

PPG – Third Quarter 2016 Financial Results

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Third Quarter 2016 Financial Highlights

Sales increase of more than 3 percent in local currencies

- Aggregate sales volumes increased 1.6 percent year-over-year, led by solid growth in Asia-Pacific
- Acquisition-related sales contributed about 2 percent driven by MetoKote and prior year acquisitions
- Unfavorable foreign currency translation reduced sales nearly 2 percent, or approximately \$65 million

Increased adjusted earnings per share

- Third quarter adjusted earnings per share* was \$1.56; up 1 percent versus the prior year despite a \$0.04 unfavorable foreign currency impact, primarily due to weakening Mexican peso and British pound
- Higher growth-related spending to support recent new product launches and branding initiatives
- On pace to fully realize previously announced restructuring benefits, additional cost actions targeted

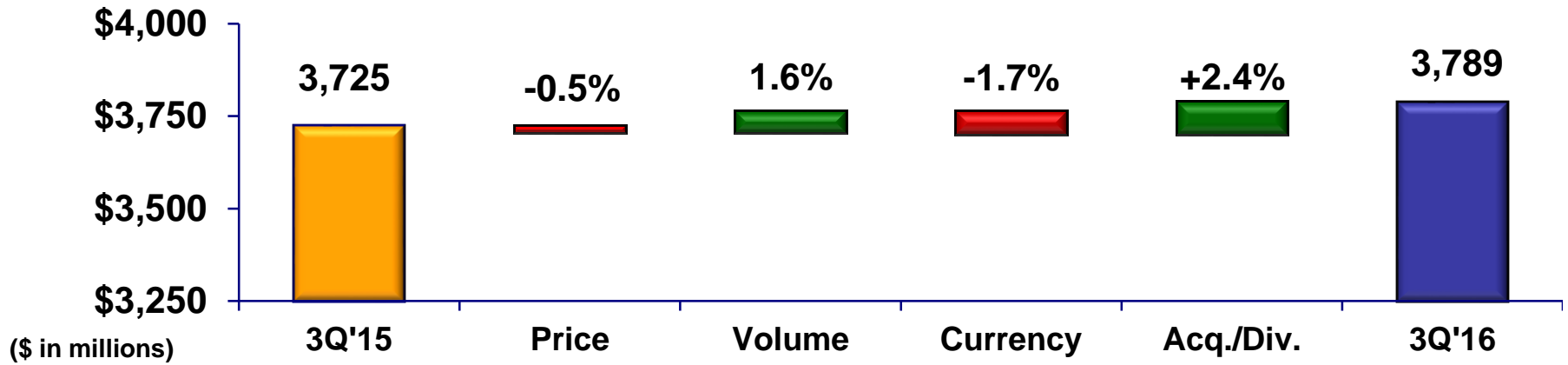
Strategic portfolio actions; cash deployment accelerates

- Completed sale of flat glass and European fiber glass businesses on October 1, 2016
- Announced sale of PPG's ownership interest in two Asian fiber glass joint ventures
- Confirmed to be at top-end of 2015/2016 (combined) earnings-accretive cash deployment range of \$2.0 billion -to- \$2.5 billion; approximately \$1.85 billion deployed-to-date
 - Expect to deploy at least \$650 million on acquisitions or share repurchases in Q4'16
 - Recent board of directors authorization to repurchase additional \$2 billion of PPG shares
- Cash and short-term investments of approximately \$1.0 billion at quarter-end

* Adjusted EPS (from continuing operations) – see presentation appendix for reconciliation to reported EPS

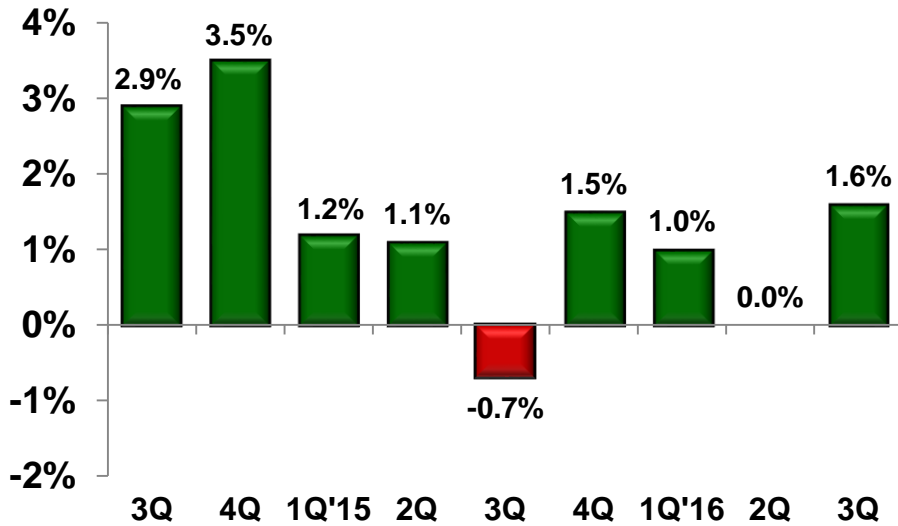


PPG Third Quarter Net Sales*

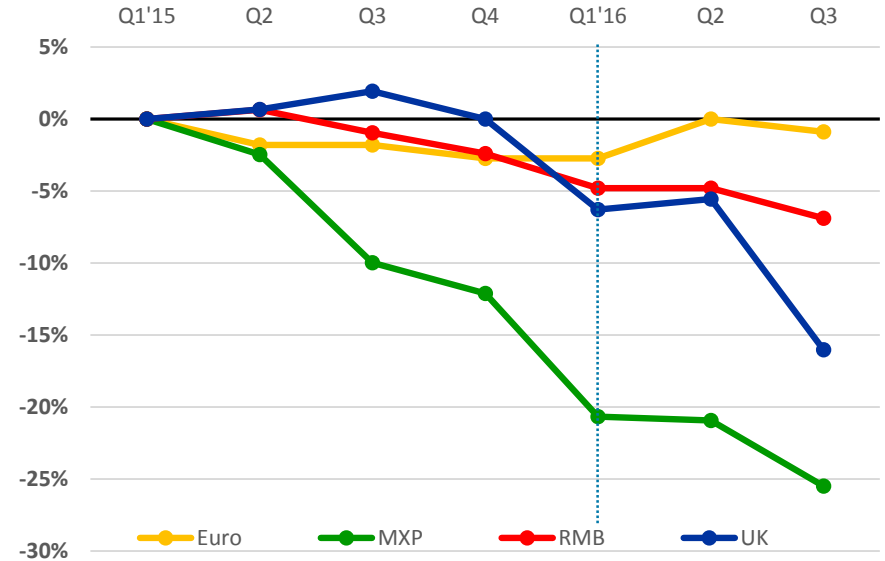


PPG Y-O-Y Volume Trends**

(excl. price, currency and acquisition/divestiture impacts)



Foreign Currency Rate Trends vs. U.S. Dollar (indexed to Q1'15)



3Q'16: Return to growth, uneven global demand

Significant currency volatility remains



* Sales from continuing operations

** As originally reported

Third Quarter Coatings Net Sales Volumes

PPG volume performance by major coatings vertical vs. prior year and end-use market demand

	U.S. & Canada	Europe / Middle East / Africa	Asia-Pacific		Latin America	
Aerospace	Above Market	At Market	At Market		At Market	
Automotive Refinish	At Market	At Market	Above Market		Below Market	
Architectural	At Market	At Market	AUS Above Market	CHN B/M	Mexico Above Market	BRZ B/M
Protective	Above Market	At Market	Below Market		At Market	
Marine	At Market	At Market	At Market		N/A	
Automotive OEM	Below Market	Above Market	Above Market		Above Market	
General Industrial	At Market	Above Market	Above Market		Above Market	
Packaging	Above Market	At Market	Above Market		Above Market	

1) PPG compared to industry end-use market demand* legend:

- Above Market
- At Market
- Below Market (B/M)

* Based on PPG estimates

2) Year-over-year PPG volume legend:



PPG Third Quarter Earnings Per Share

Adjusted Earnings Per Diluted Share*



Third Quarter Comments

- ✓ Reporting segment updates included on succeeding slides. Other factors included in segment results:
 - ❖ Acquisition-related income
 - ❖ Ongoing cost management
 - ❖ Restructuring benefits
 - ❖ Unfavorable foreign currency translation (~\$15MM pre-tax)
 - ❖ Increased spending on growth-related initiatives (~\$15MM pre-tax)
- ✓ Average diluted shares outstanding down ~2 percent in 3Q 2016 and YTD versus prior year
- ✓ Higher effective income tax rate on adjusted net income (geographic mix of earnings)*:
 - ❖ 3Q 2016 = 24.4%
 - ❖ 3Q 2015 = 24.0%

Note: Prior year originally reported tax rate was 24.5%, all periods recast to reflect the flat glass business as discontinued operations

* Adjusted EPS and Adjusted Net Income (from continuing operations) - see presentation appendix for reconciliation to reported EPS, net income and effective tax rate



Performance Coatings

\$MM (USD)	3Q15	3Q16	Chg	%
Net Sales	2,240	2,223	-17	-1%
Income	379	368	-11	-3%
Margin %	16.9%	16.6%	--	--
Select Net Sales Detail	Total	Volume	Currency	
3Q Y-O-Y Change	-1%	1%	-2%	

Third Quarter (YOY):

- ✓ Lower segment volumes in Europe and Asia-Pacific offset in other regions
- ✓ Continued organic growth in automotive refinish led by Asia-Pacific, partly offset by modest European decline
- ✓ Low single-digit percentage aerospace volume growth
- ✓ Slightly lower volumes in architectural coatings EMEA; results varied by country
- ✓ Low-to-mid single-digit percentage sales volume growth in architectural coatings Americas & Asia Pacific, supported by increased growth-related spending (~\$15 million):
 - Higher volumes in U.S. and Canada company-owned stores and national retail accounts (DIY) vs. volume declines in prior year period
 - Continued strong Mexican organic sales growth
- ✓ Weakening marine Asia-Pacific new build end-use demand which more than offset protective coatings volume growth
- ✓ Unfavorable foreign currency translation primarily due to weakening Mexican peso and British pound; segment sales (~\$45MM) and income (~\$10MM)
- ✓ Acquisition-related sales of ~\$15MM

PPG's Branding Initiatives



Fourth Quarter 2016 Outlook:

- ✓ Lower sequential sales due to normal seasonality
- ✓ Consistent industry demand trends in automotive refinish and aerospace
- ✓ Marine weakness persists; more than offsets protective coatings growth
- ✓ Flat-to-lower YOY architectural coatings EMEA demand
- ✓ Architectural coatings U.S. and Canada end-use market demand remains modest
- ✓ Mexico (Comex) local currency sales growth continues in comparison to robust comparable period growth in previous 2 years
- ✓ Unfavorable YOY foreign currency translation impact on segment income; similar to Q3'16 at current rates
- ✓ No acquisition-related sales



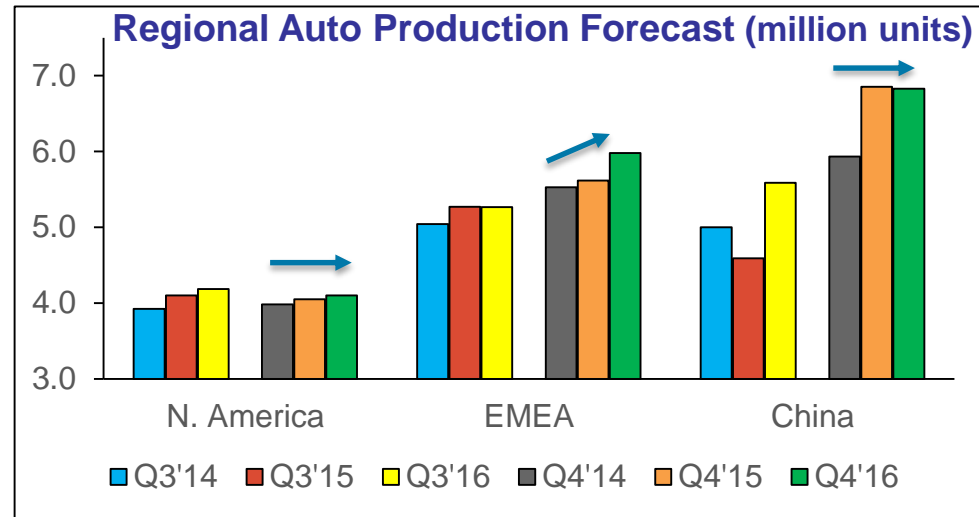
Industrial Coatings

\$MM (USD)	3Q15	3Q16	Chg	%
Net Sales	1,354	1,437	83	+6%
Income	241	249	8	+3%
Margin %	17.8%	17.3%	--	--

Select Net Sales Detail	Total	Volume	Currency
3Q Y-O-Y Change	+6%	+4%	-1%

Third Quarter (YOY):

- ✓ Segment sales volume growth rate in Europe lower sequentially vs. 2Q'16
- ✓ Auto OEM sales volume gains consistent with global industry growth rates
 - ✓ Strong Asia-Pacific growth compared to weak prior year
 - ✓ Solid European growth despite flat industry builds which were below initial industry expectations
- ✓ Above-market general industrial sales volume growth; higher Asia-Pacific volumes partially offset by continued soft demand in the U.S. and Canada
- ✓ Low-to-mid-single-digit percentage packaging coatings growth from continued adoption of PPG's BPA-NI can coatings technologies
- ✓ Unfavorable foreign currency translation on segment sales (~\$15MM) and income (~\$5MM)
- ✓ Acquisition-related sales of ~\$75MM, currently below segment average margins



Fourth Quarter 2016 Outlook:

- ✓ Lower sequential sales due to normal business seasonality
- ✓ Reduced auto OEM industry YOY build growth rate (4Q'16 versus 3Q'16), due primarily to comparison to strong prior year growth in China
- ✓ Modest global general industrial demand growth remains; expected to vary by geography and sub-sector
- ✓ Packaging coatings growth continues YOY related to industry conversions to new PPG can coatings technologies despite strong prior year growth
- ✓ Unfavorable YOY foreign currency translation impact on segment income; similar to Q3'16 at current rates
- ✓ Acquisition-related sales growth of approximately \$45MM



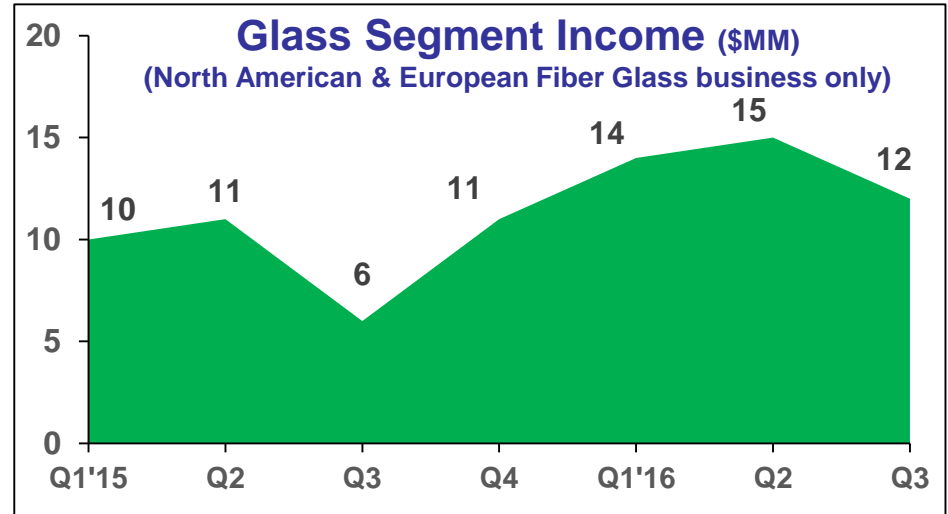
Glass

\$MM (USD)	3Q15	3Q16	Chg	%
Net Sales	131	129	-2	-2%
Income	6	12	6	+100%
Margin %	4.6%	9.3%	--	--

Select Net Sales Detail	Total	Volume	Currency
3Q Y-O-Y Change	-2%	+1%	-2%

Third Quarter (YOY):

- ✓ Flat glass financial results moved to discontinued operations for all reporting periods; business unit divestiture finalized Oct. 1, 2016
- ✓ Modestly higher sales volumes, led by Europe partly offset by U.S. and Canada
- ✓ Strong cost management focus driving earnings improvement
- ✓ Unfavorable foreign currency translation on sales (~\$5MM); minimal income impact
- ✓ Announced/pending sale of ownership interest in Asian fiber glass joint ventures; expected to close by year-end 2016



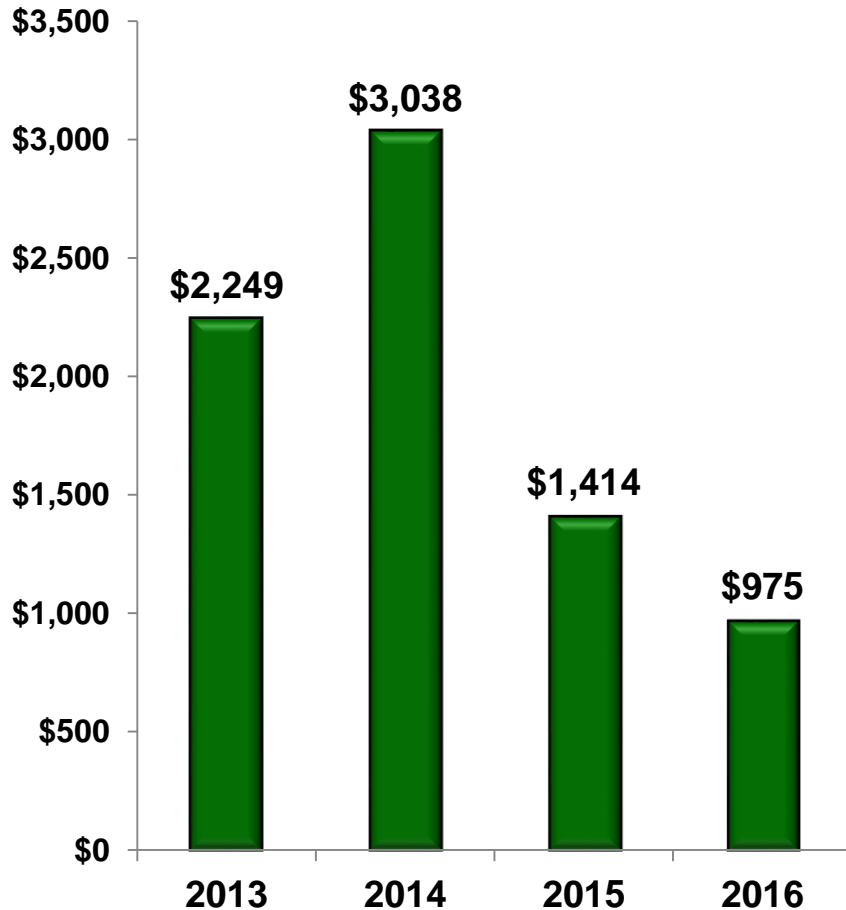
Fourth Quarter 2016 Outlook:

- ✓ Completed sale of European fiber glass business on Oct. 1, 2016
 - Beginning in 4Q'16, will no longer be included in segment results
 - Annual business sales of ~\$150 million
- ✓ Lower sequential sales due to normal business seasonality
- ✓ Lower fiber glass demand trends in certain end-use segments
- ✓ Minimal YOY foreign currency translation impact



Balance Sheet and Cash

Third Quarter Cash and Short Term Investments (\$MM)



Financial flexibility remains

3Q 2016 and Year-to-Date Activity

- ✓ 3Q 2016 and YTD approximate cash uses:
 - ❖ Capital Spending \$100MM; YTD \$260MM
 - ❖ Dividends \$105MM; YTD \$310MM
 - ❖ Share repurchases \$250MM; YTD \$400MM
 - ❖ Gross (pre-tax) Pittsburgh Corning Asbestos Trust funding - \$815MM
- ✓ Operating working capital (as a percentage of annualized sales) improved 110 basis points YOY, aided by lower inventories
- ✓ Strong cash position remains
- ✓ Acceleration of cash deployment on acquisitions or share repurchases in 4Q 2016, targeting top-end of \$2.0 -to- \$2.5 billion range for 2015 and 2016 combined:
 - ❖ Deployed ~\$1.85 billion period-to-date
- ✓ Business divestitures expected to generate \$1 billion cash proceeds in 4Q'16



Summary

Third quarter financial performance

- Sales up more than 3 percent in local currencies
- Sales volumes increased by 1.6 percent led by Asia-Pacific; Europe and the U.S. & Canada region flat
- Adjusted earnings per share of \$1.56*, up one percent versus prior year; including negative impact of foreign currency translation

Acceleration of cash deployment & strategic portfolio actions

- Targeting top-end of \$2.0-to-\$2.5 billion deployment range for acquisitions and share repurchases
 - Deployed \$1.85 billion period-to-date, including share repurchases and MetoKote acquisition
- Completed sale of the flat glass and European fiber glass businesses
- Announced the sale of PPG's ownership interest in two Asian fiber glass joint ventures
- Gross proceeds from completed and announced business divestitures of approximately \$1 billion

Path forward in soft economic conditions

- Global business conditions in Q4'16 generally consistent with Q3'16
- Reviewing potential restructuring actions to reduce structural operating and functional costs
- Cash deployment remains a focus; strong balance sheet and liquidity provide flexibility
- Active M&A pipeline continues to provide opportunities for inorganic growth
- Prudent growth investments, including R&D, sales and technical support, & branding initiatives



* Adjusted EPS (from continuing operations) – see presentation appendix for reconciliation to reported EPS

Additional Materials and Appendix

Thank you for your interest in PPG

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Adjusted EPS Reconciliation

3rd Quarter Reporting Period

	Continuing Operations		Discontinued Operations		Total PPG	
	Net Income	EPS	Net Income	EPS	Net Income	EPS
Third Quarter 2016						
Net (Loss)/Income Attributable to PPG as Reported	\$ (201)	\$ (0.75)	\$ 17	\$ 0.06	\$ (184)	\$ (0.69)
Pension settlement charges	616	2.31	--	--	616	2.31
Adjusted Net Income Attributable to PPG	\$ 415	\$ 1.56	\$ 17	\$ 0.06	\$ 432	\$ 1.62
Third Quarter 2015						
Net Income Attributable to PPG as Reported	\$ 415	\$ 1.52	\$ 18	\$ 0.07	\$ 433	\$ 1.59
Transaction-related costs	1	--	--	--	1	--
Pension settlement charge	5	0.02	--	--	5	0.02
Adjusted Net Income Attributable to PPG	\$ 421	\$ 1.54	\$ 18	\$ 0.07	\$ 439	\$ 1.61
Third Quarter 2014						
Net Income Attributable to PPG as Reported	\$ 346	\$ 1.24	\$ 25	\$ 0.09	\$ 371	\$ 1.33
Transaction-related costs	2	0.01	--	--	2	0.01
Pension settlement charge	2	0.01	--	--	2	0.01
Legacy environmental reserves	86	0.30	--	--	86	0.30
Gain on asset sales	(59)	(0.21)	(14)	(0.05)	(73)	(0.26)
Adjusted Net Income Attributable to PPG	\$ 377	\$ 1.35	\$ 11	\$ 0.04	\$ 388	\$ 1.39
Third Quarter 2013						
Net Income Attributable to PPG as Reported	\$ 195	\$ 0.67	\$ 31	\$ 0.11	\$ 226	\$ 0.78
Transaction-related costs	3	0.01	1	--	4	0.01
Legacy environmental reserves	56	0.19	--	--	56	0.19
Business restructuring	73	0.25	--	--	73	0.25
Adjusted Net Income Attributable to PPG	\$ 327	\$ 1.12	\$ 32	\$ 0.11	\$ 359	\$ 1.23

Amounts in Millions of USD except EPS



Regulation G Reconciliation

3rd Quarter Reporting Period

Three Months Ended September 30, 2016	(Loss) Income Before Income Taxes	Tax (Benefit) Expense	Effective Tax Rate
Effective tax rate, continuing operations	\$(413)	\$(217)	52.5%
Pension settlement charges	968	352	36.4%
Adjusted effective tax rate, continuing operations	\$555	\$135	24.4%

Three Months Ended September 30, 2015	Income Before Income Taxes	Tax Expense	Effective Tax Rate
Effective tax rate, continuing operations	\$554	\$133	24.0%
Transaction-related costs	1	-	NA
Pension settlement charges	7	2	26.7%
Adjusted effective tax rate, continuing operations	\$562	\$135	24.0%

