

Consolidated Statement of Income

	For the Year		
(\$ in millions, except per share amounts)	2020	2019	2018
Net sales	\$13,834	\$15,146	\$15,374
Cost of sales, exclusive of depreciation and amortization	7,777	8,653	9,001
Selling, general and administrative	3,389	3,604	3,573
Depreciation	371	375	354
Amortization	138	136	143
Research and development, net	379	432	441
Interest expense	138	132	118
Interest income	(23)	(32)	(23)
Impairment charges	93	—	—
Business restructuring	174	176	66
Other charges	104	98	122
Other income	(68)	(89)	(114)
Income before income taxes	\$1,362	\$1,661	\$1,693
Income tax expense	291	392	353
Income from continuing operations	\$1,071	\$1,269	\$1,340
Income from discontinued operations, net of tax	3	—	18
Net income attributable to the controlling and noncontrolling interests	\$1,074	\$1,269	\$1,358
Less: Net income attributable to noncontrolling interests	15	26	17
Net income (attributable to PPG)	\$1,059	\$1,243	\$1,341
Amounts attributable to PPG			
Income from continuing operations, net of tax	\$1,056	\$1,243	\$1,323
Income from discontinued operations, net of tax	3	—	18
Net income (attributable to PPG)	\$1,059	\$1,243	\$1,341
Earnings per common share			
Income from continuing operations, net of tax	\$4.46	\$5.25	\$5.43
Income from discontinued operations, net of tax	0.01	—	0.07
Net income (attributable to PPG)	\$4.47	\$5.25	\$5.50
Earnings per common share - assuming dilution			
Income from continuing operations, net of tax	\$4.44	\$5.22	\$5.40
Income from discontinued operations, net of tax	0.01	—	0.07
Net income (attributable to PPG)	\$4.45	\$5.22	\$5.47

Consolidated Statement of Comprehensive Income

	For the Year		
(\$ in millions)	2020	2019	2018
Net income attributable to the controlling and noncontrolling interests	\$1,074	\$1,269	\$1,358
Other comprehensive (loss)/income, net of tax			
Defined benefit pension and other postretirement benefits	(213)	(156)	9
Unrealized foreign currency translation adjustments	(36)	106	(155)
Derivative financial instruments	—	(1)	(1)
Other comprehensive loss, net of tax	(249)	(51)	(147)
Total comprehensive income	\$825	\$1,218	\$1,211
Less: amounts attributable to noncontrolling interests:			
Net income	(15)	(26)	(17)
Unrealized foreign currency translation adjustments	—	1	11
Comprehensive income attributable to PPG	\$810	\$1,193	\$1,205

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

Consolidated Balance Sheet

	December 31	
(\$ in millions)	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$1,826	\$1,216
Short-term investments	96	57
Receivables	2,726	2,756
Inventories	1,735	1,710
Other current assets	415	431
Total current assets	\$6,798	\$6,170
Property, plant and equipment, net	3,127	2,983
Goodwill	5,102	4,470
Identifiable intangible assets, net	2,351	2,131
Deferred income taxes	379	220
Investments	267	258
Operating lease right-of-use assets	847	782
Other assets	685	694
Total	\$19,556	\$17,708
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$3,792	\$3,496
Restructuring reserves	281	196
Short-term debt and current portion of long-term debt	578	513
Current portion of operating lease liabilities	180	170
Total current liabilities	\$4,831	\$4,375
Long-term debt	5,171	4,539
Operating lease liabilities	677	622
Accrued pensions	945	745
Other postretirement benefits	733	661
Deferred income taxes	435	452
Other liabilities	949	911
Total liabilities	\$13,741	\$12,305
Commitments and contingent liabilities (See Note 14)		
Shareholders' equity		
Common stock	\$969	\$969
Additional paid-in capital	1,008	950
Retained earnings	19,469	18,906
Treasury stock, at cost	(13,158)	(13,191)
Accumulated other comprehensive loss	(2,599)	(2,350)
Total PPG shareholders' equity	\$5,689	\$5,284
Noncontrolling interests	126	119
Total shareholders' equity	\$5,815	\$5,403
Total	\$19,556	\$17,708

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		
	2020	2019	2018
Operating activities			
Net income attributable to controlling and noncontrolling interests	\$1,074	\$1,269	\$1,358
Less: Income from discontinued operations	3	—	18
Income from continuing operations	\$1,071	\$1,269	\$1,340
Adjustments to reconcile net income to cash from operations:			
Depreciation and amortization	509	511	497
Pension expense	43	54	43
Pension curtailment charges	13	—	—
Debt extinguishment charge	7	—	—
Business restructuring, net	174	176	66
Impairment charges	93	—	—
Environmental remediation charges and other costs, net	26	61	77
Stock-based compensation expense	44	39	37
Gain on sale of land	—	—	(26)
Equity affiliate loss/(income), net of dividends	10	4	(1)
Deferred income taxes	(47)	(5)	45
Cash contributions to pension plans	(17)	(13)	(99)
Cash used for restructuring actions	(126)	(58)	(66)
Change in certain asset and liability accounts (net of acquisitions):			
Receivables	187	121	(69)
Inventories	111	145	(109)
Other current assets	49	(95)	5
Accounts payable and accrued liabilities	127	(63)	(76)
Noncurrent assets and liabilities, net	(25)	(13)	(207)
Taxes and interest payable	(108)	(32)	50
Other	(12)	(17)	(20)
Cash from operating activities - continuing operations	\$2,129	\$2,084	\$1,487
Cash from/(used for) operating activities - discontinued operations	1	(4)	(20)
Cash from operating activities	\$2,130	\$2,080	\$1,467
Investing activities			
Capital expenditures	(\$304)	(\$413)	(\$411)
Business acquisitions, net of cash balances acquired	(1,169)	(643)	(378)
Proceeds from sale of land	—	—	27
Payments for the settlement of cross currency swap contracts	(5)	(8)	(28)
Proceeds from the settlement of cross currency swap contracts	22	28	23
Other	9	27	3
Cash used for investing activities	(\$1,447)	(\$1,009)	(\$764)
Financing activities			
Net change in borrowings with maturities of three months or less	(\$6)	\$6	(\$1)
Proceeds on commercial paper and short-term debt, net of payments	1,647	100	(2)
Repayment of Term Loan	(1,100)	—	—
Proceeds from revolving credit facility	800	—	—
Repayment of revolving credit facility	(800)	—	—
Proceeds from the issuance of debt, net of discounts and fees	415	595	992
Repayment of long-term debt	(504)	(637)	(6)
Repayment of acquired debt	(13)	(23)	—
Payments related to tax withholding on stock-based compensation awards	(17)	(20)	(15)
Purchase of treasury stock	—	(325)	(1,721)
Issuance of treasury stock	54	61	15
Dividends paid on PPG common stock	(496)	(468)	(453)
Purchase of noncontrolling interest	—	(39)	—
Other	(39)	(8)	(14)
Cash used for financing activities	(\$59)	(\$758)	(\$1,205)
Effect of currency exchange rate changes on cash and cash equivalents	6	1	(32)
Cash reclassified to assets held for sale	(20)	—	—
Net increase/(decrease) in cash and cash equivalents	\$610	\$314	(\$534)
Cash and cash equivalents, beginning of year	\$1,216	\$902	\$1,436
Cash and cash equivalents, end of year	\$1,826	\$1,216	\$902
Supplemental disclosures of cash flow information:			
Interest paid, net of amount capitalized	\$153	\$127	\$108
Taxes paid, net of refunds	\$367	\$348	\$380
Supplemental disclosure of noncash investing activities:			
Reissuance of common stock for business acquisition	\$—	\$164	\$—

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