PPG First Quarter 2024 Financial Results

Earnings Brief – April 18, 2024

These prepared remarks should be read in conjunction with PPG's earnings press release and related presentation that were posted on PPG's website at investor.ppg.com on April 18, 2024. In addition, these detailed remarks supplement the commentary that the company makes on its first quarter 2024 earnings conference call on April 19, 2024.

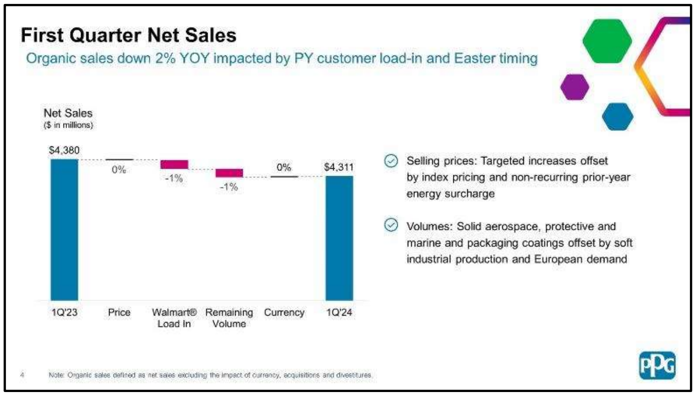
First Quarter 2024 Highlights

PPG achieved first quarter net sales of $4.3 billion, a decrease of 2% compared with the first quarter 2023. PPG's broad and diverse business portfolio benefited from above-market volume growth in China and India, as well as record quarterly net sales in aerospace coatings and a first quarter record in net sales for protective and marine coatings. This was offset by soft global industrial production and lower overall demand in Europe. Year-over-year first quarter sales comparisons were also impacted by a prior-year, $40 million Walmart® sales load-in benefit, the earlier timing of Easter and the absence of energy-related surcharges in Europe.

Reported earnings per diluted share from continuing operations (EPS) was $1.69, compared to $1.11 in the prior-year first quarter. Adjusted EPS was $1.86, up 2% compared to $1.82 in the first quarter 2023, and PPG's second-best Q1 adjusted EPS in the company's history. PPG's combined operating segments delivered earnings growth resulting in aggregate segment margins that were 60 basis points higher than the prior-year first quarter. This marks the sixth consecutive quarter of year-over-year segment margin improvement. A key driver of the improvement was moderating raw material costs from historically high levels. These benefits were partially offset by lower sales volumes and higher selling, general and administrative (SG&A) costs due to certain growth-related investments and wage inflation. PPG has increased growth-related overhead spending, supporting initiatives that will deliver sales volume gains later this year and going forward.

The company made progress on improving its working capital in the first quarter, reducing working capital as a percentage of sales by 60 basis points year over year. While working capital builds in the first quarter for the peak sales months, the company reduced inventory year over year by approximately $270 million, a reduction of four days of inventory. Consistent with the company's capital allocation priorities, and consistent with our legacy, we intend to utilize our strong balance sheet and cash generation to drive shareholder value. The strength in PPG's cash position provided the opportunity to allocate approximately $150 million to share repurchases during the quarter.

In the first quarter, the realized cost of raw materials declined by a high single-digit percentage versus 2023 but remains above historical levels despite the availability of raw materials and logistics being comparable to pre-pandemic conditions. The company expects raw material cost deflation of a mid-single-digit percentage in the second quarter 2024.

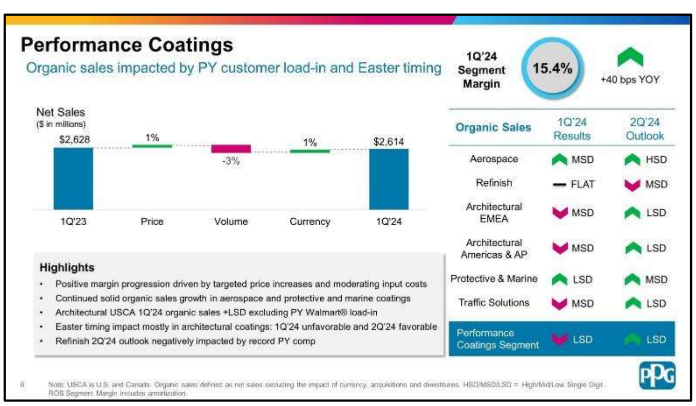


First Quarter Net Sales

First quarter organic sales[(a)] declined 2% over the prior-year first quarter. Aggregate selling price was flat year over year as select structural price increases in the Performance Coatings segment were offset by index price declines, including the impact from the absence of European energy surcharges that were in place in the first quarter 2023, in the Industrial Coatings segment. Overall company sales volumes declined 2% versus the prior-year first quarter, as strength in the protective and marine, aerospace and packaging coatings businesses along with specialty coatings and materials were more than offset by the impact of softer industrial and European demand.

Outlook

In the second quarter, demand is expected to vary by region and business with strength led by continued growth in China and Mexico, as well as global aerospace, protective and marine and packaging coatings, while global industrial production and demand in Europe is anticipated to be at stabilized but low absolute levels. The company estimates that overall organic sales in the second quarter will increase by a low single-digit percentage compared to the second quarter 2023. This includes the benefit of an earlier Easter holiday that is expected to defer sales into the second quarter 2024. PPG has a unique geographic profile, with strong and growing positions in China, Mexico and India. We are confident that this portfolio, along with stabilization and eventual growth in Europe and continued improvement in the U.S., will support PPG's sales volume growth for the second quarter and full year 2024 with progressive improvement through the year. Additionally, PPG's improved manufacturing cadence will be more financially impactful during our peak seasonal quarters, and as we deliver additional volume growth.



Performance Coatings Segment

First quarter 2024 net sales for the Performance Coatings segment were $2.6 billion, down 1% versus the prior year. Selling prices increased by 1% year over year, sales volume declined 3% and foreign currency translation favorably impacted sales by 1%. Year-over-year first quarter sales volume comparisons were impacted by a prior-year, $40 million Walmart® load-in benefit and the earlier timing of Easter, which shifted an estimated $25 million of sales from the first quarter to the second quarter.

Segment income was $402 million, an increase of 2% versus the prior year, primarily due to higher selling prices and moderating raw material costs partially offset by lower volume and higher SG&A costs driven by wage inflation and growth investments. Segment operating margin improved by 40 basis points year over year.

Aerospace coatings
Aerospace coatings net sales were a record for the fifth consecutive quarter with organic sales increasing by a mid-single-digit percentage compared to the first quarter 2023, led by higher prices and sales volume. This strong growth is despite global air travel remaining about 4% below pre-pandemic levels for both domestic and international flights. Demand remained strong as customer order backlogs increased further, ending the quarter at approximately $275 million. Recovery of demand is expected to continue with organic sales growth anticipated to increase by a high single-digit percentage in the second quarter compared to the prior year.

Automotive refinish coatings
First quarter organic sales for automotive refinish coatings were relatively flat versus prior year as higher prices were offset by lower sales volumes. In the U.S., sales volumes declined reflecting a strong prior year comparable and moderating body shop activity. In Europe, weaker market demand drove a small decline in sales volumes. In China, demand for refinish products is recovering and expected to continue to improve in the coming quarters. In the first quarter, the company continued to grow its LINQ™ services subscriptions and added approximately 80 Moonwalk™ installations, further supporting customer productivity and related share gain. The company expects second quarter global organic sales to decrease by a mid-single-digit percentage compared to record quarterly results in the second quarter 2023.

Architectural coatings – Europe, Middle East, and Africa (EMEA)
First quarter organic sales for architectural coatings – EMEA declined a mid-single-digit percentage year over year, driven by lower sales volumes. Consumer confidence remained weak during the quarter, and the timing of the Easter holiday negatively impacted results by deferring sales into the second quarter 2024. Regional demand remained uneven by country, with challenging sales volumes in western Europe partially offset by strong sales trends in central and eastern Europe. In the second quarter 2024, organic sales are expected to increase by a low single-digit percentage compared to the second quarter 2023, which includes the benefit of the earlier timing of the Easter holiday.

Architectural coatings – Americas and Asia Pacific
Organic sales for architectural coatings – Americas and Asia Pacific declined a mid-single-digit percentage compared to the prior-year first quarter driven by the timing of the Easter holiday and, specific to PPG, lower year-over-year sales volumes compared to an elevated first quarter 2023, which included a $40 million Walmart® load-in. Excluding the customer load-in impact, organic sales for the architectural coatings business in the U.S. and Canada would have increased by a low single-digit percentage. Growth initiatives through our partnership with The Home Depot® drove higher professional contractor net sales, which were offset by moderating declines in DIY. The business also benefited from an increased product assortment at Walmart®. In Mexico, the business continued to benefit from our strong concessionaire network of approximately 5,200 locations. In the second quarter 2024, organic

sales are expected to increase by a low single-digit percentage year over year, driven by strength in Mexico, professional contractor gains and the benefit of deferred sales due to the timing of the Easter holiday.

Protective and marine coatings
Organic sales for protective and marine coatings increased by a low single-digit percentage compared with the prior-year first quarter driven by higher sales volumes. The first quarter was the fourth consecutive quarter with positive year-over-year sales volume growth. Sales volumes were higher mostly due to global energy and marine demand for our sustainably advantaged products. While sales volumes in the U.S. and Canada region and the Asia-Pacific region remain muted, the overall sales pipeline remains solid, and demand for the company's protective coatings products is expected to continue to improve as global infrastructure activity progresses. Second quarter organic sales are expected to increase by a mid-single-digit percentage compared to the prior year.

Traffic solutions
First quarter organic sales for the traffic solutions business decreased by a mid-single-digit percentage compared with the prior-year first quarter due to lower sales volumes and prices. The U.S. business delivered mid-single-digit percentage volume growth in the first quarter which was offset by a challenging environment in Argentina. Seasonally, first quarter and fourth quarter sales in the traffic solutions business are typically more than 50% lower than the second quarter and third quarter due to the difficulty of applying traffic markings in colder temperatures. Second quarter organic sales are expected to increase by a low single-digit percentage compared to the second quarter 2023, and the business is well positioned to benefit from increased U.S. infrastructure spending partially offset by continued weakness in Argentina.

Segment Outlook
Looking ahead, demand in Mexico is expected to remain robust, and we anticipate continued strength in aerospace and protective and marine coatings. In the second quarter, automotive refinish coatings is expected to decline compared to record results last year, and we expect to see the benefit of summer seasonal sales in traffic solutions. In architectural coatings, comparisons to the second quarter 2023 will be positively impacted by the timing of Easter. We expect to realize continued benefits from moderating input costs, and several businesses have implemented targeted, incremental price increases. Aggregate organic sales are anticipated to increase by a low single-digit percentage compared to the second quarter 2023.

Industrial Coatings Segment

First quarter net sales for the Industrial Coatings segment were 1.7 billion, down 3% versus the prior year. Organic sales declined 3% compared to the first quarter 2023. Selling prices declined 2% year over year driven by non-recurring European energy surcharges from the prior year and the impact of index pricing. Sales volume declined 1% due to soft industrial production and lackluster European demand.

Segment income of $249 million was up 4% year over year, mainly due to moderating input costs and improving manufacturing productivity partially offset by lower prices and sales volumes. Segment margin improved by 100 basis points compared to the first quarter 2023, as the company continues to focus on restoring historical margin profiles in each business.

Automotive OEM coatings

Organic sales decreased by a low single-digit percentage compared to the first quarter 2023 driven by lower sales volumes and lower indexed-based selling prices. Sales volumes increased in the Asia-Pacific and Latin America regions offset by declines in the U.S. and Europe. In Western Europe, automotive industry build rates were lower than prior year in the first quarter. In China, automotive retail sales activity continued to be solid, along with exports, which have grown about 33% year over year. PPG is well positioned in China with a growing share, and we continue to increase product content in a rapidly growing electric vehicle market. Industry sources are forecasting global automotive OEM industry builds to be flat in the 2024 calendar year with the U.S. flat to slightly up, Europe down by a low single-digit percentage, and Latin America and Asia Pacific up by a low single-digit percentage. Second quarter organic sales are expected to decrease by a low single-digit percentage compared to the prior year with robust growth in the Asia-Pacific and Latin America regions more than offset by declines in other regions.

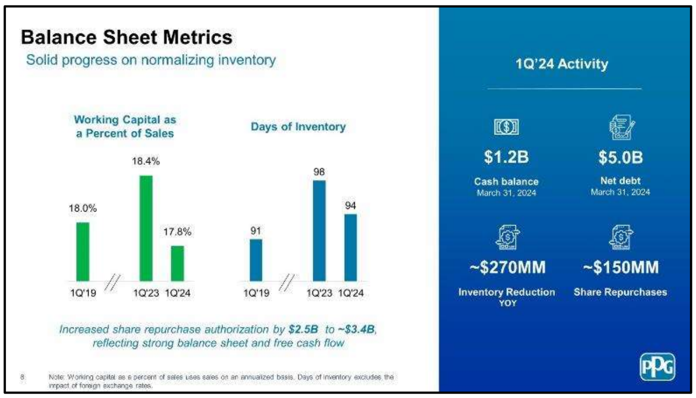
Industrial coatings

First quarter industrial coatings organic sales were down a mid-single-digit percentage compared to the prior year due to lower sales volumes and indexed-based prices. Overall, global industrial production remained sluggish resulting in lower sales volumes in all regions except Asia Pacific where volumes increased by a high single-digit percentage. Demand growth in China is expected to continue for the next several quarters. Sales in most product categories were below prior-year levels, with the most pronounced weaknesses in heavy duty equipment, transportation and general finishes. In the second quarter 2024, organic sales for the business are expected to be relatively flat versus prior year.

Packaging coatings

First quarter organic sales in packaging coatings were approximately the same as the prior year with higher sales volumes led by share gains in the U.S. and the Asia-Pacific region offset by lower, index-driven prices. We believe industry-wide destocking is mostly complete. Moderation of destocking activity and customer wins as a result of PPG's preferred technologies are expected to improve year-over-year comparisons over the next few quarters. Second quarter 2024 organic sales are expected to increase by a low single-digit percentage compared to the prior-year second quarter.

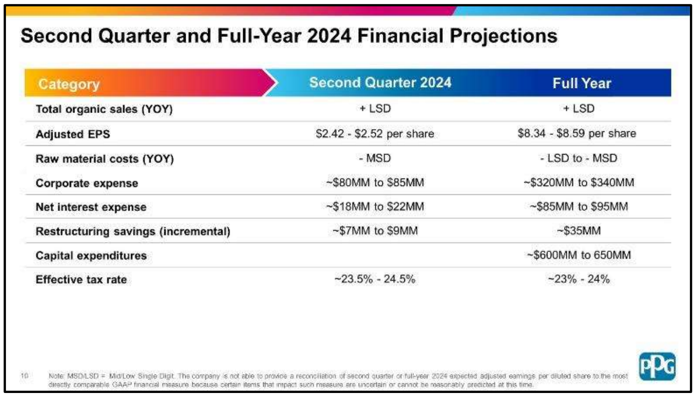
Segment Outlook
Looking ahead, global industrial production is expected to remain at a low level in the second quarter with improvement in the Asia-Pacific region offset by sluggishness in Europe. Aggregate organic sales are anticipated to be similar to the second quarter 2023. Automotive industry build rates are expected to be up modestly in the second quarter with growth in China and Latin America offsetting anticipated declining builds in Europe. Additionally, packaging coatings is expected to have positive sales volume growth in all regions compared to the prior-year second quarter. For the segment, lower prices are anticipated in 2024 due to index pricing and the absence of European energy-related surcharge pricing.



Balance Sheet, Cash and Other
Cash and short-term investments totaled $1.2 billion and net debt totaled $5.0 billion at the end of the first quarter, which is about $800 million lower than the same quarter last year. In the first quarter 2024 operating cash flow used was $60 million, consistent with the company's typical first quarter working capital build in anticipation of the peak sales months. Share repurchases of approximately $150 million were completed during the quarter and in April, PPG received approval from its board of directors to increase the share repurchase authorization by an additional $2.5 billion for a total share buyback authorization of approximately $3.4 billion.

First quarter 2024 additional financial highlights:
- Reduced inventory year over year by approximately $270 million, a reduction of four days in inventory
- Restructuring actions from previously announced programs delivered about $8 million of incremental structural cost savings
- Effective tax rate was 24%
- Corporate expenses were $83 million, which was $16 million higher than the prior year, primarily due to wage inflation, higher benefits costs, and growth investments

First quarter 2024 uses of cash were as follows:
- Capital expenditures were $256 million
- Dividends paid were $153 million
- Shares repurchased were approximately $150 million



Second Quarter and Full-Year 2024 Financial Projections

Category	Second Quarter 2024	Full Year
Total organic sales (YOY)	+ LSD	+ LSD
Adjusted EPS	$2.42 - $2.52 per share	$8.34 - $8.59 per share
Raw material costs (YOY)	- MSD	- LSD to - MSD
Corporate expense	~$80MM to $85MM	~$320MM to $340MM
Net interest expense	~$18MM to $22MM	~$85MM to $95MM
Restructuring savings (incremental)	~$7MM to $9MM	~$35MM
Capital expenditures		~$600MM to 650MM
Effective tax rate	~23.5% - 24.5%	~23% - 24%

10 Note: MSD/LSD = Mid/Low Single Digit. The company is not able to provide a reconciliation of second quarter or full-year 2024 expected adjusted earnings per diluted share to the most directly comparable GAAP financial measure because certain items that impact such measure are uncertain or cannot be reasonably predicted at this time.

Second Quarter and Full-Year 2024 Financial Assumptions

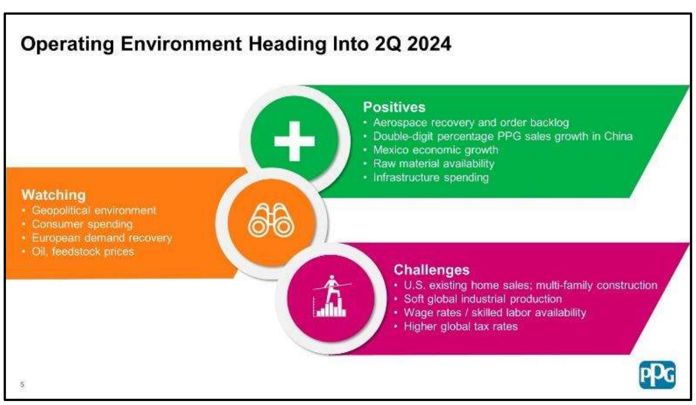
The company provided financial assumptions for the second quarter and full-year 2024 in its accompanying presentation materials based on information that is currently known. A few of the assumptions are highlighted below.

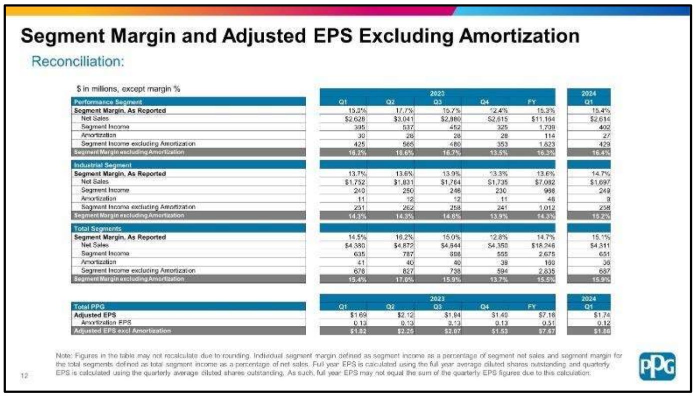
- Second quarter aggregate organic sales expected to be higher by a low single-digit percentage compared to the second quarter 2023; higher by a low single-digit percentage for the full-year 2024
- Second quarter corporate expenses of $80 million to $85 million; $320 million to $340 million for 2024
- Second quarter net interest expense of $18 million to $22 million; $85 million to $95 million for 2024
- Second quarter adjusted earnings per diluted share of $2.42 to $2.52; $8.34 to $8.59 for 2024
- Full-year capital expenditures of approximately $600 million to $650 million in support of future organic growth opportunities and as we continue to recover from lower spending during the pandemic
- Second quarter effective tax rate of 23.5% to 24.5%; 23% to 24% for the full year 2024, higher than prior year due to higher tax rates in certain countries and the geographic mix of earnings

Additional information related to financial projections may be found in the detailed commentary and associated presentation slides related to the first quarter financial information which are posted on the investor section of the company's website.

The company is not able to provide a reconciliation of second-quarter or full-year 2024 expected adjusted earnings per diluted share to the most directly comparable GAAP financial measure without unreasonable effort because certain items that impact such measure are uncertain or cannot be reasonably predicted at this time.

(a) Organic sales are defined as: net sales excluding the impact of currency, acquisitions and divestitures.





Segment Margin and Adjusted EPS Excluding Amortization

Reconciliation:

$ in millions, except margin %

Performance Segment	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2023 FY	2024 Q1
Segment Margin, As Reported	15.0%	17.7%	15.7%	12.4%	15.3%	15.4%
Net Sales	$2,628	$3,041	$2,880	$2,615	$11,164	$2,614
Segment Income	395	537	452	325	1,709	402
Amortization	30	28	28	28	114	27
Segment Income excluding Amortization	425	565	480	353	1,823	429
Segment Margin excluding Amortization	16.2%	18.6%	16.7%	13.5%	16.3%	16.4%
Industrial Segment						
Segment Margin, As Reported	13.7%	13.6%	13.9%	13.3%	13.6%	14.7%
Net Sales	$1,752	$1,831	$1,764	$1,735	$7,082	$1,697
Segment Income	240	250	246	230	968	249
Amortization	11	12	12	11	46	9
Segment Income excluding Amortization	251	262	258	241	1,012	258
Segment Margin excluding Amortization	14.3%	14.3%	14.6%	13.9%	14.3%	15.2%
Total Segments						
Segment Margin, As Reported	14.5%	16.2%	15.0%	12.8%	14.7%	15.1%
Net Sales	$4,380	$4,872	$4,644	$4,350	$18,246	$4,311
Segment Income	635	787	698	555	2,675	651
Amortization	41	40	40	39	160	36
Segment Income excluding Amortization	676	827	738	594	2,835	687
Segment Margin excluding Amortization	15.4%	17.0%	15.9%	13.7%	15.5%	15.9%

Total PPG	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2023 FY	2024 Q1
Adjusted EPS	$1.69	$2.12	$1.94	$1.40	$7.16	$1.74
Amortization EPS	0.13	0.13	0.13	0.13	0.51	0.12
Adjusted EPS excl Amortization	$1.82	$2.25	$2.07	$1.53	$7.67	$1.86

Note: Figures in the table may not recalculate due to rounding. Individual segment margin defined as segment income as a percentage of segment net sales and segment margin for the total segments defined as total segment income as a percentage of net sales. Full year EPS is calculated using the full year average diluted shares outstanding and quarterly EPS is calculated using the quarterly average diluted shares outstanding. As such, full year EPS may not equal the sum of the quarterly EPS figures due to this calculation.

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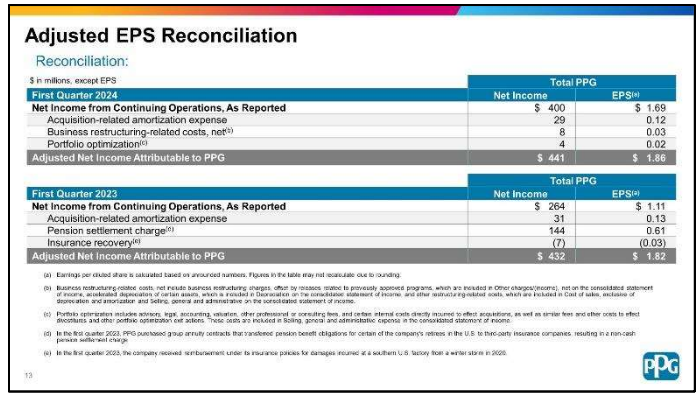

Adjusted EPS Reconciliation

Reconciliation:

$ in millions, except EPS

First Quarter 2024	Total PPG Net Income	Total PPG EPS[(a)]
Net Income from Continuing Operations, As Reported	$ 400	$ 1.69
Acquisition-related amortization expense	29	0.12
Business restructuring-related costs, net[(b)]	8	0.03
Portfolio optimization[(c)]	4	0.02
Adjusted Net Income Attributable to PPG	$ 441	$ 1.86

First Quarter 2023	Total PPG Net Income	Total PPG EPS[(a)]
Net Income from Continuing Operations, As Reported	$ 264	$ 1.11
Acquisition-related amortization expense	31	0.13
Pension settlement charge[(d)]	144	0.61
Insurance recovery[(e)]	(7)	(0.03)
Adjusted Net Income Attributable to PPG	$ 432	$ 1.82

(a) Earnings per diluted share is calculated based on unrounded numbers. Figures in the table may not recalculate due to rounding.

(b) Business restructuring-related costs, net include business restructuring charges, offset by releases related to previously approved programs, which are included in Other charges/(income), net on the consolidated statement of income, accelerated depreciation of certain assets, which is included in Depreciation on the consolidated statement of income, and other restructuring-related costs, which are included in Cost of sales, exclusive of depreciation and amortization and Selling, general and administrative on the consolidated statement of income.

(c) Portfolio optimization includes advisory, legal, accounting, valuation, other professional or consulting fees, and certain internal costs directly incurred to effect acquisitions, as well as similar fees and other costs to effect divestitures and other portfolio optimization exit actions. These costs are included in Selling, general and administrative expense in the consolidated statement of income.

(d) In the first quarter 2023, PPG purchased group annuity contracts that transferred pension benefit obligations for certain of the company's retirees in the U.S. to third-party insurance companies, resulting in a non-cash pension settlement charge.

(e) In the first quarter 2023, the company received reimbursement under its insurance policies for damages incurred at a southern U.S. factory from a winter storm in 2020.

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Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by or on behalf of the company. This earnings brief contains forward-looking statements that reflect the company's current views with respect to future events and financial performance. You can identify forward-looking statements by the fact that they do not relate strictly to current or historic facts. Forward-looking statements are identified by the use of the words "aim," "target," "believe," "expect," "anticipate," "intend," "estimate," "project," "outlook," "forecast" and other expressions that indicate future events and trends. Any forward-looking statement speaks only as of the date on which such statement is made, and the company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our reports to the Securities and Exchange Commission. Also, note the following cautionary statements:

Many factors could cause actual results to differ materially from the company's forward-looking statements. Such factors include statements related to the effects on our business of COVID-19, global economic conditions, geopolitical issues, increasing price and product competition by our competitors, fluctuations in cost and availability of raw materials, energy, labor and logistics, the ability to achieve selling price increases, the ability to recover margins, customer inventory and production levels, the ability to maintain favorable supplier relationships and arrangements, the timing of realization of anticipated cost savings from restructuring and other initiatives, the ability to identify additional cost savings opportunities, the timing and expected benefits of our acquisitions, 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, the unpredictability of existing and possible future litigation, including asbestos litigation, and governmental investigations. However, it is not possible to predict or identify all such factors. Consequently, while the list of factors presented here and in our 2023 Annual Report on Form 10-K, 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, lower sales or earnings, 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 of this information speaks only as of April 18, 2024 and any distribution of this earnings brief 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, except as otherwise required by applicable law.