

## Consolidated Statement of Income

	<i>For the Year</i>		
<i>(\$ in millions, except per share amounts)</i>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Net sales	\$15,146	\$15,374	\$14,748
Cost of sales, exclusive of depreciation and amortization	8,653	9,001	8,209
Selling, general and administrative	3,604	3,573	3,554
Depreciation	375	354	331
Amortization	136	143	129
Research and development, net	432	441	451
Interest expense	132	118	105
Interest income	(32)	(23)	(20)
Business restructuring, net	176	66	—
Pension settlement charges	—	—	60
Other charges	98	122	74
Other income	(89)	(114)	(150)
<b>Income before income taxes</b>	<b>\$1,661</b>	<b>\$1,693</b>	<b>\$2,005</b>
Income tax expense	392	353	615
<b>Income from continuing operations</b>	<b>\$1,269</b>	<b>\$1,340</b>	<b>\$1,390</b>
Income from discontinued operations, net of tax	—	18	225
<b>Net income attributable to the controlling and noncontrolling interests</b>	<b>\$1,269</b>	<b>\$1,358</b>	<b>\$1,615</b>
Less: Net income attributable to noncontrolling interests	26	17	21
<b>Net income (attributable to PPG)</b>	<b>\$1,243</b>	<b>\$1,341</b>	<b>\$1,594</b>
<b>Amounts attributable to PPG</b>			
Income from continuing operations, net of tax	\$1,243	\$1,323	\$1,369
Income from discontinued operations, net of tax	—	18	225
<b>Net income (attributable to PPG)</b>	<b>\$1,243</b>	<b>\$1,341</b>	<b>\$1,594</b>
<b>Earnings per common share</b>			
Income from continuing operations, net of tax	\$5.25	\$5.43	\$5.34
Income from discontinued operations, net of tax	—	0.07	0.88
<b>Net income (attributable to PPG)</b>	<b>\$5.25</b>	<b>\$5.50</b>	<b>\$6.22</b>
<b>Earnings per common share - assuming dilution</b>			
Income from continuing operations, net of tax	\$5.22	\$5.40	\$5.31
Income from discontinued operations, net of tax	—	0.07	0.87
<b>Net income (attributable to PPG)</b>	<b>\$5.22</b>	<b>\$5.47</b>	<b>\$6.18</b>

## Consolidated Statement of Comprehensive Income

	<i>For the Year</i>		
<i>(\$ in millions)</i>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Net income attributable to the controlling and noncontrolling interests	\$1,269	\$1,358	\$1,615
Other comprehensive (loss)/income, net of tax			
Defined benefit pension and other postretirement benefits	(156)	9	78
Unrealized foreign currency translation adjustments	106	(155)	248
Derivative financial instruments	(1)	(1)	(10)
Other comprehensive (loss)/income, net of tax	(51)	(147)	316
<b>Total comprehensive income</b>	<b>\$1,218</b>	<b>\$1,211</b>	<b>\$1,931</b>
Less: amounts attributable to noncontrolling interests:			
Net income	(26)	(17)	(21)
Unrealized foreign currency translation adjustments	1	11	(17)
<b>Comprehensive income attributable to PPG</b>	<b>\$1,193</b>	<b>\$1,205</b>	<b>\$1,893</b>

The accompanying notes to the consolidated financial statements are an integral part of these consolidated statements.

# Consolidated Balance Sheet

	December 31	
(\$ in millions)	2019	2018
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$1,216	\$902
Short-term investments	57	61
Receivables	2,756	2,845
Inventories	1,710	1,783
Other current assets	431	370
<b>Total current assets</b>	<b>\$6,170</b>	<b>\$5,961</b>
Property, plant and equipment, net	2,983	2,805
Goodwill	4,470	4,070
Identifiable intangible assets, net	2,131	1,972
Deferred income taxes	220	229
Investments	258	251
Operating lease right-of-use assets	782	—
Other assets	694	727
<b>Total</b>	<b>\$17,708</b>	<b>\$16,015</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$3,496	\$3,623
Restructuring reserves	196	99
Short-term debt and current portion of long-term debt	513	651
Current portion of operating lease liabilities	170	—
<b>Total current liabilities</b>	<b>\$4,375</b>	<b>\$4,373</b>
Long-term debt	4,539	4,365
Operating lease liabilities	622	—
Accrued pensions	745	645
Other postretirement benefits	661	629
Deferred income taxes	452	429
Other liabilities	911	842
<b>Total liabilities</b>	<b>\$12,305</b>	<b>\$11,283</b>
Commitments and contingent liabilities (See Note 14)		
Shareholders' equity		
Common stock	\$969	\$969
Additional paid-in capital	950	788
Retained earnings	18,906	18,131
Treasury stock, at cost	(13,191)	(12,958)
Accumulated other comprehensive loss	(2,350)	(2,300)
<b>Total PPG shareholders' equity</b>	<b>\$5,284</b>	<b>\$4,630</b>
Noncontrolling interests	119	102
<b>Total shareholders' equity</b>	<b>\$5,403</b>	<b>\$4,732</b>
<b>Total</b>	<b>\$17,708</b>	<b>\$16,015</b>

The accompanying notes to the consolidated financial statements are an integral part of this consolidated statement.

# Consolidated Statement of Shareholders' Equity

(\$ in millions)	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive (Loss)/Income	Total PPG	Non-controlling Interests	Total
<b>January 1, 2017</b>	\$969	\$707	\$15,980	(\$10,472)	(\$2,356)	\$4,828	\$87	\$4,915
Net income attributable to the controlling and noncontrolling interests	—	—	1,594	—	—	1,594	21	1,615
Other comprehensive income, net of tax	—	—	—	—	299	299	17	316
Cash dividends	—	—	(434)	—	—	(434)	—	(434)
Purchase of treasury stock	—	—	—	(813)	—	(813)	—	(813)
Issuance of treasury stock	—	49	—	34	—	83	—	83
Dividends paid on subsidiary common stock to noncontrolling interests	—	—	—	—	—	—	(5)	(5)
Reductions in noncontrolling interests	—	—	—	—	—	—	(5)	(5)
<b>December 31, 2017</b>	\$969	\$756	\$17,140	(\$11,251)	(\$2,057)	\$5,557	\$115	\$5,672
Net income attributable to the controlling and noncontrolling interests	—	—	1,341	—	—	1,341	17	1,358
Other comprehensive loss, net of tax	—	—	—	—	(136)	(136)	(11)	(147)
Cash dividends	—	—	(453)	—	—	(453)	—	(453)
Purchase of treasury stock	—	—	—	(1,721)	—	(1,721)	—	(1,721)
Issuance of treasury stock	—	28	—	14	—	42	—	42
Stock-based compensation activity	—	4	—	—	—	4	—	4
Dividends paid on subsidiary common stock to noncontrolling interests	—	—	—	—	—	—	(7)	(7)
Reductions in noncontrolling interests	—	—	—	—	—	—	(12)	(12)
Reclassification from other comprehensive income to retained earnings - Adoption of ASU 2018-02	—	—	107	—	(107)	—	—	—
Adjustment to retained earnings - Adoption of ASU 2016-16	—	—	(4)	—	—	(4)	—	(4)
<b>December 31, 2018</b>	\$969	\$788	\$18,131	(\$12,958)	(\$2,300)	\$4,630	\$102	\$4,732
Net income attributable to the controlling and noncontrolling interests	—	—	1,243	—	—	1,243	26	1,269
Other comprehensive loss, net of tax	—	—	—	—	(50)	(50)	(1)	(51)
Cash dividends	—	—	(468)	—	—	(468)	—	(468)
Purchase of treasury stock	—	—	—	(325)	—	(325)	—	(325)
Issuance of treasury stock	—	151	—	92	—	243	—	243
Stock-based compensation activity	—	10	—	—	—	10	—	10
Dividends paid on subsidiary common stock to noncontrolling interests	—	—	—	—	—	—	(8)	(8)
Other	—	1	—	—	—	1	—	1
<b>December 31, 2019</b>	\$969	\$950	\$18,906	(\$13,191)	(\$2,350)	\$5,284	\$119	\$5,403

The accompanying notes to the consolidated financial statements are an integral part of this consolidated statement.

# Consolidated Statement of Cash Flows

(\$ in millions)	For the Year		
	2019	2018	2017
<b>Operating activities</b>			
Net income attributable to controlling and noncontrolling interests	\$1,269	\$1,358	\$1,615
Less: Income from discontinued operations	—	18	225
Income from continuing operations	\$1,269	\$1,340	\$1,390
Adjustments to reconcile net income to cash from operations:			
Depreciation and amortization	511	497	460
Pension expense	54	43	65
Pension settlement charge	—	—	60
Business restructuring, net	176	66	—
Environmental remediation charges and other costs, net	61	77	—
Stock-based compensation expense	39	37	35
Gain on sale of land	—	(26)	—
Net gain, from sale of businesses	—	—	(25)
Equity affiliate loss/(income), net of dividends	4	(1)	(4)
Deferred income taxes	(5)	45	38
Cash contributions to pension plans	(13)	(99)	(87)
Cash used for restructuring actions	(58)	(66)	(49)
Change in certain asset and liability accounts (net of acquisitions):			
Receivables	121	(69)	(76)
Inventories	145	(109)	(116)
Other current assets	(95)	5	(43)
Accounts payable and accrued liabilities	(63)	(76)	188
Noncurrent assets and liabilities, net	(13)	(207)	(170)
Taxes and interest payable	(32)	50	(129)
Other	(17)	(20)	14
<b>Cash from operating activities - continuing operations</b>	<b>\$2,084</b>	<b>\$1,487</b>	<b>\$1,551</b>
<b>Cash (used for)/from operating activities - discontinued operations</b>	<b>(4)</b>	<b>(20)</b>	<b>17</b>
<b>Cash from operating activities</b>	<b>\$2,080</b>	<b>\$1,467</b>	<b>\$1,568</b>
<b>Investing activities</b>			
Capital expenditures	(\$413)	(\$411)	(\$360)
Business acquisitions, net of cash balances acquired	(643)	(378)	(225)
Payments for acquisition of equity investment	—	—	(100)
Net proceeds from the sale of businesses	—	—	593
Proceeds from sale of land	—	27	—
Payments for the settlement of cross currency swap contracts	(8)	(28)	(34)
Proceeds from the settlement of cross currency swap contracts	28	23	37
Other	27	3	26
<b>Cash used for investing activities - continuing operations</b>	<b>(\$1,009)</b>	<b>(\$764)</b>	<b>(\$63)</b>
<b>Cash used for investing activities - discontinued operations</b>	<b>—</b>	<b>—</b>	<b>(4)</b>
<b>Cash used for investing activities</b>	<b>(\$1,009)</b>	<b>(\$764)</b>	<b>(\$67)</b>
<b>Financing activities</b>			
Net change in borrowings with maturities of three months or less	\$6	(\$1)	(\$7)
Net proceeds/(payments) on commercial paper and short-term debt	100	(2)	(93)
Net proceeds from the issuance of long-term debt (net of discount and issuance costs)	595	992	—
Repayment of long-term debt	(637)	(6)	(588)
Repayment of acquired debt	(23)	—	—
Payments related to tax withholding on stock-based compensation awards	(20)	(15)	(28)
Purchase of treasury stock	(325)	(1,721)	(813)
Issuance of treasury stock	61	15	52
Dividends paid on PPG common stock	(468)	(453)	(434)
Purchase of noncontrolling interest	(39)	—	—
Other	(8)	(14)	(43)
<b>Cash used for financing activities</b>	<b>(\$758)</b>	<b>(\$1,205)</b>	<b>(\$1,954)</b>
Effect of currency exchange rate changes on cash and cash equivalents	1	(32)	69
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>\$314</b>	<b>(\$534)</b>	<b>(\$384)</b>
Cash and cash equivalents, beginning of year	\$902	\$1,436	\$1,820
<b>Cash and cash equivalents, end of year</b>	<b>\$1,216</b>	<b>\$902</b>	<b>\$1,436</b>
<b>Supplemental disclosures of cash flow information:</b>			
Interest paid, net of amount capitalized	\$127	\$108	\$100
Taxes paid, net of refunds	\$348	\$380	\$648
<b>Supplemental disclosure of noncash investing activities:</b>			
Reissuance of common stock for business acquisition	\$164	\$—	\$—

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