

## Consolidated Statement of Income

	For the Year		
(\$ in millions, except per share amounts)	2018	2017	2016
Net sales	\$15,374	\$14,748	\$14,270
Cost of sales, exclusive of depreciation and amortization	9,001	8,209	7,665
Selling, general and administrative	3,573	3,554	3,555
Depreciation	354	331	319
Amortization	143	129	121
Research and development, net	441	451	453
Interest expense	118	105	125
Interest income	(23)	(20)	(26)
Business restructuring, net	66	—	191
Pension settlement charges	—	60	968
Asbestos settlement, net	—	—	5
Other charges	122	74	242
Other income	(114)	(150)	(127)
<b>Income before income taxes</b>	<b>\$1,693</b>	<b>\$2,005</b>	<b>\$779</b>
Income tax expense	353	615	214
<b>Income from continuing operations</b>	<b>\$1,340</b>	<b>\$1,390</b>	<b>\$565</b>
<b>Income from discontinued operations, net of tax</b>	<b>18</b>	<b>225</b>	<b>330</b>
<b>Net income attributable to the controlling and noncontrolling interests</b>	<b>\$1,358</b>	<b>\$1,615</b>	<b>\$895</b>
Less: net income attributable to noncontrolling interests	17	21	22
<b>Net income (attributable to PPG)</b>	<b>\$1,341</b>	<b>\$1,594</b>	<b>\$873</b>
<b>Amounts Attributable to PPG</b>			
Continuing operations	\$1,323	\$1,369	\$543
Discontinued operations	18	225	330
<b>Net income</b>	<b>\$1,341</b>	<b>\$1,594</b>	<b>\$873</b>
<b>Earnings per common share</b>			
Continuing operations	\$5.43	\$5.34	\$2.05
Discontinued operations	0.07	0.88	1.24
<b>Net income (attributable to PPG)</b>	<b>\$5.50</b>	<b>\$6.22</b>	<b>\$3.29</b>
<b>Earnings per common share - assuming dilution</b>			
Continuing operations	\$5.40	\$5.31	\$2.04
Discontinued operations	0.07	0.87	1.23
<b>Net income (attributable to PPG)</b>	<b>\$5.47</b>	<b>\$6.18</b>	<b>\$3.27</b>

## Consolidated Statement of Comprehensive Income

	For the Year		
(\$ in millions)	2018	2017	2016
Net income attributable to the controlling and noncontrolling interests	\$1,358	\$1,615	\$895
Unrealized foreign currency translation (losses)/gains	(155)	248	(476)
Defined benefit pension and other postretirement benefit adjustments	9	78	808
Unrealized (losses)/gains – derivative financial instruments	(1)	(10)	4
<b>Other comprehensive (loss)/income, net of tax</b>	<b>(147)</b>	<b>316</b>	<b>336</b>
<b>Total comprehensive income</b>	<b>\$1,211</b>	<b>\$1,931</b>	<b>\$1,231</b>
Less: amounts attributable to noncontrolling interests:			
Net income	(17)	(21)	(22)
Unrealized foreign currency translation gains/(losses)	11	(17)	10
<b>Comprehensive income attributable to PPG</b>	<b>\$1,205</b>	<b>\$1,893</b>	<b>\$1,219</b>

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

# Consolidated Balance Sheet

	<i>December 31</i>	
(\$ in millions)	<i>2018</i>	<i>2017</i>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$902	\$1,436
Short-term investments	61	55
Receivables	2,845	2,903
Inventories	1,783	1,730
Other	370	353
<i>Total current assets</i>	<i>\$5,961</i>	<i>\$6,477</i>
Property, plant and equipment, net	2,805	2,824
Goodwill	4,070	3,942
Identifiable intangible assets, net	1,972	2,045
Deferred income taxes	229	305
Investments	251	268
Other assets	727	677
<i>Total</i>	<i>\$16,015</i>	<i>\$16,538</i>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$3,623	\$3,781
Restructuring reserves	99	102
Short-term debt and current portion of long-term debt	651	12
<i>Total current liabilities</i>	<i>\$4,373</i>	<i>\$3,895</i>
Long-term debt	4,365	4,134
Accrued pensions	645	729
Other postretirement benefits	629	699
Deferred income taxes	429	442
Other liabilities	842	967
<i>Total liabilities</i>	<i>\$11,283</i>	<i>\$10,866</i>
Commitments and contingent liabilities (See Note 14)		
Shareholders' equity		
Common stock	\$969	\$969
Additional paid-in capital	788	756
Retained earnings	18,131	17,140
Treasury stock, at cost	(12,958)	(11,251)
Accumulated other comprehensive loss	(2,300)	(2,057)
<i>Total PPG shareholders' equity</i>	<i>\$4,630</i>	<i>\$5,557</i>
Noncontrolling interests	102	115
<i>Total shareholders' equity</i>	<i>\$4,732</i>	<i>\$5,672</i>
<i>Total</i>	<i>\$16,015</i>	<i>\$16,538</i>

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		
	2018	2017	2016
<b>Operating activities</b>			
Net income attributable to the controlling and noncontrolling interests	\$1,358	\$1,615	\$895
Less: Income from discontinued operations	18	225	330
Income from continuing operations	\$1,340	\$1,390	\$565
Adjustments to reconcile to cash from operations:			
Depreciation and amortization	497	460	440
Defined benefit pension expense	43	65	85
Pension settlement charge	—	60	968
Business restructuring charge, net	66	—	191
Environmental remediation charges and other costs	77	—	82
Stock-based compensation expense	37	35	45
Gain on sale of land	(26)	—	—
Net gain, from sale of businesses	—	(25)	(39)
Equity affiliate (income)/loss, net of dividends	(1)	(4)	(6)
Deferred income taxes	45	38	171
Contributions to pension plans	(99)	(87)	(188)
Restructuring payments	(66)	(49)	(76)
Funding of asbestos settlement trust	—	—	(813)
Change in certain asset and liability accounts (net of acquisitions):			
Receivables	(69)	(76)	(68)
Inventories	(109)	(116)	56
Other current assets	5	(43)	21
Accounts payable and accrued liabilities	(76)	188	169
Noncurrent assets and liabilities, net	(207)	(170)	(53)
Taxes and interest payable	50	(129)	(268)
Other	(20)	14	(64)
<b>Cash from operating activities - continuing operations</b>	<b>\$1,487</b>	<b>\$1,551</b>	<b>\$1,218</b>
<b>Cash (used for)/from operating activities - discontinued operations</b>	<b>(20)</b>	<b>17</b>	<b>133</b>
<b>Cash from operating activities</b>	<b>\$1,467</b>	<b>\$1,568</b>	<b>\$1,351</b>
<b>Investing activities</b>			
Capital expenditures	(\$411)	(\$360)	(\$380)
Business acquisitions, net of cash balances acquired	(378)	(225)	(349)
Payments for acquisition of equity investment	—	(100)	—
Net proceeds from the sale of businesses	—	593	1,094
Proceeds from sale of land	27	—	—
Proceeds from maturity of short-term investments	—	—	92
Payments for the settlement of cross currency swap contracts	(28)	(34)	(36)
Proceeds from the settlement of cross currency swap contracts	23	37	37
Payments on net investment hedges	—	—	(13)
Other	3	26	27
<b>Cash (used for)/from investing activities - continuing operations</b>	<b>(\$764)</b>	<b>(\$63)</b>	<b>\$472</b>
<b>Cash used for investing activities - discontinued operations</b>	<b>—</b>	<b>(4)</b>	<b>(36)</b>
<b>Cash (used for)/from investing activities</b>	<b>(\$764)</b>	<b>(\$67)</b>	<b>\$436</b>
<b>Financing activities</b>			
Net change in borrowings with maturities of three months or less	(\$1)	(\$7)	(\$15)
Net payments on commercial paper and short-term debt	(2)	(93)	(361)
Net proceeds from the issuance of long-term debt (net of discount and issuance costs)	992	—	988
Repayment of long-term debt	(6)	(588)	(379)
Payments related to tax withholding on stock-based compensation awards	(15)	(28)	(26)
Purchase of treasury stock	(1,721)	(813)	(1,050)
Issuance of treasury stock	15	52	31
Dividends paid on PPG common stock	(453)	(434)	(414)
Other	(14)	(43)	16
<b>Cash used for financing activities</b>	<b>(\$1,205)</b>	<b>(\$1,954)</b>	<b>(\$1,210)</b>
Effect of currency exchange rate changes on cash and cash equivalents	(32)	69	(68)
Net (decrease)/increase in cash and cash equivalents	(\$534)	(\$384)	\$509
Cash and cash equivalents, beginning of year	\$1,436	\$1,820	\$1,311
<b>Cash and cash equivalents, end of year</b>	<b>\$902</b>	<b>\$1,436</b>	<b>\$1,820</b>
<b>Supplemental disclosures of cash flow information:</b>			
Interest paid, net of amount capitalized	\$108	\$100	\$118
Taxes paid, net of refunds	\$380	\$648	\$349

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