



PPG Industries, Inc. – Third Quarter 2011 Financial Results

**Charles E. Bunch, Chairman and
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Financial Officer**

**Information current as of
October 20, 2011**



PPG Industries

Bringing innovation to the surface.™



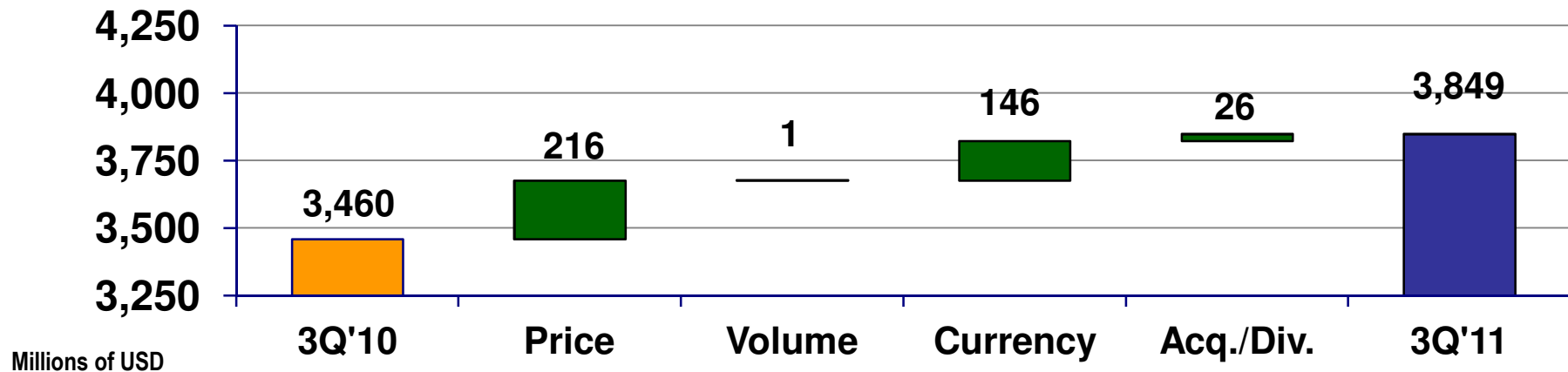
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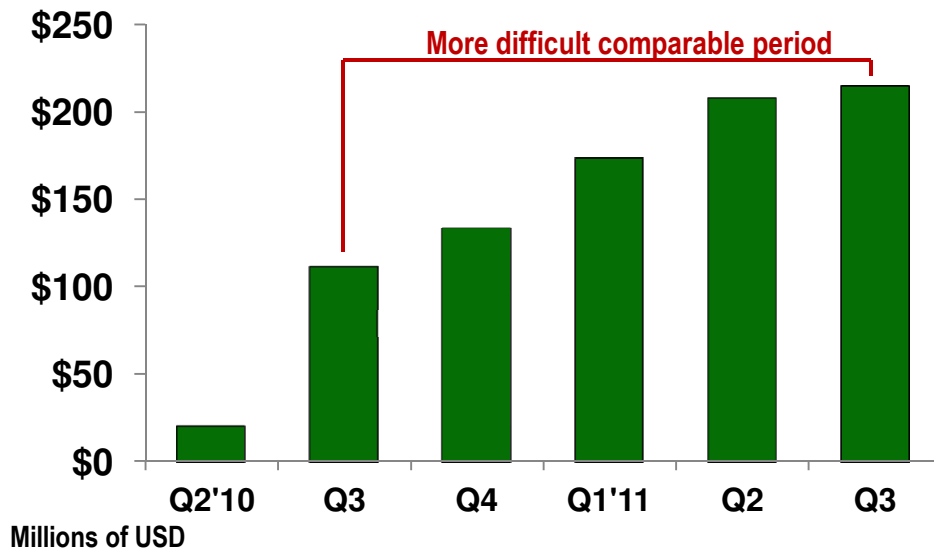
Third Quarter Financial Recap

- **Sales growth of 11% aided by pricing (+6%) and currency (+4%)**
 - ▶ Higher year-over-year price in all 13 businesses to further counter flattening input cost inflation
- **Solid global industrial activity led to volume growth in U.S. and emerging regions, with lower Europe volumes, particularly in consumer-oriented end-use markets**
- **Third quarter earnings-per-share (\$1.96), a record for any third quarter, up 24 percent versus prior year driven by improved pricing and continued cost management**
- **Strong YTD cash generation up 10%, 3.25 million PPG shares repurchased during the quarter at a cost of \$250 million**

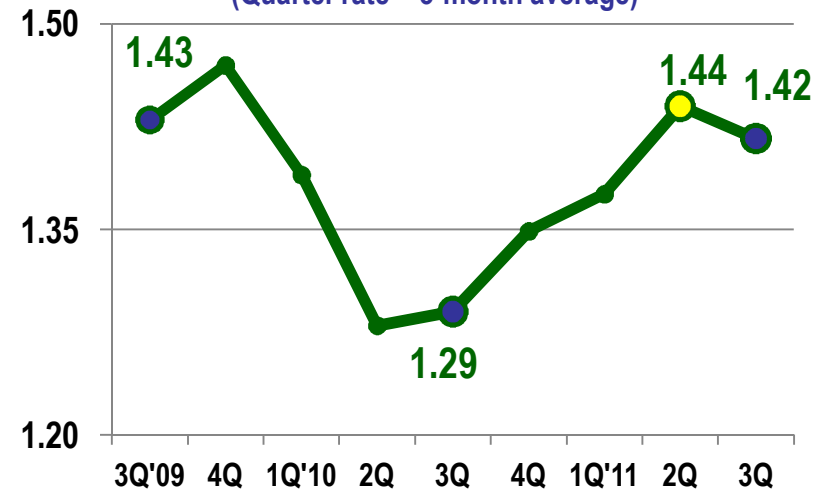
PPG Quarterly Sales



Total PPG Price (YOY Change)



Dollar/Euro Conversion Rate
(Quarter rate = 3-month average)



Higher Y-O-Y pricing despite difficult comparable period; Euro up Y-O-Y but lower vs. 2Q'11

PPG Quarterly Sales Volumes

U.S. & Canada:

3Q Commentary:

3Q Impact (YOY):

Q2	Q3	YTD		
			Overall consistent YOY volume vs. 2Q	Flat
+1%	+1%	+2%	Unplanned production outages in commodity chemicals	Down
			Anemic construction market activity levels	Flat
			Solid growth in Industrial Coatings segment (auto OEM)	Higher
			Strong performance in aerospace, optical and refinish	Higher

Europe:

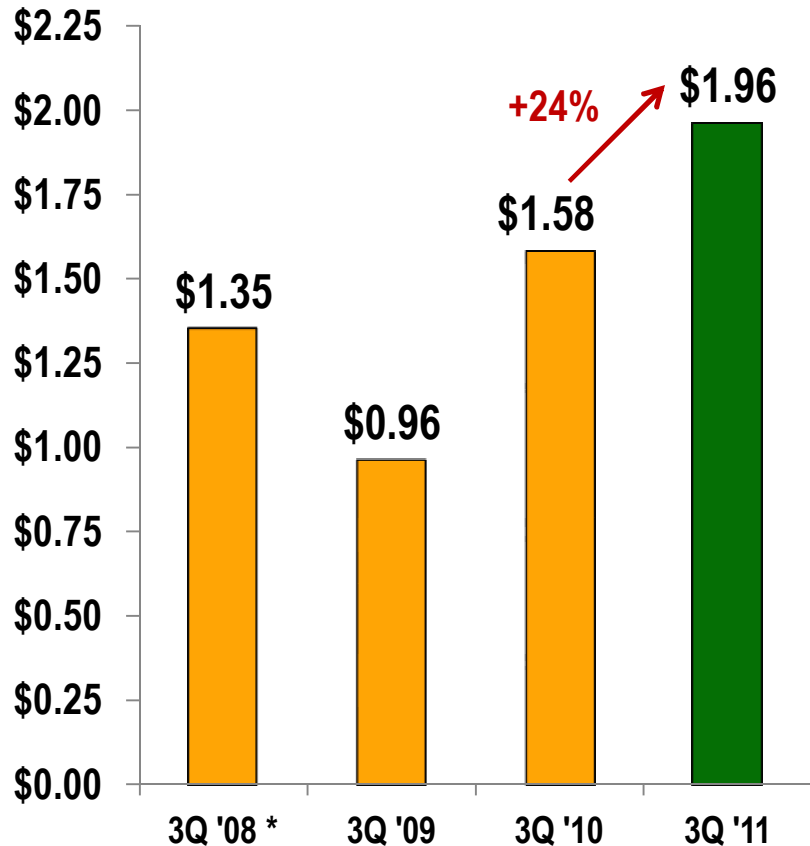
Q2	Q3	YTD		
			Weaker consumer demand (architectural DIY and optical)	Down
+3%	-3%	+2%	Lower marine and fiber glass	Down
			Consistent Industrial Coatings segment activity	Flat
			Solid performance in aerospace	Higher

Asia/Pacific & Latin America:

Q2	Q3	YTD		
			Continued high industrial and auto OEM growth	Higher
+5%	+3%	+5%	Marine original-equipment ship builds (expected order book decline)	Down
			Higher infrastructure (protective) coatings offset by architectural coatings	Flat
			Growth in aerospace, optical and refinish	Higher

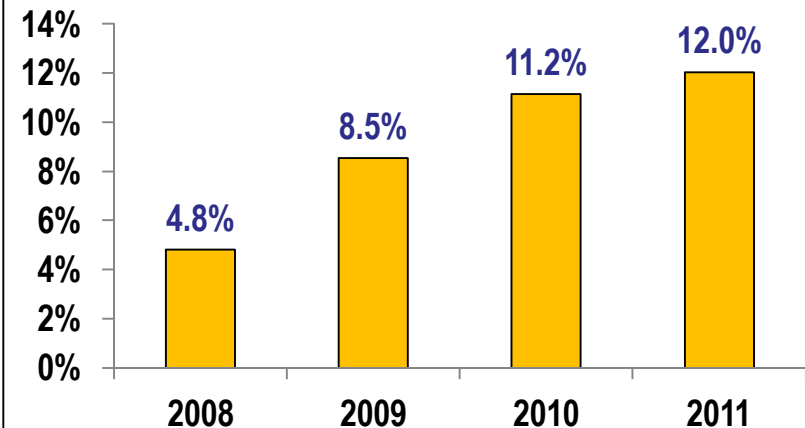
PPG Third Quarter Earnings

Earnings-Per-Share



Record Third Quarter Results

3Q Pre-Tax Earnings Margin Trend



Versus 3Q 2010 (EPS and Margin):

- ✓ Continued margin expansion
- ✓ Earnings growth in all segments except Glass (higher maintenance)
- ✓ 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)	3Q11	3Q10	Chg	%
Sales	1,208	1,103	105	10%
Earnings	190	174	16	9%
Op Margin	15.7%	15.8%	--	--

Select Sales Detail	Total	Volume	Currency
Y-O-Y Percent Change	10%	0%	4%



Alteos® interactive (dimnable) airplane cabin window system

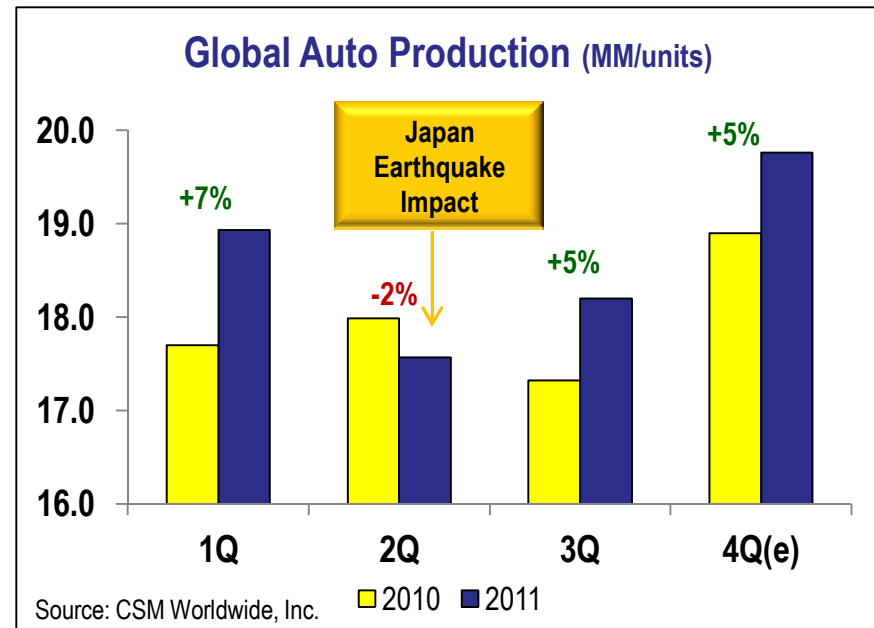
- ✓ Higher pricing in all businesses (sequentially vs. 2Q and Y-O-Y)
- ✓ Excellent performance continues in aerospace and auto refinish
- ✓ Architectural sales up >10% Y-O-Y:
 - Solid debut for Olympic One® product sold through Lowe's (DIY channel positive Y-O-Y)
 - Paint store comp. sales positive
- ✓ Protective & Marine volumes down:
 - Expected ship build activity level dropping – Asia
 - Low growth in protective coatings/marine aftermarket
- ✓ Boeing 787 Dreamliner (recently launched) includes sizable PPG aerospace product content
- ✓ 4Q - higher pricing and traditional seasonality expected

Industrial Coatings

\$MM (USD)	3Q11	3Q10	Chg	%
Sales	1,039	927	112	12%
Earnings	101	86	15	17%
Op Margin	9.7%	9.3%	--	--

Select Sales Detail	Total	Volume	Currency
Y-O-Y Percent Change	12%	3%	5%

- ✓ Improved results in all businesses
- ✓ Higher Y-O-Y volumes
 - Solid global auto OEM production
 - Higher Asia/Pacific industrial activity continues
- ✓ Improved selling prices and aggressive cost focus in 3Q, expected to continue in 4Q



- ✓ Expect historical 4Q segment seasonality to be somewhat muted by auto OEM recovery from late first quarter Japan crisis
- ✓ Currency translation a factor due to segment's broad geographic diversity

Architectural Coatings - EMEA

Segment Results:

\$MM (USD)	3Q11	3Q10	Chg	%
Sales	573	512	61	12%
Earnings	53	50	3	6%

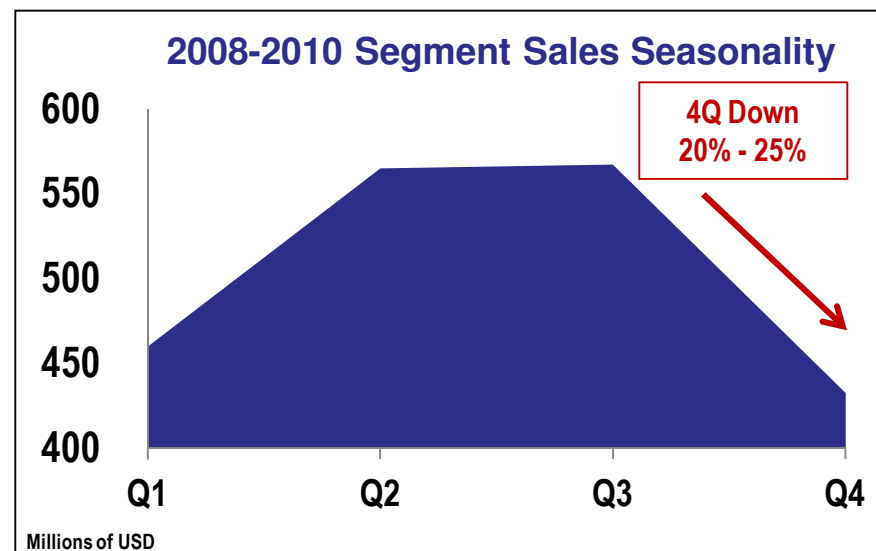
Select Sales Detail	Total	Volume	Currency
Y-O-Y Percent Change	12%	-2%	8%

- ✓ Positive Y-O-Y currency translation impact (primarily Euro)
- ✓ Modest volume decline (DIY/retail)
 - Retail customer bankruptcy in 2Q'11
- ✓ Higher price; continued cost control
- ✓ Traditional 4Q seasonality anticipated
- ✓ Euro currently weakened vs. 3Q'11
- ✓ Dyrup closing date - January, 2012

EBITDA Reconciliation:

\$MM (USD)	2011 YTD	2010 YTD
Sales	1,655	1,448
Earnings	115	111
Depreciation & Amortization	85	80
EBITDA	200	191
EBITDA Margin	12.1%	13.2%

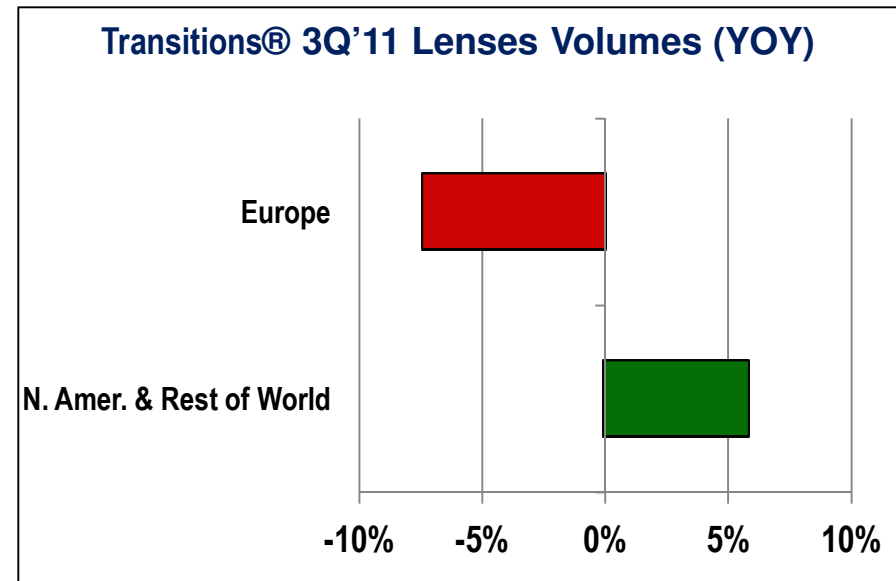
Note: Currency translation is a large factor in year-over-year changes in Depreciation & Amortization.



Optical and Specialty Materials

\$MM (USD)	3Q11	3Q10	Chg	%
Sales	311	288	23	8%
Earnings	93	82	11	13%
Op Margin	29.9%	28.5%	--	--

- ✓ Third quarter record segment sales and earnings
- ✓ Sales and earnings records in both business units
- ✓ Silicas – strong tire and battery end-use market demand continues, aided by improving global auto OEM production



- ✓ Optical growth continues:
 - Growth trend consistent in the U.S. and accelerating in emerging regions
 - Lower European customer demand
- ✓ Historical 4Q seasonality anticipated (lower demand)

Commodity Chemicals

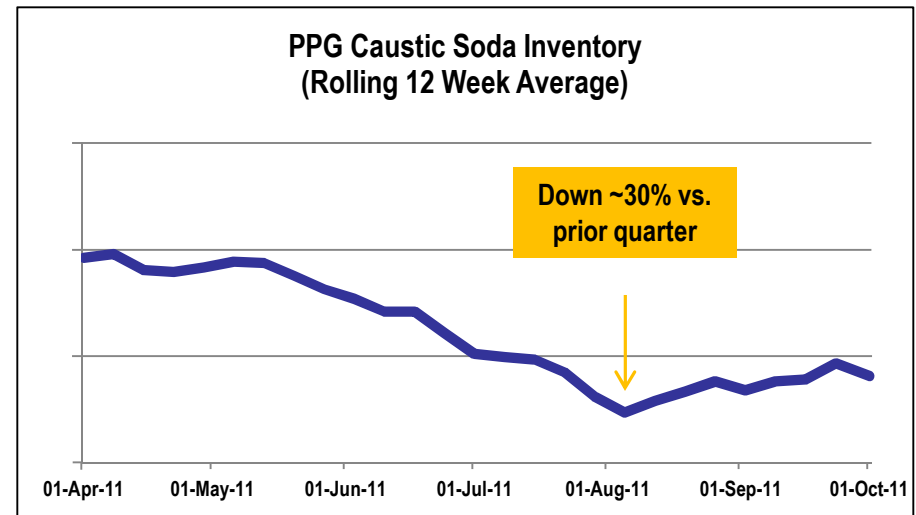
\$MM (USD)	3Q11	3Q10	Chg	%
Sales	445	370	75	20%
Earnings	104	60	44	73%
Op Margin	23.4%	16.2%	--	--

Year-over-year versus 3Q 2010:

- ✓ Notably higher selling price
- ✓ Unplanned outages - lower volumes and higher maintenance cost
- ✓ Lower natural gas cost (including fewer hedges), higher ethylene

Sequentially versus 2Q 2011:

- ✓ Increased selling price
- ✓ Lower volumes (~15k tons) and capacity utilization, stemming from unplanned facility outages
- ✓ Similar natural gas cost



4Q 2011 outlook:

- ✓ Announced price increase for caustic
- ✓ Lower volumes sequentially driven by traditional seasonal factors
- ✓ Lower industry chlorine demand, including less export activity
- ✓ Very low caustic inventory levels
- ✓ Slightly lower natural gas cost vs. 3Q'11 based on current market price

Glass

\$MM (USD)	3Q11	3Q10	Chg	%
Sales	273	260	13	5%
Earnings	23	32	-9	-28%
Op Margin	8.4%	12.3%	--	--

Select Sales Detail	Total	Volume	Currency
Y-O-Y Percent Change	5%	-1%	2%

- ✓ Higher 3Q fiber glass planned maintenance expense/downtime resulting in lower facility utilization
- ✓ Higher Y-O-Y pricing in both businesses
- ✓ Decreased equity earnings reflecting lower electronics demand

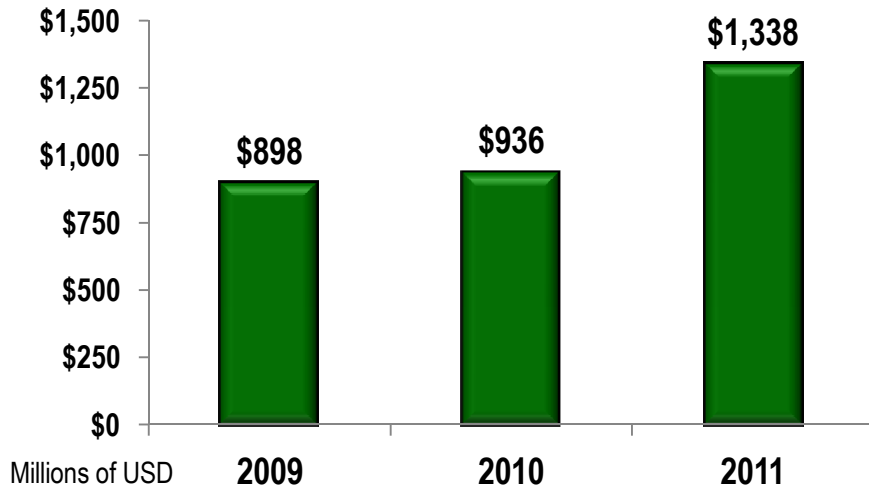
\$MM (USD)	2011 YTD	2010 YTD	Chg	%
Sales	805	727	78	11%
Earnings	78	45	33	73%
Op Margin	9.7%	6.2%	--	--

Select Sales Detail	Total	Volume	Currency
Y-O-Y Percent Change	11%	4%	2%

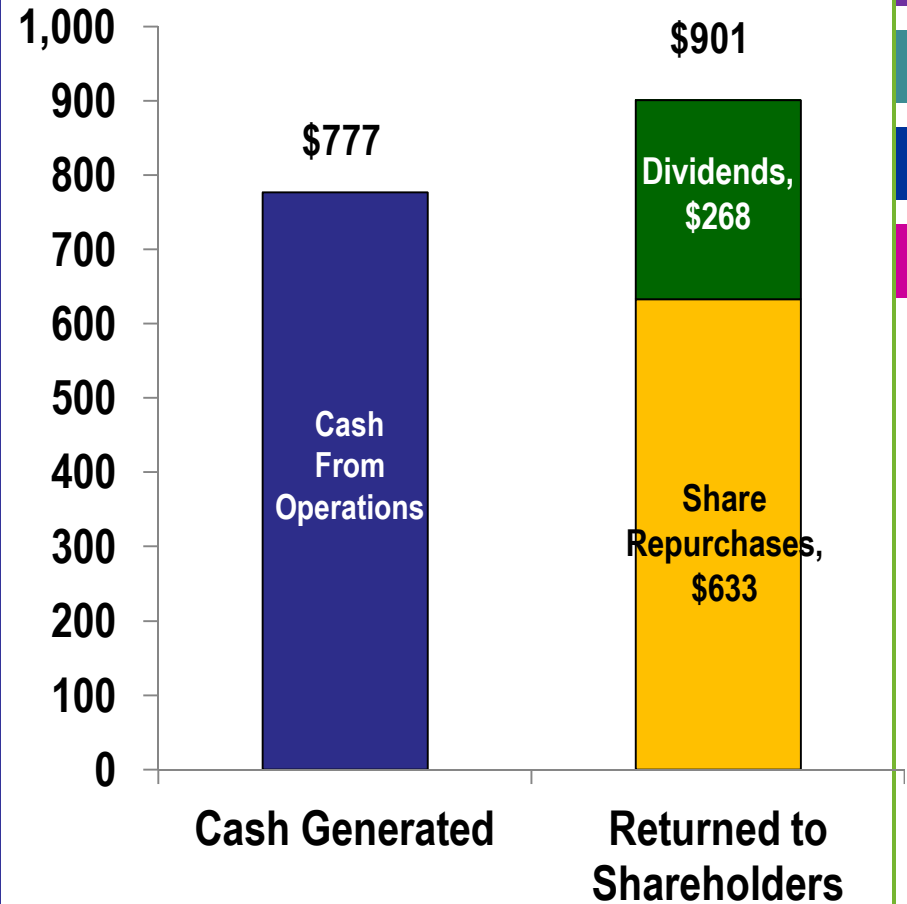
- ✓ Solid year-to-date improvement in financial results
- ✓ Modest negative seasonality in 4Q
- ✓ Continued weak U.S. construction market outlook

Cash

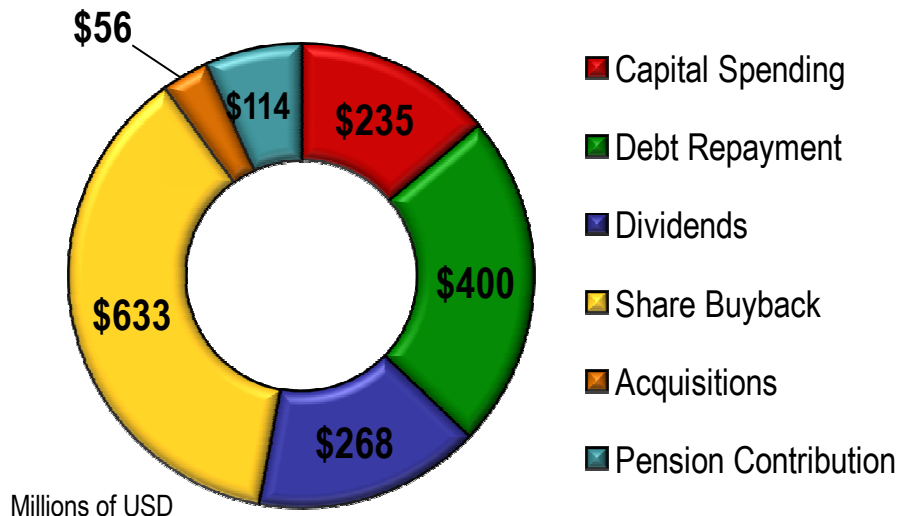
3Q Cash & Short Term Investments



YTD Cash Returned to Shareholders



2011 YTD Select Cash Uses



Cash Returned to Shareholders Exceeds Cash Generated

Millions of USD

Millions of USD

Conclusion

Record 3Q 2011 Performance:

- Record third quarter earnings-per-share, 5th consecutive quarterly record driven by structural changes:
 - ❖ Lower cost base
 - ❖ Improved geographic diversity
- Effective, continual cash deployment
- Aggressive focus on operations

Outlook:

- Uneven global economic recovery remains
- Normal seasonality anticipated in 4Q'11
- Further cash deployment focused on earnings growth

Appendix



Adjusted EPS Reconciliation

Third 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	\$311	\$1.96	\$262	\$1.58	\$159	\$0.96	\$117	\$0.70
Business Restructuring Charge	-	-	-	-	-	-	110	0.67
Gain on Divestiture of Auto Glass and Services Business	-	-	-	-	-	-	(3)	(0.02)
Adjusted Net Income	<u>\$311</u>	<u>\$1.96</u>	<u>\$262</u>	<u>\$1.58</u>	<u>\$159</u>	<u>\$0.96</u>	<u>\$224</u>	<u>\$1.35</u>

Amounts in Millions of USD except EPS



Thank you for your interest
in PPG Industries, Inc.

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