



PPG Industries, Inc. Third Quarter 2013 Financial Results

Earnings Brief – October 17, 2013

Third Quarter Financial Summary

- **Improved volume trends across all regions versus the first half of 2013**
 - Higher level of volume growth in North America and stronger performance in most Asian end-use markets. Europe volumes remained negative, but notable improvement in trend.
- **Integration of acquired AkzoNobel N.A. architectural coatings business on track**
 - Acquired business added ~\$400 million of sales during the quarter and upper mid-single-digit EBIT margins – remains slightly ahead of synergy targets.
- **Continued, strong earnings growth driven by coatings**
 - Growth of 23 percent in aggregate coatings segment earnings due to strong operating performance and earnings from recent acquisitions.
- **Ending cash-on-hand & short-term investments total \$2.2 billion**
 - Year-to-date cash from operations of \$1.3 billion, up about 25 percent versus prior year.
 - Share repurchases total about \$325 million year-to-date; Full-year projection on share repurchases to be toward upper end of previously communicated range (\$500 -to- \$750 million).

Third Quarter Financial Summary

PPG net sales from continuing operations were a third quarter record of \$4 billion, up 17 percent versus the prior year. Included in the sales growth were benefits from recently acquired businesses, along with volume growth of about 2 percent.

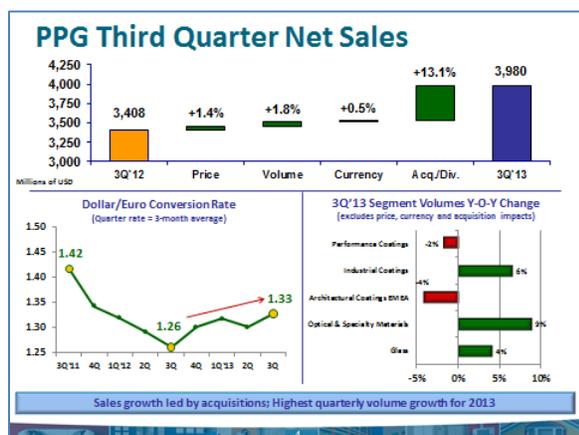
Year-over-year volume trends improved in all major regions versus the first two quarters of 2013. Volume gains in the United States continued over a broad set of end-use markets, reflecting a modestly improving economy. Solid growth trends remained in many end-use markets

in Asia Pacific, with the exception of the marine new-build market. European demand was slightly lower versus the prior year; however, the volume trend performance was noticeably improved versus recent quarters. Overall company sales trends were also varied by reporting segment and respective end-use market as will be detailed in the reportable segment overviews.

The acquisition of AkzoNobel's North American architectural coatings business added slightly more than \$400 million to net sales, and the acquired business delivered an upper mid-single-digit earnings return on net sales percentage. The main driver of the improved business earnings performance is the continued realization of targeted cost synergies. The pace of the synergy capture is ahead of the previous quarter, and on an annual run-rate basis, we have achieved more than 50 percent of the total synergy target of \$200 million, with substantial work still remaining.

Total company segment earnings grew 20 percent versus the prior year, including a 23 percent gain in aggregate coatings earnings. We also realized earnings growth in all major global regions as strong operating performance, including cost savings stemming from business restructuring actions, complemented earnings from cash deployed on recent coatings acquisitions.

PPG ended the quarter with \$2.2 billion in cash and short-term investments and year-to-date cash generated from operations is \$1.3 billion, up about 25 percent versus the previous year.



Share repurchases totaled about \$180 million in the quarter, bringing the full-year total to about \$325 million. The company anticipates full year share repurchases will be toward the upper end of the previously communicated range of \$500 million -to- \$750 million.

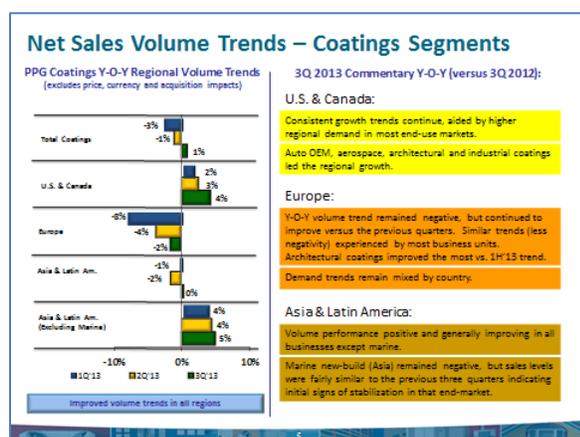
PPG Quarterly Net Sales

PPG third quarter 2013 net sales from continuing operations were \$4 billion, up about \$575 million versus the prior year primarily due to sales from businesses acquired within the past 12 months. Volume, price and currency translation were all positive contributors as well.

Aggregate year-over-year volumes for the company grew about 2 percent. The volume growth in the quarter improved versus the year-over-year volume trends in previous quarters of 2013. By segment, volumes grew in Industrial Coatings, Optical and Specialty Materials and Glass. Performance Coatings volumes year-over-year were 2 percent lower due to a decline in marine new-build activity. Architectural Coatings EMEA (Europe, Middle East and Africa) volumes were down 4 percent, but the trend improved notably as compared to the first and second quarters of 2013.

From the second to the third quarter, demand typically falls modestly for seasonal reasons and, in general, normal seasonal trends were experienced. Historically, PPG experiences a more noticeable seasonal demand decline between the third and fourth quarter, especially in architectural coatings primarily due to the impact of seasonal weather patterns on the architectural paint season. The magnitude of PPG's seasonal decline this year will increase with the addition of the acquired North American AkzoNobel architectural coatings business.

Currency translation impacts for the third quarter were slightly positive driven by a higher Dollar-to-Euro conversion rate versus a very weak prior year comparative rate, partly offset by unfavorable translation of certain currencies in Asia and South America. Pricing improved modestly as businesses implemented targeted actions to counter moderate cost inflation, including the net effect of changes in raw material and energy pricing, along with some transportation cost and general inflation.



PPG Net Sales Volume Trends - Coatings Segments

Regional volume trends for the aggregate coatings segments remained varied, with overall volumes advancing one percent, which is an improvement over the first and second quarters of 2013 which were negative.

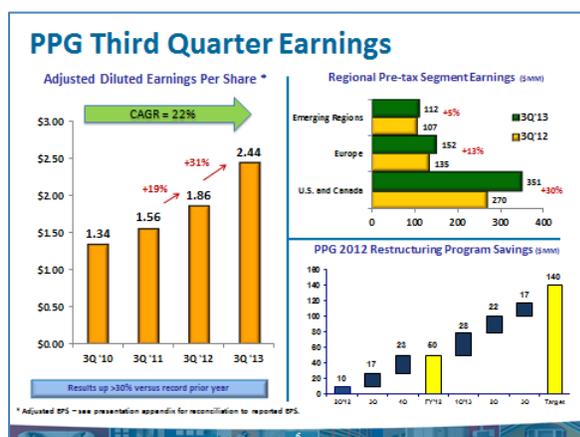
Consistent growth continued in the United States and Canada with volumes advancing 4 percent, the highest growth level of the year. The growth was broad as volume gains were achieved across most business units, led by growth in automotive

OEM, aerospace, architectural and industrial coatings.

Year-over-year European results fell 2 percent, representing a notable improvement versus the first half of the year. While the overall pace of business remains muted across the region, most businesses delivered an improved trend versus the very weak conditions earlier in the year. The architectural coatings business experienced the largest volume trend improvement versus the first half 2013, although volume performance remained negative for the business. European demand remains varied by country, with some countries demonstrating signs of stability or improvement, while others continue to remain weak.

In the emerging regions of Asia Pacific and Latin America, volumes were flat versus the year-earlier period. In these regions, most businesses delivered solid volume growth. However, this was offset by ongoing weakness in marine new-build activity in Asia. Excluding the weakness in the long-cycle marine new-build business, PPG's aggregate emerging region volumes grew by more than 5 percent, which is the highest level of the year. Marine new-build volumes are

sharply negative versus last year's comparable period when industry end-market demand was stronger. However, the new-build market is showing initial signs of stabilizing as our overall marine sales have been somewhat consistent the past several quarters.



PPG Third Quarter Earnings

Third quarter adjusted diluted earnings per share from continuing operations were \$2.44, up 58 cents or 31 percent versus the prior year establishing a new record. The results represent a compounded annual growth rate of 22 percent since 2010.

Third quarter reported diluted earnings per share from continuing operations were \$1.52, and includes 50 cents for business restructuring, 39 cents for an increase to an environmental reserve, and 3 cents for nonrecurring acquisition-related charges. A reconciliation of the reported

to adjusted earnings per share figures is included in the presentation appendix.

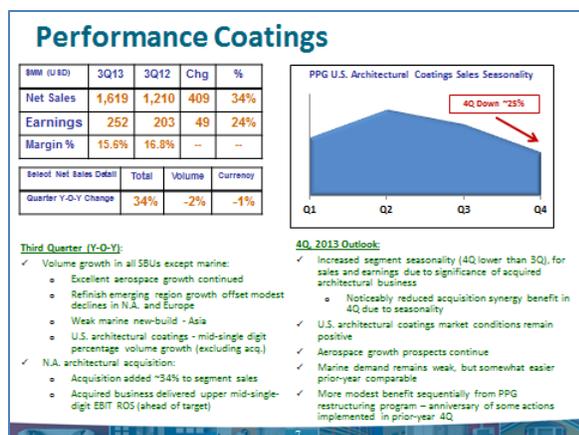
Segment earnings improved in all regions. The United States and Canadian region posted the largest year-over-year earnings improvement of about 30 percent, on continued regional economic momentum and the earnings from the newly acquired architectural coatings business. Earnings in emerging regions also grew reflecting higher sales in many Asian end-use markets and lower costs. European earnings advanced 13 percent, primarily due to lower costs which offset lower regional sales.

A contributing factor to the improved earnings performance was a lower cost base, including benefits stemming from continued implementation of PPG's previously announced restructuring program, which was approved in early 2012. The absolute level of year-over-year savings was about \$17 million as we began to reach the anniversary date of certain prior year actions. Cumulative program savings are over 80 percent of the \$140 million target, with some additional savings anticipated in the fourth quarter and early 2014.

An additional \$98 million (pre-tax) restructuring program was approved in the third quarter, 2013. About half of this restructuring relates to the synergy capture actions for the acquired AkzoNobel architectural coatings business. The remainder is targeted toward specific businesses, including protective and marine coatings, Architectural Coatings-EMEA and fiber glass, where end-market demand remains weak. These projects have a rapid cash payback return, with an average payback period of about one year.

Third quarter 2013 reported and adjusted net income include lower pension expenses resulting from a reorganization of certain company pension plans, which occurred as a part of recently completed separation activities of the former commodity chemicals business. These changes resulted in an earnings catch-up benefit recorded in the third quarter which relates to the first half of 2013 reporting periods of about \$9 million income pre-tax, \$6 million after-tax, or \$0.04 per diluted share. This benefit will recur, adding about \$4 million to pre-tax segment earnings each quarter going forward.

For the quarter, the company's tax rate on ongoing earnings was 24 percent, excluding the tax impact of nonrecurring charges. The 2012 tax rate on ongoing earnings was 23 percent.



Performance Coatings

Reviewing the reporting segment results for the quarter, Performance Coatings net sales were \$1.6 billion, up \$409 million or 34 percent versus the prior year, primarily due to sales from acquired businesses. Negative currency translation and lower overall volume was offset by modest price gains.

Volume growth did occur in all businesses except in the coatings business supplying the marine new-build industry, where the volume decline exceeded the combined gains from the other

businesses. Aerospace growth accelerated versus earlier in the year, and strong emerging region growth in refinish offset slight volume declines in the mature regions.

As with prior quarters, marine new-build sales declined significantly year-over-year as overall industry demand remains sluggish. While marine sales remain down year-over-year, PPG's 2013 quarterly marine net sales have been fairly constant each quarter indicating some market stability at these lower levels.

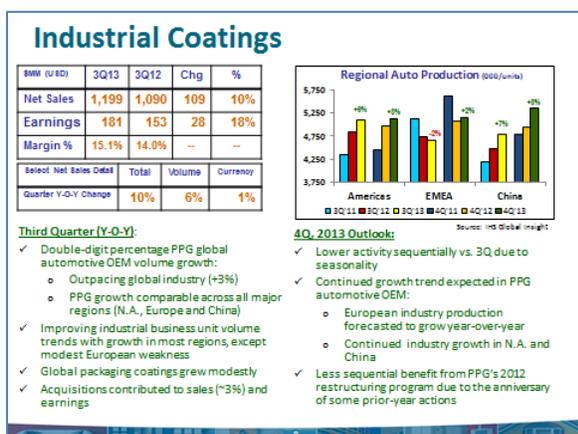
U.S. architectural coatings sales, excluding acquired business sales, grew mid-single digit percentages supported by higher market demand and led by company-owned paint store sales growth. Strong product demand in the do-it-yourself channel served to offset lower sales stemming from previously disclosed changes in products sold to a national retail customer.

The acquired North American architectural coatings business added more than \$400 million to segment sales in the quarter and delivered upper mid-single-digit percentage return on sales, in a seasonally strong quarter. The return on sales from the acquired business is a slight improvement versus the previous quarter, reflecting additional realization of cost synergies.

Segment earnings were \$252 million, up \$49 million, or 24 percent, year-over-year. The most significant factors driving the improvement were the earnings stemming from acquired businesses and the continued strong operating performance and cost focus in all of the businesses.

Looking ahead, the fourth quarter is traditionally a slower quarter seasonally for the segment and most notably for architectural coatings. In relation to prior years, the magnitude of the segment seasonality will increase due to the size of the architectural business acquisition. In addition, the geographic mix of the acquired business includes a heavier Canadian concentration where the paint season typically is shorter in duration. Also, due to the lower seasonal sales, certain benefits from the acquisition synergies will be muted in the quarter. Overall positive architectural coatings market conditions are expected to remain.

Both aerospace and marine are longer cycle businesses and are less seasonal in nature. Recent trends are expected to continue in those businesses. Finally, we continue to reach the anniversary date of a variety of prior year restructuring actions resulting in more modest year-over-year earnings growth benefits from the restructuring program approved in 2012.



Industrial Coatings

Industrial Coatings segment net sales for the third quarter were \$1.2 billion, up \$109 million or 10 percent in comparison with the prior year, aided by continued strong volume gains of 6 percent and acquisition-related gains of 3 percent.

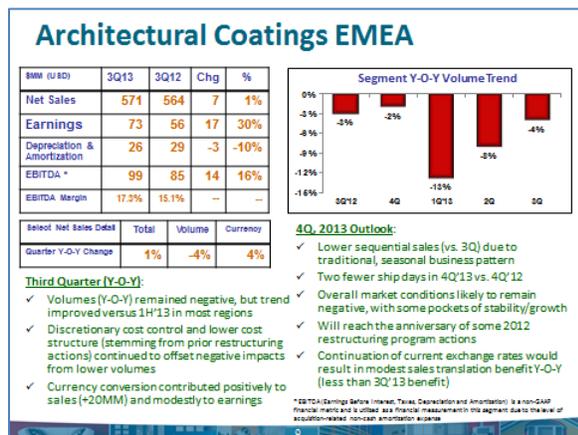
For the quarter, PPG's global automotive OEM volumes grew 10 percent well outpacing global industry growth of 3 percent, reflecting a continued benefit from PPG's global footprint and customer appreciation of PPG's high level of technical service. PPG's automotive OEM volume growth rates were comparable across all major regions.

Volumes for the industrial coatings business unit increased year-over-year, with trends in all regions improving versus performance the first half of 2013. Sales volumes advanced in North America and Asia, and were down modestly in Europe. Global packaging coatings volumes grew modestly.

Third quarter segment earnings of \$181 million were up \$28 million or 18 percent versus the prior year, with increased sales being the major contributing factor.

Looking ahead to the fourth quarter, segment activity levels are typically lower seasonally in comparison with the third quarter. Global automotive OEM industry production growth is expected to continue at a rate comparable to that of the third quarter. One item of note is that year-over-year auto OEM industry production in Europe has been quite negative year-to-date, including a slight negative in the third quarter, but is forecasted to be slightly positive in the fourth quarter.

Segment earnings are expected to benefit less from restructuring-related savings due to the anniversary of certain prior-year actions.



Architectural Coatings – EMEA

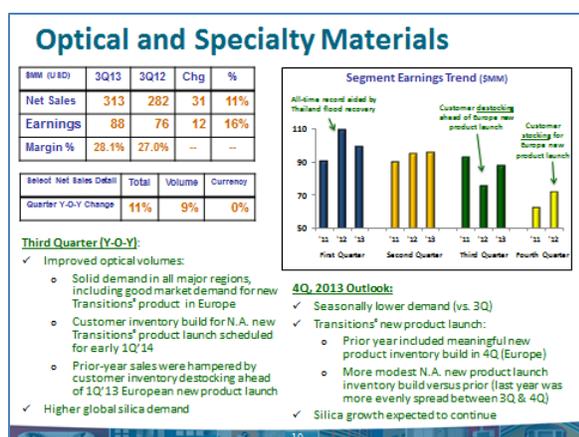
Architectural Coatings – EMEA (Europe, Middle East and Africa) segment net sales in the third quarter of \$571 million were up \$7 million or one percent versus the year-earlier period. The positive impact of currency translation offset lower volumes. Segment volumes declined 4 percent, which represents a significant improvement over the trend during the first half of 2013 where the volume decline averaged 10 percent.

Despite the modest change in sales, segment earnings of \$73 million were up \$17 million and

EBITDA margins improved by 220 basis points. The earnings improvement was driven primarily by continuing cost management actions, including savings from the 2012 restructuring program and aggressive discretionary cost management.

Looking ahead, we expect normal seasonal patterns as the fourth quarter activity is traditionally much lower sequentially versus the third quarter. Of note is the fourth quarter of 2013 includes two fewer shipping days versus the prior year fourth quarter. Overall end-market conditions are expected to remain somewhat negative, although there are pockets of stability and even modest growth in certain regions.

Cost management remains a key focus, as we begin to reach the anniversary of some of the benefits from actions completed under the 2012 restructuring program. This segment is also heavily exposed to foreign currency translation as none of the sales are in U.S. dollars, and based on current exchange rates in comparison with the fourth quarter of 2012, translation impacts are expected to be more modest and at a lower rate as compared with the third quarter.



Optical and Specialty Materials

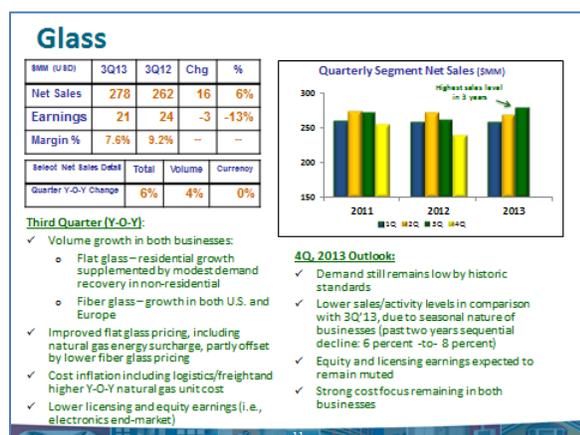
Third quarter net sales for the Optical and Specialty Materials segment were \$313 million, up \$31 million or 11 percent versus the prior year. Volumes grew 9 percent, with gains in both businesses. Segment earnings in the quarter were \$88 million, up \$12 million versus the prior year third quarter level.

Optical volumes improved by low double-digit percentages, aided by market growth and ongoing solid European demand stemming from the new Generation VII Transitions® lens product introduced in January 2013. Additionally, during

the quarter, customers began to build Generation VII product inventory for the impending North American new product launch scheduled in early January 2014. Also, from a comparative perspective, prior year optical product sales were tempered by customer inventory management and destocking ahead of the European product launch.

Silica demand remained solid in the quarter.

Looking ahead, segment sales traditionally decline seasonally from the third to the fourth quarter. Also, the prior year fourth quarter included an inventory build for the European Generation VII launch. A more modest inventory build is anticipated this year, as a portion of the build occurred in the third quarter. Positive silica end-use market trends are expected to remain.

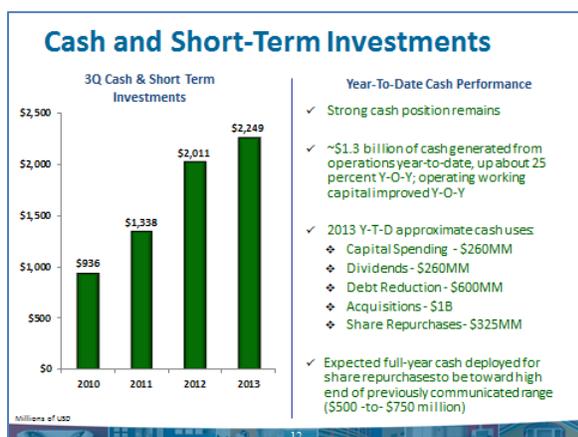


Glass

Third quarter net sales for the Glass segment were \$278 million, up \$16 million or 6 percent versus the prior year. Segment volumes grew by 4 percent. Volumes improved in flat glass, including higher residential activity coupled with initial, modest improvements in non-residential volumes. Fiber glass volumes grew in North America and Europe. Segment sales were at the highest level in the past three years.

Segment earnings in the quarter of \$21 million were \$3 million lower than the prior year. The benefits from sales growth were offset by input cost inflation, including higher transportation and natural gas unit costs, and lower equity and licensing earnings.

Looking ahead to the fourth quarter, the segment typically experiences seasonal declines versus the third quarter. Despite recent growth, overall market demand patterns remain low versus historical levels. Equity earnings are expected to remain at lower levels based, in part, on weak consumer electronics demand. A strong cost focus remains in both businesses.



Cash

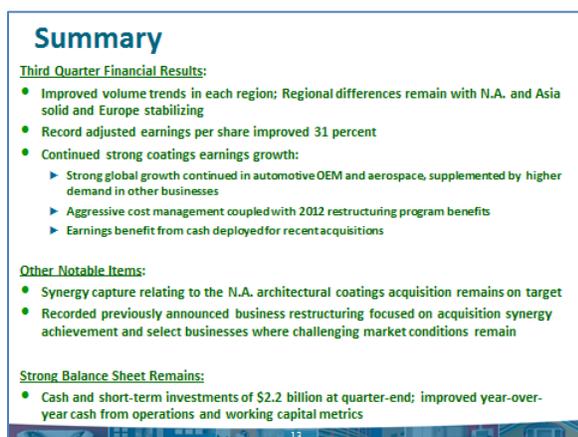
PPG ended the third quarter with a about \$2.2 billion cash and short-term investments, up about \$250 million versus the prior year. Year-to-date cash generated from operations was about \$1.3 billion, up about 25 percent versus the prior year, including the benefit of higher earnings and improved working capital performance as a percentage of sales.

A few prominent year-to-date cash uses were:

Year-to-date capital expenditures were about \$260 million, and anticipated full year 2013

capital spending remains in the range of 2.5 percent of sales. Dividends paid year-to-date totaled approximately \$260 million. In the first quarter, \$600 million of long-term debt matured and was retired, with no further long-term maturities this year. The company spent about one billion dollars on acquisitions, most prominent was the AkzoNobel North American architectural coatings acquisition completed April 1. Stock repurchases year-to-date totaled about \$325 million.

The company remains focused on timely cash deployment for earnings accretion, including potential acquisitions and share repurchases. In that regard, the company announced today it anticipates full year cash allocated for repurchases will be toward the high end of the previously communicated range of \$500 million -to- \$750 million.



Summary

In summary, volume trends improved in each major region versus the first and second quarters of 2013. Gradual growth continued in most businesses in North America and Asia. European demand declined but only modestly in comparison with recent quarters, with some signs of stabilization in region. Supporting PPG's adjusted earnings per share growth of 31 percent was continued volume growth across several end-use markets, including strong growth in automotive OEM and aerospace. The earnings from acquired businesses benefit from the company's 2012 restructuring program and

continued focus on cost were also significant contributors.

Other items of note are the continuing integration of the acquired North American architectural coatings business. Within the first 6 months, about 50 percent of the \$200 million of project synergies have been realized, on a run-rate basis, which is slightly ahead of the targeted timeline, although there is considerable work remaining. Also, the previously communicated business restructuring plan was recorded in the quarter, with the pre-tax charge about \$98 million. This restructuring is focused on capturing a portion of the previously outlined acquisition synergies, along with other actions in select businesses that continue to experience weak business conditions. The majorities of these restructuring actions are in process and expected to provide earnings benefit in 2014.

Looking ahead, we expect to continue to benefit from the gradual improvement in global demand trends. Specifically in Europe, where our volumes are still down about 20 percent versus pre-recession levels, demand appears to be stabilizing, and we remain poised to benefit from any volume improvement given the actions we have taken there to substantially reduce our ongoing cost structure. We are expecting a larger magnitude of sequential seasonality this year, from the third to the fourth quarter, as architectural coatings now represents a larger proportion of our revenues following our acquisition and is a more seasonal business.

Lastly, we have a strong balance sheet and are increasing our targeted full year share repurchase toward the upper-end of our previously communicated range of \$500-to-\$750 million.

Adjusted Diluted EPS Reconciliation

3rd Quarter Reporting Period

	Continuing Operations		Discontinued Operations		Total PPO	
	Net income	EPS	Net income	EPS	Net income	EPS
Year 2013						
Net Income(Loss) Attributable to PPO as Reported	\$ 220	\$ 1.52	\$ 6	\$ 0.04	\$ 226	\$ 1.56
Business restructuring	73	0.50	--	--	73	0.50
Increase in legacy environmental reserves	56	0.39	--	--	56	0.39
Business restructuring	4	0.03	--	--	4	0.03
Adjusted Net Income(Loss) Attributable to PPO	\$ 353	\$ 2.44	\$ 6	\$ 0.04	\$ 359	\$ 2.48
Year 2012						
Net Income(Loss) Attributable to PPO as Reported	\$ 208	\$ 1.96	\$ 51	\$ 0.32	\$ 259	\$ 2.18
Business separation costs	--	--	\$ 60	\$ 0.06	\$ 60	\$ 0.06
Adjusted Net Income(Loss) Attributable to PPO	\$ 208	\$ 1.96	\$ 60	\$ 0.38	\$ 248	\$ 2.24
Year 2011						
Net Income(Loss) Attributable to PPO as Reported	\$ 247	\$ 1.96	\$ 64	\$ 0.40	\$ 311	\$ 1.96
No adjustments	--	--	--	--	--	--
Adjusted Net Income(Loss) Attributable to PPO	\$ 247	\$ 1.96	\$ 64	\$ 0.40	\$ 311	\$ 1.96
Year 2010						
Net Income(Loss) Attributable to PPO as Reported	\$ 222	\$ 1.34	\$ 40	\$ 0.24	\$ 262	\$ 1.58
No adjustments	--	--	--	--	--	--
Adjusted Net Income(Loss) Attributable to PPO	\$ 222	\$ 1.34	\$ 40	\$ 0.24	\$ 262	\$ 1.58

Amounts in Millions of USD except EPS

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, PPG's ability to integrate the North American architectural coatings business of AkzoNobel and to achieve anticipated synergies, 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. This presentation also contains statements about PPG's agreement to divest its Transitions Optical joint venture interest. Many factors could cause actual results to differ materially from the company's forward-looking statements with respect to the Transitions Optical joint venture divestment, including, the parties' ability to satisfy the conditions to the closing the transaction; the parties' ability to complete the transaction on anticipated terms and schedule, risks relating to the ability of the parties to obtain regulatory approvals for the transaction, any unforeseen liabilities, future capital expenditures, revenues, expenses, earnings, synergies, economic performance, indebtedness, financial condition, losses and future prospects of the Transitions Optical business. 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 October 17, 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.