

# PPG Industries, Inc.

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## Fourth Quarter and Full Year 2009 Financial Results

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

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

**Information current as of  
January 21, 2010**

# 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, 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 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 is 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 January 21, 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.

# Agenda

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- ❖ Opening Remarks
- ❖ Financial Review
- ❖ 2009 Recap & 2010 Perspectives
- ❖ Question & Answer Session

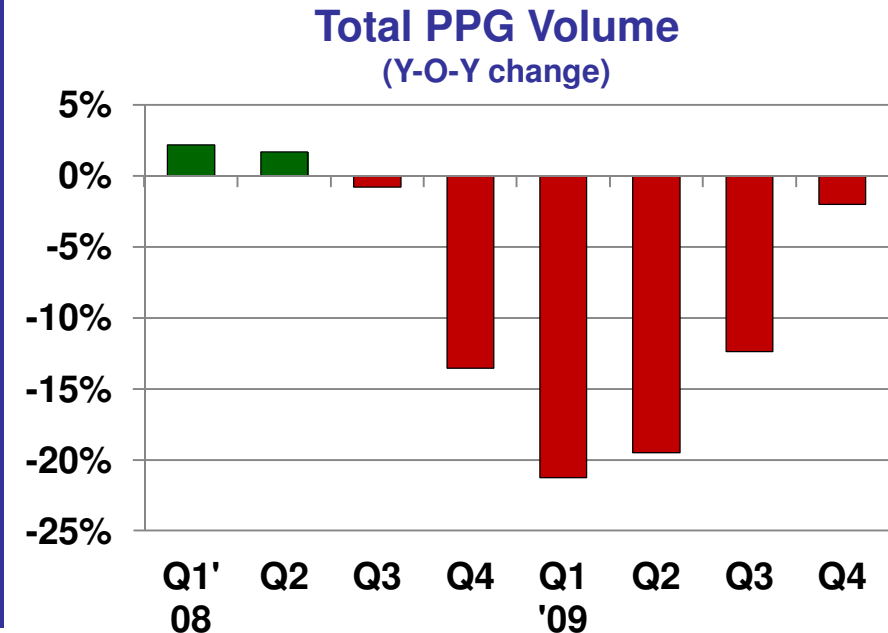
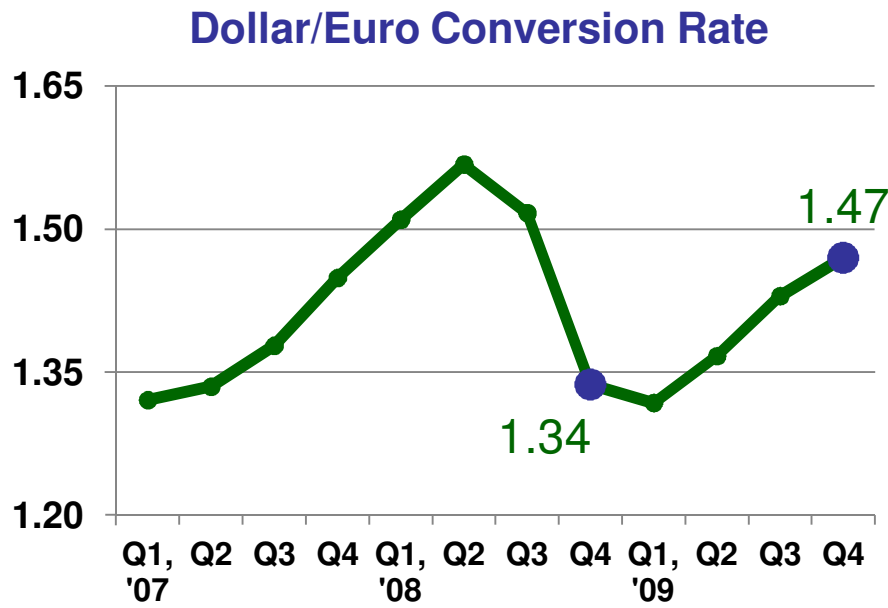
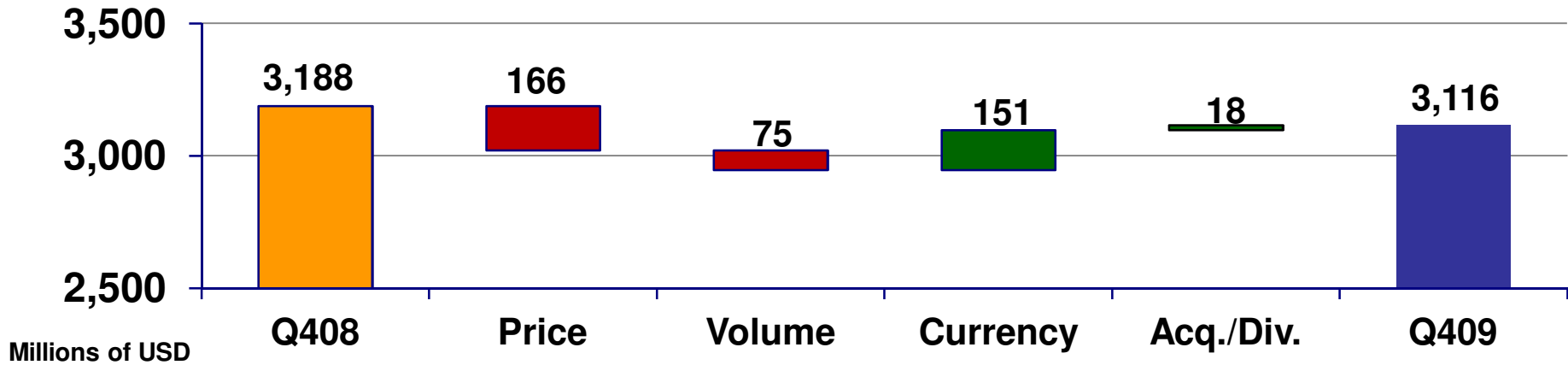
# Fourth Quarter Financial Recap

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- ❖ Modest Sales Decline; Traditional End-Market Sales Seasonality
- ❖ Improved Gross Margins
- ❖ Restructuring / Cost-Management Benefits Continue
- ❖ Lower Tax Rate
- ❖ Strong Cash Performance

# PPG Sales

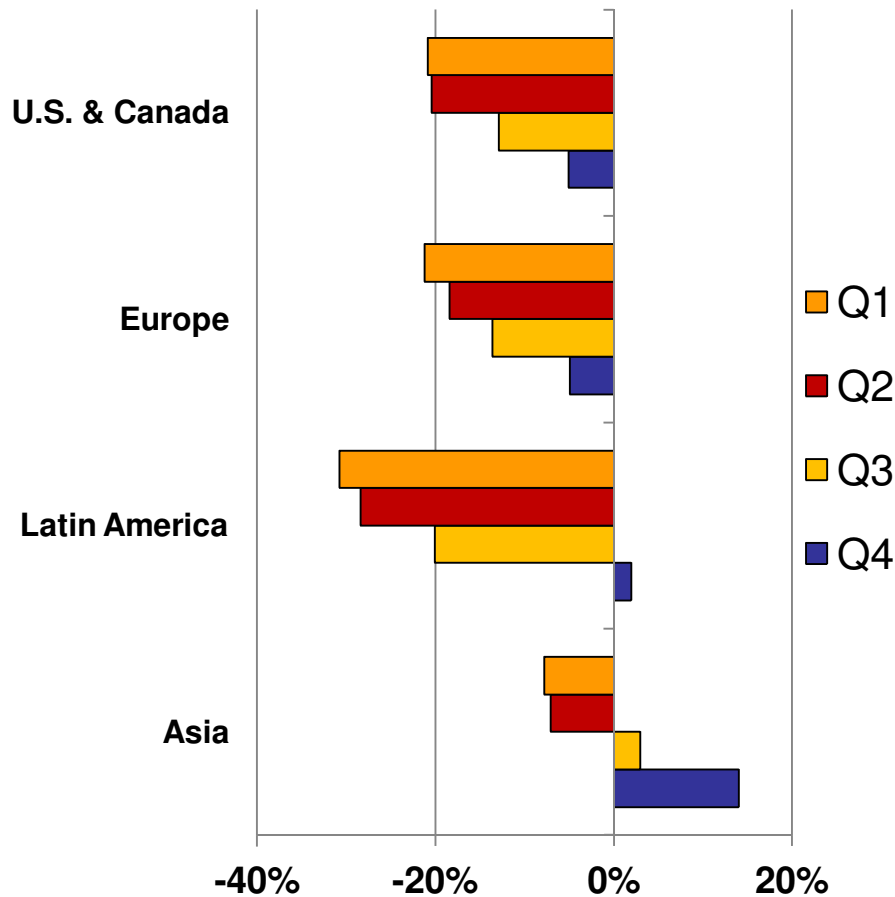


**Gradual Volume Recovery Led by Asia and Automotive**

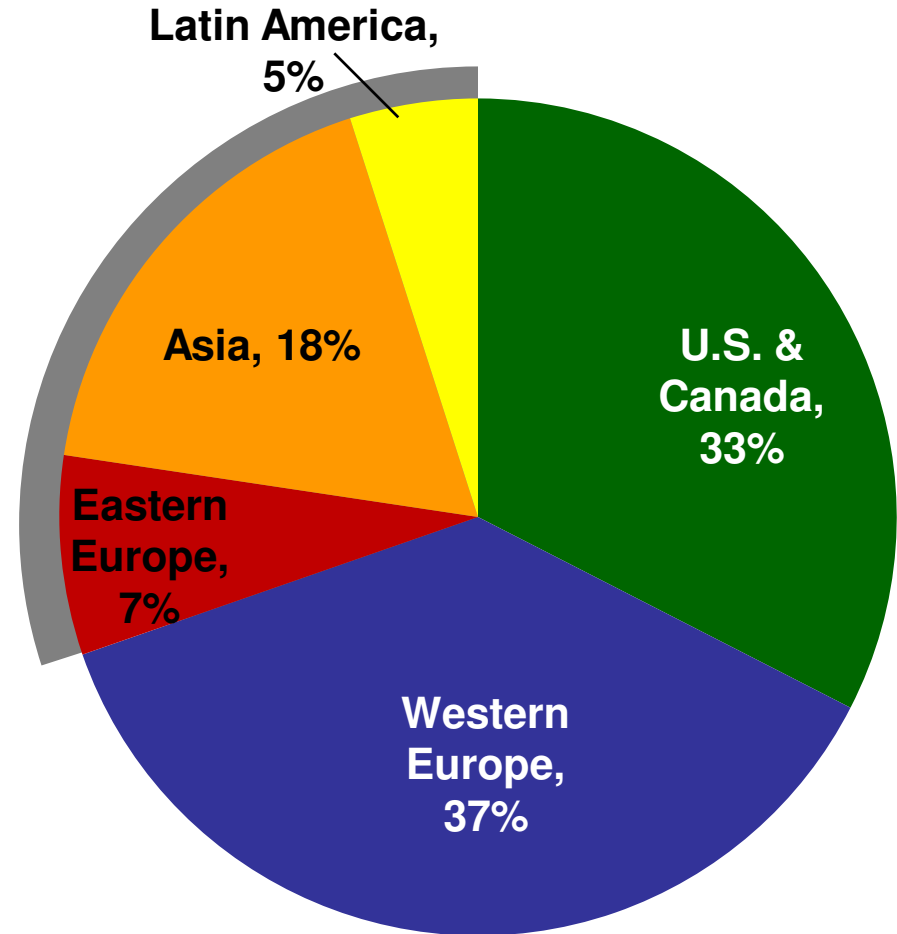
# PPG Regional Sales Data



**PPG Regional Volume Trend**  
Total PPG (2009)



**PPG Coatings Sales – 2009**



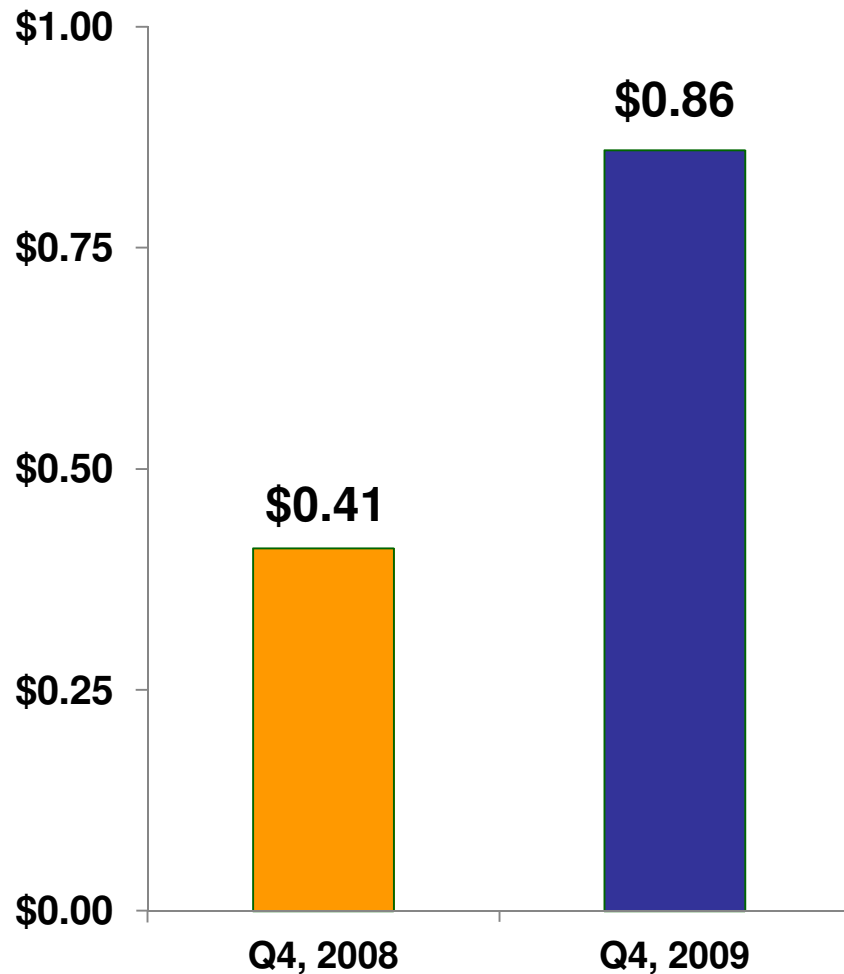
**Emerging Regions Expanding and Represent Nearly One-Third of Coatings Sales**

Year-Over-Year Change

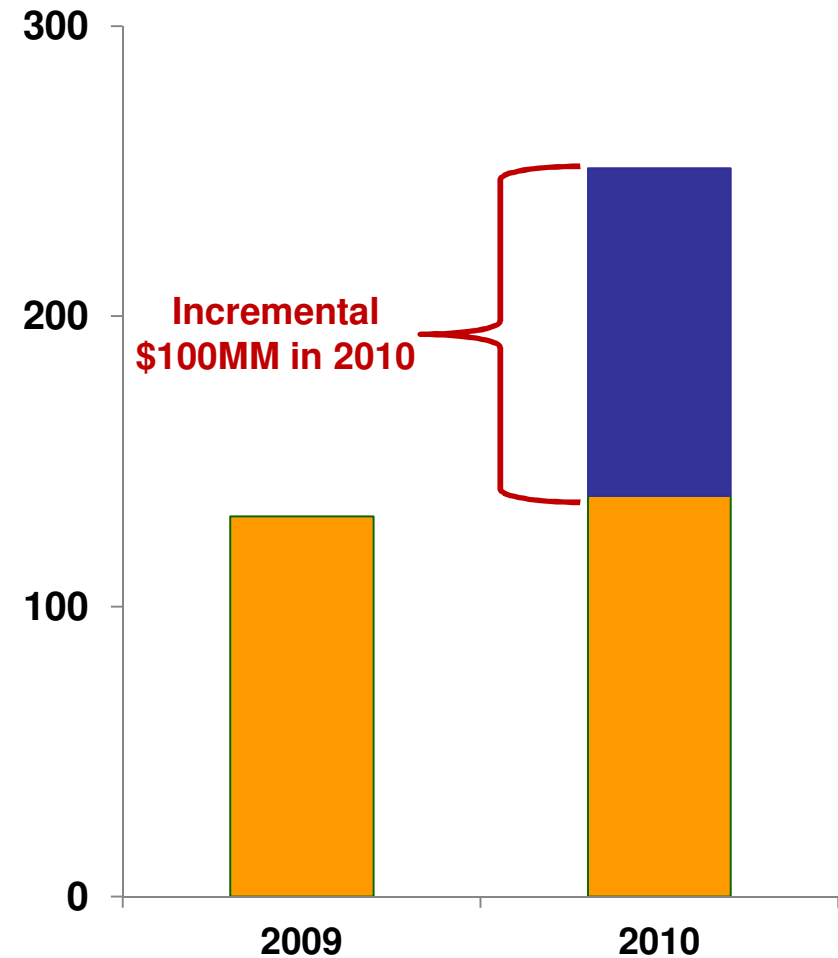
# Adjusted Earnings Per Share \*



## Fourth Quarter Adjusted EPS



## Cumulative Savings From Restructuring



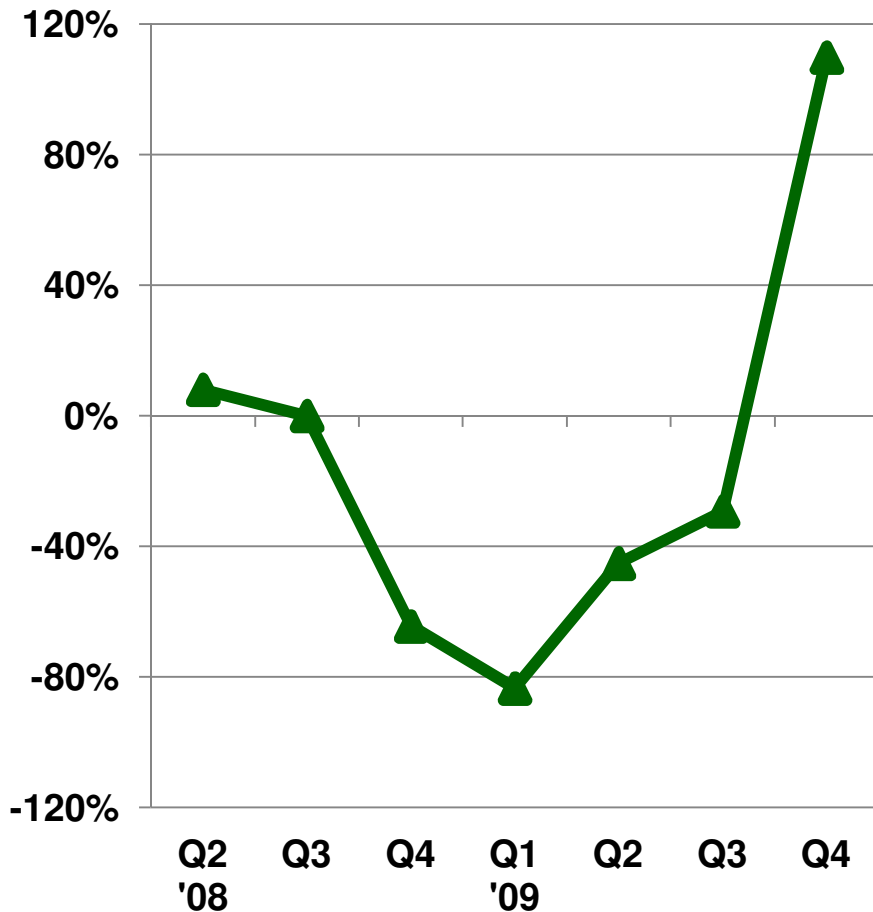
\* Adjusted EPS – see presentation appendix for reconciliation to reported EPS.

Millions of USD

# Earnings Trends

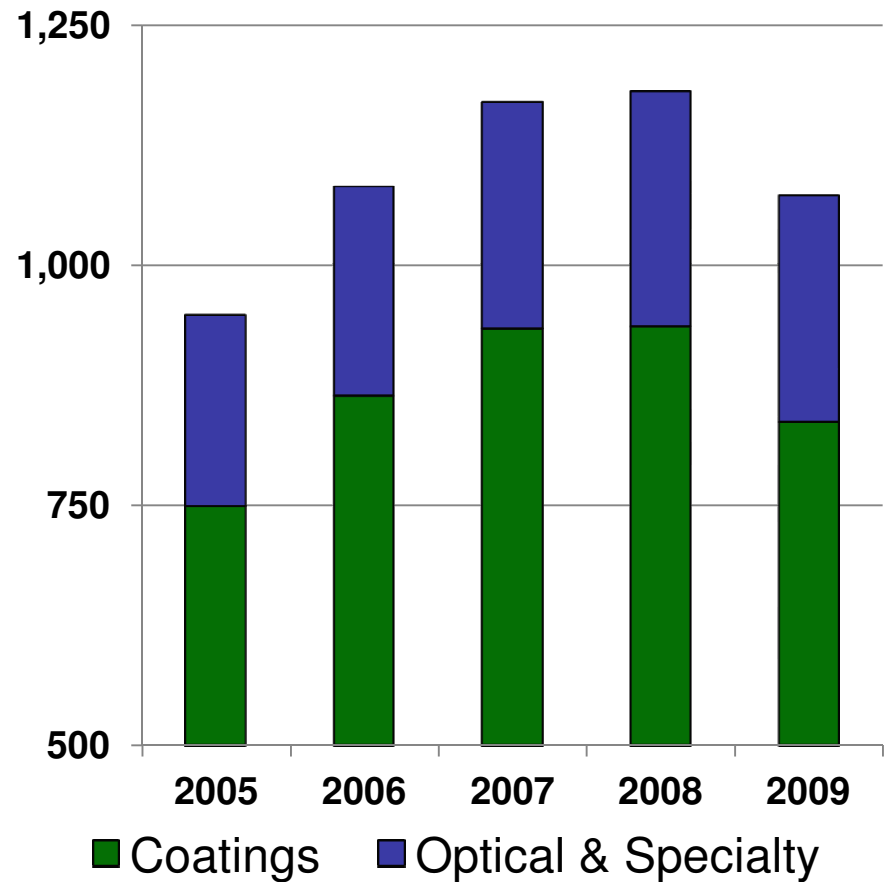


### Y-O-Y Percentage Change (Adjusted EPS)



**Improving Y-O-Y Profitability Trend**

### Coatings & Optical Segments Earnings Trend



**Modest Earnings Decline in Recession**

Millions of USD / Includes Acquisitions

# Industrial Coatings



\$MM (USD)	Q409	Q408	Chg	%		2009	2008	Chg	%
<b>Sales</b>	<b>859</b>	<b>767</b>	<b>92</b>	<b>12%</b>		<b>3,068</b>	<b>3,999</b>	<b>-931</b>	<b>-23%</b>
<b>Earnings</b>	<b>89</b>	<b>-40</b>	<b>129</b>	<b>323%</b>		<b>159</b>	<b>212</b>	<b>-53</b>	<b>-25%</b>
<b>Op Margin</b>	<b>10.4%</b>	<b>-5.2%</b>	<b>--</b>	<b>--</b>		<b>5.2%</b>	<b>5.3%</b>	<b>--</b>	<b>--</b>

Select Sales Detail	Total	Volume	Currency
Q4 Y-O-Y Change	<b>12%</b>	<b>6%</b>	<b>6%</b>

Select Sales Detail	Total	Volume	Currency
2009 Y-O-Y Change	<b>-23%</b>	<b>-21%</b>	<b>-3%</b>

## Fourth Quarter

- ✓ Lower costs a key contributor to substantial earnings improvement
- ✓ Sizable earnings leverage on volume gains
- ✓ All regions delivered notable earnings increases (Y-O-Y), led by Asia and U.S.
- ✓ Q4 volumes still more than 15% below year Q4, 2007 level

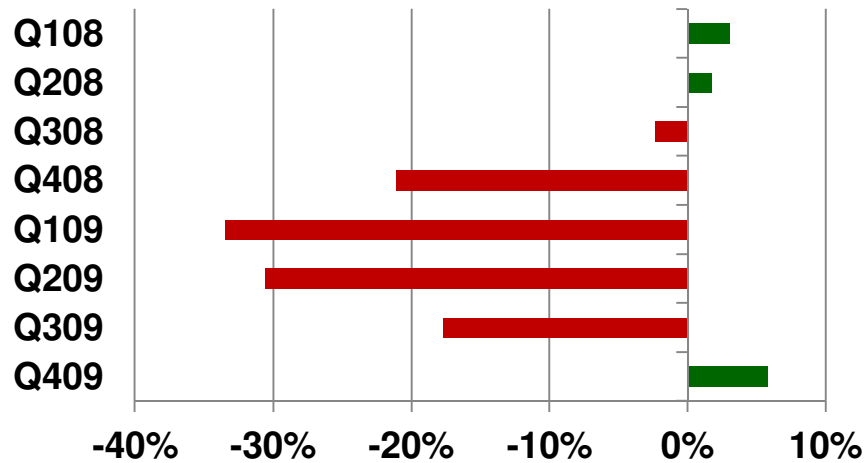
## Full Year

- ✓ Severe global industrial downturn and inventory destocking
- ✓ U.S. automotive OEM production crippled in 1H09
- ✓ Significant structural cost reductions completed
- ✓ Asia now >20% of segment sales, and highest regional margins

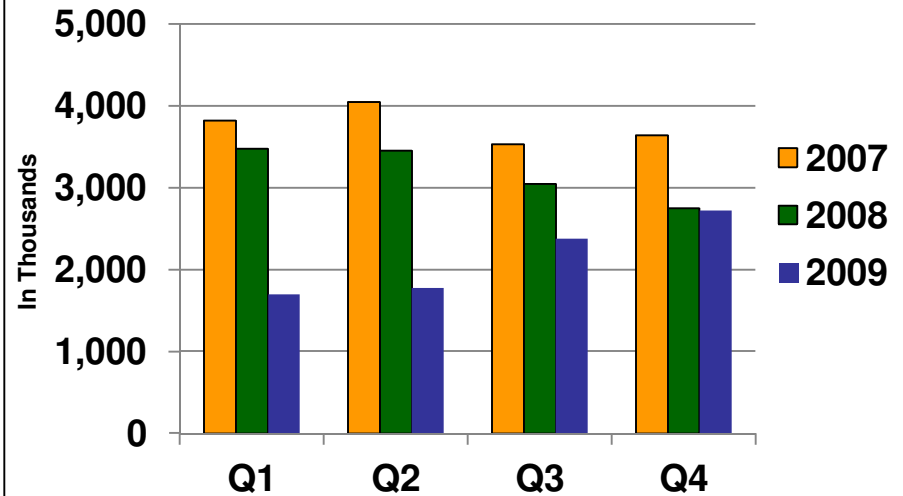
# Industrial Coatings (cont'd.)



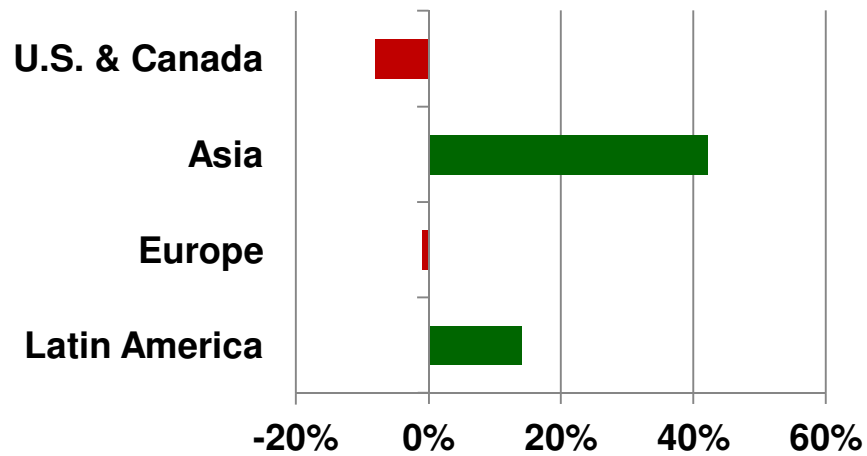
### Segment Volume Change (Y-O-Y)



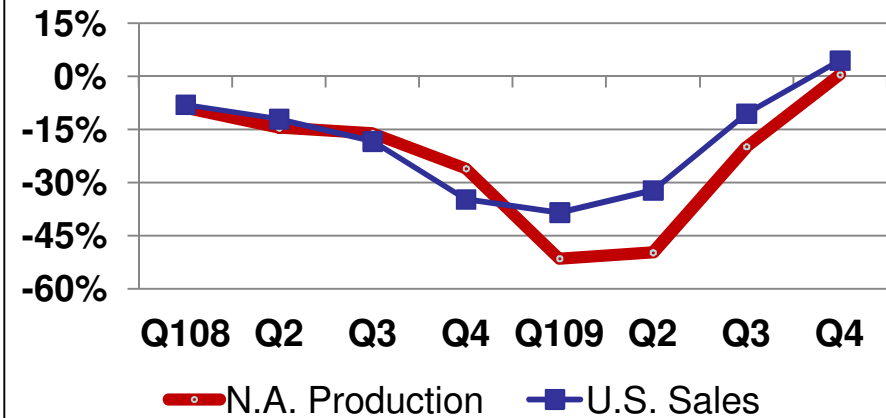
### N.A. Auto Production



### Q409 Segment Volume by Region (Y-O-Y Change)



### Auto OEM Industry Statistics (Y-O-Y Change)



# Performance Coatings



\$MM (USD)	Q409	Q408	Chg	%		2009	2008	Chg	%
<b>Sales</b>	<b>1,026</b>	<b>1,104</b>	<b>-78</b>	<b>-7%</b>		<b>4,095</b>	<b>4,716</b>	<b>-621</b>	<b>-13%</b>
<b>Earnings</b>	<b>149</b>	<b>143</b>	<b>6</b>	<b>4%</b>		<b>551</b>	<b>582</b>	<b>-31</b>	<b>-5%</b>
<b>Margin %</b>	<b>14.5%</b>	<b>13.0%</b>	<b>--</b>	<b>--</b>		<b>13.5%</b>	<b>12.3%</b>	<b>--</b>	<b>--</b>

Select Sales Detail	Total	Volume	Currency
Q4 Y-O-Y Change	<b>-7%</b>	<b>-14%</b>	<b>4%</b>

Select Sales Detail	Total	Volume	Currency
2009 Y-O-Y Change	<b>-13%</b>	<b>-13%</b>	<b>-3%</b>

## Fourth Quarter

- ✓ Margin / earnings improvement
- ✓ Aerospace and Protective & Marine volumes trending slightly down (later cycle markets)
- ✓ Architectural Coatings: Stores weak, DIY nearly flat
- ✓ Auto Refinish demand weak (limited restocking)
- ✓ Tight cost control

## Full Year

- ✓ Mild earnings erosion in difficult economy
- ✓ Currency \$24MM earnings headwind
- ✓ Stable volume trends: Quarter and year down low- to mid-teen percents
- ✓ Large inventory destocking occurred in Automotive Refinish

# Architectural Coatings – EMEA



\$MM (USD)	Q409	Q408	Chg	%		2009	2008	Chg	%
<b>Sales</b>	457	414	43	10%		1,952	2,249	-297	-13%
<b>Earnings</b>	11	0	11	n/m		128	141	-13	-9%
<b>Depreciation &amp; Amortization</b>						109	121	--	--
<b>EBITDA</b>						237	262	--	--
<b>EBITDA Margin</b>						12.1%	11.6%	--	--

% of Annual Sales (Excl. Currency Impacts)	Q1	Q2	Q3	Q4
<b>2008</b>	24%	30%	28%	18%
<b>2009</b>	23%	30%	28%	19%

## Fourth Quarter

- ✓ Results reflect historical sales seasonality
- ✓ Mid-single-digit percentage volume declines
- ✓ Currency contributed ~\$40MM to sales, ~\$3MM earnings

## Full Year

- ✓ Negative currency headwind of \$19MM on earnings, ~\$200MM on sales
- ✓ Stable volumes (down mid-single-digit percents) and earnings performance during recession
- ✓ Strong cash generation

# Optical & Specialty Materials



\$MM (USD)	Q409	Q408	Chg	%		2009	2008	Chg	%
<b>Sales</b>	<b>245</b>	<b>239</b>	<b>6</b>	<b>3%</b>		<b>1,002</b>	<b>1,134</b>	<b>-132</b>	<b>-12%</b>
<b>Earnings</b>	<b>47</b>	<b>33</b>	<b>14</b>	<b>42%</b>		<b>235</b>	<b>244</b>	<b>-9</b>	<b>-4%</b>
<b>Margin %</b>	<b>19.1%</b>	<b>13.8%</b>	<b>--</b>	<b>--</b>		<b>23.3%</b>	<b>21.5%</b>	<b>--</b>	<b>--</b>

Select Sales Detail	Total	Volume	Currency
Q4 Y-O-Y Change	<b>3%</b>	<b>-2%</b>	<b>5%</b>

Select Sales Detail	Total	Volume	Currency
2009 Y-O-Y Change	<b>-12%</b>	<b>-10%</b>	<b>-2%</b>

## Fourth Quarter

- ✓ Volume recovery in Silicas (automotive end-market)
- ✓ Optical sales up modestly
- ✓ Earnings/margin improvement on strong cost management and Silicas volume recovery

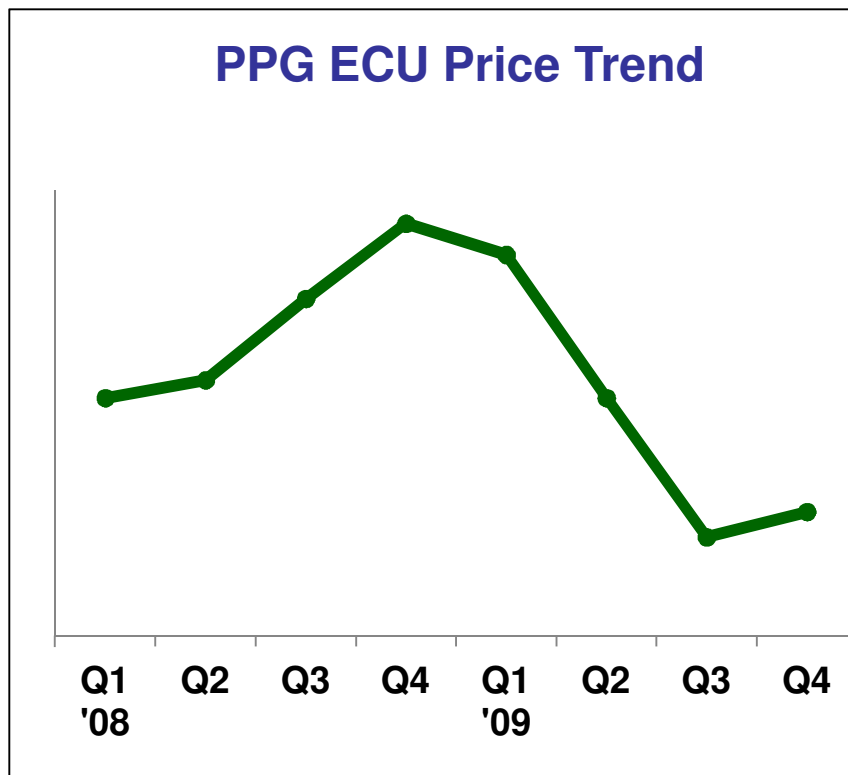
## Full Year

- ✓ Silicas volumes down ~20%
- ✓ Optical volumes down single-digit percents (new product introduction in '08)
- ✓ Transitions growth in Asia region of ~25%

# Commodity Chemicals



\$MM (USD)	Q409	Q408	Chg	%		2009	2008	Chg	%
<b>Sales</b>	<b>306</b>	<b>419</b>	<b>-113</b>	<b>-27%</b>		<b>1,273</b>	<b>1,837</b>	<b>-564</b>	<b>-31%</b>
<b>Earnings</b>	<b>8</b>	<b>88</b>	<b>-80</b>	<b>-91%</b>		<b>152</b>	<b>340</b>	<b>-188</b>	<b>-55%</b>
<b>Margin %</b>	<b>2.6%</b>	<b>21.0%</b>	<b>--</b>	<b>--</b>		<b>11.9%</b>	<b>18.5%</b>	<b>--</b>	<b>--</b>



## Fourth Quarter

- ✓ ECU price lower Y-O-Y, although higher than Q309
- ✓ Higher level of export sales

## Full Year

- ✓ Solid full year performance (12% operating margin)
- ✓ Average natural gas costs ~\$6/MMBTU
- ✓ Good cash generation

# Glass



	Q409	Q408	Chg	%		2009	2008	Chg	%
<b>Sales</b>	223	245	-22	-9%		849	1,914	-1,065	-56%
<b>Earnings</b>	1	-7	8	n/a		-39	70	-109	-156%
<b>Pro-forma (excluding Auto Glass, which was sold 09/30/2008):</b>									
<b>Sales</b>	223	245	-22	-9%		849	1,190	-341	-29%
<b>Earnings</b>	1	-7	8	n/a		-39	54	-93	-172%

Select Sales Detail	Total	Volume	Currency
Q4 Y-O-Y Change	-9%	-4%	2%

Select Sales Detail	Total	Volume	Currency
2009 Y-O-Y Change	-29%	-25%	-1%

## Fourth Quarter

- ✓ Decline in Performance Glazings driven by weakening U.S. commercial construction
- ✓ Gradual global industrial demand improvement aiding Fiber Glass
- ✓ Cost focus continues

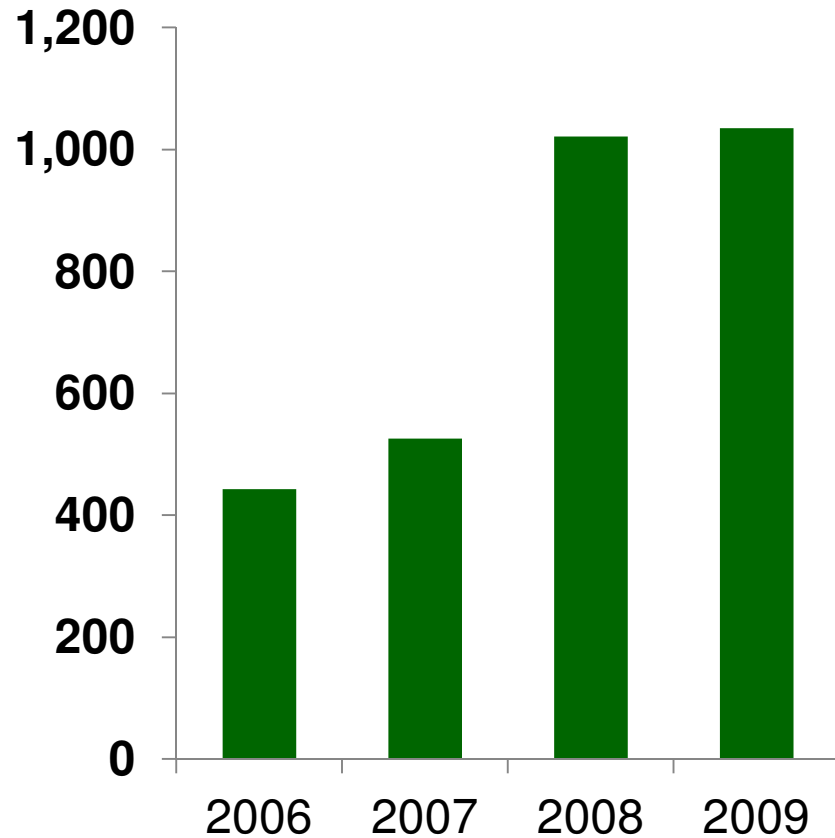
## Full Year

- ✓ Restructuring actions reduced manufacturing capacity in Performance Glazings by >20%
- ✓ Reduction in manufacturing and overhead costs of ~\$25MM
- ✓ Positive cash flow

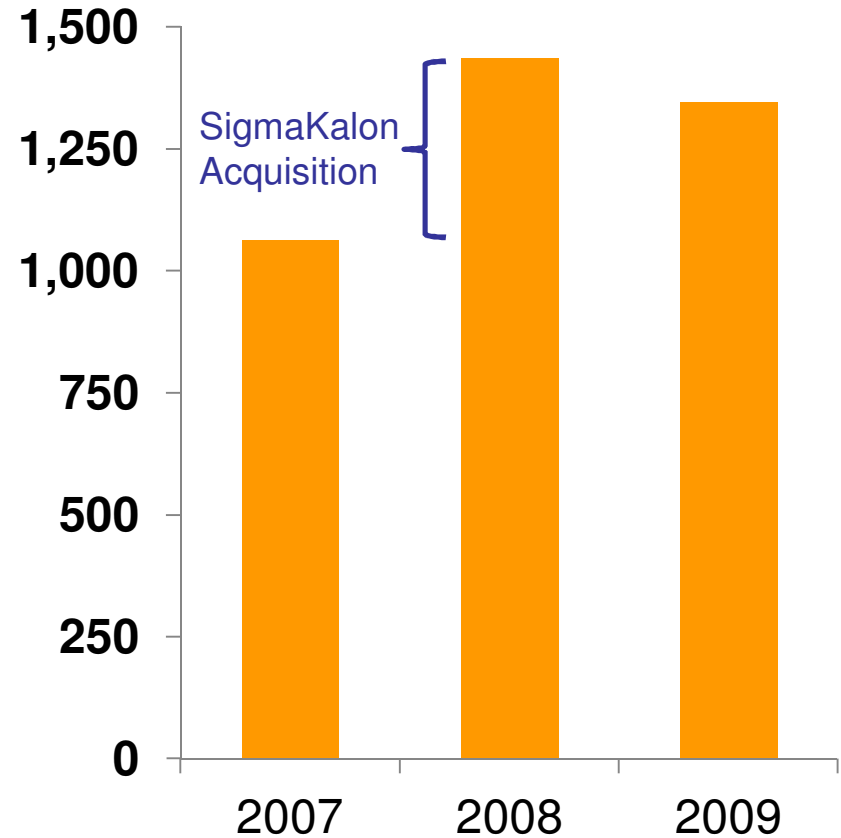
# Cash



### Cash on Hand



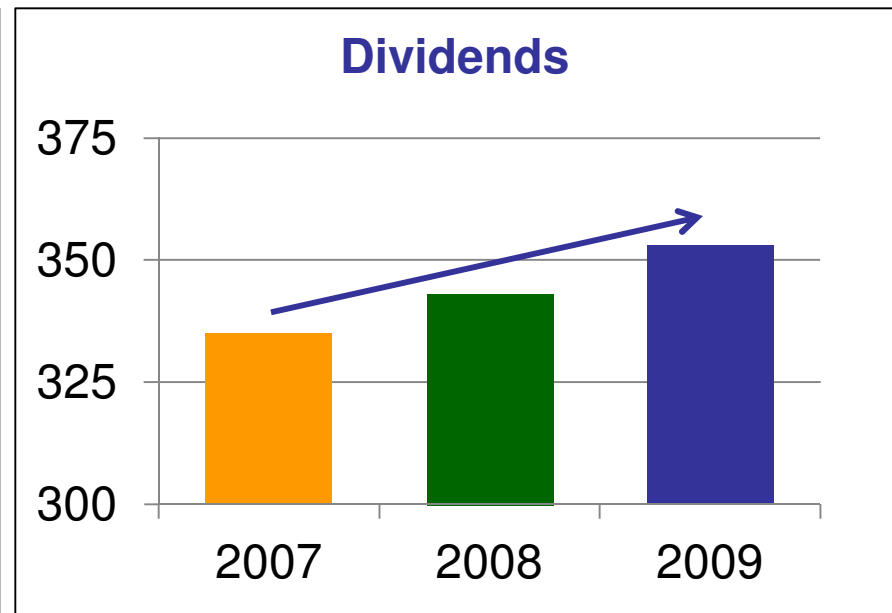
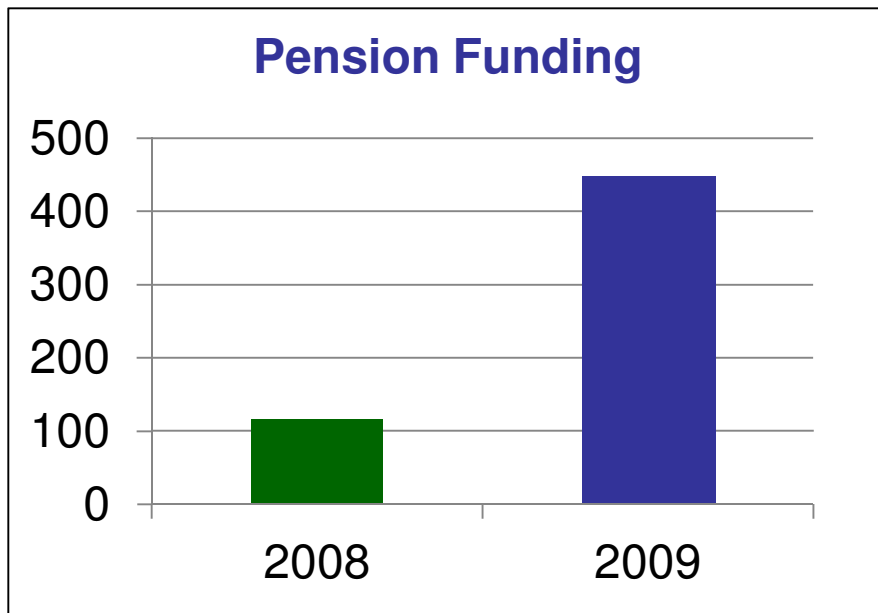
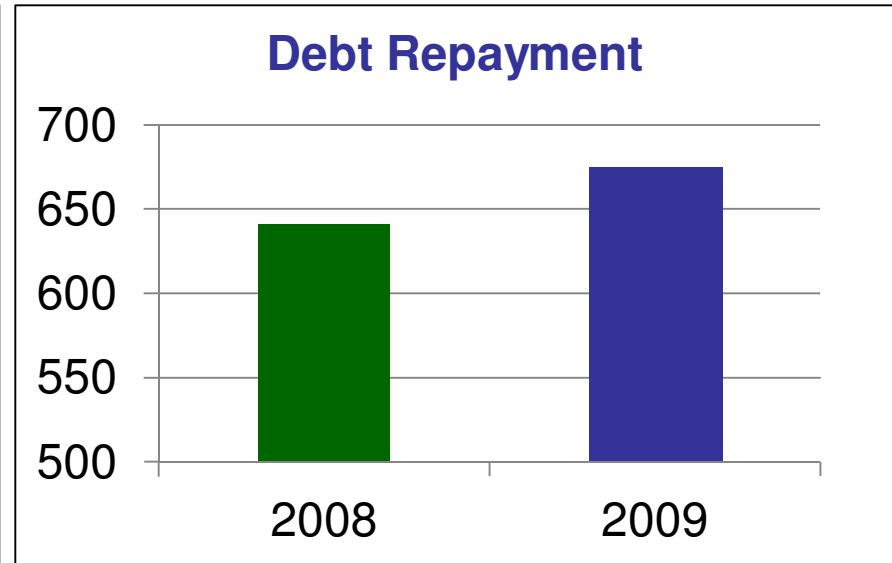
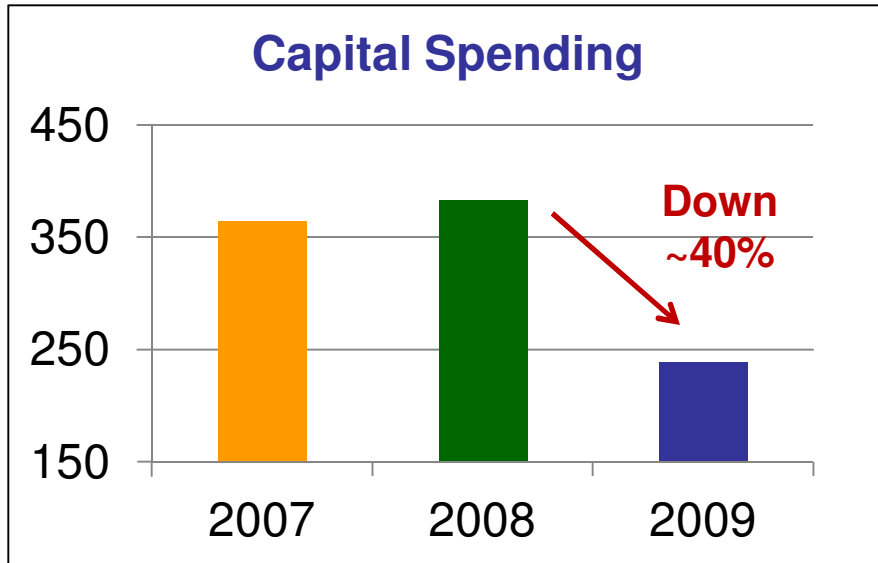
### Cash From Operations



**Significant Step Change from SigmaKalon Acquisition Continues**

Millions of USD

# Cash Uses & Pension Funding



Millions of USD

# Key Financial Data



	<u>2009</u>	<u>2010 (projected)</u>
Pension Expense	\$200	\$160
Full Year Tax Rate	30%	30%
Pension Contribution	\$450	\$200-250
Capital Spending	\$240	\$275-325
Debt Reduction	\$675	\$150-250
Asbestos Trust Funding (aftertax)	--	\$310

Millions of USD, Except Percentages

# For More Information

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Thank you for your interest in PPG Industries, Inc.

## **Investors**

Vince Morales (412) 434-3740

## **Media**

Jeremy Neuhart (412) 434-3046

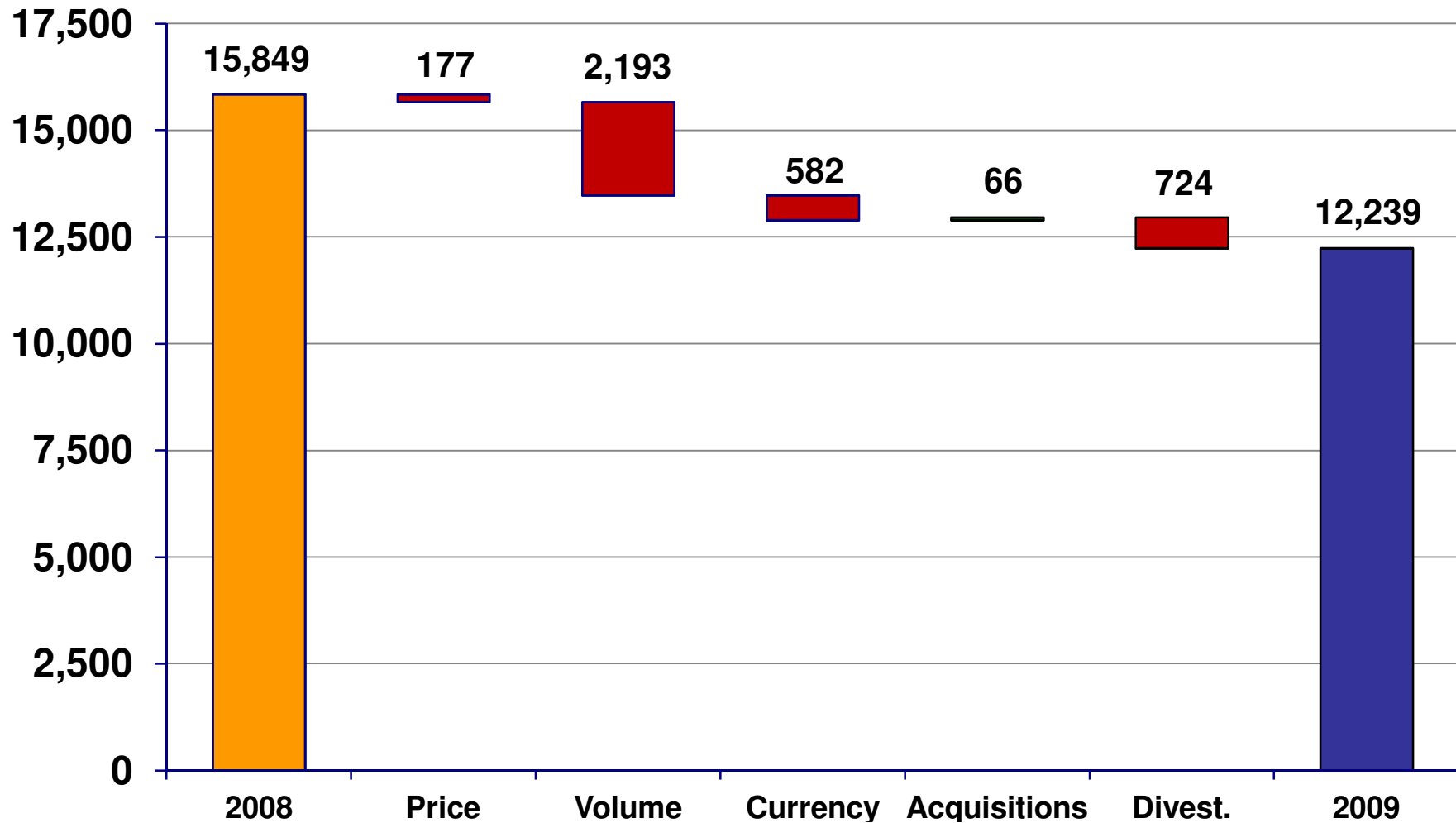
# Appendix

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- 1. PPG 2008 and 2009 Full Year Sales**
- 2. PPG 2007, 2008 and 2009 Quarterly Financial Results Regulation G Reconciliation**

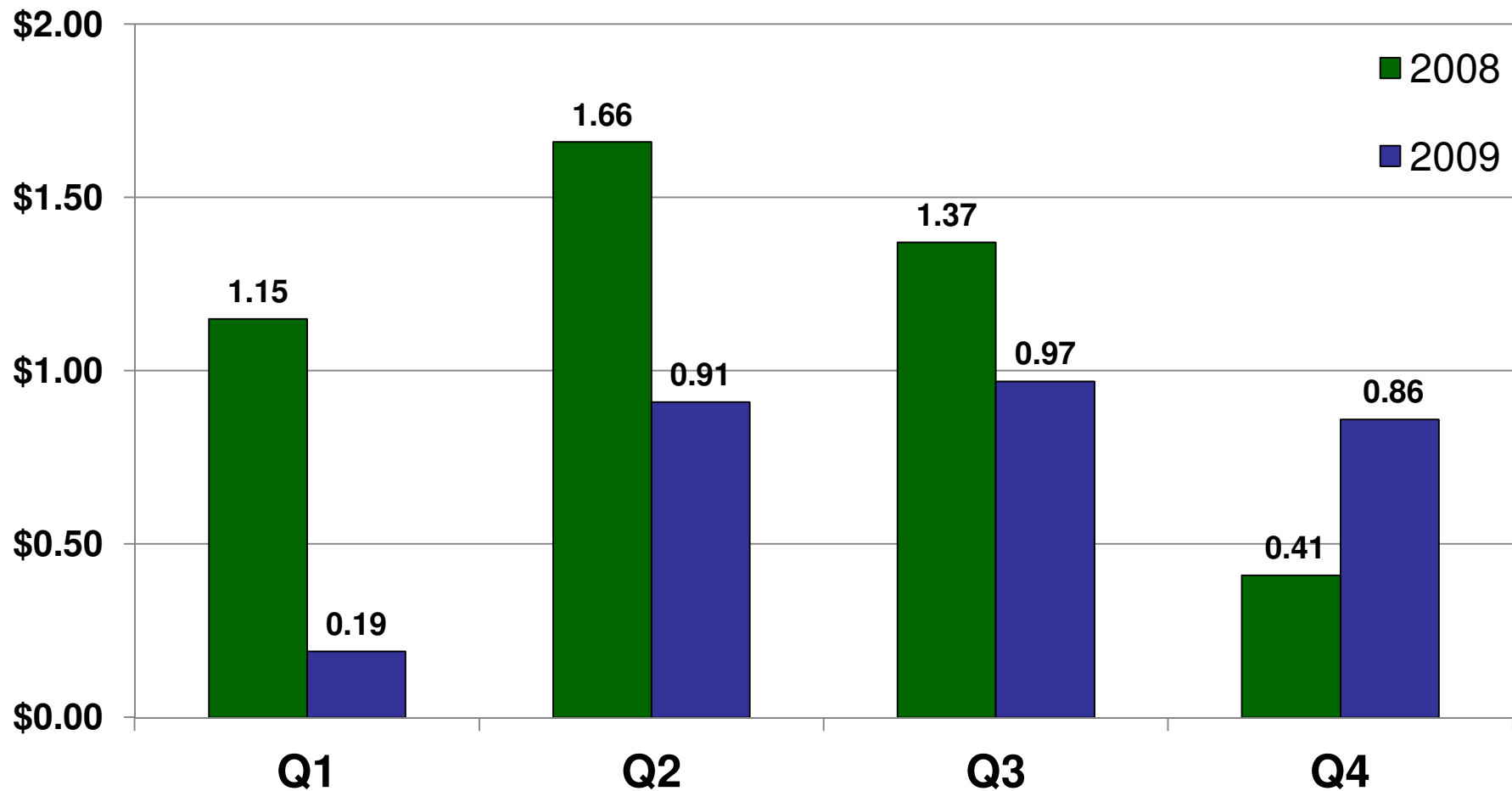
# Full Year PPG Sales



**Decline Stems from Volume, Currency & Auto Glass Divestiture**

Millions of USD

# Adjusted Earnings Per Share \*



**Performance Recovering in Difficult Economic Environment**

\* Adjusted EPS from continuing operations – see presentation appendix for reconciliation to reported EPS.

# Adjusted EPS Reconciliation



First Quarter	2009		2008		2007	
	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>
Net (Loss)/Income Attributable to PPG as Reported	\$(111)	\$(0.68)	\$100	\$0.61	\$194	\$1.17
Net Charge for Asbestos Settlement	2	0.01	--	--	5	0.03
Business Restructuring Charge	141	0.86	--	--	--	--
Acquisition-Related Costs	--	--	89	0.54	--	--
Adjusted Net Income	\$32	\$0.19	\$189	\$1.15	\$199	\$1.20

Millions of USD, Except EPS Amounts

# Adjusted EPS Reconciliation



Second Quarter	2009		2008		2007	
	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>
Net Income Attributable to PPG as Reported	\$146	\$0.89	\$250	\$1.51	\$249	\$1.50
Net Charge for Asbestos Settlement	2	0.02	2	0.01	6	0.03
Auto Glass & Services Depreciation Catch-Up	--	--	11	0.07	--	--
Auto Glass & Services Divestiture Benefits Costs	--	--	12	0.07	--	--
Adjusted Net Income	\$148	\$0.91	\$275	\$1.66	\$255	\$1.53

Millions of USD, Except EPS Amounts

# Adjusted EPS Reconciliation



Third Quarter	2009		2008		2007	
	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>
Net Income Attributable to PPG as Reported	\$159	\$0.96	\$117	\$0.70	\$191	\$1.15
Net Charge for Asbestos Settlement	2	0.01	3	0.02	3	0.02
Restructuring Charge	--	--	110	0.67	--	--
Gain on Sale of Auto Glass & Services Divestiture	--	--	(3)	(0.02)	--	--
Acquisition-Related Costs	--	--	--	--	4	0.03
Glass divestiture Costs	--	--	--	--	11	0.06
Fine Chemicals Divestiture	--	--	--	--	19	0.11
Adjusted Net Income	\$161	\$0.97	\$227	\$1.37	\$228	\$1.37

Millions of USD, Except EPS Amounts

# Adjusted EPS Reconciliation



Fourth Quarter	2009		2008		2007	
	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>	<u>\$\$</u>	<u>EPS</u>
Net Income Attributable to PPG as Reported	\$142	\$0.85	\$71	\$0.43	\$200	\$1.21
Net Charge for Asbestos Settlement	2 ———	0.01 ———	(3) ———	(0.02) ———	1 ———	0.01 ———
Adjusted Net Income	\$144	\$0.86	\$68	\$0.41	\$201	\$1.22

Millions of USD, Except EPS Amounts