



PPG Industries, Inc. - Second Quarter 2011 Financial Results

**Charles E. Bunch, Chairman and
Chief Executive Officer**

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President, Finance and Chief
Financial Officer**

**Information current as of
July 21, 2011**



PPG Industries

Bringing innovation to the surface.™



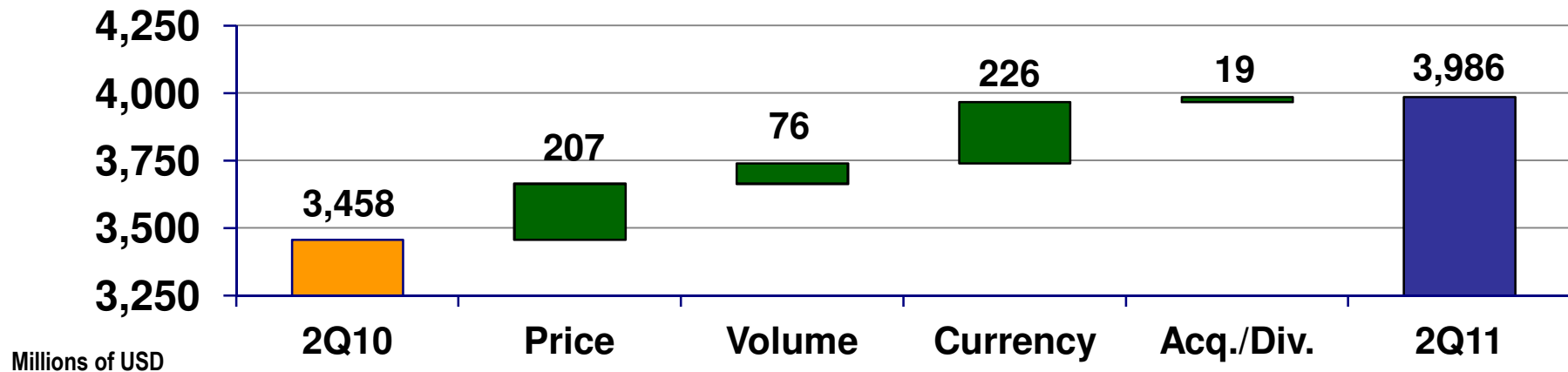
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Statements contained herein relating to matters that are not historical facts are forward-looking statements reflecting PPG's current view with respect to future events and financial performance. These matters within the meaning of Section 27A of the 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, 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. 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, 2010 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 21, 2011, 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.

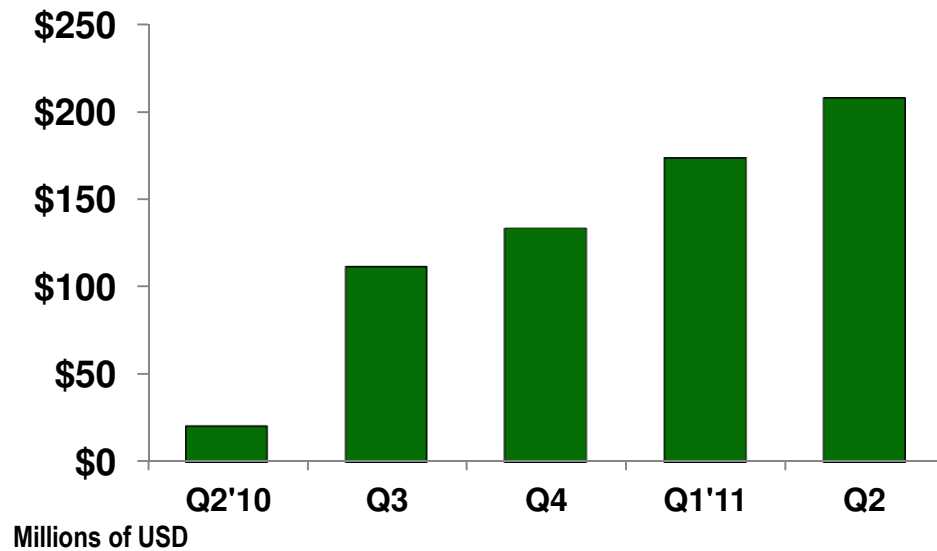
Second Quarter Financial Recap

- Sales growth of 15% aided by pricing (+6%) and currency (+7%)
 - ▶ Higher price in all segments to counter input cost inflation
- Weakened April Y-O-Y volumes due to transitory issues; volumes for remainder of quarter (May/June) returned to previous Y-O-Y growth rate trend
- Second quarter earnings-per-share (\$2.12), a record for any quarter
- \$550 million in cash deployed in the quarter for acquisitions, debt repayment and share repurchases

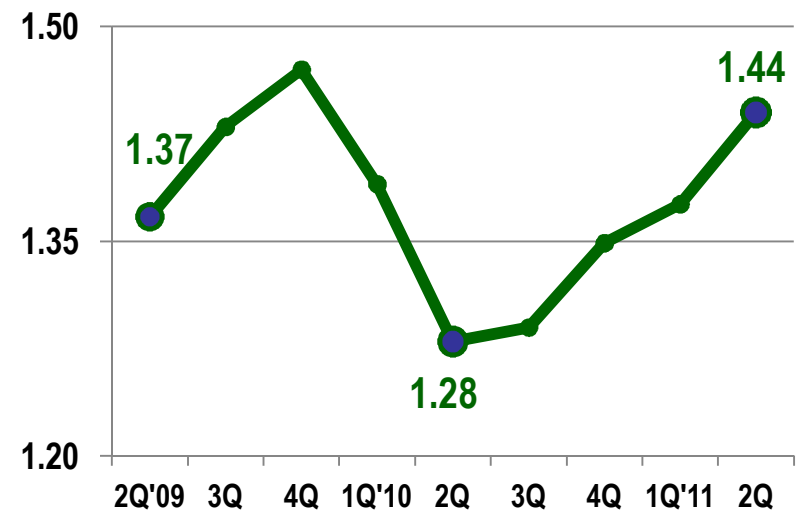
PPG Quarterly Sales



Total PPG Price (YOY Change)



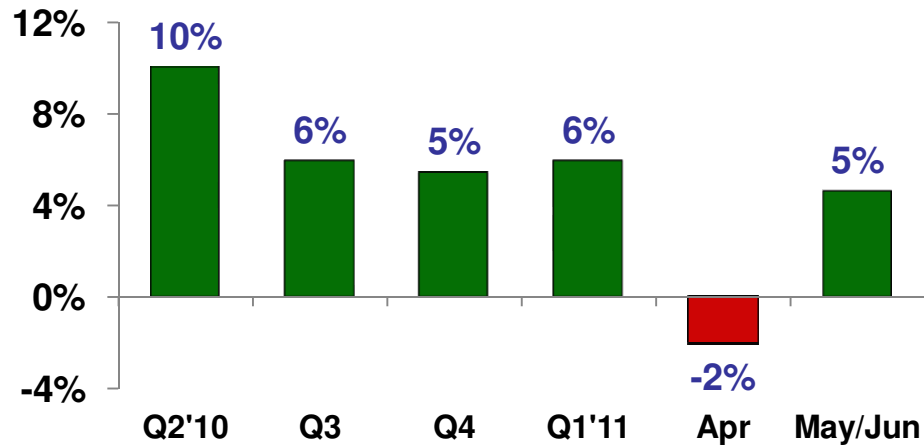
Dollar/Euro Conversion Rate



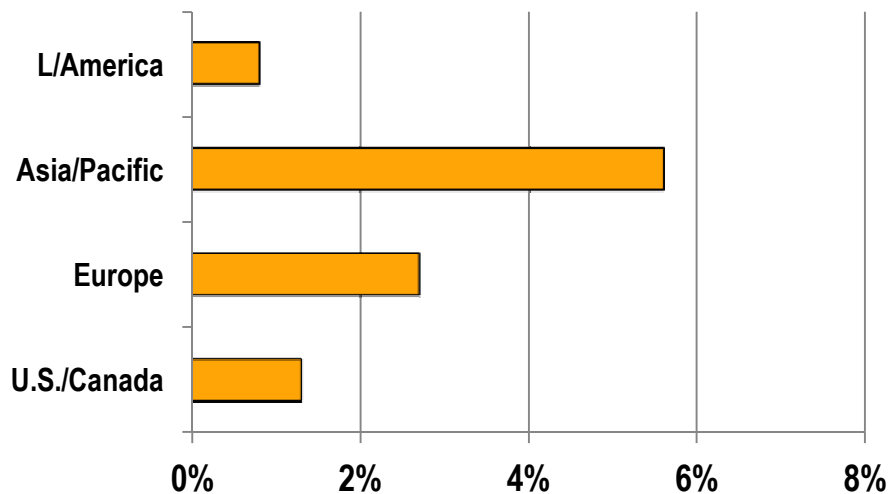
Price reflects coatings cost inflation recovery efforts and Commodity Chemicals increases

PPG Quarterly Sales Volumes

PPG Volume Trend (YOY Change)



2Q'11 PPG Regional Volume Trends (YOY Change)



❖ Weakened April volumes:

- Automotive OEM industry production curtailed by supplier disruptions (Japan earthquake & tsunami)
- Negative weather impacts in U.S. architectural coatings
- Planned/unplanned Commodity Chemical maintenance outages

❖ Resumed volume growth in May/June

❖ Continued Asian growth

❖ U.S. volumes hampered by April impacts

Transitory issues resulted in weak April; Strong Asia/Pacific growth remains

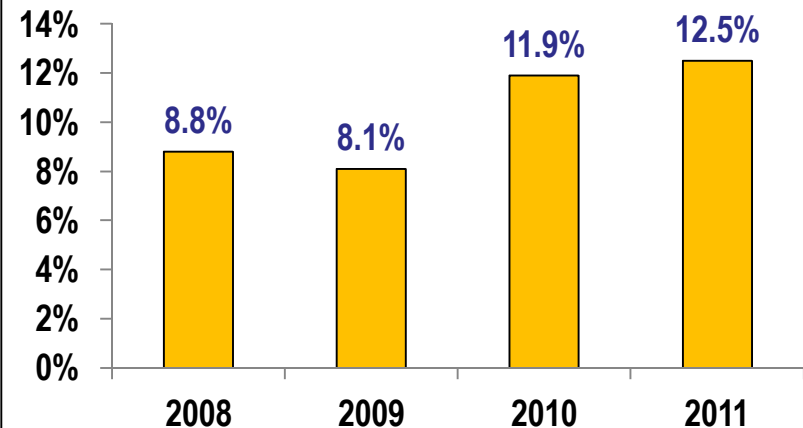
PPG Second Quarter Earnings

Earnings-Per-Share



Record Second Quarter Results

2Q Earnings Before Taxes Margin Trend



Versus 2Q 2010 (EPS and Margin):

- ✓ Continued volume growth
- ✓ Commodity Chemical and Glass earnings recovery
- ✓ Further offset of input cost inflation (higher coatings pricing, etc.)
- ✓ Lower share count reflecting share repurchase activity

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

Performance Coatings

\$MM (USD)	2Q11	2Q10	Chg	%
Sales	1,230	1,111	119	11%
Earnings	204	190	14	7%
Op Margin	16.6%	17.1%	--	--

Select Sales Detail	Total	Volume	Currency
Y-O-Y Percent Change	11%	0%	6%

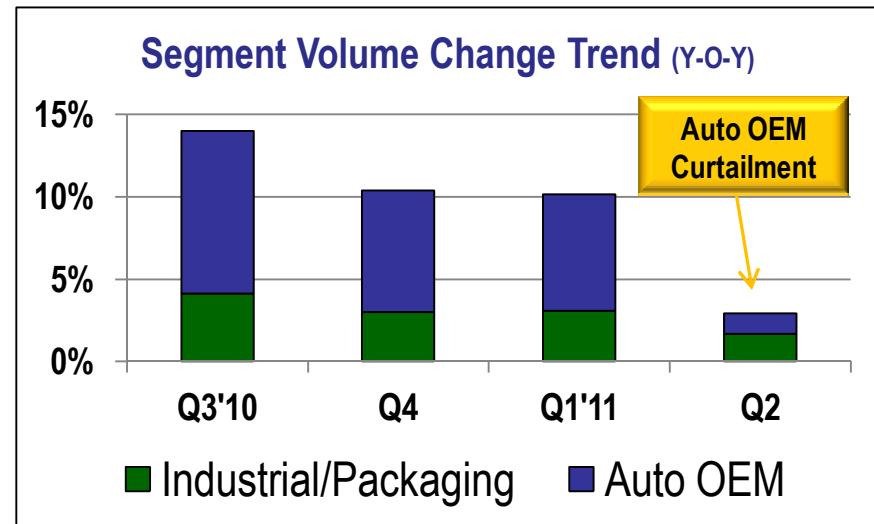


- ✓ Higher pricing in all businesses
- ✓ Strong performance continues in Aerospace and Auto Refinish
- ✓ Protective & Marine volumes flat
- ✓ Weaker YOY architectural volumes:
 - ❖ April down ~25% (weather), not fully recovered within quarter
 - ❖ Paint store comp. sales positive (higher pricing and flat volumes)
- ✓ 3Q'11 launch of premium architectural Olympic® product available at Lowe's
- ✓ Persistent cost inflation remains
- ✓ Additional pricing actions being implemented in 3Q

Industrial Coatings

\$MM (USD)	2Q11	2Q10	Chg	%
Sales	1,075	939	136	14%
Earnings	115	112	3	3%
Op Margin	10.6%	11.9%	--	--

Select Sales Detail	Total	Volume	Currency
Y-O-Y Percent Change	14%	3%	8%



- ✓ Segment volume growth despite tempered auto OEM sales growth
- ✓ Auto OEM industry production curtailment resulted in negative sales impact of (~\$35MM)
- ✓ Strong Asia (China) and solid European (exports) growth

- ✓ Additional pricing actions being implemented (raw material inflation not fully offset in 2Q)
- ✓ Higher auto OEM industry production in 4Q'11 expected to fully offset negative 2Q impact
- ✓ Aggressive cost focus remains

Architectural Coatings - EMEA

Segment Results:

\$MM (USD)	2Q11	2Q10	Chg	%
Sales	611	500	111	22%
Earnings	50	50	0	--

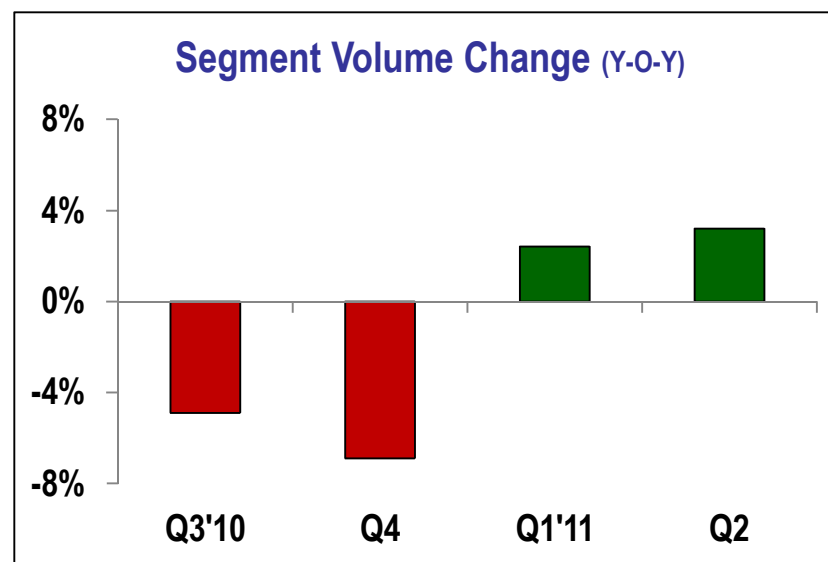
Select Sales Detail	Total	Volume	Currency
Y-O-Y Percent Change	22%	3%	14%

- ✓ Customer bankruptcy in 2Q'11 resulted in \$9MM of earnings charges
- ✓ Year-over-year volume improvement accelerated modestly vs. 1Q'11
- ✓ Positive currency translation impact (primarily Euro)

EBITDA Reconciliation:

\$MM (USD)	2Q11	2Q10
Sales	611	500
Earnings	50	50
Depreciation & Amortization	29	26
EBITDA	79	76
EBITDA Margin	12.9%	15.2%

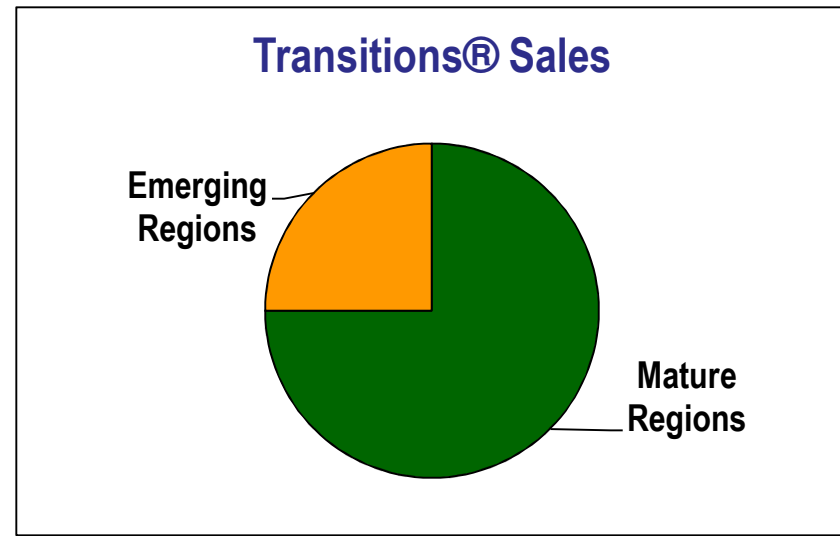
Note: Currency translation is a large factor in year-over-year changes in Depreciation & Amortization.



Optical and Specialty Materials

\$MM (USD)	2Q11	2Q10	Chg	%
Sales	326	301	25	8%
Earnings	90	86	4	5%
Op Margin	27.6%	28.6%	--	--

- ✓ All-time record segment sales and earnings
- ✓ Y-O-Y gains in both businesses
- ✓ High Transitions® lenses growth (~30%) in emerging regions
- ✓ Silicas growth aided by higher tire and battery end-use market demand



- ✓ Broadening geographic exposure
- ✓ Excellent financial performance expected to continue
- ✓ Higher growth focused selling & advertising costs -- expected to continue for the balance of 2011

Commodity Chemicals

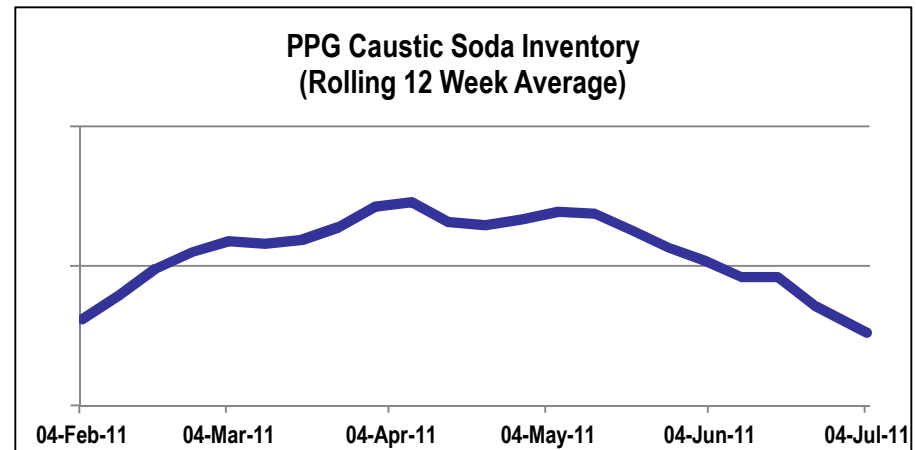
\$MM (USD)	2Q11	2Q10	Chg	%
Sales	470	360	110	31%
Earnings	106	53	53	100%
Op Margin	22.6%	14.7%	--	--

Versus 2Q 2010:

- ✓ Significantly higher price
- ✓ Higher maintenance costs (outages & force majeure)
- ✓ Modestly lower natural gas cost (fewer hedges)

Versus 1Q 2011:

- ✓ Higher price
- ✓ Lower volumes / higher maintenance
- ✓ Similar natural gas cost



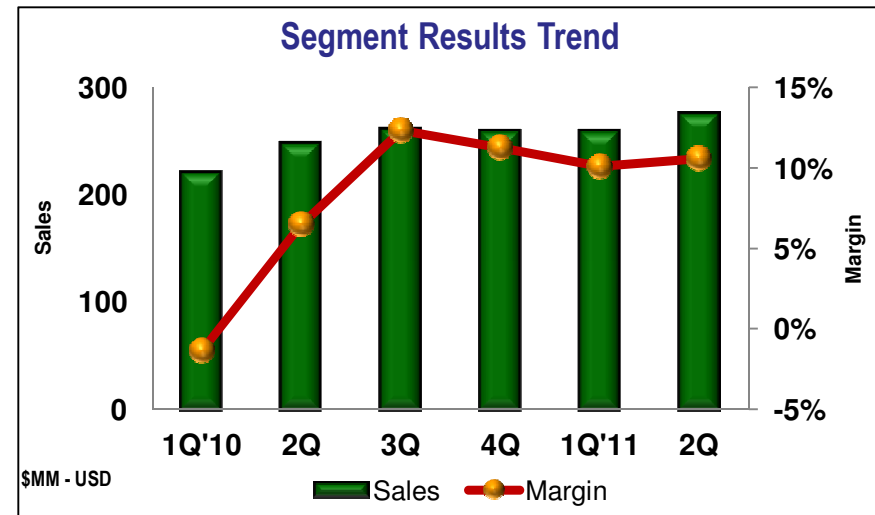
3Q 2011:

- ✓ Announced pricing actions for caustic
- ✓ Full quarter for Equa-Chlor acquisition
- ✓ Lower volumes sequentially (~10,000 fewer tons versus 2Q 2011):
 - ❖ Lower chlorine industry exports
 - ❖ Seasonality factors
 - ❖ Scheduled PPG outage
- ✓ Similar natural gas cost vs. 2Q'11

Glass

\$MM (USD)	2Q11	2Q10	Chg	%
Sales	274	247	27	11%
Earnings	29	16	13	81%
Op Margin	10.6%	6.5%	--	--

Select Sales Detail	Total	Volume	Currency
Y-O-Y Percent Change	11%	3%	2%

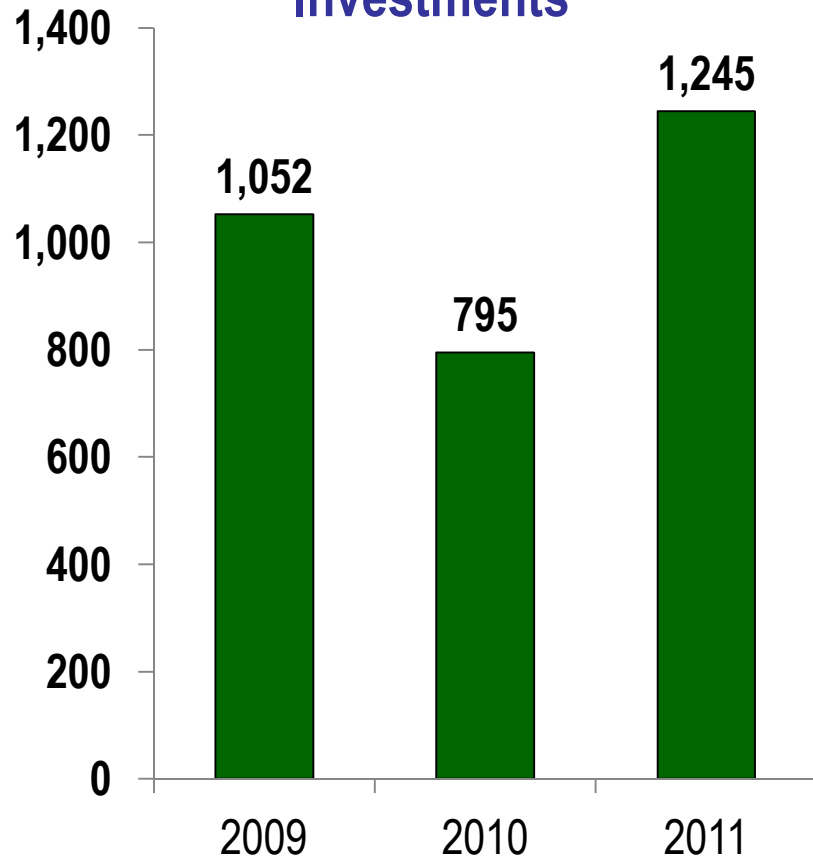


- ✓ Higher Fiber Glass pricing
- ✓ Improved volumes in both businesses
- ✓ Consistent margin trend with past several quarters

- ✓ Fiber Glass equity earnings stable, reflecting ongoing electronics demand
- ✓ Higher Fiber Glass maintenance will impact 3Q

Cash & Short-Term Investments

2Q Cash & Short-Term Investments



Millions of USD

- ✓ Strong cash position; operating working capital improved Y-O-Y
- ✓ 2Q 2011 approximate cash uses:
 - ❖ Capital Spending - \$80MM
 - ❖ Acquisitions - \$40MM
 - ❖ Dividends - \$90MM
 - ❖ Share Repurchases - \$100MM
 - ❖ Early Debt Repayment - \$400MM
- ✓ Earnings accretion focused cash deployment – 2H'11 range of \$500MM-to-\$1B on combination of acquisitions and share repurchases

Over the past 12 months PPG returned to shareholders, via dividends and share repurchases, 100% of cash generated from operations

Conclusion

Strong 2Q 2011 Performance:

- Record second quarter earnings-per-share, despite several transitory issues negatively impacting volumes
- Strong execution aided results:
 - ❖ Higher pricing in all segments
 - ❖ Commodity Chemicals and Glass maintained solid profitability levels
- High growth remains in Asia/Pacific and several end-use markets (e.g., Aerospace)

Outlook:

- Continue to benefit from ongoing, uneven global economic recovery
- Normal seasonality anticipated in 3Q'11
- PPG to benefit from resumption of auto OEM industry production in 2H'11
- Further cash deployment of up to \$1B focused on earnings growth in 2H'11

For More Information

Thank you for your interest in PPG Industries, Inc.

Investors

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Appendix



Adjusted EPS Reconciliation

Second Quarter	2011		2010		2009		2008	
	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>
Net Income Attributable to PPG as Reported	\$340	\$2.12	\$272	\$1.63	\$146	\$0.89	\$250	\$1.51
Auto Glass & Services Depreciation catch-up	-	-	-	-	-	-	11	0.07
Auto Glass & Services Divestiture benefits costs	-	-	-	-	-	-	12	0.07
Adjusted Net Income	<u>\$340</u>	<u>\$2.12</u>	<u>\$272</u>	<u>\$1.63</u>	<u>\$146</u>	<u>\$0.89</u>	<u>\$273</u>	<u>\$1.65</u>

Amounts in Millions of USD except EPS



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