PPG Industries
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PPG Industries, Inc. – Second Quarter 2013 Financial Results

Charles E. Bunch, Chairman and Chief Executive Officer
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Information current as of July 18, 2013

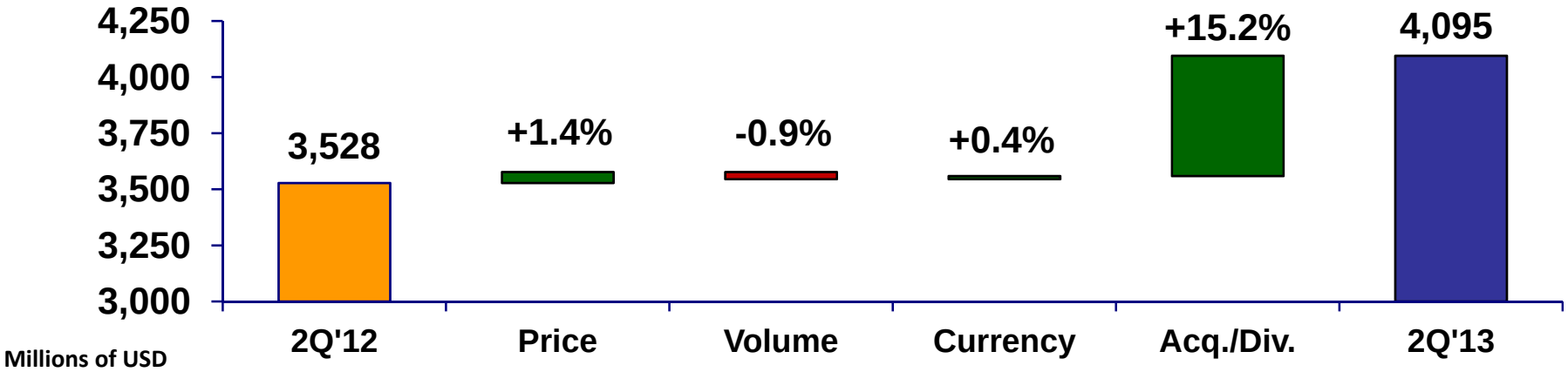
Forward-Looking Statements

Statements contained herein relating to matters that are not historical facts are forward-looking statements reflecting PPG's current view with respect to future events and financial performance. These matters within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, involve risks and uncertainties that may affect PPG's operations, as discussed in PPG's filings with the Securities and Exchange Commission pursuant to Sections 13(a), 13(c) or 15(d) of the Exchange Act, and the rules and regulations promulgated thereunder. Accordingly, many factors could cause actual results to differ materially from the forward-looking statements contained herein. 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 maintain favorable supplier relationships and arrangements, the realization of anticipated cost savings from restructuring initiatives, 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, and the unpredictability of existing and possible future litigation, including litigation that could result if the asbestos settlement discussed in PPG's filings with the Securities and Exchange Commission does not become effective. Many factors could cause actual results to differ materially from the company's forward-looking statements including any unforeseen liabilities, future capital expenditures, revenues, expenses, earnings, synergies, economic performance, indebtedness, financial condition, losses and future prospects; business and management strategies for the management, expansion and growth of PPG's operations; and PPG's ability to integrate the North American architectural coatings business of AkzoNobel and to achieve anticipated synergies. However, it is not possible to predict or identify all such factors. Consequently, while the list of factors presented here and in PPG's Form 10-K for the year ended December 31, 2012 are 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 results compared with those anticipated in the forward-looking statements could include, among other things, 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 information in this presentation speaks only as of July 18, 2013, 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 Financial Recap

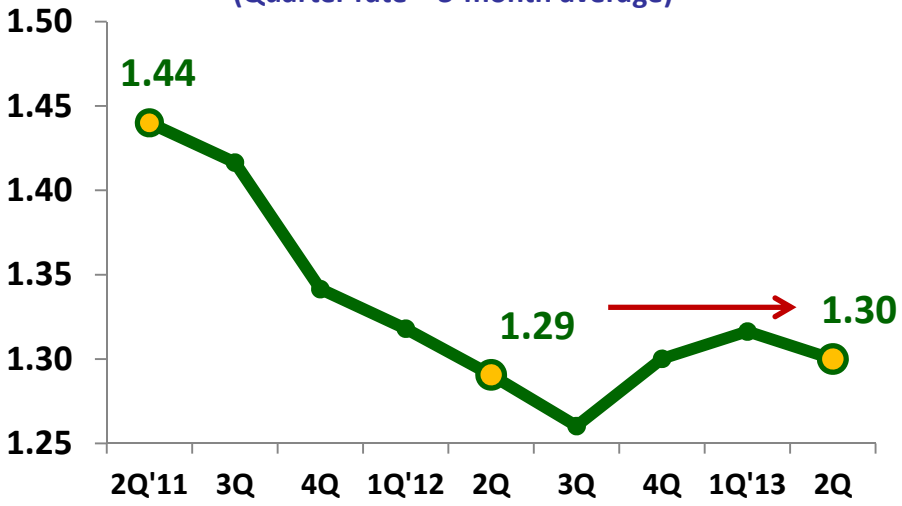
- **Demand trends remained fairly consistent; mixed by region and end-use market**
  - Ongoing U.S. demand growth, higher volumes in all Asian coatings end-use markets except marine new-build, sluggish activity across Europe continues
  - Normal seasonal improvement experienced in most businesses and regions versus 1Q'13
  - Global automotive OEM, refinish and aerospace sales growth offset by end-market weakness in marine new-build and European architectural coatings
- **Excellent earnings growth driven by strong operating performance**
  - Growth of ~25 percent in aggregate coatings earnings driven by operational performance and aided by earnings from cash deployed for acquisitions. Modest Optical & Specialty Materials segment earnings growth was outpaced by weaker Glass earnings.
- **Acquisition of AkzoNobel's North American Architectural Coatings business**
  - Acquired business added ~$475MM of sales during the quarter and mid single-digit EBIT margins (note: 2Q is typically seasonal peak quarter)
- **Ending cash-on-hand and short-term investments totaled $1.8 billion**
- **Restructuring charge of $102 million approved by Board of Directors** (charge will be included in third quarter 2013 financial results)

PPG Second Quarter Sales



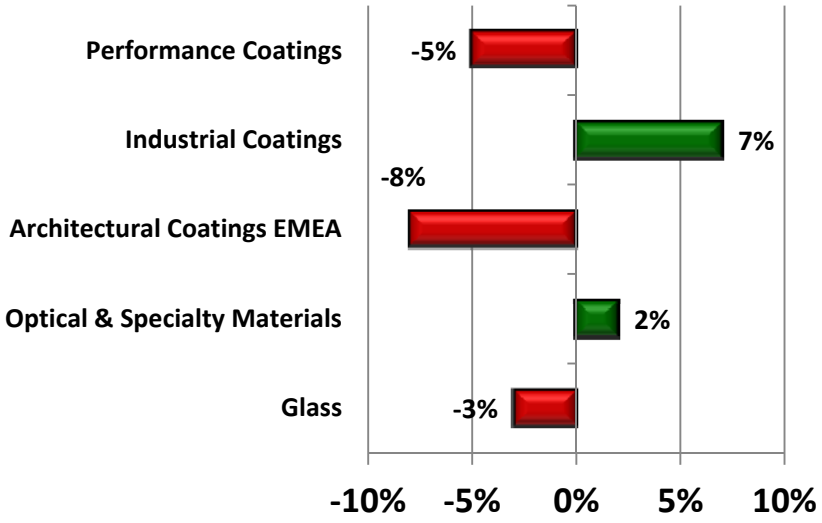
Dollar/Euro Conversion Rate

(Quarter rate = 3-month average)



2Q'13 Segment Volumes Y-O-Y Change

(excludes price, currency and acquisition impacts)

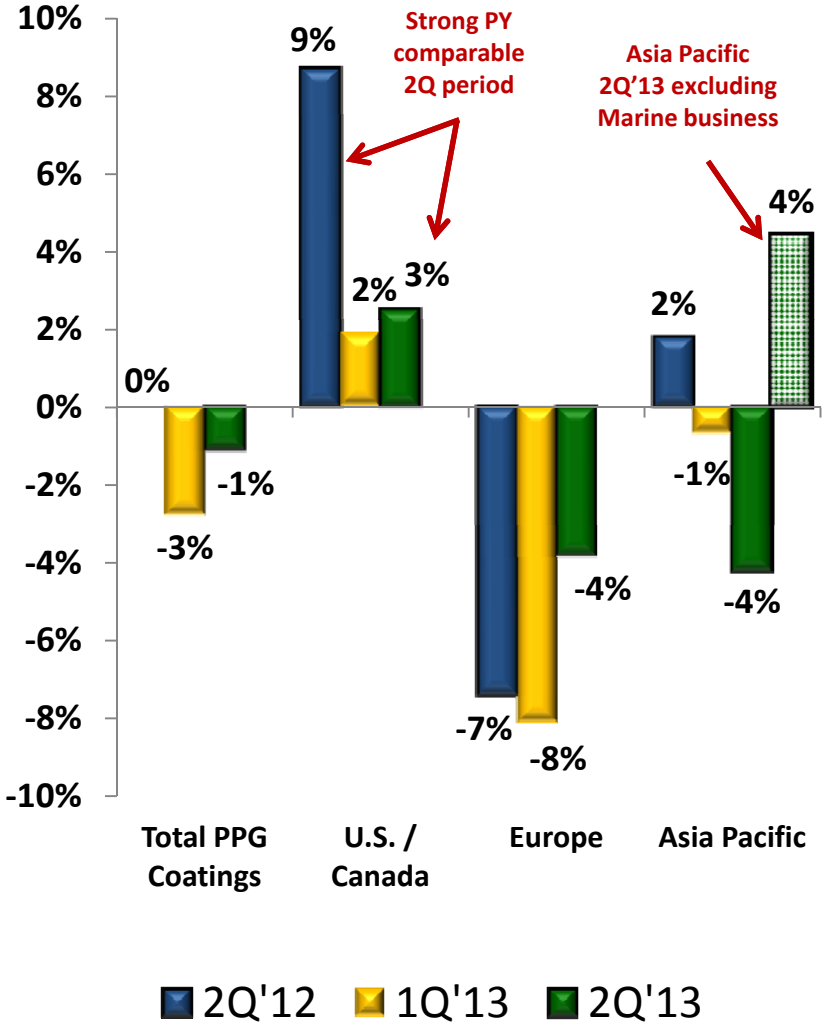


Notable acquisition-related gains; Volume - various gains offset by Europe and marine weakness

Sales Volume Trends – Coatings Segments

PPG Coatings Y-O-Y Regional Volume Trends

(excludes price, currency and acquisition impacts)



2Q 2013 Commentary Y-O-Y (versus 2Q 2012):

U.S. & Canada:

- Growth in most end-use markets versus strong comparable period, reflecting positive regional economic momentum
- Demand growth was the highest in automotive OEM, aerospace, refinish and general industrial
- Modest decline in U.S. architectural coatings as high-single digit growth in company-owned stores was offset by lower retail (DIY) channel volume.

Europe:

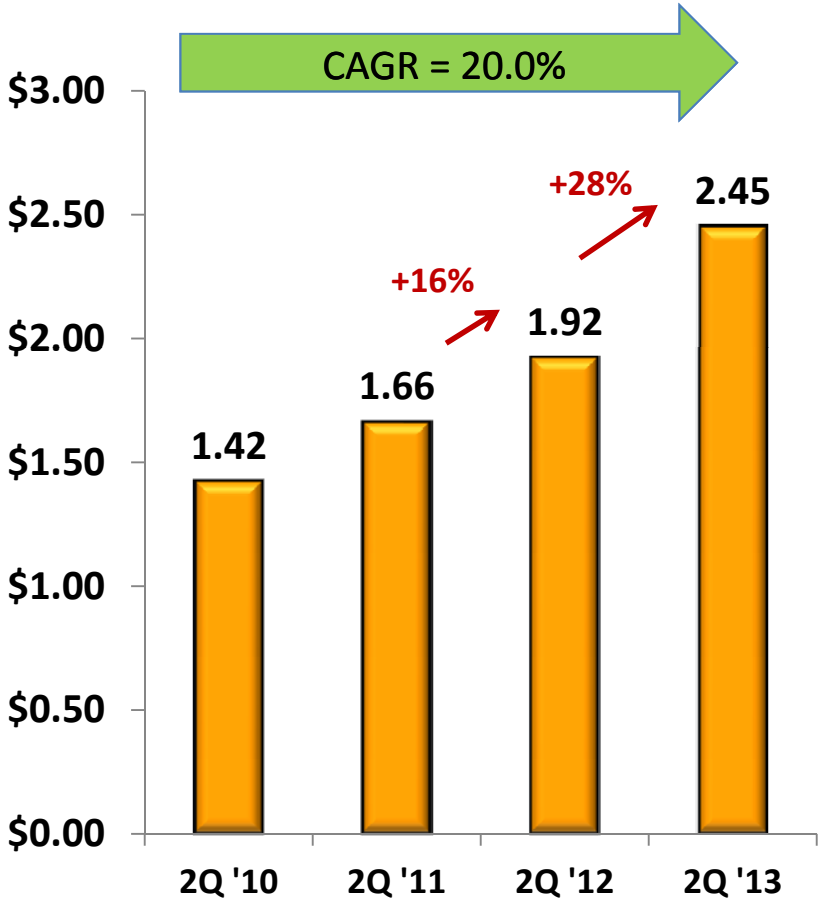
- Continued demand weakness was experienced throughout the region, although Y-O-Y declines less severe than 1Q'13
- Low double-digit percentage volume growth in automotive OEM and modest aerospace and packaging growth, more than offset by persistent weakness in remaining businesses

Asia Pacific:

- Solid regional activity, with single-digit percentage growth in most end-use markets, excluding marine
- Lower Asian marine new-build demand reduced the region's growth rate by 800 basis points Y-O-Y, as 2Q'12 was the most difficult marine new-build comparison period

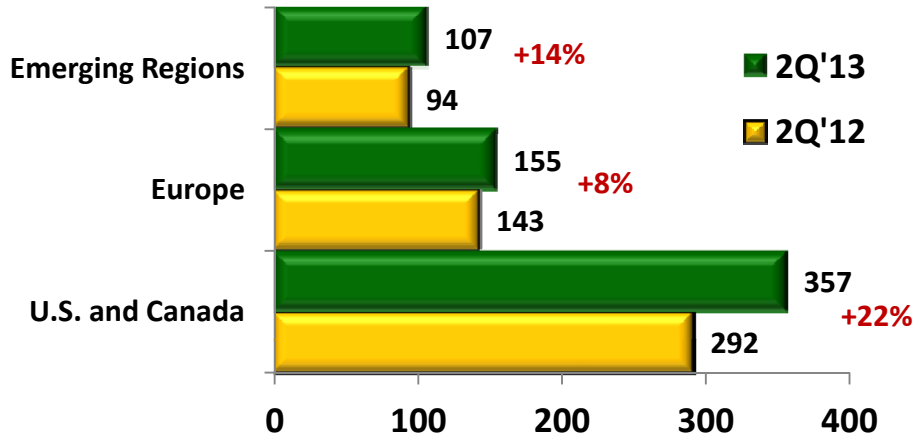
PPG Second Quarter Earnings

Adjusted Diluted Earnings Per Share *

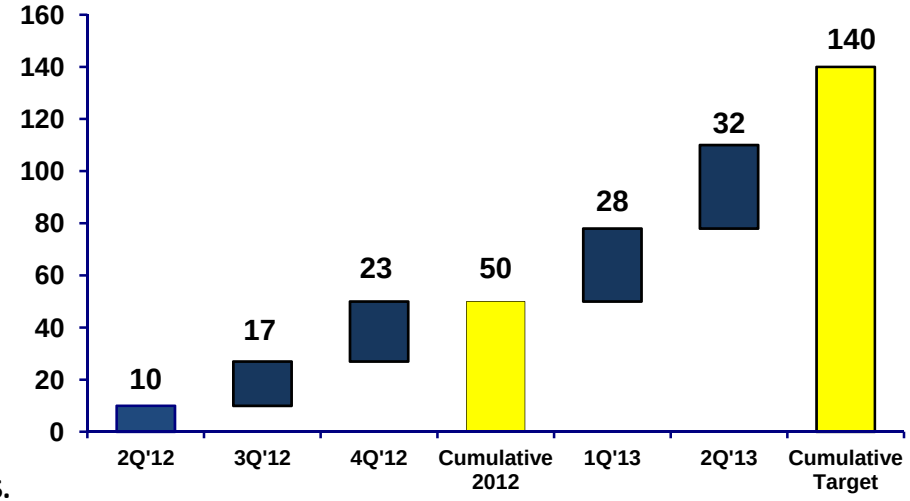


Results up nearly 30% versus strong prior year

Regional Pre-tax Segment Earnings ($MM)



PPG 2012 Restructuring Program Savings ($MM)



* Adjusted EPS – see presentation appendix for reconciliation to reported EPS.

Performance Coatings

$MM (USD)	2Q13	2Q12	Chg	%
Sales	1,688	1,241	447	36%
Earnings	255	204	51	25%
Margin %	15.1%	16.4%	--	--

Select Sales Detail	Total	Volume	Currency
Quarter Y-O-Y Change	36%	-5%	0%

Acquired Architectural Brands	
United States	Canada

Second Quarter (Y-O-Y):

- ✓ Continued aerospace growth vs. hard comp.
- ✓ Solid refinish growth globally, net of lower European demand
- ✓ Weaker marine new-build - primarily Asia
- ✓ U.S. architectural coatings:
  - o Higher volumes in company-owned stores offset by national accounts (DIY)
  - o Acquisition added ~38% to segment sales
  - o Acquired business mid-single digit ROS slightly ahead of targets (peak season)
- ✓ Strong cost management actions continue to contribute to earnings growth

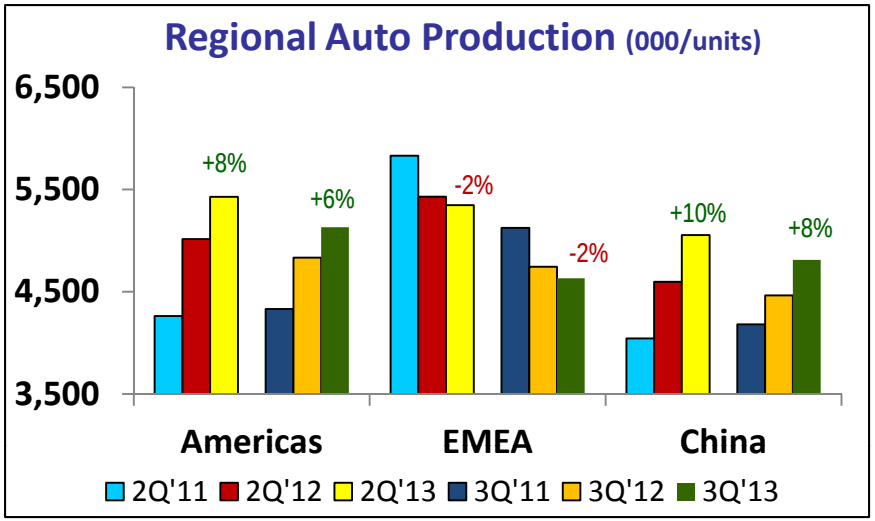
3Q, 2013 Outlook:

- ✓ Aerospace end-market growth prospects continue
- ✓ U.S. architectural coatings market conditions remain positive
- ✓ Lower U.S. architectural coatings sales sequentially (vs. 2Q) due to seasonality – related smaller positive acquisition impact on earnings
- ✓ Marine activity levels remain weak, but somewhat easier prior-year comparable
- ✓ More modest benefits from 2012 PPG restructuring program – anniversary of some actions implemented in prior-year 3Q

Industrial Coatings

$MM (USD)	2Q13	2Q12	Chg	%
Sales	1,241	1,099	142	13%
Earnings	191	143	48	34%
Margin %	15.4%	13.0%	--	--

Select Sales Detail	Total	Volume	Currency
Quarter Y-O-Y Change	13%	7%	1%



Source: IHS Global Insight

Second Quarter (Y-O-Y):

- ✓ PPG global automotive OEM volume growth (+12%), comparable performance in all major regions (N.A., Europe and China), outpacing global industry growth (+3%)
- ✓ Solid industrial business unit growth from emerging regions and modest U.S. growth, partly offset by persistent European weakness. Mixed trends in various general industrial end-markets.
- ✓ Modest packaging coatings growth in all major regions
- ✓ Acquisitions contributed to sales (~5%) and earnings

3Q, 2013 Outlook:

- ✓ Lower activity sequentially vs. 2Q due to seasonality
- ✓ Growth continues in PPG automotive OEM demand aided by Y-O-Y global industry production growth:
  - o Higher N.A. production; growth continuation in China
  - o Modest European industry production decline
- ✓ Less benefit from PPG restructuring program due anniversary of some prior-year actions

Architectural Coatings EMEA

Segment Results:

$MM (USD)	2Q13	2Q12	Chg	%
Sales	571	601	-30	-5%
Earnings	69	64	5	8%
Depreciation & Amortization	26	29	-3	-10%
EBITDA *	95	93	2	2%
EBITDA Margin	16.6%	15.5%	--	--

Select Sales Detail	Total	Volume	Currency
Quarter Y-O-Y Change	-5%	-8%	1%

* EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is a non-GAAP financial metric and is utilized as a financial measurement in this segment due to the level of acquisition-related non-cash amortization expense

Second Quarter (Y-O-Y):

- ✓ Seasonally strongest sales quarter historically
- ✓ Lower demand in most European markets from weaker regional economies
- ✓ Poor weather in Eastern Europe (flooding)
- ✓ Restructuring benefits (2012 program) and other aggressive discretionary cost management actions fully offset negative earnings impact of lower sales

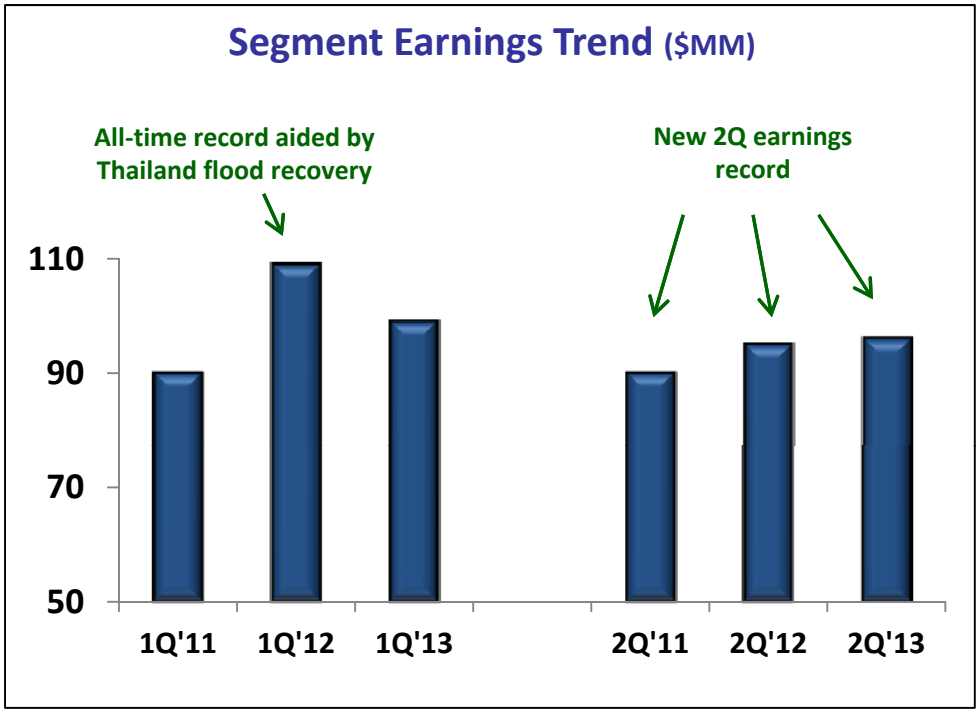
3Q, 2013 Outlook:

- ✓ Normal seasonal pattern anticipated resulting in lower sequential sales vs. 2Q
- ✓ Overall market conditions in the region expected to remain challenging
- ✓ Stringent cost management and additional savings resulting from 2012 PPG restructuring program
- ✓ Continuation of current exchange rates would result in minor sales addition Y-O-Y

Optical and Specialty Materials

$MM (USD)	2Q13	2Q12	Chg	%
Sales	326	314	12	4%
Earnings	96	95	1	1%
Margin %	29.4%	30.3%	--	--

Select Sales Detail	Total	Volume	Currency
Quarter Y-O-Y Change	4%	2%	0%



Second Quarter (Y-O-Y):

- ✓ Modest improvement in optical volumes
  - o Continued sequential growth in European Transitions® Gen VII product sales (new product launch in 1Q'13)
  - o Growth in aggregate optical consumer volumes in U.S. and Asia offset by customer inventory management of Gen VI product due to impending Gen VII launch
- ✓ Higher silica demand

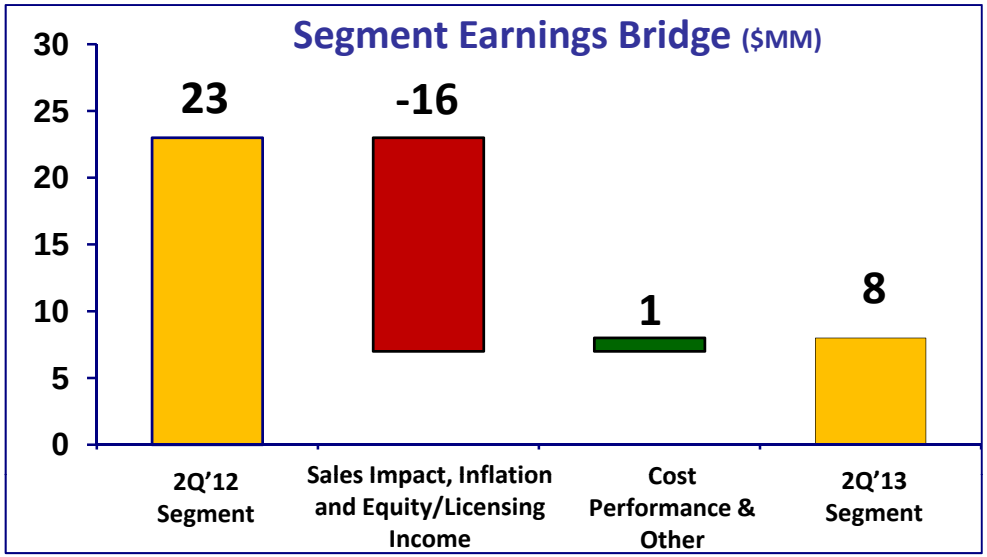
3Q, 2013 Outlook:

- ✓ Traditionally lower segment activity levels seasonally vs. 2Q
- ✓ Optical customers remain focused Gen VI inventory ahead of Gen VII introduction
- ✓ Solid emerging regions growth expected
- ✓ Silica growth trends continue

Glass

$MM (USD)	2Q13	2Q12	Chg	%
Sales	269	273	-4	-1%
Earnings	8	23	-15	-65%
Margin %	3.0%	8.4%	--	--

Select Sales Detail	Total	Volume	Currency
Quarter Y-O-Y Change	-1%	-3%	0%



Second Quarter (Y-O-Y):

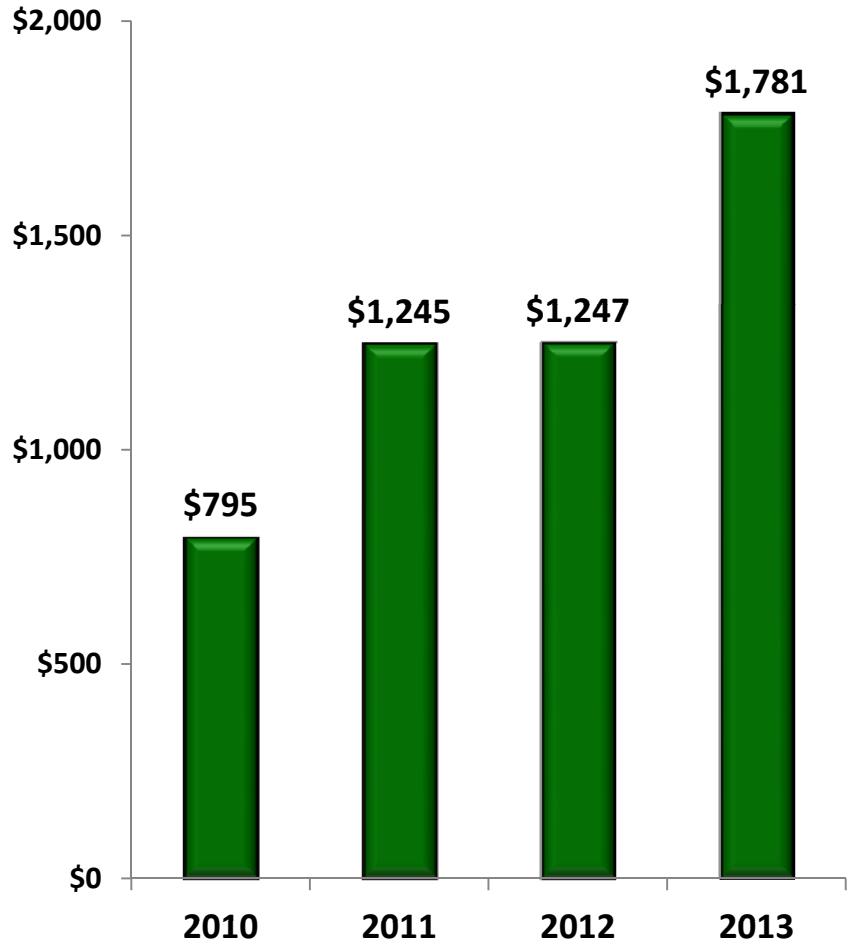
- ✓ Weak fiber glass end-use markets (Europe) resulting in negative volumes, with pricing remaining lower year-over-year
- ✓ Flat glass - demand subdued in non-residential construction market
- ✓ Inflation including logistics/freight and higher Y-O-Y natural gas unit costs
- ✓ Lower licensing and equity earnings (i.e., electronics end-market)
- ✓ Higher maintenance costs and lower utilization offset positive cost actions

3Q, 2013 Outlook:

- ✓ Modest positive seasonality sequentially
- ✓ No anticipated change in fiber glass or flat glass demand patterns
- ✓ Utilization rates remain low
- ✓ Equity and licensing earnings expected to remain muted
- ✓ Inflation impact expected to moderate somewhat (natural gas unit price)
- ✓ Heavy emphasis on cost improvements by both businesses

Cash and Short-Term Investments

2Q Cash & Short Term Investments



Millions of USD

Year-To-Date Cash Performance

- ✓ Strong cash position remains
- ✓ ~$500MM of cash from operations, up about 15 percent Y-O-Y; operating working capital improved Y-O-Y
- ✓ 2013 Y-T-D approximate cash uses:
  - ❖ Capital Spending - $150MM
  - ❖ Dividends - $170MM
  - ❖ Debt Reduction - $600MM
  - ❖ Acquisitions - $1BMM
  - ❖ Share Repurchases - $140MM

PPG received ~$950MM in 2013 relating to separation of Commodity Chemicals business

Summary

Second Quarter Financial Results:

- **Regional differences remain; N.A. and Asia solid and weak Europe**
- **Record adjusted earnings per share improved 28 percent**
- **Continued strong coatings earnings growth:**
  - **Global growth in automotive OEM, aerospace and refinish**
  - **Aggressive cost management coupled with 2012 restructuring program benefits**
  - **Earnings benefit from cash deployed for recent acquisitions**

Other Notable Items:

- **Closed on AkzoNobel North American architectural coatings acquisition**
- **PPG's board of directors approves $102 million restructuring program focused on acquisition synergy achievement and select businesses experiencing challenging market conditions**

Strong Balance Sheet Remains:

- **Cash and short-term investments of $1.8 billion at quarter-end; improved year-over-year working capital metrics**

Adjusted EPS Reconciliation

2nd Quarter Reporting Period

	Continuing Operations		Discontinued Operations		Total PPG	
Year 2013	**Net Income**	**EPS**	**Net Income**	**EPS**	**Net Income**	**EPS**
Net Income/(Loss) Attributable to PPG as Reported	$ 341	$ 2.35	$ --	$ --	$ 341	$ 2.35
Acquisition-related costs	15	0.10	--	--	15	0.10
Adjusted Net Income/(Loss) Attributable to PPG	$ 356	$ 2.45	$ --	$ --	$ 356	$ 2.45
Year 2012						
Net Income/(Loss) Attributable to PPG as Reported	$ 297	$ 1.92	$ 65	$ 0.42	$ 362	$ 2.34
Business separation costs	--	--	3	0.02	3	0.02
Adjusted Net Income/(Loss) Attributable to PPG	$ 297	$ 1.92	$ 68	$ 0.44	$ 365	$ 2.36
Year 2011						
Net Income/(Loss) Attributable to PPG as Reported	$ 266	$ 1.66	$ 74	$ 0.46	$ 340	$ 2.12
No adjustments	--	--	--	--	--	--
Adjusted Net Income/(Loss) Attributable to PPG	$ 266	$ 1.66	$ 74	$ 0.46	$ 340	$ 2.12
Year 2010						
Net Income/(Loss) Attributable to PPG as Reported	$ 237	$ 1.42	$ 35	$ 0.21	$ 272	$ 1.63
No adjustments	--	--	--	--	--	--
Adjusted Net Income/(Loss) Attributable to PPG	$ 237	$ 1.42	$ 35	$ 0.21	$ 272	$ 1.63
Year 2009						
Net Income/(Loss) Attributable to PPG as Reported	$ 119	$ 0.73	$ 27	$ 0.16	$ 146	$ 0.89
No adjustments	--	--	--	--	--	--
Adjusted Net Income/(Loss) Attributable to PPG	$ 119	$ 0.73	$ 27	$ 0.16	$ 146	$ 0.89
Year 2008						
Net Income/(Loss) Attributable to PPG as Reported	$ 209	$ 1.26	$ 41	$ 0.25	$ 250	$ 1.51
Auto-Glass and Services depreciation and benefit costs	23	0.14	--	--	23	0.14
Adjusted Net Income/(Loss) Attributable to PPG	$ 232	$ 1.40	$ 41	$ 0.25	$ 273	$ 1.65

Amounts in Millions of USD except EPS

PPG Industries
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Thank you for your interest in PPG Industries, Inc.

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