDA decreased 9% and segment EBITDA margin declined by 280 basis points year over year to 21.7% driven by lower automotive refinish coatings sales volumes and higher growth-related investment spending in aerospace coatings and protective and marine coatings partially offset by higher selling prices.

Aerospace coatings
Third quarter net sales were a quarterly record for aerospace coatings with organic sales increasing by a double-digit percentage compared to the third quarter 2024, led by higher selling prices and sales volumes. Demand remained strong, and customer order backlogs increased to $310 million, even with improved manufacturing output stemming from growth-related investments. Global international and domestic air travel improved year over year, and combined are now above pre-pandemic levels. As demand for our technology-advantaged products grows, the company remains focused on debottlenecking and further expanding manufacturing capabilities to drive additional volume and earnings growth.

Automotive refinish coatings
Third quarter organic sales for automotive refinish coatings decreased a double-digit percentage versus the prior year. Results were impacted by lower organic sales in the U.S. as distributors managed their order patterns toward the first half of 2025 to optimize their pricing, with the business delivering flat organic sales in the first half of 2025 in a negative market demand environment. Business demand is being suppressed by lower U.S. collision claims, including the effect from significant increases in automotive insurance premiums. However, PPG organic business sales year to date are outperforming

the double-digit percentage declines in U.S. collision claims. Increases in insurance premiums were high over the past two years, but the rate of inflation is moderating. In the third quarter, the company grew the number of PPG LINQ™ subscriptions and PPG Moonwalk™ installations, which now total more than 3,000, further supporting customer productivity and related share gains.

Protective and marine coatings

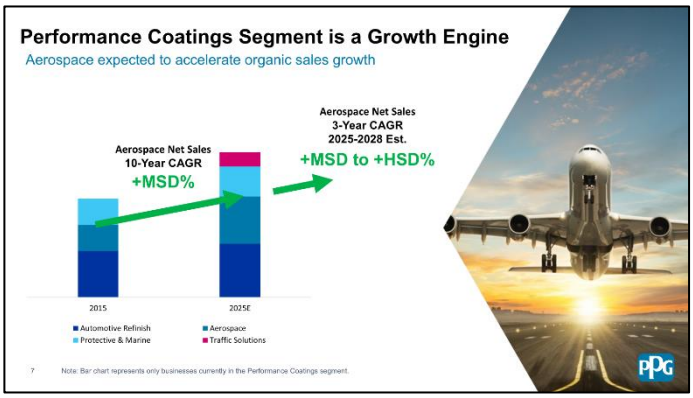
Organic sales for protective and marine coatings increased a double-digit percentage compared to the prior-year third quarter driven by higher sales volumes. The third quarter was the tenth consecutive quarter with positive year-over-year sales volume growth. Increased sales volumes were driven by share gains in both protective and marine, reflecting demand for PPG's sustainably-advantaged products.

Traffic solutions

Third quarter organic sales for the traffic solutions business increased a mid-single-digit percentage compared to the prior-year quarter, driven by strong demand and share gains. The third quarter was the sixth consecutive quarter with sales volume increases year over year as the business continues to deliver above-market growth. The business is well positioned to benefit from increased U.S. infrastructure spending. Seasonally, second and third quarter sales in the business are typically higher, about twice the sales level of the first and fourth quarter, due to the difficulty of applying traffic markings in colder temperatures in parts of North America.

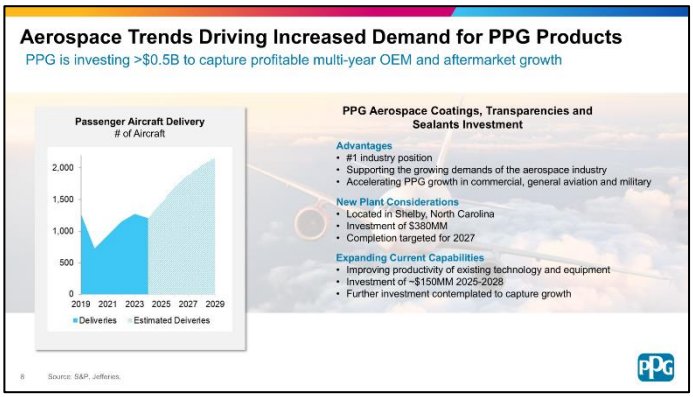
Outlook

Looking ahead, we anticipate continued strength in aerospace coatings as well as protective and marine coatings. While automotive refinish coatings continue to gain share through demand for the company's bundled coatings and digital services business model, we anticipate lower organic sales due to customer order patterns and inventory destocking. Traffic solutions is expected to follow typical seasonal trends. Fourth quarter organic sales for the segment are anticipated to be within the range of down a low single-digit percentage to flat compared to the fourth quarter 2024.



Performance Coatings Segment is a Growth Engine

Within the Performance Coatings segment, Aerospace coatings has grown at a mid-single digit CAGR over the past 10 years and now represents a third of the segment. Based on the momentum in the industry and the demand for our highly-specialized and qualified products, we expect a sales growth CAGR of a mid-single digit percentage to a high single digit percentage over the next 3 years.

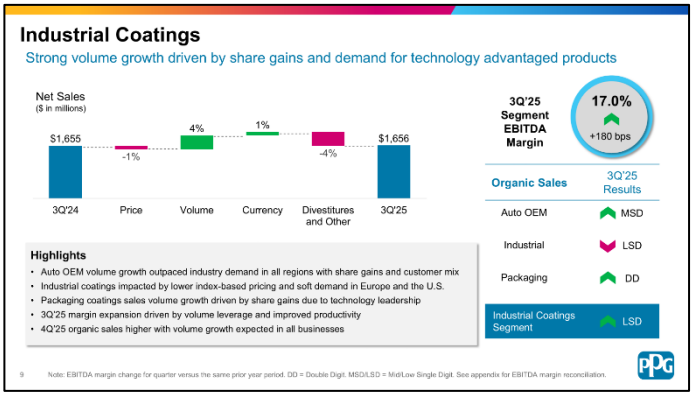


Aerospace Trends Driving Increased Demand for PPG Products

For PPG, the aerospace coatings business is equally weighted to OEM and aftermarket, with margins that are accretive to the overall reporting segment. Over the past five years we have experienced significant OEM growth, and OEM customers have recently increased their builds forecast for the next several years. Based on the nature of the industry, this growth will then translate into aftermarket growth in the succeeding years.

Given the significant growth dynamic that we are experiencing today and expect into the future, we are increasing our investments in the aerospace business. This includes near-term growth related expenses in 2025 and into 2026 to further debottleneck our existing facilities. Additionally, we also announced an investment in a new manufacturing facility which will be commissioned in 2027.

These investments represent more than half a billion dollars and are being completed in order to capitalize on the significant, multi-year growth opportunity we have in this business.
We have a strong, unique and growing position across commercial, general aviation and military, and we are excited that this will accelerate growth for PPG and our shareholders for the foreseeable future.



Industrial Coatings Segment

Third quarter net sales for the Industrial Coatings segment were $1.7 billion, flat versus the prior year. Organic sales increased 3% compared to the third quarter 2024 as sales volumes increased 4%, outpacing industry demand, as we realized the initial benefits of share gains in automotive OEM coatings and packaging coatings. This was partially offset by selling prices which declined 1% due to carryover impacts from certain index-based customer contracts. The quarter also included a 1% benefit from foreign currency translation and a 4% decline in sales due to the divestiture of the silicas products business in late 2024.

Segment EBITDA increased 12% and segment EBITDA margin improved by 180 basis points compared to the third quarter 2024 driven by higher sales volumes and improved productivity, partially offset by lower selling prices due to index-based contracts and the divestiture of the silicas products business.

Automotive OEM coatings
Net sales increased 8% compared to the third quarter 2024 driven by higher sales volumes partially offset by lower indexed-based selling prices. Sales volumes increased in all regions, including share gains in Brazil, and outpaced higher automotive industry production. In China, automotive industry retail

sales increased 5% during the third quarter and exports have grown 15% year to date compared to the prior year. Global auto industry production in the fourth quarter is expected to decline a low single-digit percentage compared to the prior-year quarter with year over year declines in Europe, North America and Asia Pacific, partially offset by growth in Latin America.

Industrial coatings

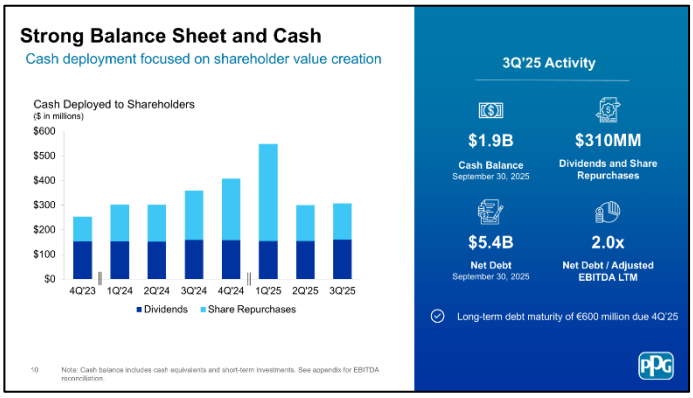
Third quarter industrial coatings organic sales declined a low single-digit percentage compared to the prior year due to lower sales volumes and indexed-based prices. Sales volumes were lower mostly in the U.S. and Europe, but were partially offset by improvement in the Asia-Pacific region. Sales in several product categories were above prior-year levels, including solid growth in heavy duty equipment and transportation. The most pronounced weakness was in kitchen and bakeware, consumer electronics and extrusion.

Packaging coatings

Third quarter organic sales in packaging coatings increased by a double-digit percentage compared to the prior year, with higher sales volumes partially offset by lower index-based prices. Results reflect the positive momentum from share gains in the U.S. and Canada, Asia Pacific and Europe, aided by expanding European regulations. Globally, beverage and food packaging demand is solid, and PPG sales volume growth is outpacing the market.

Outlook

Looking ahead, our share gains in automotive OEM coatings, packaging coatings and industrial coatings are yielding benefits, and we expect to outperform the respective markets again in the fourth quarter. As a result, aggregate organic sales for the segment are anticipated to be in the range of flat to a positive low single-digit percentage compared to the fourth quarter 2024.



Balance Sheet, Cash and Other

Cash and short-term investments totaled $1.9 billion and net debt totaled $5.4 billion at the end of the third quarter, which is about $230 million higher than the same quarter last year. Cash generated from operating activities during the first nine months of 2025 was $1.1 billion, slightly lower year over year.

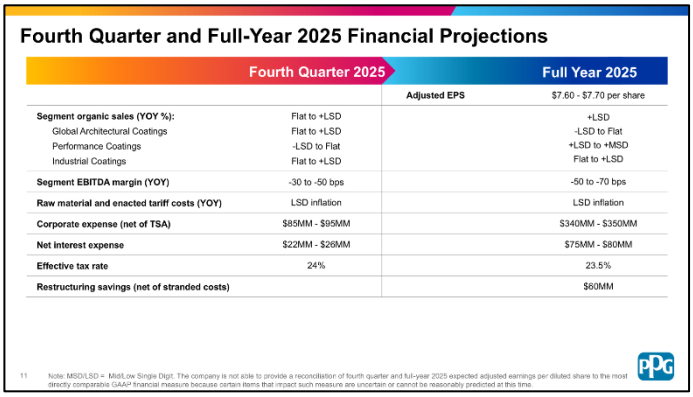
Third quarter 2025 additional financial highlights:

- Restructuring actions from previously announced programs delivered about $20 million of incremental structural cost savings
- Corporate expenses were $73 million
- Net interest expense was $23 million

- The reported effective tax rate was approximately 21% and the adjusted effective tax rate was approximately 22%

Third quarter 2025 uses of cash included:

- Capital expenditures were $147 million
- Dividends paid were $160 million
- Share repurchases were approximately $150 million. The company has repurchased about $690 million in stock over the last three quarters and ended the quarter with $2.1 billion remaining on its current share repurchase authorization.



Fourth Quarter and Full-Year 2025 Financial Projections

	Fourth Quarter 2025	Full Year 2025
Adjusted EPS		$7.60 - $7.70 per share
Segment organic sales (YOY %):	Flat to +LSD	+LSD
Global Architectural Coatings	Flat to +LSD	-LSD to Flat
Performance Coatings	-LSD to Flat	+LSD to +MSD
Industrial Coatings	Flat to +LSD	Flat to +LSD
Segment EBITDA margin (YOY)	-30 to -50 bps	-50 to -70 bps
Raw material and enacted tariff costs (YOY)	LSD inflation	LSD inflation
Corporate expense (net of TSA)	$85MM - $95MM	$340MM - $350MM
Net interest expense	$22MM - $26MM	$75MM - $80MM
Effective tax rate	24%	23.5%
Restructuring savings (net of stranded costs)		$60MM

11 Note: MSD/LSD = Mid/Low Single Digit. The company is not able to provide a reconciliation of fourth quarter and full-year 2025 expected adjusted earnings per diluted share to the most directly comparable GAAP financial measure because certain items that impact such measure are uncertain or cannot be reasonably predicted at this time.

Full-Year 2025 and Fourth Quarter Outlook

The company's adjusted earnings per share guidance is $7.60 to $7.70 for the full-year 2025. This reflects the momentum of share gains and self-help actions, along with an updated view of current global economic activity, foreign exchange rates as well as regional and business mix.

The company provided financial assumptions for the fourth quarter and full-year 2025 in its accompanying presentation materials based on information that is currently known. A few of the assumptions are highlighted below.

Fourth quarter 2025 assumptions are as follows:

- Aggregate organic sales in the range of flat to an increase of a low single-digit percentage
- Global Architectural Coatings segment organic sales within the range of flat to a positive low single-digit percentage
- Performance Coatings segment organic sales within the range of down a low single-digit percentage to flat
- Industrial Coatings segment organic sales within the range of flat to a positive low single-digit percentage
- Aggregate segment EBITDA margin decline within the range of 30 to 50 basis points
- Corporate expenses, net of the transition services agreement income from Pittsburgh Paints Company, of $85 million to $95 million
- Net interest expense of $22 million to $26 million
- Effective tax rate of approximately 24%

Full-year 2025 assumptions are as follows:

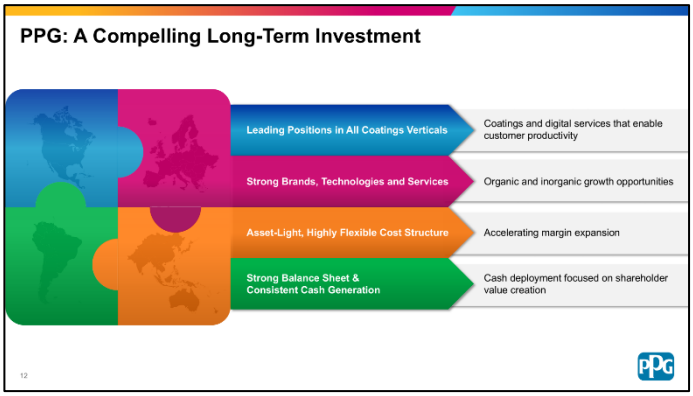
- Adjusted earnings per diluted share of $7.60 to $7.70
- Aggregate organic sales higher by a low single-digit percentage

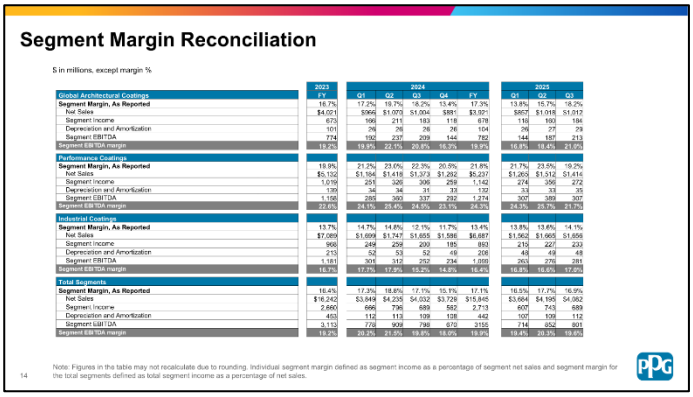
- Global Architectural Coatings segment organic sales within the range of down a low single-digit percentage to flat
- Performance Coatings segment organic sales higher within the range of a low single-digit to mid-single-digit percentage
- Industrial Coatings segment organic sales within the range of flat to a positive low single-digit percentage
- Aggregate segment EBITDA margin decline of 50 to 70 basis points
- Corporate expenses, net of the transition services agreement income from Pittsburgh Paints Company, of $340 million to $350 million
- Net interest expense of $75 million to $80 million
- Effective tax rate of approximately 23.5%
- Restructuring savings, net of stranded costs of $60 million

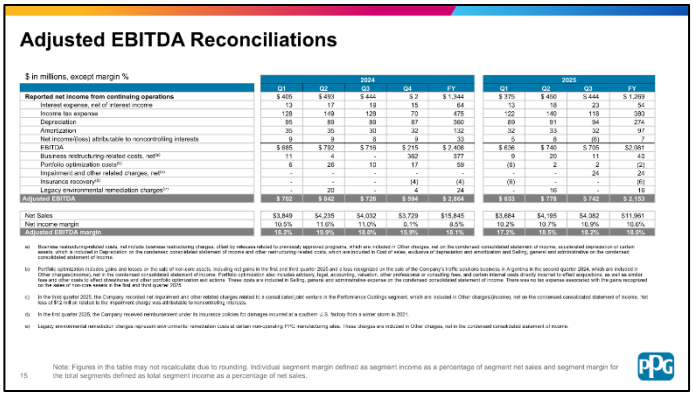
Additional information related to the third quarter 2025 financial information is posted within the slides and earnings release associated with the third quarter earnings documents on the investor section of the company's website.

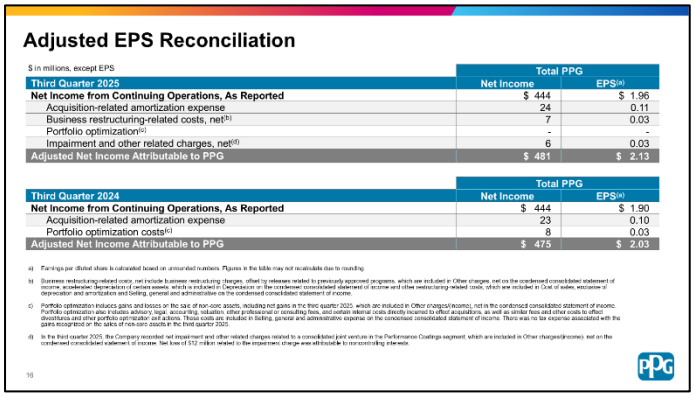
The company is not able to provide a reconciliation of fourth quarter or full-year 2025 expected adjusted earnings per diluted share to the most directly comparable GAAP financial measure without unreasonable effort because certain items that impact such measure are uncertain or cannot be reasonably predicted at this time.

(a) Organic sales are defined as: net sales excluding the impact of currency, acquisitions and divestitures.









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 earnings and financial guidance, global economic conditions, geopolitical issues, 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, margins, share gains, customer inventory and production 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 imposition and magnitude of tariffs, 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, global human health issues, 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 2024 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 October 28, 2025 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.