

PPG INDUSTRIES INC
Form 10-Q
April 24, 2014
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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 March 31, 2014
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 March 31, 2014, 138,260,149 shares of the Registrant's common stock, par value \$1.66-2/3 per share, were outstanding.

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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 Ended March 31		
	2014	2013	
Net sales	\$3,636	\$3,108	
Cost of sales, exclusive of depreciation and amortization	2,091	1,862	
Selling, general and administrative	900	746	
Depreciation	89	75	
Amortization	30	26	
Research and development, net	120	109	
Interest expense	47	53	
Interest income	(12) (10)
Asbestos settlement – net	3	3	
Other charges	21	25	
Other income	(25) (22)
Income before income taxes	372	241	
Income tax expense	89	44	
Income from continuing operations	283	197	
Income from discontinued operations, net of tax	1,018	2,248	
Net income attributable to the controlling and noncontrolling interests	1,301	2,445	
Less: Net income attributable to noncontrolling interests	(39) (35)
Net income (attributable to PPG)	\$1,262	\$2,410	
Amounts attributable to PPG:			
Income from continuing operations, net of tax	\$277	\$191	
Income from discontinued operations, net of tax	985	2,219	
Net income (attributable to PPG)	\$1,262	\$2,410	
Earnings per common share:			
Income from continuing operations, net of tax	\$1.99	\$1.31	
Income from discontinued operations, net of tax	7.08	15.18	
Net income (attributable to PPG)	\$9.07	\$16.49	
Earnings per common share – assuming dilution:			
Income from continuing operations, net of tax	\$1.97	\$1.29	
Income from discontinued operations, net of tax	7.00	15.02	
Net income (attributable to PPG)	\$8.97	\$16.31	
Dividends per common share	\$0.61	\$0.59	

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

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PPG INDUSTRIES, INC. AND SUBSIDIARIES

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

(\$ in millions)

	Three Months Ended March 31	
	2014	2013
Net income attributable to the controlling and noncontrolling interests	\$1,301	\$2,445
Other comprehensive income, net of tax:		
Defined benefit pension and other postretirement benefits	11	181
Unrealized foreign currency translation adjustment	17	(131)
Net change – derivative financial instruments	3	5
Other comprehensive income, net of tax	\$31	\$55
Total comprehensive income	1,332	2,500
Less: amounts attributable to noncontrolling interests:		
Net income	(39)	(35)
Unrealized foreign currency translation adjustment	(1)	3
Comprehensive income attributable to PPG	\$1,292	\$2,468

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

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PPG INDUSTRIES, INC. AND SUBSIDIARIES
 Condensed Consolidated Balance Sheet (Unaudited)
 (\$ in millions)

	March 31, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$2,559	\$1,116
Short-term investments	480	629
Receivables (less allowance for doubtful accounts of \$73 and \$74)	3,016	2,736
Inventories	1,929	1,824
Deferred income taxes	433	425
Other	471	484
Total current assets	8,888	7,214
Property, plant and equipment (net of accumulated depreciation of \$4,696 and \$4,805)	2,724	2,876
Goodwill	2,969	3,008
Identifiable intangible assets, net	1,326	1,339
Deferred income taxes	270	491
Investments	380	393
Other assets	560	542