

# PPG Industries, Inc.

---



## Goldman Basic Materials Conference

**Robert J. Dellinger, Senior Vice President  
and  
Chief Financial Officer**

**June 2, 2010**

# Forward-Looking Statement



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, difficulties in integrating acquired businesses and achieving expected synergies therefrom, the realization of anticipated cost savings from restructuring initiatives, economic and political conditions in international markets, the ability to penetrate existing, developing and emerging foreign and domestic markets, which also depends on economic and political conditions, foreign exchange rates and fluctuations in such 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. 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, 2009 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 June 2, 2010, 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.

# Discussion Topics

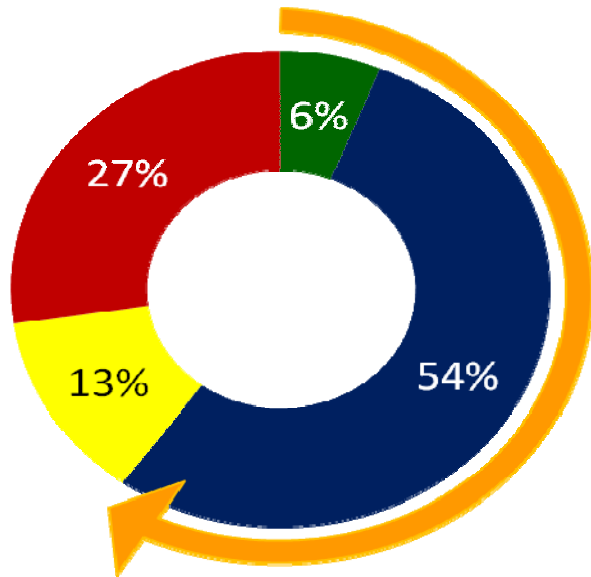


❖ PPG's Transformation

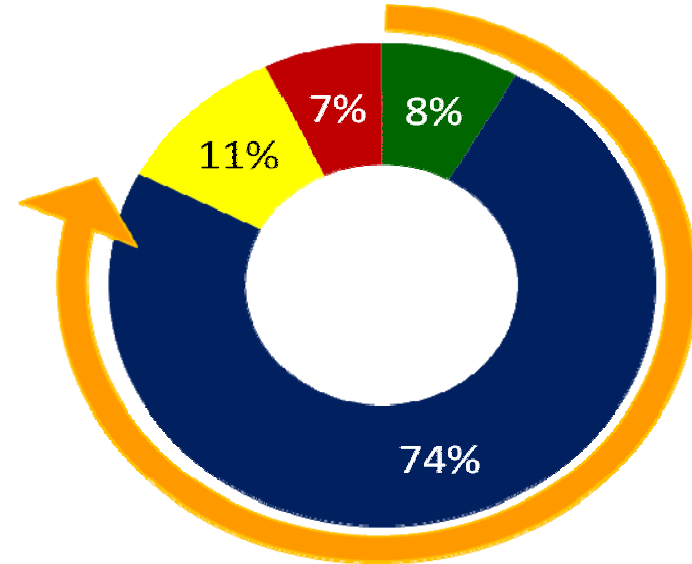
❖ Current Performance & Outlook

❖ PPG Growth Drivers

# PPG's Transformation

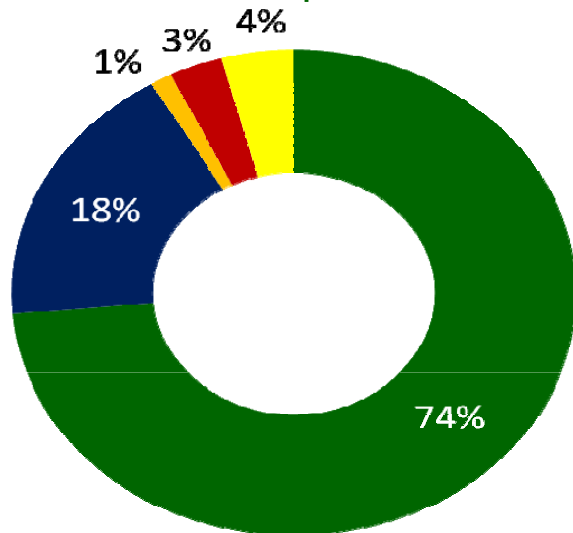


- Optical
- Coatings
- Chemicals
- Glass

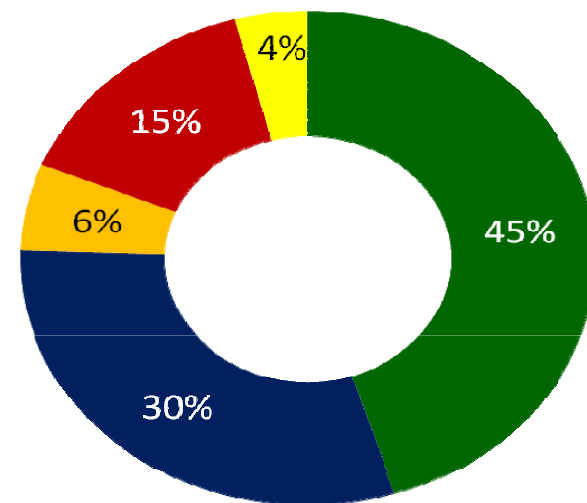


**2001 - \$8.1B**

**2009 - \$12.2B**



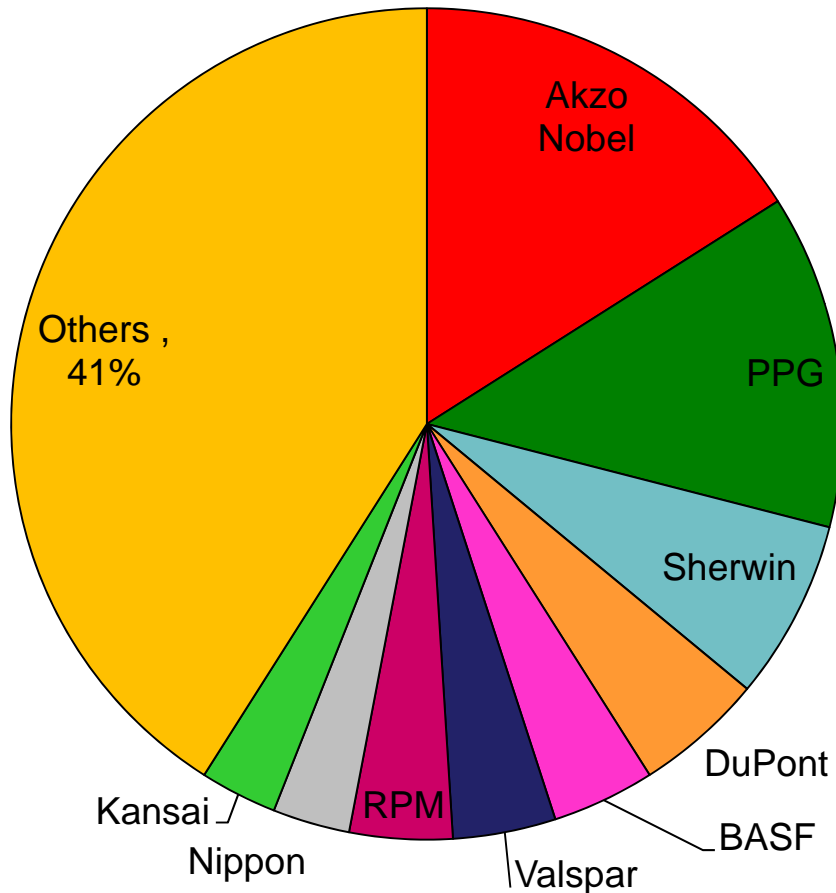
- U.S. & Canada
- W. Europe
- E. Europe
- Asia
- Latin America



# Global Coatings Industry

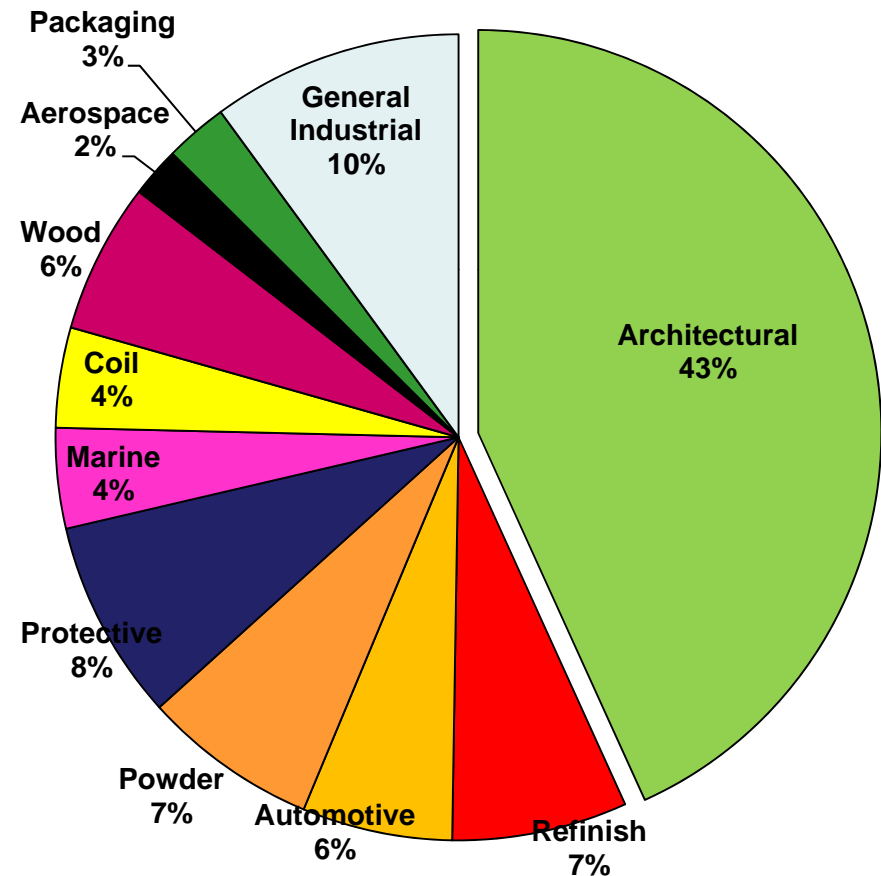


## Competitive Landscape



PPG has #2 position in a consolidating industry with many smaller competitors

## Industry End-Market Demand by Dollar Value of Sales (\$87B)



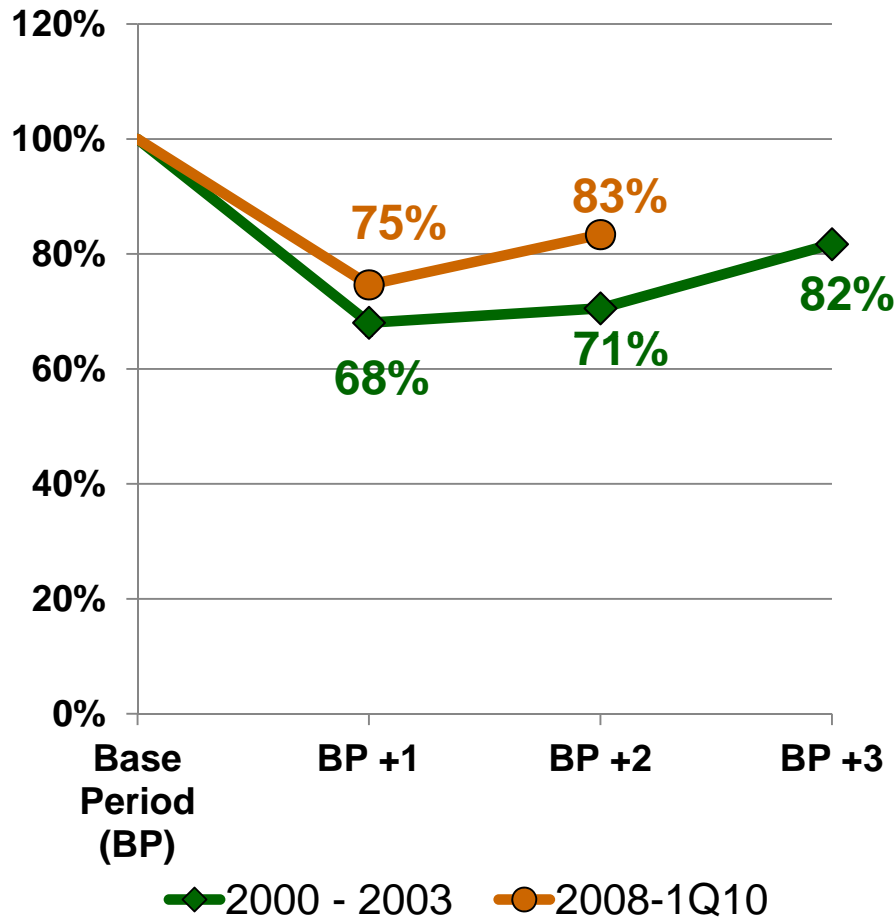
PPG has solid and/or leading competitive positions in nearly all end-use markets

Sources: Orr & Boss and Kusumgar, Nerfi & Growney, Company annual reports

# PPG's Segment Earnings Trend

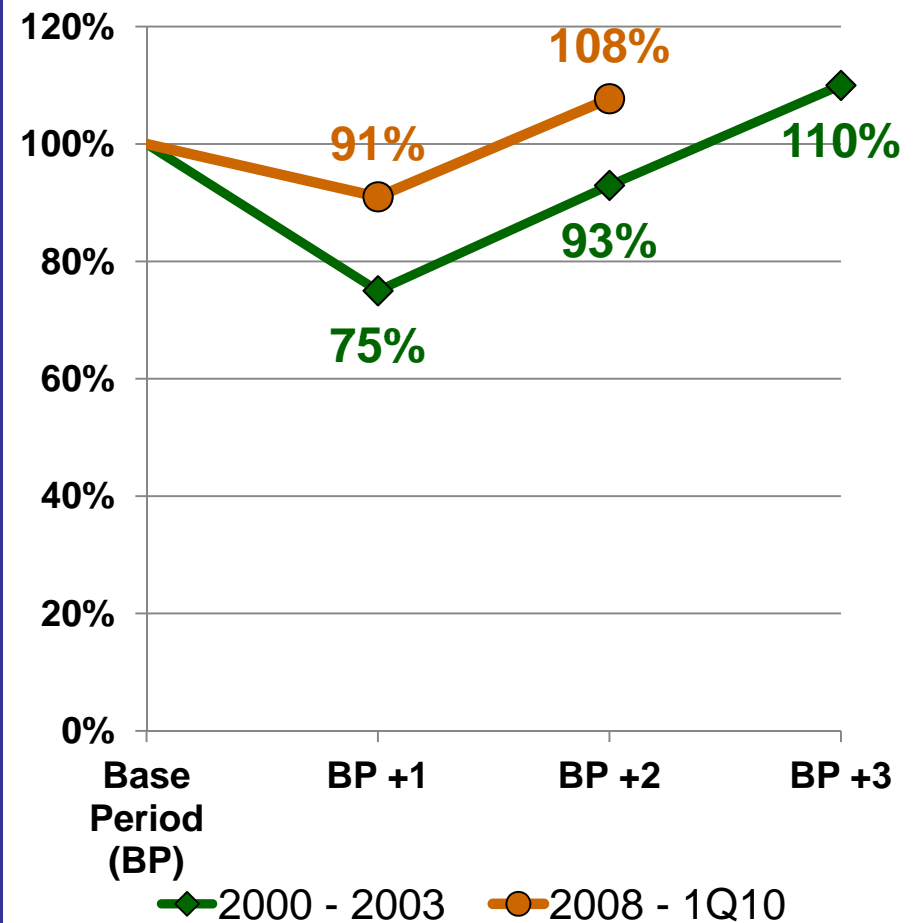


### Total PPG



**Improved Results Despite More Severe Recession**

### Coatings & Optical Segments

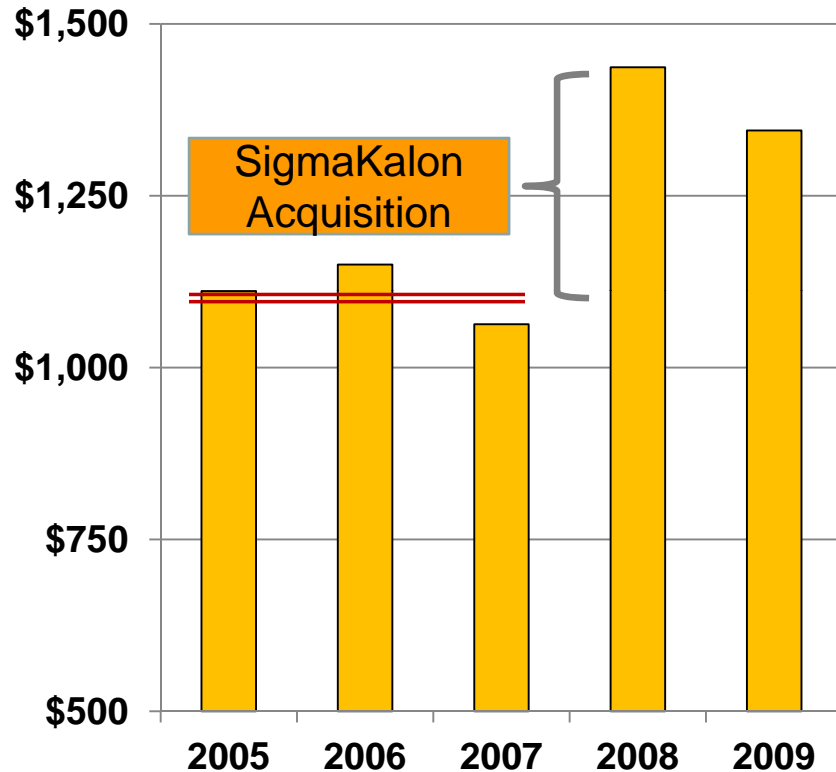


**Coatings & Optical Segments Now Above Pre-Recession Levels**

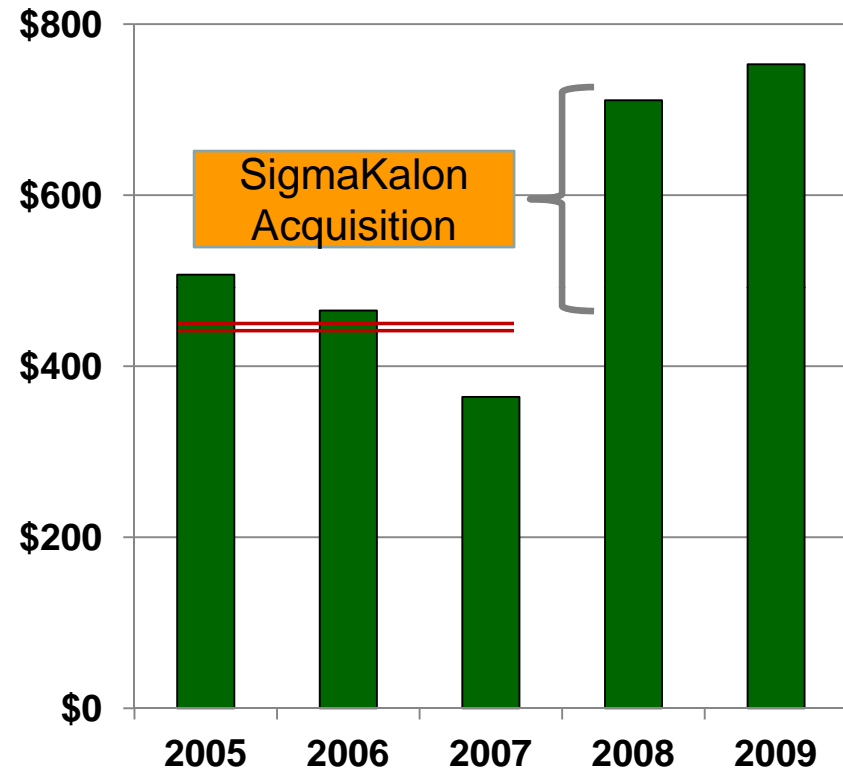
# Cash



## Cash from Operations



## Free Cash Flow



Legend: 2005 – 2007 (3 year) Average

Millions of USD

**Considerable Step-Change in Cash Profile**

Free Cash Flow = Cash from Operations less Capital Spending and Dividends (see appendix for details)

# Discussion Topics

---



- ❖ PPG's Transformation

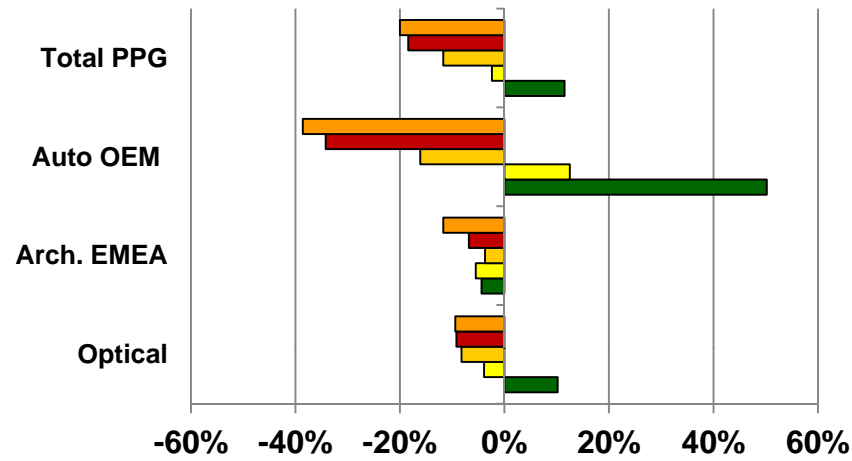
- ❖ Current Performance & Outlook

- ❖ PPG Growth Drivers

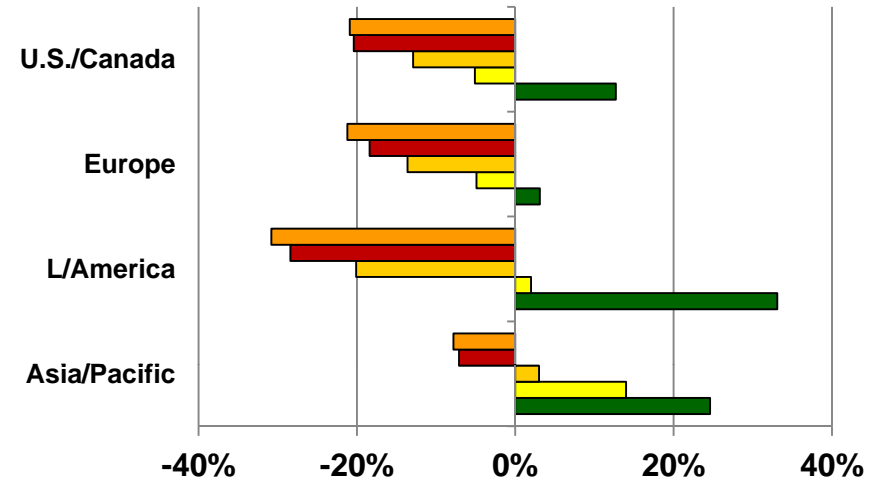
# Volume Trends



## Select PPG Business Units



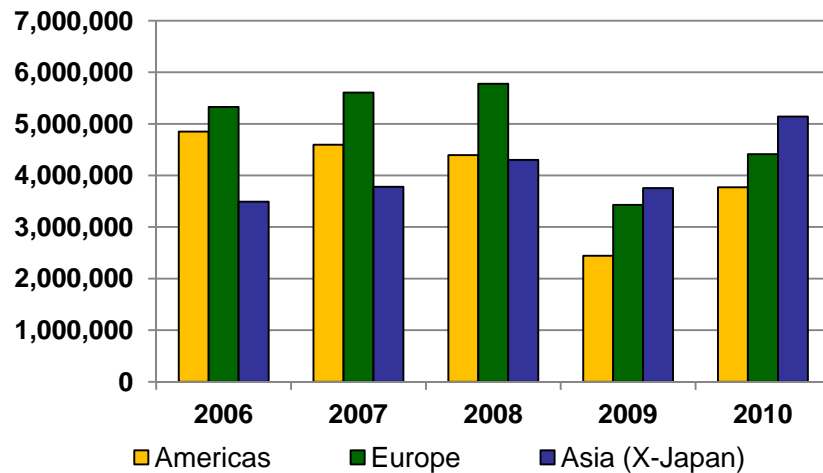
## PPG Major Regions



Year-Over-Year Change

1Q '09 2Q 3Q 4Q 1Q '10

## 1Q Industry Auto Builds



## Industrial Coatings Segment Results



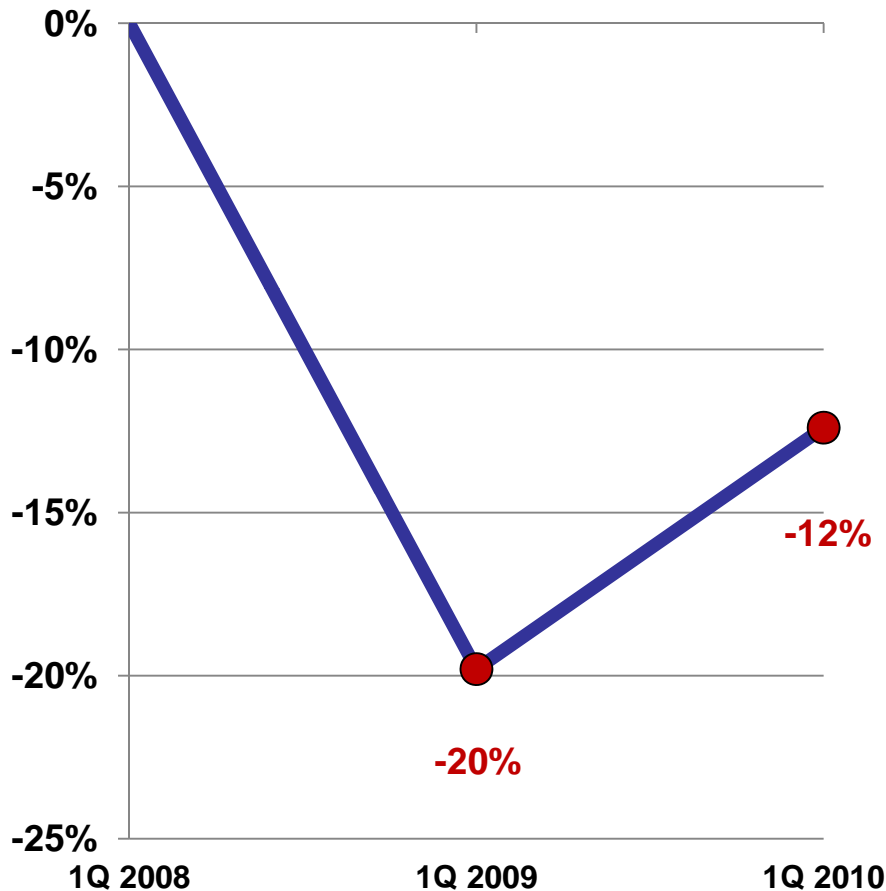
Industry Volumes Remain Below Pre-Recession

Higher Segment Results Despite Lower Volumes

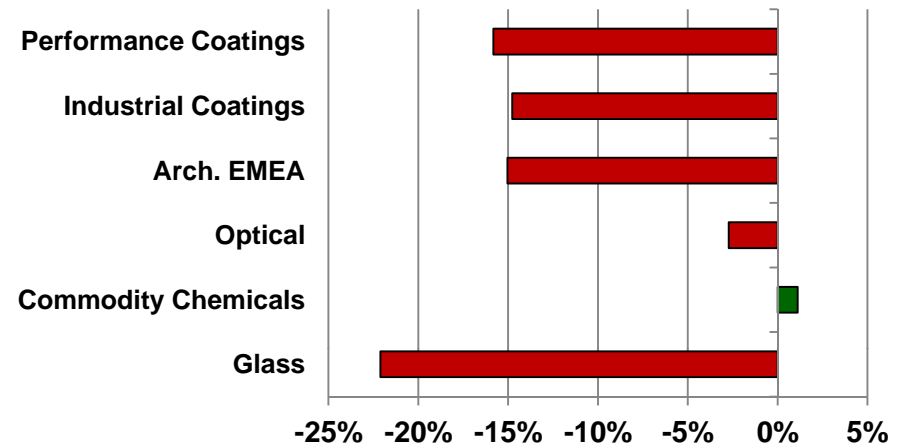
# Rapid Earnings Improvement



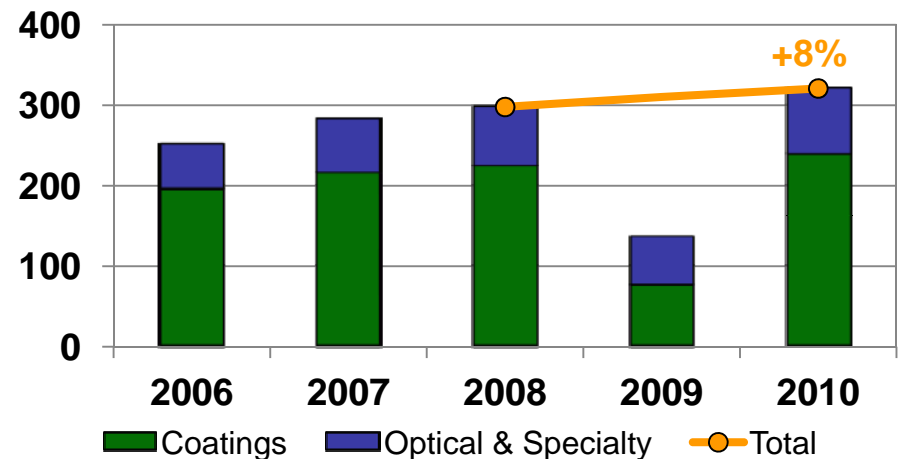
PPG 1Q Sales Volume Index - (2008 Base)



Segment Volumes (1Q10 vs. 1Q08)



1Q Segment Earnings



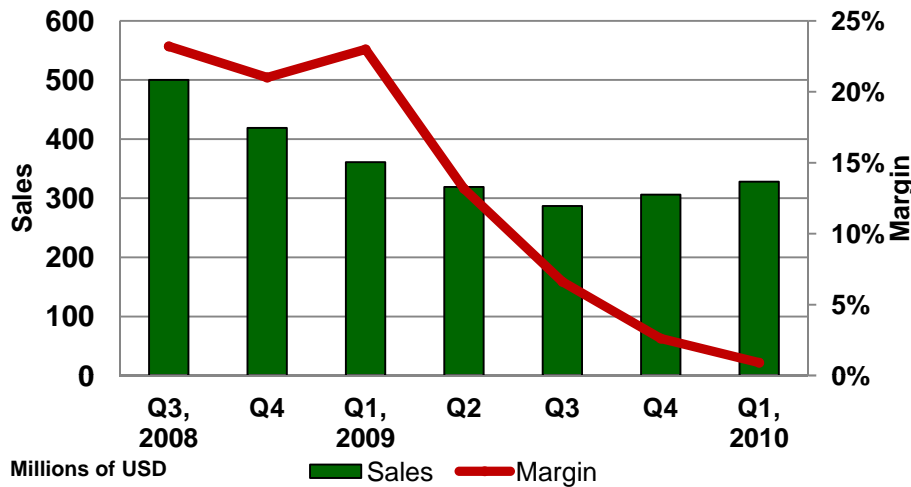
Millions of USD

Improved Segment Earnings Despite Only Partial Volume Recovery

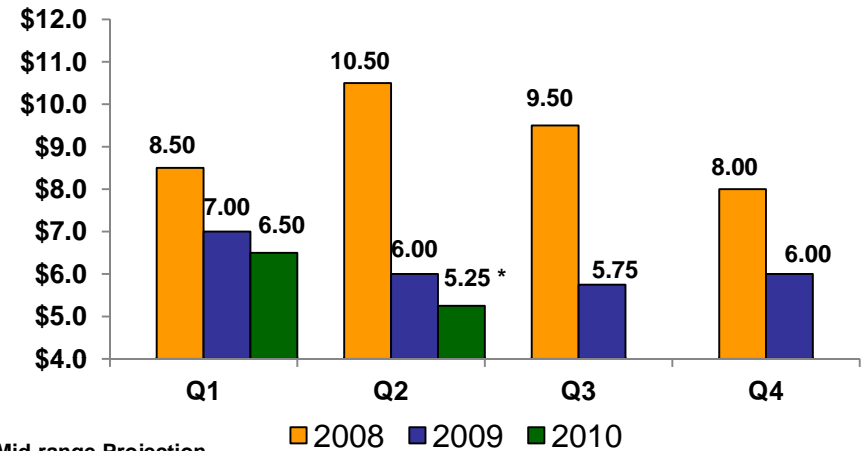
# Commodity Chemicals



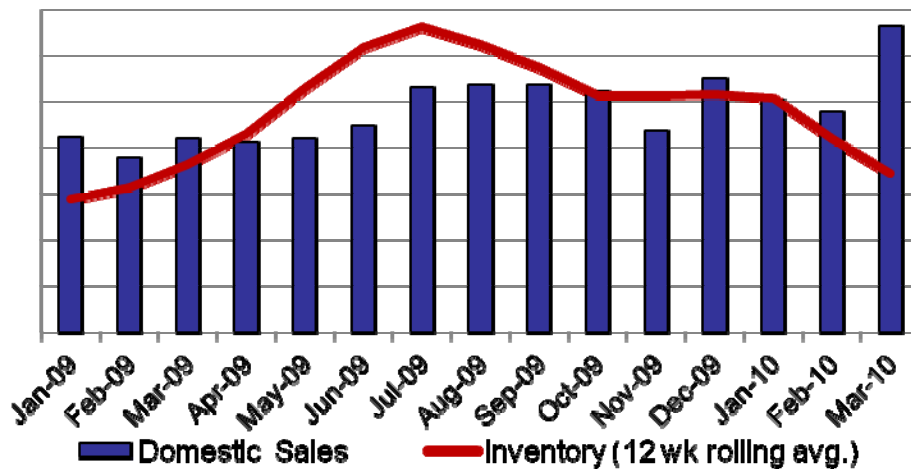
## Segment Results



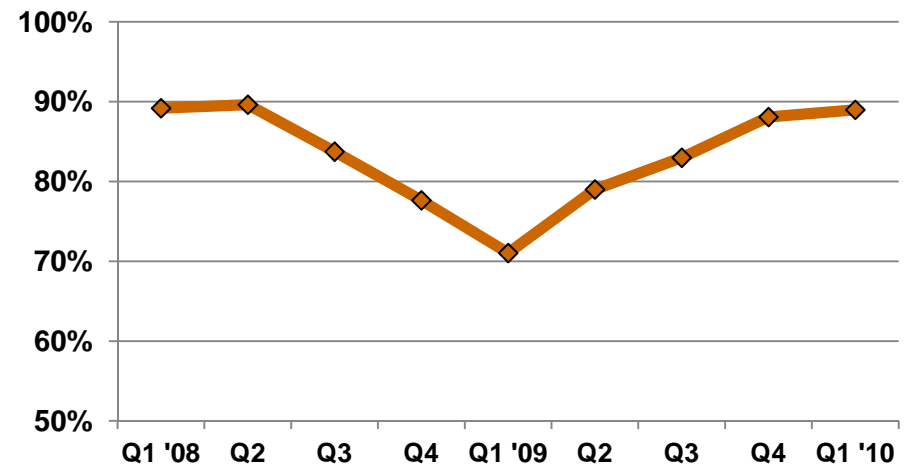
## PPG Natural Gas Cost (\$\$ per MMBTU)



## PPG Caustic Soda Trends



## Capacity Utilization



Segment to Return to Solid Profitability Levels in 2Q, 2010



# Discussion Topics

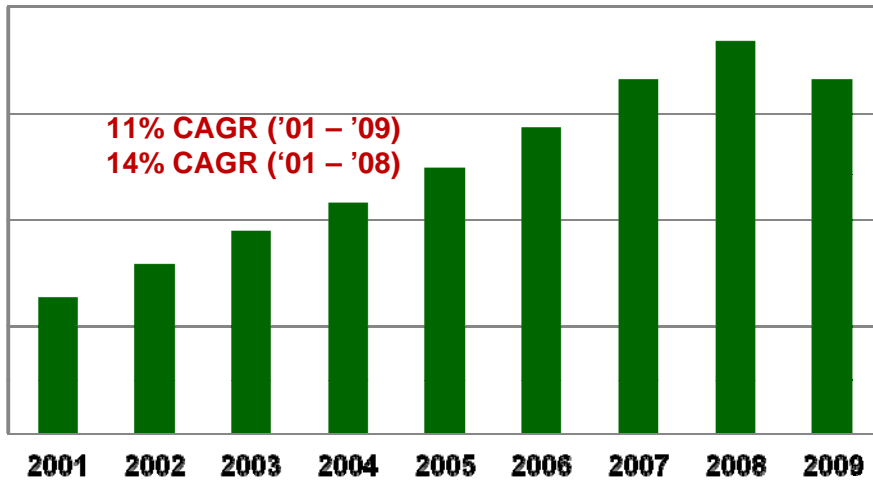
---

- ❖ PPG's Transformation
- ❖ Current Performance & Outlook
- ❖ PPG Growth Drivers

# Optical Products



## Double-Digit Percent Sales Growth



## Product Segmentation



## Transitions®



## Continued Growth Opportunities:

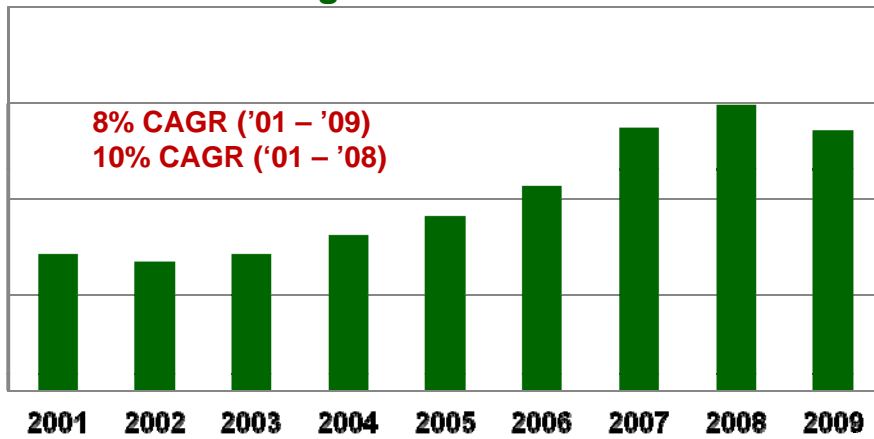
- ✓ Continued Product Line Extension/Segmentation
- ✓ Penetration Rates in Mature Regions – Europe
- ✓ Further Geographic Expansion
  - ❖ Asia / Latin America

**Excellent Growth Prospects Remain**

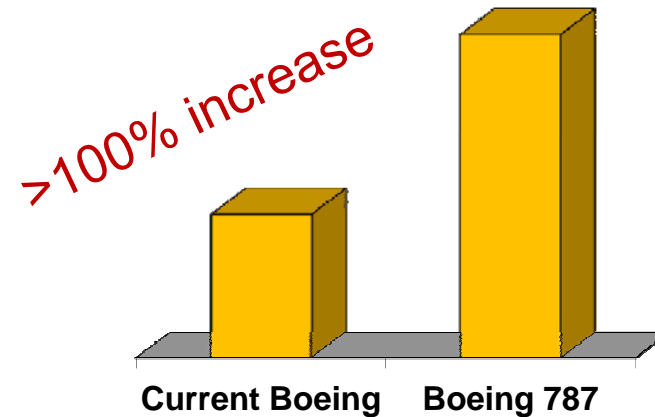
# Aerospace



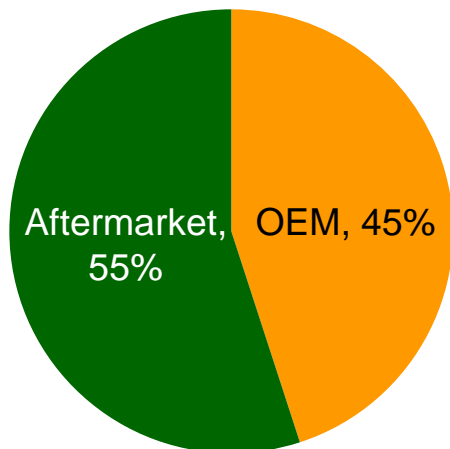
Double-Digit Percent Sales Growth



PPG Sales Content per Airplane



PPG Aerospace Sales Mix – 2009

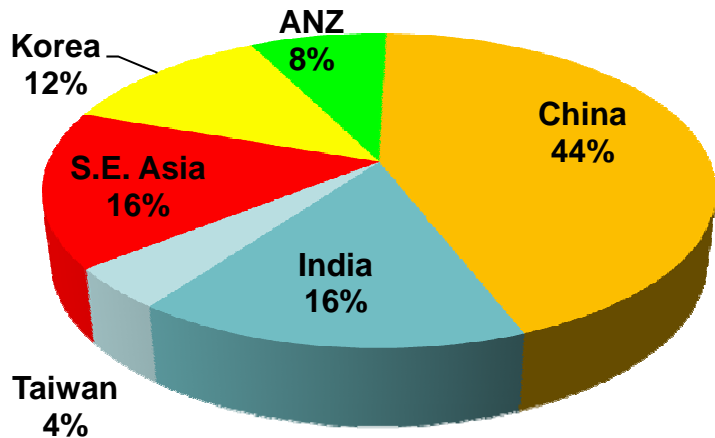


Balanced Sales Mix; New Technologies Driving OEM Growth

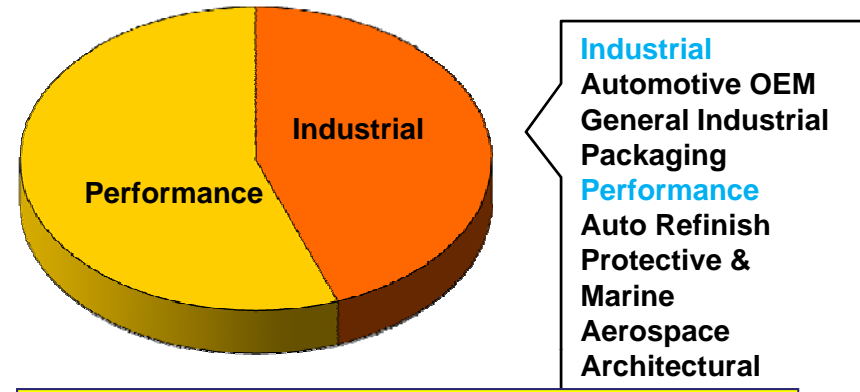
# Asia



## 2009 Industry Coatings Demand for Asia

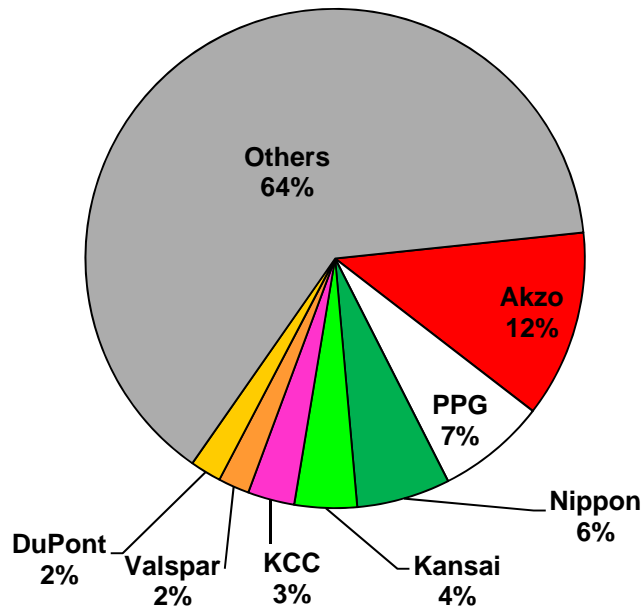


## PPG China Sales Mix (2009)



**Broad, Full Coatings Business Portfolio**

## Coatings Industry in Asia Remains Fragmented (PPG figures exclude India Asian Paints JV)



2008 Sales

## Many Leading China Market Positions

	PPG Market Position	PPG '05-'09 CAGR
Automotive OEM	#1	66%
General Industrial	#2	12%
Packaging	#1	18%
Auto Refinish	#1	32%
Aerospace	#1	24%
Protective/Marine	#4	n/a - Acquisition
Architectural	#7	74%
<b>Total Coatings</b>	<b>#3 (volume)</b>	<b>41%</b>

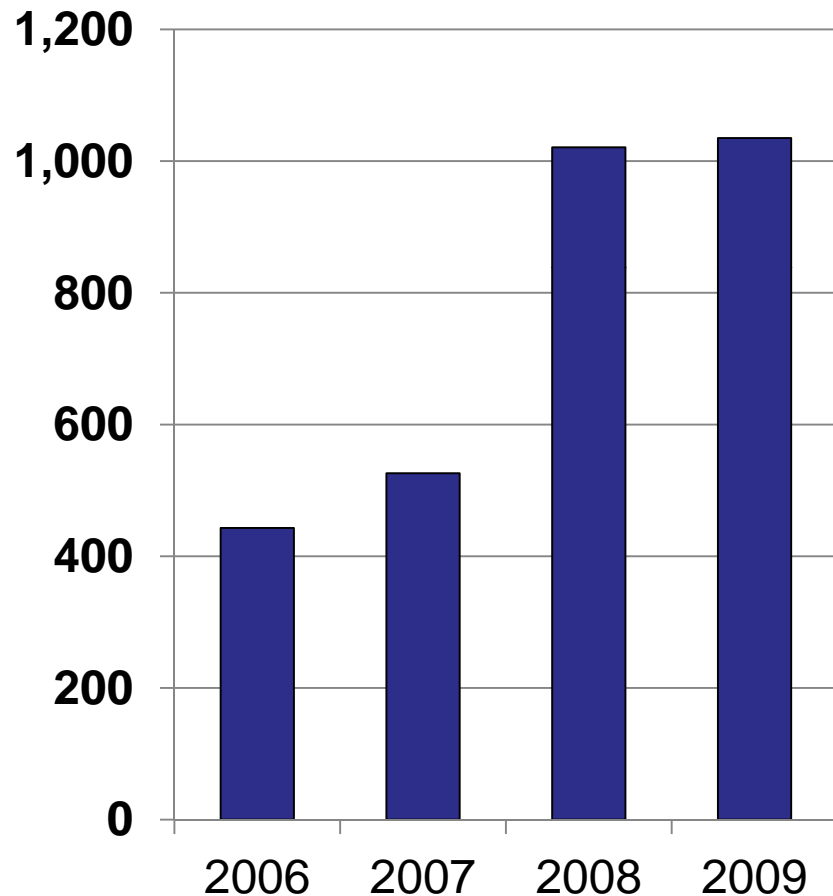
**PPG Asia 1Q 2010 YOY Sales Growth = 40%**

Sources: PPG Estimates, Frost & Sullivan, Barclays

# Cash Deployment



## Cash on Hand



Millions of USD

- ✓ 1Q 2010 cash from operations ~\$250MM ahead of 2009
- ✓ Annual 2010 projections:
  - ❖ Capital spending - \$300MM-\$350MM
  - ❖ Pension - \$240MM
  - ❖ No term debt ('10/'11)
- ✓ Growth Opportunities:
  - ❖ Bolt-on acquisitions
  - ❖ Share repurchases

Cash Deployment Provides Growth Opportunities



# Conclusion

---

- ✓ Transformation Successful
  - ❖ Stronger, more focused and resilient company
  - ❖ Global scale and growth opportunities
  
- ✓ Quick and Strong Earnings Improvement
  - ❖ Gradual volume recovery
  - ❖ High operating leverage
  - ❖ Near-term catalysts – Commodity Chemicals
  
- ✓ Growth Platforms
  - ❖ Optical / Aerospace
  - ❖ Asia
  - ❖ Cash deployment

# Appendix

---



# GAAP Reconciliation



## PPG Industries, Inc. Free Cash Flow Calculation

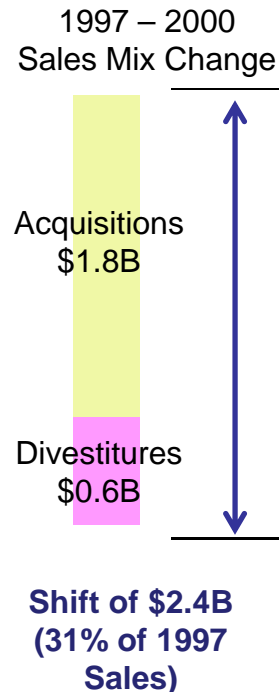
	2009	2008	2007	2006	2005
Cash from Operating Activities	1,345	1,437	1,063	1,150	1,111
Less:					
Capital Expenditures (Excluding Acquisitions)	239	383	364	369	288
Dividends Paid	<u>353</u>	<u>343</u>	<u>335</u>	<u>316</u>	<u>316</u>
Free Cash Flow	753	711	364	465	507

# PPG's Transformation



## 1997 - 2000

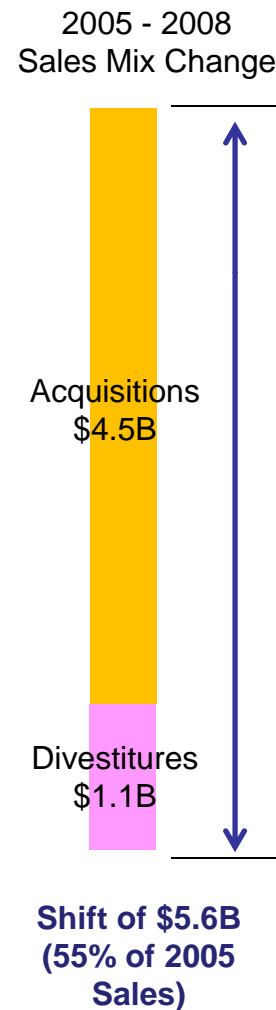
Acquisition	Business	Year
Akzo	Auto OEM	1997
Man-Gill	Industrial	1997
BASF	Packaging	1997
Max Meyer	Refinish	1997
Phillips Paints	Industrial	1997
Keeler & Long	Architectural	1997
Bollig & Kemper	Auto OEM	1998
Courtaulds	Packaging	1998
Orica	Refinish	1998
Sigma	Refinish	1998
Porter Paints	Architectural	1998
ICI	Refinish	1999
ICI	Industrial	1999
Wattyl	Architectural	1999
PRC-Desoto	Aerospace	1999
Monarch	Architectural	2000



Divestiture	Business	Year
European Glass	Flat / Auto	1998
Asian Glass	Flat	1998

## 2005 - 2008

Acquisition	Business	Year
Int'l Polarizer	Optical	2005
Crown Coatings	Industrial	2005
Iowa Paint	Architectural	2005
Shanghai Sunpool	Architectural	2006
Intercast	Optical	2006
Eldorado	Aerospace	2006
Ameron	Protect. & Marine	2006
Dongju (Asia)	Industrial	2006
Protec (Asia)	Refinish	2006
Sierracin	Aerospace	2006
Renner Sayerlack	Architectural	2007
ICI India (Asia)	Refinish	2007
Barloworld (Asia)	Architectural	2007
SigmaKalon	Architectural / PMC / Industrial	2008
Bonny (Asia)	Refinish	2008
BASF Coil (N/A)	Industrial	2008

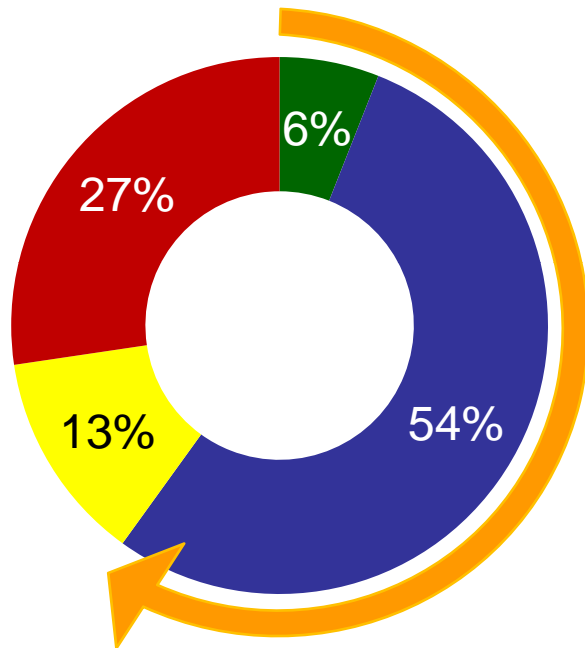


Divestiture	Business	Year
Fine Chemicals	Chemicals	2007
Auto Glass	Glass	2008

# PPG's Transformation



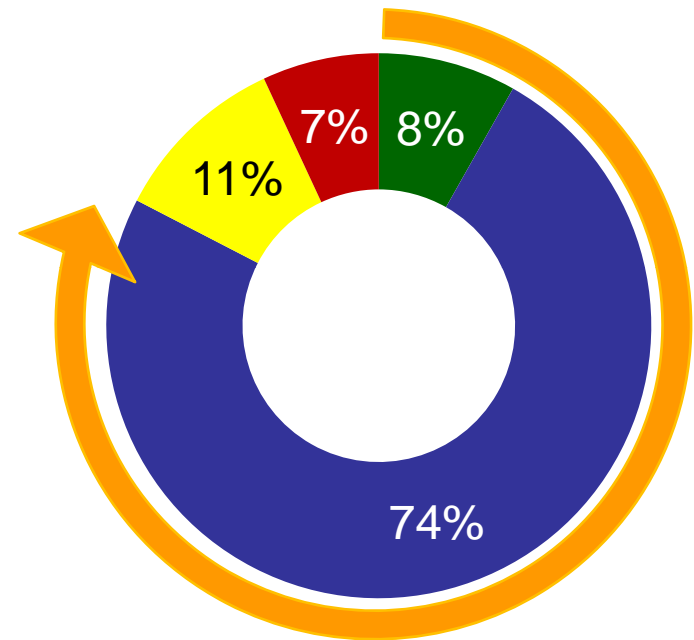
2001 - \$8.1B



Segments:

- Optical
- Coatings
- Chemicals
- Glass

2009 - \$12.2B



Coatings & Optical = \$5B

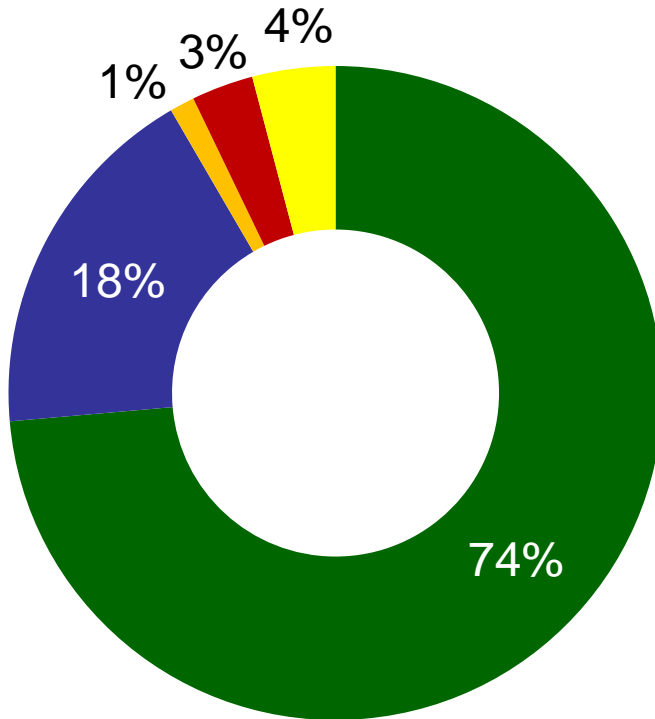
Coatings & Optical = \$10B

**Coatings and Optical & Specialty Materials Doubled in Size and Now Represent more than 80% of the Company's Revenues**

# PPG's Transformation



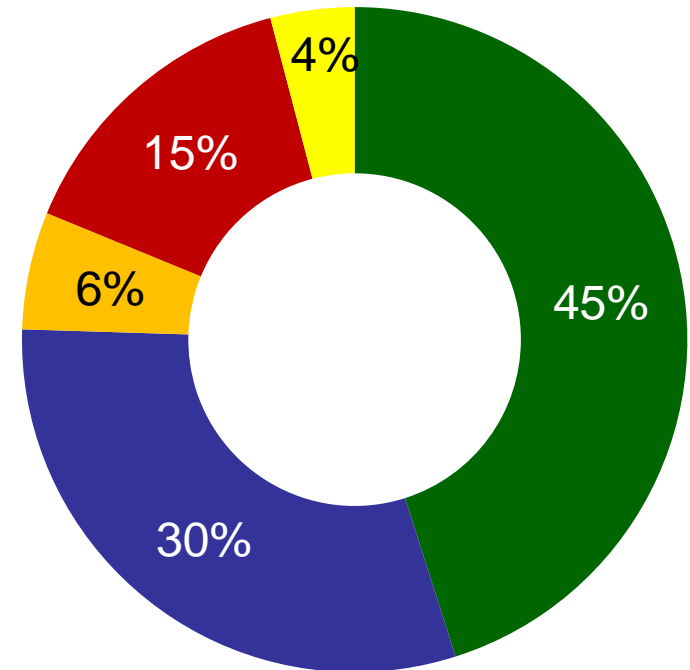
2001 – \$8.1B



- U.S. & Canada
- W. Europe
- E. Europe
- Asia
- Latin America

**Emerging Regions = 8%**

2009 - \$12.2B



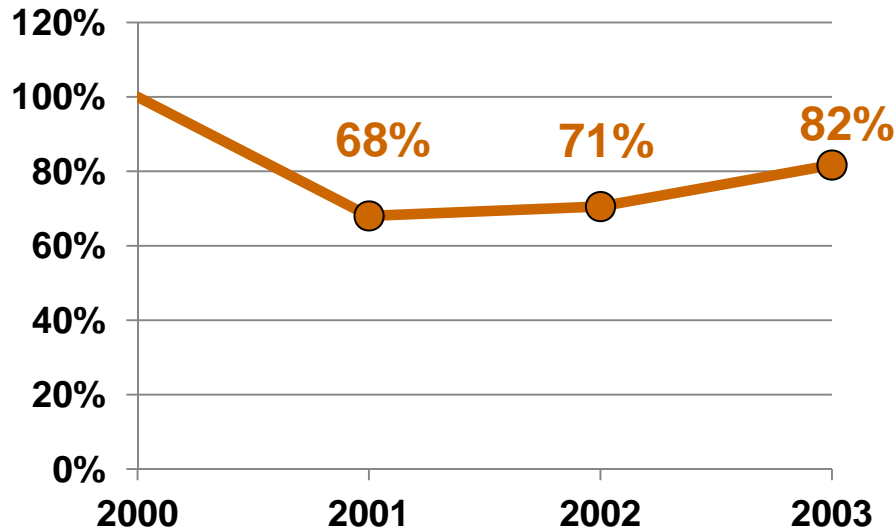
**Emerging Regions = 25%**

**Improved Geographic Profile - Sizable Emerging Regions Presence**

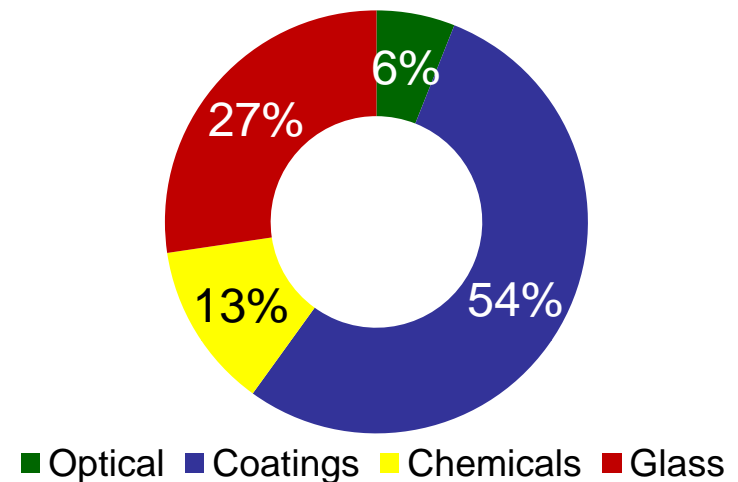
# PPG's Segment Earnings Trend



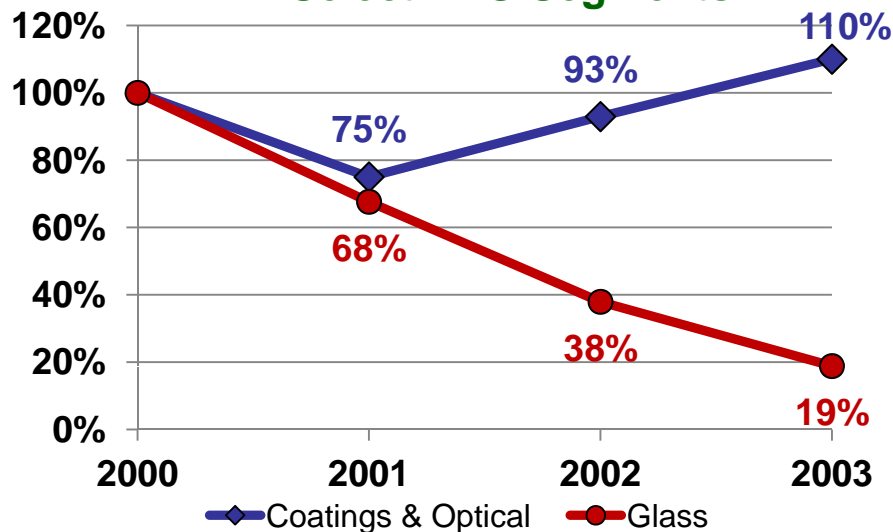
Total PPG



2001 Sales Mix

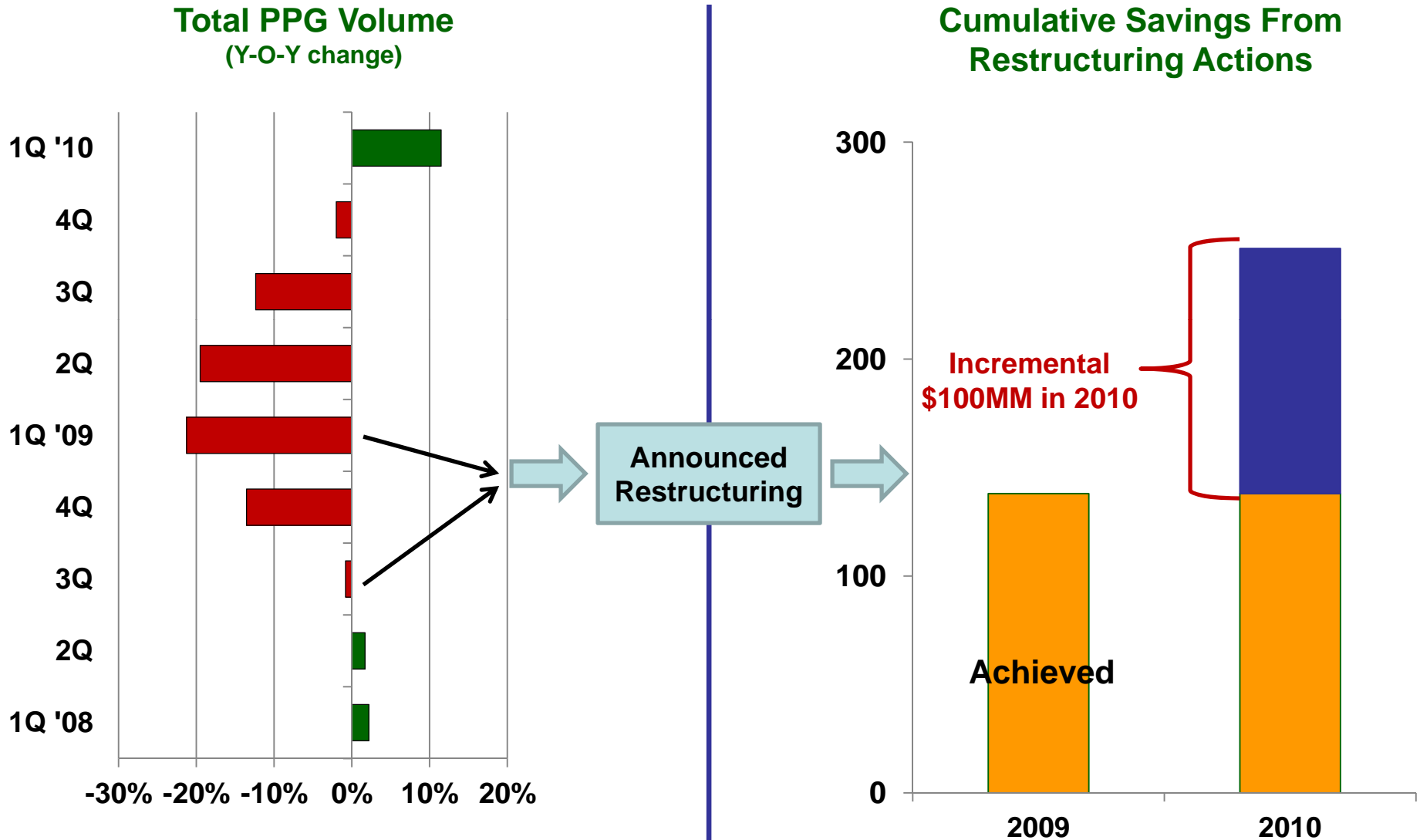


Select PPG Segments



- ❖ Coatings and Optical Segments more resilient during recession, with faster recovery rates
- ❖ A larger Glass segment (~27% of PPG in 2001) tempered the company's overall recovery last recession

# Recent Trends & Cost Reduction



**Structural Cost Reductions; 2010 Incremental Benefits of \$100MM**