

PPG Coatings Danmark A/S

Gladsaxevej 300

2860 Søborg

CVR No. 18998696

Annual Report 2017

24. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on

Peter Flemming Sørensen
Chairman

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Management's Statement

Today, Management has considered and adopted the Annual Report of PPG Coatings Danmark A/S for the financial year 1 January 2017 - 31 December 2017.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January 2017 - 31 December 2017.

In our opinion, the Management Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Søborg, 17 May 2018

Executive Board

Peter Flemming Sørensen

Supervisory Board

Steven Pocock
Chairman

Peter Flemming Sørensen

Pascal Tisseyre

Michael Nielsen
Employee Representative

Jan Hollender
Employee Representative

Independent Auditor's Report

To the shareholder of PPG Coatings Danmark A/S

Opinion

We have audited the financial statements of PPG Coatings Danmark A/S for the financial year 1 January 2017 - 31 December 2017, which comprise an income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2017 and of the results of its operations for the financial year 1 January 2017 - 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management considers necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern; disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting in preparing the financial statements unless Management either intends to either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

The auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

Independent Auditor's Report

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- * Identify and assess the risk of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- * Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- * Evaluate whether the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- * Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern
- * Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control which we identify during our audit.

Hellerup, 17 May 2018

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-no. 33771231

Martin Lunden
State Authorised Public Accountant
mne32209

Martin Birch
State Authorised Public Accountant
mne42825

PPG Coatings Danmark A/S

Company details

Company	PPG Coatings Danmark A/S Gladsaxevej 300 2860 Søborg
CVR No.	18998696
Date of formation	18 December 1995
Registered office	Gladsaxe
Financial year	1 January 2017 - 31 December 2017
Supervisory Board	Steven Pocock, Chairman Peter Flemming Sørensen Pascal Tisseyre Michael Nielsen, Employee Representative Jan Hollender, Employee Representative
Executive Board	Peter Flemming Sørensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup CVR-no.: 33771231
Attorneys	Bech-Bruun Advokatpartnerselskab
Bank	Danske Bank A/S Nordea Bank Danmark A/S BNP Paribas Fortis

Management's Review

The Company's principal activities

PPG Coatings Danmark A/S is a wholly-owned subsidiary of PPG Industries Inc. headquartered in Pittsburgh, USA.

The activities of PPG Coatings Danmark A/S comprise production and distribution of paints, wood stain products and speciality products. Our main production takes place at the factory in Søborg, Denmark, but products are also purchased within the PPG Group and from external suppliers. Distribution primarily takes place through the major DIY chains to end-users, or through PPG Coatings Danmark A/S's own professional paint centres where professional decorators buy products and tools. It is PPG Coatings Danmark A/S's objective to be able to deliver quality products and continuously develop technologies that provide additional benefits to our customers.

Development in activities and financial matters

The Company's Income Statement of the financial year 1 January 2017 - 31 December 2017 shows a result of DKK 16.696.518 and the Balance Sheet at 31 December 2017 a balance sheet total of DKK 604.903.741 and an equity of DKK 186.515.427.

In 2017 it was decided to simplify group structure and as part of this Dyrup A/S acquired the shares in PPG Coatings Danmark A/S and hereafter on an extraordinary general assembly meeting held in December 2017 decided to finalize the merger of the 100%-owned subsidiaries PPG Coatings Danmark A/S, +Plus Paint A/S, +Plus Malergrossisten Herlev ApS and +Plus Malergrossisten Vejle ApS into Dyrup A/S. The financial effective date is 1 January 2017. At the same time the company name was changed from Dyrup A/S to PPG Coatings Danmark A/S.

The merger is treated according to the aggregation method with comprise changes in the comparison figures for 2016. As a consequence of the merger the net result for 2016 have been adjusted from DKK 43.850 to DKK 12.646.246 and the equity in 2016 has been adjusted from DKK 206.794.276 to DKK 169.818.909. The adjustment in Equity is mainly related to the difference between the purchase price and the book value of PPG Coatings Danmark A/S.

Expectations for the future

The Company expects its operation profit to be between DKK millions 40 and DKK millions 50 in 2018.

Net profit/loss for the year compared with expected developments in the most recently published annual report

The result is lower than expectations and is mainly due to lower margins and extraordinary write down of DKK millions 15 of the long term investment in group enterprises.

Environmental issues

PPG Coatings Danmark A/S directs targeted efforts at minimising its environmental impact, both when it comes to products and the external environment impact. In 2014 additional improvements were made, which means that the total environmental impact has decreased further. In particular, energy savings have been achieved in heating systems as well as process energy. This work will continue non-stop in the years to come. The parent company PPG Industries has its own environmental management system which PPG Coatings Danmark A/S has committed to implementing; consequently, it has been decided not to maintain the OHS18001 certification as this would be double auditing. As regards occupational safety, considerable improvements have also benefited our employees. PPG pursues objectives of ensuring no waste to the external environment and no occupational accidents in all group enterprises world-wide.

Research and development activities

PPG Coatings Danmark A/S is part of the PPG Group, where research and development is performed all over the world. PPG will continue working at developing new technologies, products and concepts to reduce environmental impacts, based on end-users' need for a logical range of quick and easy to use products and green technologies to be used in existing products.

Management's Review

Intellectual capital resources

The existing and future employees of PPG Coatings Danmark A/S are a key asset to the Company's operations. It will therefore be pivotal that our employees have the right competences to be able also to tackle future challenges. PPG directs targeted worldwide efforts at developing its employees to meet future requirements, and PPG Coatings Danmark A/S is comprised by this programme. It is Management's assessment that PPG Coatings Danmark A/S has the right competences to develop its business positively going forward.

Report on the Gender Distribution in Management, cf. Section 99 b of the Danish Financial Statements Act

PPG fall under the requirement to report on gender diversity within the supreme management body (the Board of Directors) and on other management levels in the organization.

The target set for gender representation set for the Board is to have one woman elected among the three members elected by the annual general assembly no later than 2020. The current status is zero since all members of the Board of Directors were reelected in 2017.

It is the policy of PPG to consider diversity within management (and in the company in general) as a strength for the business and we are actively promoting gender diversity, as it is our ambition to increase the number of women in management.

In 2017 we have continued to ensure both male and female candidates on the shortlist when hiring or promoting employees to management positions. We have also continued to provide equal opportunity for all employees to increase their skills and competences through additional training and education. Through annual conversations with all our employees in management, we have continued to strive to retain and nudge colleagues with management potential and ambitions to seek a career within PPG.

Unfortunately, our efforts have not yet not been registered as a change towards an improvement in gender distribution in management in 2017.

Statement on Corporate Social Responsibility

The overall objective of the PPG Group is to have the highest standards within Corporate Social Responsibility. Further information **on reporting on corporate social responsibility cf. Section 99 a of the Danish Financial Statements Act** can be found at:

<http://investor.ppg.com/~media/Files/P/PPG-IR/financial-information/annual-reports/2017-annual-report.pdf>

Considerable resources have been used to implement the global standards for especially environment and work environment.

Key Figures and Financial Ratios

The development in the Company's key figures and financial ratios can be described as follows:

Numbers appear in thousands

	2017	2016	2015	2014	2013
Revenue	756.401	722.364	755.696	799.883	748.566
Profit from ordinary operating activities	43.447	25.661	12.564	45.224	16.920
Profit/loss for the year	16.697	12.646	27.094	30.207	-25.288
Net financial income and expenses	-5.200	-6.160	-6.859	-6.443	-42.235
Investment in non-current PPE	23.249	13.457	17.686	15.289	7.748
Total assets	604.904	634.903	638.401	677.860	612.257
Total equity	186.515	169.819	264.941	255.894	222.170
Avg. number of full-time employees	272	282	287	284	290
Profit margin (%)	5,74	3,55	3,59	5,65	2,26
Return on equity (ROE) (%)	9,37	5,82	4,84	12,65	-9,59
Return on capital employed (%)	7,01	3,96	4,11	6,95	2,48
Solvency ratio (%)	30,83	26,75	41,50	37,75	36,27

For definitions of key ratios, see Accounting and Valuation Principles. Comparative figures have been adjusted based on the mergers.

Accounting Policies

Reporting Class

The Annual Report of PPG Coatings Danmark A/S for 2017 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

According to section 112(2) and 86(4) of the Danish Financial Statement Act, no consolidated statement or cash flow statement have been prepared. The financial statements of Dyrup A/S and its group enterprises are included in the consolidated financial statements of PPG Industries Inc, Pittsburgh, PA 15222, USA.

The accounting policies applied remain unchanged from last year.

Reporting currency

The Annual Report is presented in Danish kroner.

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

Mergers

In 2017 it was decided to simplify group structure and as part of this Dyrup A/S acquired the shares in PPG Coatings Danmark A/S and hereafter on an extraordinary general assembly meeting held in December 2017 decided to finalize the merger of the 100%-owned subsidiaries PPG Coatings Danmark A/S, +Plus Paint A/S, +Plus Malergrossisten Herlev ApS and +Plus Malergrossisten Vejle ApS into Dyrup A/S. The financial effective date is 1 January 2017. At the same time the company name was changed from Dyrup A/S to PPG Coatings Danmark A/S.

The merger is treated according to the aggregation method with comprise changes in the comparison figures for 2016. As a consequence of the merger the net result for 2016 have been adjusted from DKK 43.850 to DKK 12.646.246 and the equity in 2016 has been adjusted from DKK 206.794.276 to DKK 169.818.909. The adjustment in Equity is mainly related to the difference between the purchase price and the book value of PPG Coatings Danmark A/S.

General Information

Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

Accounting Policies

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Income Statement

Revenue

Income from the sale of goods is recognised in the Income Statement from the date of delivery and when the risk has passed to the buyer if it is possible to calculate the income reliably. The revenue is calculated exclusive of VAT, charges and discounts.

Other operating income

Other operating income comprise items of a secondary nature to the principal activity of the Company.

Change in inventories of finished goods, work in progress and goods for resale.

Change in inventories comprises of the change in inventories of finished goods, work in progress and goods for resale.

Raw materials and consumables

Costs for raw materials and consumables comprise of consumption of goods and services for resale.

Other external expenses

Other external expenses comprise expenses regarding sale and administration.

Employee benefits expense

Staff expenses comprise wages and salaries, pensions and social security costs.

Depreciation, amortisation and impairment losses of property, plant and equipment and intangible assets recognised in the profit or loss

Amortisation and impairment of intangible and tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life :

	Useful life
Acquired intangible assets	5-10 years
Goodwill	5 years
Land and buildings	5-50 years
Plant and machinery	3-30 years
Fixtures and fittings, tools and equipment	3-15 years
Leasehold improvements	5-10 years

The usefull life and residual value for tangible assets are revaluated yearly.

Profit or loss resulting from the sale of intangible or tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

Accounting Policies

Other Finance income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding securities, debt and foreign currency transactions, dividends received from other equity investments, amortisation of financial assets and liabilities.

Tax expence on ordinary activities

Tax on net profit for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity. The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

Balance Sheet

Intangible assets

Goodwill is measured at cost less accumulated amortisation and impairment losses.

An impairment test of goodwill is performed in the event of indications of a decrease in value. The impairment test is performed for the activity or the business area to which the goodwill relates. Goodwill is written down to the higher of the value in use and the net selling price for the activity or business area to which the goodwill relates (recoverable amount) in the event that this one is lower than the carrying amount.

Acquired intangible assets, including licences and acquired rights etc., are measured at cost less accumulated amortisation and impairment losses. An impairment test is performed in the event of indications of a decrease in value. Furthermore, annual impairment tests are performed for ongoing and activated development projects, if any. The impairment test is performed for each individual asset and group of assets, respectively. The assets are written down to the higher of the asset's or assets group's value in use and the net selling price (recoverable amount) in the event that this one is lower than the carrying amount.

Property plant and equipment

Tangible assets are measured at cost, if any, and less accumulated amortisation and impairment losses. Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is available for use.

An impairment test of tangible assets is performed in the event of indications of a decrease in value. The impairment test is performed for each individual asset and group of assets, respectively. The assets are written down to the higher of the asset's or asset group's value in use and the net selling price (recoverable amount) in the event that this one is lower than the carrying amount.

Long term investments in group enterprises

Equity investments in group enterprises and associates are measured at cost. Dividends that exceed accumulated earnings of the group enterprise or the associate during the ownership period are treated as a reduction of the cost. If cost exceeds the net realisable value, a write-down to this lower value will be performed.

Deposits, investments

Deposits are measured at amortised cost which usually corresponds to the nominal value.

Accounting Policies

Inventories

Inventories are measured at cost on the basis of the FIFO principle or at the net realisable value if the latter is lower.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Work in progress and manufactured goods are measured at manufacturing price comprising of cost of goods sold plus direct and indirect production costs.

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Deferred cost

Deferred cost, recognised in assets comprises of prepaid costs regarding subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Provisions

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Other provisions

Other provisions comprise of expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when, at the balance sheet date, the company has a legal or actual obligation and it is likely that settlement will result in the company spending financial resources.

Provisions that are expected to be settled later than a year from the balance sheet date are measured at the present value and the expected payments. Other provisions are measured at net realisable value.

Long-term liabilities other than provisions

Payables to group enterprises are recognised initially at the proceeds received less transaction expenses incurred. In subsequent periods, loans are measured at amortised cost so that the difference between the proceeds and the nominal value is recognised in the Income Statement as an interest expense over the term of the loan.

Short-term liabilities other than provisions

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Accounting Policies

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Explanation of financial ratios

Key figures and financial ratios are determined based on "Recommendations & Financial Ratios" issued by the Danish Society of Financial Analysts.

Profit margin	=	$\frac{\text{Profit from ordinary operating activities X 100}}{\text{Revenue}}$
Return on equity (%)	=	$\frac{\text{Profit/loss for the year}}{\text{Avg. equity}}$
Return on capital employed (%)	=	$\frac{\text{Profit from ordinary operating activities X 100}}{\text{Avg. assets}}$
Solvency Ratio (%)	=	$\frac{\text{Equity X 100}}{\text{Assets}}$

Income Statement

	Note	2017 kr.	2016 kr.
Revenue	1	756.400.750	722.363.615
Change in inventories of finished goods, work in progress and goods for resale		-3.196.178	10.967.119
Other operating income		2.172.800	4.321.019
Raw materials and consumables used		-380.789.419	-360.057.148
Other external expenses		-148.480.112	-145.544.127
Gross result		226.107.841	232.050.478
Employee benefits expense	2	-156.591.220	-155.115.269
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss		-26.069.702	-51.273.975
Profit from ordinary operating activities		43.446.919	25.661.234
Other finance income	3	1.739.330	2.645.954
Impairment of financial assets		-14.495.769	0
Finance expenses	4	-6.939.191	-8.806.016
Profit from ordinary activities before tax		23.751.289	19.501.172
Tax expense on ordinary activities	5	-7.054.771	-6.854.926
Profit		16.696.518	12.646.246
Distribution of profit	6		

Balance Sheet as of 31 December

	Note	2017 kr.	2016 kr.
Assets			
Acquired intangible assets	7	9.756.987	6.367.147
Goodwill	8	283.332	383.332
Intangible assets		10.040.319	6.750.479
Land and buildings	9	119.755.637	138.105.888
Plant and machinery	10	46.768.892	58.468.591
Fixtures, fittings, tools and equipment	11	23.456.570	10.927.098
Leasehold improvements	12	0	63.284
Property, plant and equipment		189.981.099	207.564.861
Long-term investments in group enterprises	13, 14	124.495.515	138.991.284
Deposits, investments	15	4.493.373	3.953.840
Investments		128.988.888	142.945.124
Fixed assets		329.010.306	357.260.464
Raw materials and consumables		14.339.581	14.923.617
Work in progress		5.057.505	3.627.448
Manufactured goods and goods for resale		65.687.413	70.313.648
Inventories		85.084.499	88.864.713
Short-term trade receivables		71.662.539	58.033.241
Short-term receivables from group enterprises		106.550.794	120.602.040
Short-term tax receivables		0	1.985.195
Other short-term receivables		465.152	811.312
Deferred cost		2.881.577	2.921.808
Receivables		181.560.062	184.353.596
Cash and cash equivalents		9.248.874	4.424.518
Current assets		275.893.435	277.642.827
Assets		604.903.741	634.903.291

Balance Sheet as of 31 December

	Note	2017 kr.	2016 kr.
Liabilities and equity			
Contributed capital		110.000.000	110.000.000
Retained earnings		76.515.427	59.818.909
Equity		186.515.427	169.818.909
Provisions for deferred tax	16	7.150.358	6.509.580
Other provisions	17	2.816.745	2.765.830
Provisions		9.967.103	9.275.410
Payables to group enterprises		209.099.328	208.907.945
Long-term liabilities other than provisions	18	209.099.328	208.907.945
Trade payables		140.277.888	93.101.310
Payables to group enterprises		9.640.734	122.821.609
Tax payables		4.084.759	0
Other payables		45.318.503	30.978.108
Short-term liabilities other than provisions		199.321.883	246.901.027
Liabilities other than provisions within the business		408.421.211	455.808.972
Liabilities and equity		604.903.741	634.903.291
Significant events occurring after end of reporting period	19		
Contingent liabilities	20		
Related parties	21		
Fees for auditors elected on the general meeting	22		

PPG Coatings Danmark A/S

Statement of changes in Equity

	Contributed capital	Retained earnings	Total
Equity 1 January 2017	110.000.000	96.974.276	206.974.276
Changes of equity through mergers and business combinations	0	-37.155.367	-37.155.367
Adjusted equity 1 January 2017	110.000.000	59.818.909	169.818.909
Profit (loss)	<u>0</u>	<u>16.696.518</u>	<u>16.696.518</u>
Equity 31 December 2017	<u>110.000.000</u>	<u>76.515.427</u>	<u>186.515.427</u>

The share capital has remained unchanged for the last 5 years.

Notes

	2017	2016
1. Revenue		
Revenue, Denmark	594.194.682	577.175.531
Revenue, Export	156.156.236	145.181.606
	750.350.918	722.357.137
Revenue consists primarily of paint and related products within the architectural coatings industry.		
2. Employee benefits expense		
Wages and salaries	134.618.132	130.569.265
Post-employment benefit expense	12.624.679	12.691.166
Social security contributions	1.438.639	1.458.726
Other employee expense	7.909.770	10.396.112
	156.591.220	155.115.269
Average number of employees	272	282
In accordance with the Danish Financial Act §98B, the employee benefit expense for management is not disclosed.		
3. Finance income		
Finance income from group enterprises	0	242.517
Other finance income	1.739.330	2.403.437
	1.739.330	2.645.954
4. Finance expenses		
Finance expenses arising from group enterprises	4.556.329	4.263.429
Other finance expenses	2.382.862	4.542.587
	6.939.191	8.806.016
5. Tax expense		
Current corporation taxes	7.045.833	8.117.015
Adjustment prior years tax	-631.840	-669.656
Deferred tax	640.778	-592.433
	7.054.771	6.854.926
6. Distribution of profit		
Transferred to retained earnings	16.696.518	12.646.246
	16.696.518	12.646.246

Notes

	2017	2016
7. Acquired intangible assets		
Cost at the beginning of the year	51.134.999	51.134.999
Addition during the year, incl. improvements	4.612.182	0
Cost at the end of the year	55.747.181	51.134.999
Depreciation at the beginning of the year	-44.767.852	-43.954.163
Depreciation for the year	-1.222.342	-813.689
Depreciation at the end of the year	-45.990.194	-44.767.852
Carrying amount at the end of the year	9.756.987	6.367.147
8. Goodwill		
Cost at the beginning of the year	600.000	0
Addition in connection with merger and purchase of enterprise	0	600.000
Cost at the end of the year	600.000	600.000
Depreciation and amortisation at the beginning of the year	-216.668	0
Depreciation and amortisation in connection with merger	0	-116.668
Amortisation for the year	-100.000	-100.000
Impairment losses and amortisation at the end of the year	-316.668	-216.668
Carrying amount at the end of the year	283.332	383.332
9. Land and buildings		
Cost at the beginning of the year	234.475.132	241.954.652
Addition during the year	6.446.001	1.981.550
Disposal during the year	-45.711.144	-6.241.219
Transfers during the year to other items	0	-3.219.851
Cost at the end of the year	195.209.989	234.475.132
Depreciation at the beginning of the year	-96.369.244	-76.942.759
Depreciation for the year	-7.212.111	-9.168.689
Impairment losses for the year	0	-15.100.000
Reversal of impairment losses and amortisation of disposed assets	28.127.003	4.842.204
Impairment losses and depreciation at the end of the year	-75.454.352	-96.369.244
Carrying amount at the end of the year	119.755.637	138.105.888

Notes

	2017	2016
10. Plant and machinery		
Cost at the beginning of the year	223.069.781	210.380.873
Addition in connection with merger and purchase of enterprise	0	3.163.316
Addition during the year	459.975	7.871.947
Disposal during the year	0	-1.566.206
Transfers during the year to other items	0	3.219.851
Cost at the end of the year	223.529.756	223.069.781
Depreciation at the beginning of the year	-164.601.190	-150.112.469
Depreciation and amortisation in connection with merger	0	-2.972.869
Depreciation for the year	-12.159.674	-12.785.933
Reversal of impairment losses and depreciations of disposed assets	0	1.270.081
Impairment losses and depreciation at the end of the year	-176.760.864	-164.601.190
Carrying amount at the end of the year	46.768.892	58.468.591
11. Fixtures, fittings, tools and equipment		
Cost at the beginning of the year	86.195.343	90.197.443
Addition in connection with merger and purchase of enterprise	0	12.706.327
Addition during the year	16.342.659	3.180.209
Disposal during the year	0	-19.888.636
Cost at the end of the year	102.538.002	86.195.343
Depreciation at the beginning of the year	-75.268.245	-71.803.122
Depreciation and amortisation in connection with merger	0	-11.525.341
Depreciations for the year	-3.813.187	-5.946.199
Reversal of impairment losses and depreciation of disposed assets	0	14.006.417
Impairment losses and depreciation at the end of the year	-79.081.432	-75.268.245
Carrying amount at the end of the year	23.456.570	10.927.098
12. Leasehold improvements		
Cost at the beginning of the year	423.658	0
Addition in connection with merger and purchase of enterprise	0	423.658
Cost at the end of the year	423.658	423.658
Depreciations at the beginning of the year	-360.374	0
Depreciation and amortisation in connection with merger	0	-275.643
Amortisation for the year	-63.284	-84.731
Impairment losses and amortisation at the end of the year	-423.658	-360.374
Carrying amount at the end of the year	0	63.284

Notes

	2017	2016
13. Long-term investments in group enterprises		
Cost at the beginning of the year	198.821.284	94.355.893
Disposal in connection with merger	0	-10.956.813
Addition in connection with merger and purchase of enterprise	0	3.897.204
Addition during the year	0	111.525.000
Cost at the end of the year	198.821.284	198.821.284
Revaluations at the beginning of the year	-59.830.000	-59.830.000
Revaluations for the year	-14.495.769	0
Revaluations at the end of the year	-74.325.769	-59.830.000
Carrying amount at the end of the year	124.495.515	138.991.284

14. Disclosure in long-term investments in group enterprises and associates*Group enterprises*

Name	Registered office	Share held in		
		%	Equity	Profit
Tintas Dyrup S.A.	Portugal***	100,00	39.497.113	9.038.184
Dyrup Austria GmbH	Austria*	100,00	9.355.584	129.039
Pinturas Dyrup S.A.	Spain***	100,00	-16.257.844	-4.475.312
Plus Malergrossisten Århus A/S	Århus**	51,00	3.397.236	1.549.724
Plus Malergrossisten Aalborg ApS	Aalborg**	51,00	3.815.978	1.359.118
Plus Malergrossisten Viborg ApS	Viborg**	51,00	1.902.305	225.459
Plus Malergrossisten Esbjerg ApS	Esbjerg**	67,55	-390.652	-97.178
			41.319.720	7.729.034

*Based on 2016 annual report.

**Based on 2017 annual report.

***Based on 2015 annual report

15. Deposit, investment

Cost at the beginning of the year	3.953.840	2.461.697
Addition in connection with merger and purchase of enterprise	0	1.548.164
Addition during the year	832.072	18.979
Disposal during the year	-292.539	-75.000
Cost at the end of the year	4.493.373	3.953.840
Carrying amount at the end of the year	4.493.373	3.953.840

Notes

	2017	2016
16. Provisions for deferred tax		
Deferred tax	7.150.358	6.509.580
Balance at the end of the year	7.150.358	6.509.580

Intangible assets	1.160.896	583.396
Property, plant and equipment	6.609.146	6.777.506
Provisions	-619.684	-697.012
Other	0	-154.310
	7.150.358	6.509.580

The movement in deferred tax is booked in profit and loss. No deferred tax is booked directly in the equity.

17. Other provisions

Technical guarantees	2.816.745	2.765.830
Balance at the end of the year	2.816.745	2.765.830

18. Long-term liabilities

	Due after 1 year	Due within 1 year	Due after 5 years
Payables to group enterprises	0	0	209.099.328
	0	0	209.099.328

19. Significant events occurring after end of reporting period

There have been no subsequent events of material importance to the company's financial position.

20. Contingent liabilities

Lease obligations under operating leases within 1 year T.DKK 4.678 (2016, T.DKK 6.168) between 1 and 5 years, T.DKK 7.539 (2016, T.DKK 9.340).

Rent payments concerning contracts which is interminable T.DKK 20.584 (2016, T.DKK 6.388).

The Company's bank has provided guarantee towards third party of DKK 187.500. The bank has recourse against PPG Coatings Danmark A/S if the third party should effectuate the guarantee.

The Company is jointly taxed with the other enterprises in the group and are jointly and seperally liable for the taxes that concern the joint taxation.

Notes

2017

2016

21. Related parties

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital :

PPG Industries Europe sarl, Switzerland.

The ultimate parent company is :
PPG Industries Inc, USA.

The company is included in the group annual report of PPG Industries Inc, USA and PPG Industries Europe sarl, Switzerland.

Both annual reports can be obtained at the following address :
PPG Industries Inc,
Pittsburgh, PA 15222
USA

There are no transactions with related parties that are not conducted on arms length principles.

22. Fees for auditors elected on the general meeting

Statutory audit	350.000	350.000
Other assurance reports	18.500	0
Tax consultancy	50.000	0
Other services	55.000	33.250
	473.500	383.250