

PPG INDUSTRIES INC
Form 10-Q
July 27, 2015
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 or 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For Quarter Ended June 30, 2015
Commission File Number 1-1687

PPG INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Pennsylvania 25-0730780
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

One PPG Place, Pittsburgh, Pennsylvania 15272
(Address of principal executive offices) (Zip Code)
(412) 434-3131
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of June 30, 2015, 270,721,376 shares of the Registrant's common stock, par value \$1.66-2/3 per share, were outstanding.

PPG INDUSTRIES, INC. AND SUBSIDIARIES
INDEX

	PAGE
<u>Part I. Financial Information</u>	
Item 1.	<u>Financial Statements (Unaudited):</u>
	<u>Condensed Consolidated Statement of Income</u> <u>2</u>
	<u>Condensed Consolidated Statement of Comprehensive Income</u> <u>3</u>
	<u>Condensed Consolidated Balance Sheet</u> <u>4</u>
	<u>Condensed Consolidated Statement of Cash Flows</u> <u>5</u>
	<u>Notes to Condensed Consolidated Financial Statements</u> <u>6</u>
Item 2.	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u> <u>28</u>
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u> <u>38</u>
Item 4.	<u>Controls and Procedures</u> <u>38</u>
<u>Part II. Other Information</u>	
Item 1.	<u>Legal Proceedings</u> <u>39</u>
Item 1A.	<u>Risk Factors</u> <u>39</u>
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u> <u>39</u>
Item 6.	<u>Exhibits</u> <u>40</u>
Signature	<u>41</u>

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

PPG INDUSTRIES, INC. AND SUBSIDIARIES

Condensed Consolidated Statement of Income (Unaudited)

(\$ in millions, except per share amounts)

	Three Months		Six Months	
	Ended June 30		Ended June 30	
	2015	2014	2015	2014
Net sales	\$4,100	\$4,082	\$7,762	\$7,718
Cost of sales, exclusive of depreciation and amortization	2,283	2,306	4,348	4,397
Selling, general and administrative	954	985	1,867	1,885
Depreciation	92	84	179	173
Amortization	33	31	66	61
Research and development, net	123	126	242	246
Interest expense	34	48	63	95
Interest income	(10	) (13	) (21	) (25
Business restructuring	140	—	140	—
Asbestos settlement, net	3	3	6	6
Other charges	34	19	59	40
Other income	(38	) (31	) (69	) (56
Income from continuing operations before income taxes	452	524	882	896
Income tax expense	110	125	214	214
Income from continuing operations	342	399	668	682
(Loss) Income from discontinued operations, net of tax	—	(7	) 1	1,011
Net income attributable to the controlling and noncontrolling interests	342	392	669	1,693
Less: Net income attributable to noncontrolling interests	(5	) (6	) (10	) (45
Net income (attributable to PPG)	\$337	\$386	\$659	\$1,648
Amounts attributable to PPG:				
Income from continuing operations, net of tax	\$337	\$393	\$658	\$670
(Loss) Income from discontinued operations, net of tax	—	(7	) 1	978
Net income (attributable to PPG)	\$337	\$386	\$659	\$1,648
Earnings per common share:				
Income from continuing operations, net of tax	\$1.24	\$1.41	\$2.41	\$2.41
(Loss) Income from discontinued operations, net of tax	—	(0.02	) 0.01	3.52
Net income (attributable to PPG)	\$1.24	\$1.39	\$2.42	\$5.93
Earnings per common share – assuming dilution:				
Income from continuing operations, net of tax	\$1.23	\$1.40	\$2.39	\$2.38
(Loss) Income from discontinued operations, net of tax	—	(0.02	) 0.01	3.49
Net income (attributable to PPG)	\$1.23	\$1.38	\$2.40	\$5.87