

**PPG Industries, Inc.**



# **Third Quarter 2007 Financial Results**

**Comments by:**

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**October 18, 2007**

# Forward-Looking Statement



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 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 Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder. Accordingly, many factors may cause actual results to differ materially from the forward-looking statements contained herein. Such factors include 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, 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, operations or liquidity. All information in this presentation speaks only as of October 18, 2007, and any distribution of this presentation after that date is not intended and will not be construed as updating or confirming such information.

# Business Segment Sales

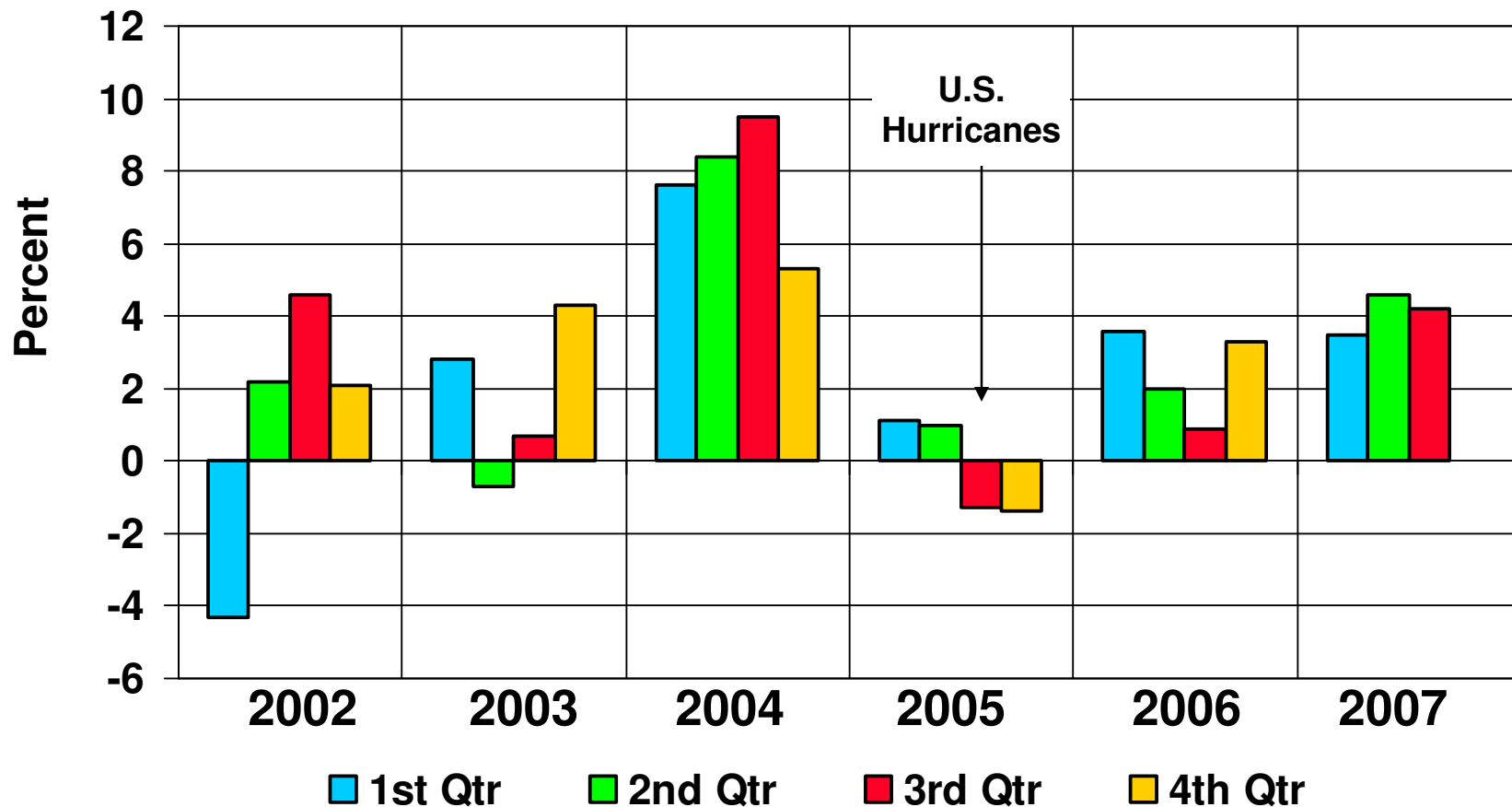


| <b><u>Sales</u></b> (\$ in millions) | 3rd Quarter    |                 |                     |
|--------------------------------------|----------------|-----------------|---------------------|
|                                      | <u>2007</u>    | <u>2006</u>     | <u>%<br/>Change</u> |
| Performance & Applied Coatings       | \$ 963         | \$ 800          | 20%                 |
| Industrial Coatings                  | 901            | 811             | 11%                 |
| Optical & Specialty Materials        | 257            | 230             | 12%                 |
| Commodity Chemicals                  | 400            | 371             | 8%                  |
| Glass                                | <u>302</u>     | <u>292</u>      | <u>3%</u>           |
| <b>Total Segment Sales</b>           | <b>\$2,823</b> | <b>\$ 2,504</b> | <b>13%</b>          |

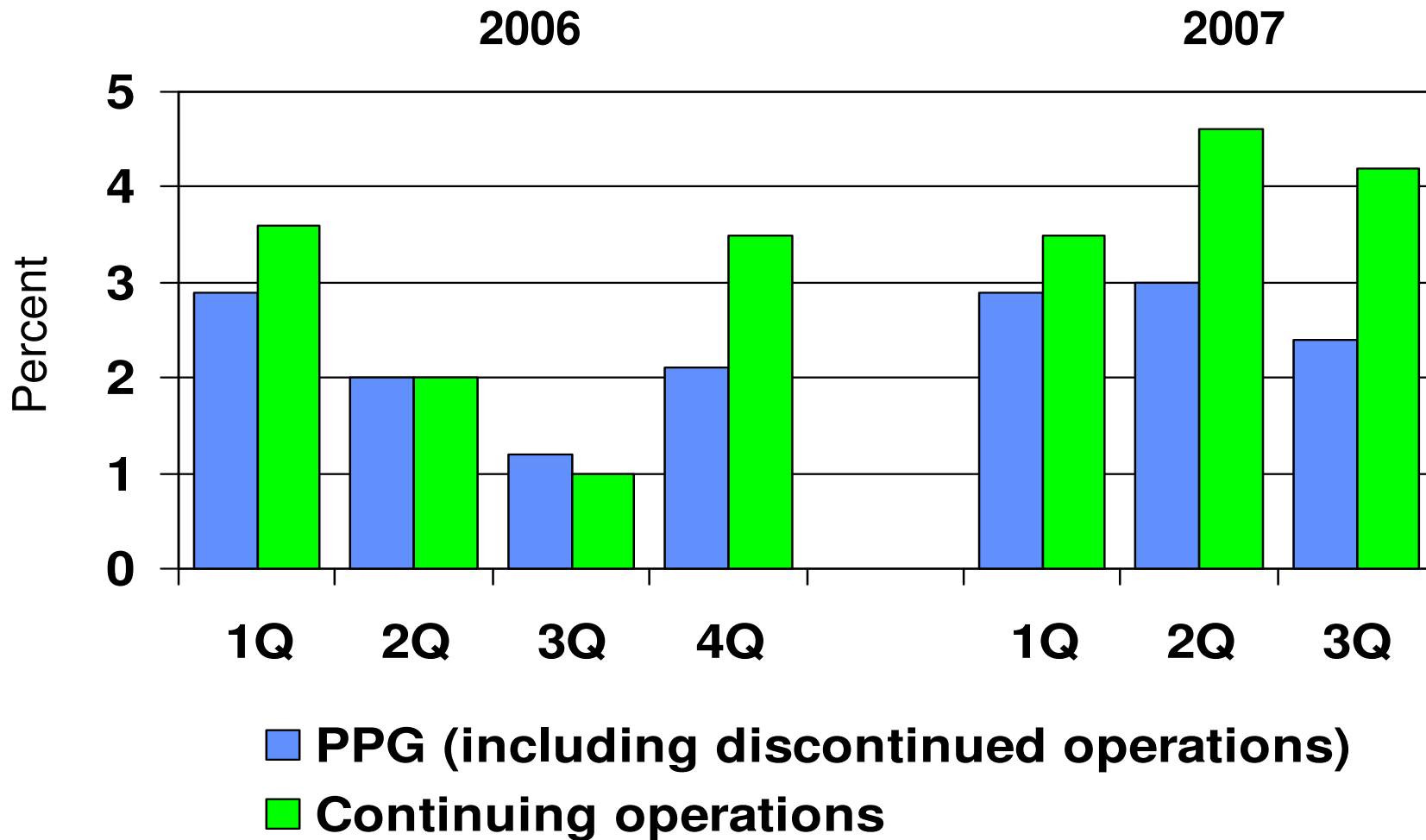
# Quarterly Volume Change PPG



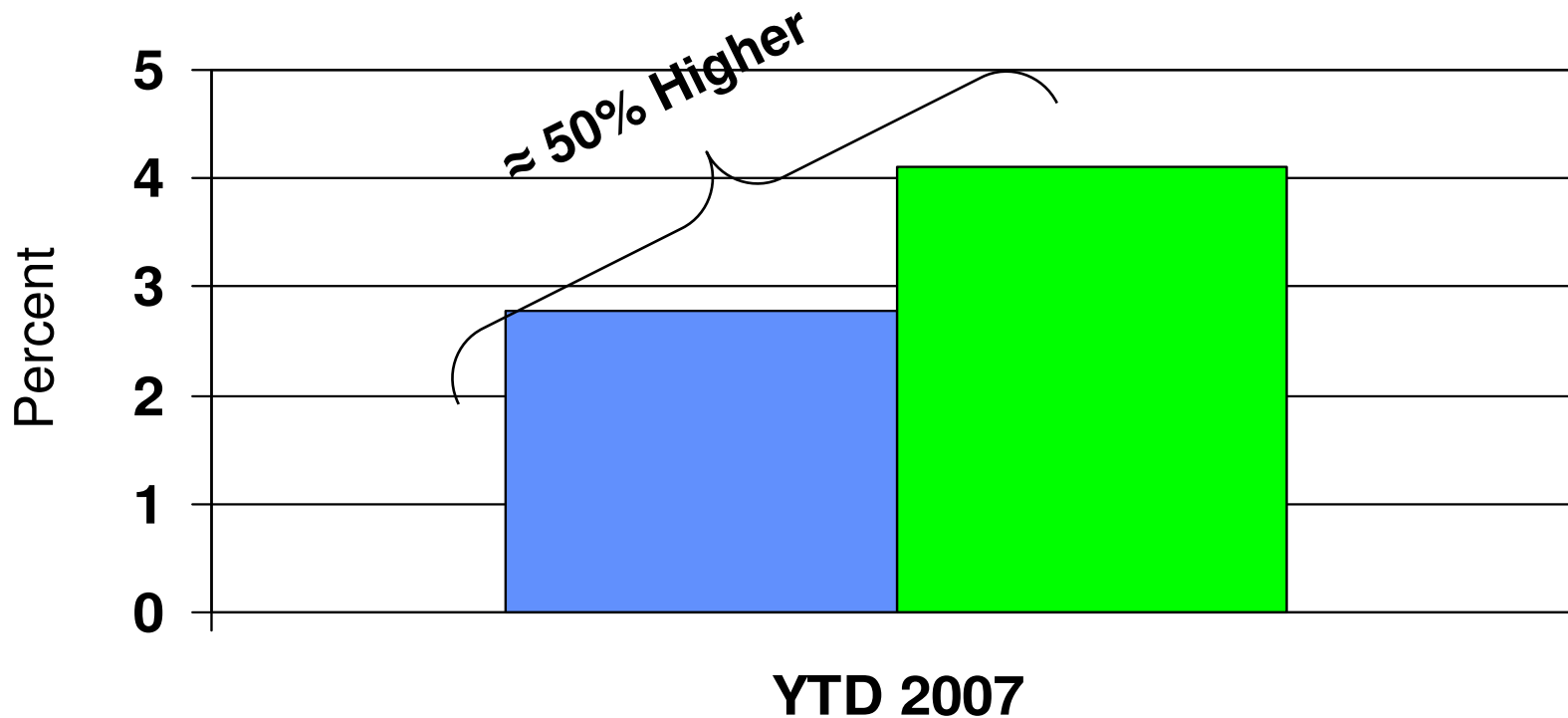
From Prior Year Quarter



# Organic Volume Change



# Organic Volume Change



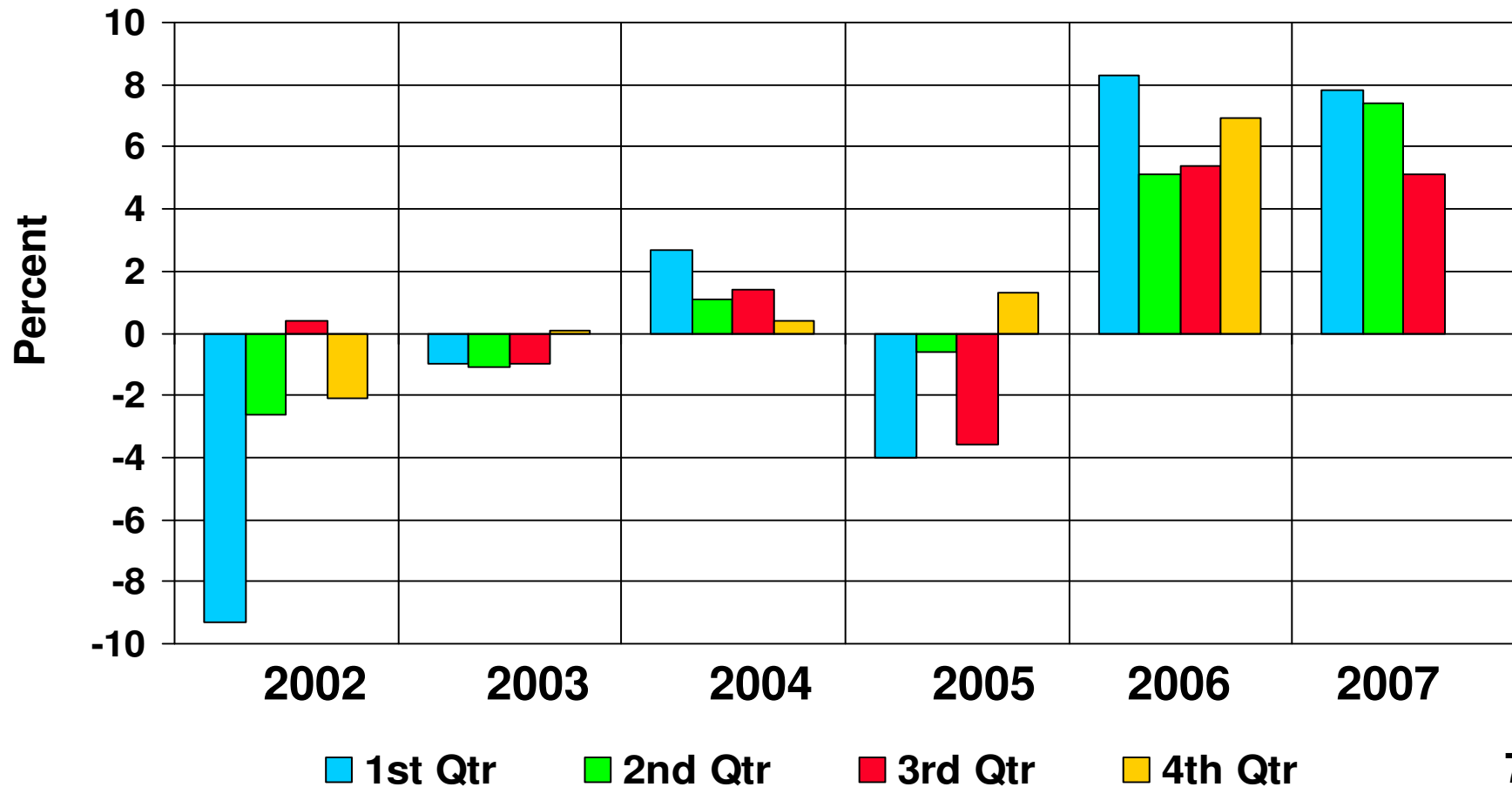
■ PPG (including discontinued operations)

■ Continuing Operations

# Quarterly Volume Change Europe



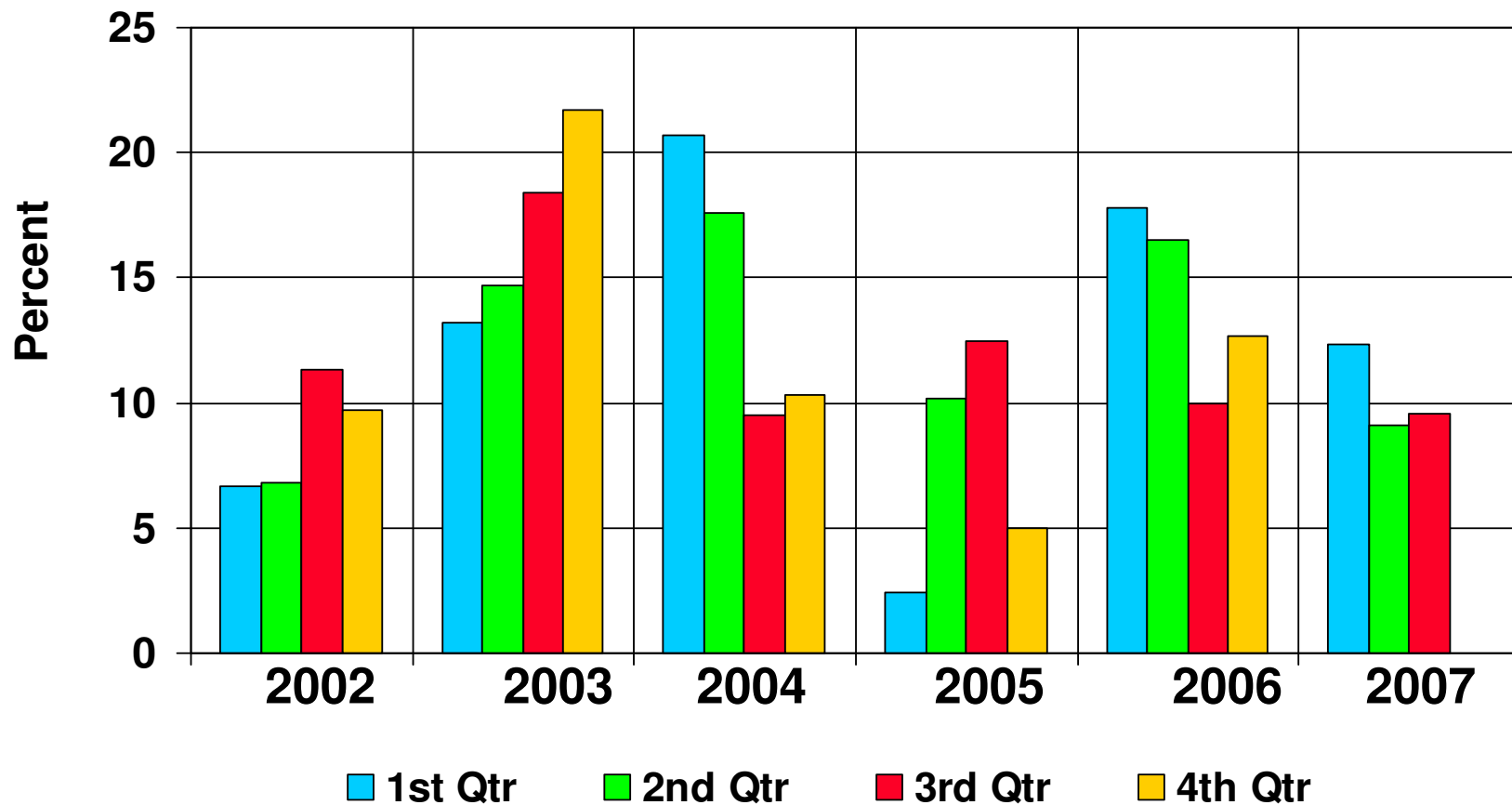
From Prior Year Quarter



# Quarterly Volume Change Asia



From Prior Year Quarter



# Business Segment Earnings



|   | <u>2007</u> | <u>2006</u> | <u>\$ Change</u> |
|---|-------------|-------------|------------------|
| <b><u>Segment Earnings</u></b> (\$ in millions) |             |             |                  |
| Performance & Applied Coatings                  | \$ 140      | \$ 131      | 9                |
| Industrial Coatings                             | 89          | 83          | 6                |
| Optical & Specialty Materials                   | 55          | 53          | 2                |
| Commodity Chemicals                             | 89          | 77          | 12               |
| Glass   | <u>28</u>   | <u>25</u>   | <u>3</u>         |
| <b>Total Segment Earnings</b>                   | \$ 401      | \$ 369      | 32               |

# Third Quarter Comparisons



| Results from Operations       | 2007           |            |                |            |                |            | 2006           |            |                |            |                |            |
|-------------------------------|----------------|------------|----------------|------------|----------------|------------|----------------|------------|----------------|------------|----------------|------------|
|                               | Continuing     |            | Discontinued   |            | Total          |            | Continuing     |            | Discontinued   |            | Total          |            |
|                               | <u>Million</u> | <u>EPS</u> | <u>Million</u> | <u>EPS</u> | <u>Million</u> | <u>EPS</u> | <u>Million</u> | <u>EPS</u> | <u>Million</u> | <u>EPS</u> | <u>Million</u> | <u>EPS</u> |
| Net income (loss) as reported | \$ 215         | \$1.29     | \$ (24)        | \$ (0.14)  | \$ 191         | \$1.15     | \$ 70          | \$0.42     | \$ 20          | \$0.12     | \$ 90          | \$0.54     |
| Asbestos settlement           | 3              | 0.02       | -              | -          | 3              | 0.02       | 4              | 0.02       | -              | -          | 4              | 0.02       |
| Acquisition related costs     | 4              | 0.03       | -              | -          | 4              | 0.03       | -              | -          | -              | -          | -              | -          |
| Fine chemicals divestiture    | -              | -          | 19             | 0.11       | 19             | 0.11       | -              | -          | -              | -          | -              | -          |
| Glass divestiture charge      | -              | -          | 11             | 0.06       | 11             | 0.06       | -              | -          | -              | -          | -              | -          |
| Legacy environmental charge   | -              | -          | -              | -          | -              | -          | 106            | 0.64       | -              | -          | 106            | 0.64       |
| Net legal & insurance         | -              | -          | -              | -          | -              | -          | 14             | 0.08       | -              | -          | 14             | 0.08       |
| Adjusted net income           | \$ 222         | \$1.34     | \$ 6           | \$ 0.03    | \$ 228         | \$1.37     | \$ 194         | \$1.16     | \$ 20          | \$0.12     | \$ 214         | \$1.28     |

Adjusted net income is included in this presentation, together with the most directly comparable GAAP financial measure, because management uses this information in evaluating the results of the continuing operations of the Company and believes this information provides useful insight to investors.

# Economic Indicators



|                                     | <u>3Q 2007</u><br><u>(change from 3Q 2006)</u> |
|-------------------------------------|--|
| U.S. Real GDP*                      | 2.1%   |
| EEC Real GDP*                       | 2.8%   |
| China Real GDP*                     | 10.4%  |
|                                     |  |
| N.A. Vehicle Production             | 1.8%   |
| N.A. Light Vehicle Sales            | -3.0%  |
| Western Europe Auto Production*     | 1.5%   |
| Western Europe, New Registrations   | 1.6%   |
|                                     |  |
| U.S. Industrial Production          | 1.7%   |
|                                     |  |
| U.S. Housing Starts*                | -23.1%   |
| U.S. Commercial Const. (Real Inv.)* | 10.8%  |

\*Estimates

# Key Topics



- Energy & Raw Materials
- Legacy Issues

# Business Performance – Performance & Applied Coatings



|   |              | <u>3rd Quarter</u>                 |                  |                 |                   |
|---|--------------|------------------------------------|------------------|-----------------|-------------------|
|   | <u>2007</u>  | <u>2006</u>                        | <u>\$ Change</u> | <u>% Change</u> |                   |
| Sales                                   | \$ 963       | \$ 800                             | \$ 163           | 20%             |                   |
| Segment Earnings                        | \$ 140       | \$ 131                             | \$ 9             | 7%              |                   |
|   |              | <u>Yr. To Yr. % Change - Sales</u> |                  |                 |                   |
|   | <u>Sales</u> | <u>Volume</u>                      | <u>Price</u>     | <u>Currency</u> | <u>Acq./Other</u> |
| Total Performance &<br>Applied Coatings | 20%          | 1%                                 | 1%               | 4%              | 14%               |
| Architectural Coatings                  | 26%          | -3%                                |                  |                 |                   |
| Aerospace                               | 33%          | 13%                                |                  |                 |                   |
| Automotive Refinish                     | 12%          | 1%                                 |                  |                 |                   |

# Business Performance – Industrial Coatings



|                  | <u>3rd Quarter</u> |             |                  |                 |
|------------------|--------------------|-------------|------------------|-----------------|
|                  | <u>2007</u>        | <u>2006</u> | <u>\$ Change</u> | <u>% Change</u> |
| Sales            | \$ 901             | \$ 811      | \$ 90            | 11%             |
| Segment Earnings | \$ 89              | \$ 83       | \$ 6             | 7%              |

|                           | <u>Yr. To Yr. % Change - Sales</u> |               |              |                 |                   |
|---------------------------|------------------------------------|---------------|--------------|-----------------|-------------------|
|                           | <u>Sales</u>                       | <u>Volume</u> | <u>Price</u> | <u>Currency</u> | <u>Acq./Other</u> |
| Total Industrial Coatings | 11%                                | 5%            | 1%           | 5%              | 0%                |
| Automotive OEM            | 15%                                | 10%           |              |                 |                   |
| Industrial                | 6%                                 | -1%           |              |                 |                   |
| Packaging                 | 13%                                | 3%            |              |                 |                   |

# Business Performance – Optical & Specialty



|                  | <u>3rd Quarter</u> |             |                  |                 |
|------------------|--------------------|-------------|------------------|-----------------|
|                  | <u>2007</u>        | <u>2006</u> | <u>\$ Change</u> | <u>% Change</u> |
| Sales            | \$ 257             | \$ 230      | \$ 27            | 12%             |
| Segment Earnings | \$ 55              | \$ 53       | \$ 2             | 4%              |

|                                     | <u>Yr. To Yr. % Change - Sales</u> |               |              |                 |                   |
|-------------------------------------|------------------------------------|---------------|--------------|-----------------|-------------------|
|                                     | <u>Sales</u>                       | <u>Volume</u> | <u>Price</u> | <u>Currency</u> | <u>Acq./Other</u> |
| Total Optical & Specialty Materials | 12%                                | 8%            | 1%           | 3%              | 0%                |

# Business Performance – Commodity Chemicals



|                  | <u>3rd Quarter</u> |             |                  |                 |
|------------------|--------------------|-------------|------------------|-----------------|
|                  | <u>2007</u>        | <u>2006</u> | <u>\$ Change</u> | <u>% Change</u> |
| Sales            | \$ 400             | \$ 371      | \$ 29            | 8%              |
| Segment Earnings | \$ 89              | \$ 77       | \$ 12            | 16%             |

|                           | <u>Yr. To Yr. % Change - Sales</u> |               |              |                 |                   |
|---------------------------|------------------------------------|---------------|--------------|-----------------|-------------------|
|                           | <u>Sales</u>                       | <u>Volume</u> | <u>Price</u> | <u>Currency</u> | <u>Acq./Other</u> |
| Total Commodity Chemicals | 8%                                 | 7%            | 1%           | 0%              | 0%                |

# Business Performance – Glass



|                  | <u>3rd Quarter</u> |             |                  |                 |
|------------------|--------------------|-------------|------------------|-----------------|
|                  | <u>2007</u>        | <u>2006</u> | <u>\$ Change</u> | <u>% Change</u> |
| Sales            | \$ 302             | \$ 292      | \$ 10            | 3%              |
| Segment Earnings | \$ 28              | \$ 25       | \$ 3             | 12%             |

|                      | <u>Yr. To Yr. % Change - Sales</u> |               |              |                 |                   |
|----------------------|------------------------------------|---------------|--------------|-----------------|-------------------|
|                      | <u>Sales</u>                       | <u>Volume</u> | <u>Price</u> | <u>Currency</u> | <u>Acq./Other</u> |
| Total Glass          | 3%                                 | 2%            | -1%          | 2%              | 0%                |
| Performance Glazings | 1%                                 | 1%            |              |                 |                   |
| Fiber Glass          | 8%                                 | 5%            |              |                 |                   |

# Uses of Cash



- Prudently Fund Businesses
- Dividends
- Debt
  - Pensions
- Acquisitions
- Stock Repurchase

# For More Information



Thank you for your interest in PPG Industries, Inc.

## **Investors**

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