



PPG Industries

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News

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PPG posts record fourth quarter, full year sales for 2006 Annual sales surpass \$11 billion

PITTSBURGH, Jan. 18, 2007 – PPG Industries (NYSE:PPG) today reported record sales for the fourth quarter of \$2.8 billion, surpassing fourth quarter 2005 record sales by 11 percent. Fourth quarter net income was \$157 million, or 94 cents a share. Net income includes an aftertax charge of \$3 million, or 2 cents a share, to reflect the net increase in the current value of the company's obligation under its proposed asbestos settlement agreement reported in May 2002, which is subject to pending court proceedings.

That compares with fourth quarter 2005 net income of \$113 million, or 68 cents a share. This included aftertax charges of \$17 million, or 10 cents a share, for the impairment of certain assets in the company's specialty chemicals business; \$10 million, or 6 cents a share, for direct costs related to the impact of hurricanes Katrina and Rita; and \$3 million, or 2 cents a share, to reflect the net increase in the value of the company's obligation under its proposed asbestos settlement agreement. Sales were \$2.5 billion.

For all of 2006, PPG recorded net income of \$711 million, or \$4.27 per share, including aftertax charges of \$106 million, or 64 cents a share, for estimated legacy environmental remediation costs at sites in New Jersey and Louisiana; \$26 million, or 15 cents a share, for legal settlements; \$23 million, or 14 cents a share, for business restructuring; and \$17 million, or 10 cents a share, to reflect the net increase in the current value of the company's obligation under the proposed asbestos settlement agreement. Net income also includes aftertax earnings of \$24 million, or 14 cents a share, for insurance recoveries. Sales for 2006 were \$11.0 billion, a record for any year.

For all of 2005, PPG recorded net income of \$596 million, or \$3.49 per share, including aftertax charges of \$128 million, or 74 cents a share, for legal settlements; \$21 million, or 12 cents a share, for direct costs related to the impact of hurricanes Katrina and Rita; \$17 million, or 10 cents a share, for the impairment of certain assets in the company's specialty chemicals business; \$12 million, or 7 cents a share, for debt refinancing; and \$13 million, or 8 cents a share, to reflect the net increase in the value of the company's obligation under its proposed asbestos settlement agreement. Net income also included aftertax earnings of \$11 million, or 6 cents a share, for insurance recoveries. Sales for 2005 were \$10.2 billion, a record at that time.

"In the fourth quarter, we are pleased to achieve year-over-year double-digit percentage growth in both sales and earnings per share, despite weakening in several U.S. end markets and related temporary facility shutdowns by customers," said Charles E. Bunch, chairman and chief executive officer of PPG. "In addition to the strong sales and earnings growth in our coatings and optical products businesses, we also saw improvement in our glass results due to actions taken in several of these businesses."

“For the full year, we also delivered double-digit percentage sales increases and related earnings growth in both our coatings and optical products businesses. Despite a difficult fourth quarter, our chlor-alkali chemicals business had one of its best years on record. And, while sales in our glass business segment were flat, our earnings improved,” Bunch said. “These strong fourth quarter and full year financial results continue to validate our strategies and clearly illustrate that we are delivering global profitable growth.

“Looking forward, while we see some ongoing challenges entering 2007 due to continued softness in a few U.S. customer markets, we anticipate that solid global economic conditions will remain. At PPG, we expect to continue capitalizing on this environment with organic growth, especially in emerging regions. Also, our 2006 acquisitions will provide meaningful sales and earnings growth in 2007. Additionally, while we are pleased with recent trends, we continue to work very hard in several of our businesses that are underperforming. In 2007, we will aggressively explore all alternatives for these businesses with the ultimate goal of maximizing shareholder value. Finally, as evidenced in 2006, we remain committed to using our consistent track record of cash generation for the ongoing benefit of our shareholders.”

In the fourth quarter, coatings sales increased \$287 million, or 21 percent, due to the impact of acquisitions, improved sales volumes in Europe and Asia, increased selling prices and a positive foreign currency impact. Segment earnings were up \$25 million due to increased sales volumes, the impact of acquisitions and the positive impact of strengthening foreign currencies. These gains were partially offset by increased costs to support growth and a small casualty loss. Increased selling prices offset the negative impact of inflation.

Glass sales decreased \$35 million, or 6 percent, as a result of reduced volumes in all businesses. Strengthening foreign currencies were offset by a slight decrease in selling prices. Segment earnings were up \$21 million due in large part to other income in our fiber glass business, including higher equity earnings. Also contributing to the increase in earnings were lower manufacturing and natural gas costs. The impact of reduced sales volumes, lower selling prices and higher overhead costs reduced earnings.

Chemicals sales increased \$16 million, or 3 percent, due to increased volumes in most businesses, acquisitions in the company’s optical products business and strengthening foreign currencies, which more than offset lower selling prices in the chlor-alkali business. Segment earnings were up \$56 million, due in part, to the absence of charges recorded in 2005 for an asset impairment and direct hurricane costs totaling \$43 million. Lower energy costs, primarily natural gas, provided an equal offset to lower selling prices. The positive impact of increased sales volumes and lower environmental costs was partially offset by higher manufacturing costs.

About PPG

Pittsburgh-based PPG is a global supplier of coatings, chemicals, glass and fiber glass. The company employs more than 33,000 people and has 122 manufacturing facilities and equity affiliates in more than 20 countries. Sales in 2006 were \$11 billion. PPG shares are traded on the New York and Philadelphia stock exchanges (symbol: PPG). For more information, visit www.ppg.com.

Additional Information

Recorded comments by William H. Hernandez, senior vice president and chief financial officer, regarding fourth quarter 2006 results may be heard by telephone at 412-434-2816 until 5 p.m. ET on Friday, Jan. 26. The commentary will also be available on PPG's Web site

(www.ppg.com) at Investor Center/Financial, 4th Qtr Financial Commentary. The commentary may include forward-looking statements or other material information. Additional information, including historical performance, is also available at Investor Center/Financial on PPG's Web site.

Forward-Looking Statements

Statements in this news release relating to matters that are not historical facts are forward-looking statements reflecting the company's current view with respect to future events or objectives and financial or operational performance or results. These matters involve risks and uncertainties as discussed in PPG Industries' periodic reports on Form 10-K and Form 10-Q, and its current report on Form 8-K dated December 22, 2006, filed with the Securities and Exchange Commission. Accordingly, many factors could cause actual results to differ materially from the company's forward-looking statements.

Among these factors are increasing price and product competition by foreign and domestic competitors, fluctuations in cost and availability of raw materials and energy, the ability to maintain favorable supplier relationships and arrangements, economic and political conditions in international markets, foreign exchange rates and fluctuations in such rates, and the unpredictability of possible future litigation, including litigation that could result if the asbestos settlement discussed in PPG's filings with the SEC 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 as 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, operations or liquidity.