

PPG Coatings Danmark A/S

Gladsaxevej 300

2860 Søborg

CVR No. 56841016

Annual Report 2015

75. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 18 May 2016

Peter Flemming Sørensen
Chairman of the meeting

Contents

Management's Statement	3
Independent Auditor's Report	4
Company Information	6
Management's Review	7
Key Figures and Financial Ratios	8
Accounting Policies	9
Income Statement	13
Balance Sheet	14
Notes	16

Management's Statement

Today, Management has considered and adopted the Annual Report of PPG Coatings Danmark A/S for the financial year 1 January 2015 - 31 December 2015.

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 2015 and of the results of the Company's operations for the financial year 1 January 2015 - 31 December 2015.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

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

Søborg, 18 May 2016

Executive Board

Peter Flemming Sørensen

Board of Directors

Ramaprasad Vadlamannati
Chairman

Pascal Tisseyre

Elmer Jon Abraham Bruijnooge

Jan Willem Tegelaar

Peter Flemming Sørensen

Independent Auditor's Report

To the shareholders of PPG Coatings Danmark A/S

Report on the Financial Statements

We have audited the Financial Statements of PPG Coatings Danmark A/S for the financial year 1 January 2015 - 31 December 2015 comprising Accounting Policies, Income Statement, Balance Sheet and Notes. The Annual Report is presented in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with the Danish Financial Statements Act, and for such internal controls as Management determines is necessary to enable preparation of Financial Statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We have conducted our audit in accordance with international standards on auditing and additional requirements under Danish auditor regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain a high degree of assurance as to whether the Financial Statements are free from material misstatements.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The audit procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation of Financial Statements that give a true and fair view 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

In our opinion, the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualifications.

Opinion

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 2015 and of the results of the Company's operations for the financial year 1 January 2015 - 31 December 2015 in accordance with the Danish Financial Statements Act.

PPG Coatings Danmark A/S

Independent Auditor's Report

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Hellerup, 18 May 2016

PricewaterhouseCoopers
statsautoriseret revisionspartnerselskab
CVR no : 33 77 12 31

Martin Lunden
State Authorised Public Accountant

Henrik Y. Jensen
State Authorised Public Accountant

PPG Coatings Danmark A/S

Company Information

Company	PPG Coatings Danmark A/S Gladsaxevej 300 2860 Søborg
CVR No.	56841016
Date of formation	7 November 1942
Registered office	Gladsaxe
Financial year	1 January 2015 - 31 December 2015
Board of Directors	Ramaprasad Vadlamannati, Chairman Pascal Tisseyre Elmer Jon Abraham Bruijnooge Jan Willem Tegelaar Peter Flemming Sørensen
Executive Board	Peter Flemming Sørensen
Auditors	PricewaterhouseCoopers statsautoriseret revisionspartnerselskab Strandvejen 44 2900 Hellerup CVR-no.: 33771231
Attorneys	Bech-Bruun
Bank	Danske Bank A/S The Royal Bank of Scotland Plc

Management's Review

The Company's principal activities

PPG Coatings Danmark A/S is wholly owned by PPG Industries with head office in Pittsburgh, USA.

The Company's principal activities consist in sale of paint, wood preservative coating and special-purpose products to distributors. The products are purchased internally in the PPG Group and from external suppliers. The distribution takes place via Sigma distributors in Denmark and Sweden. It is PPG Coatings' objective to deliver quality products, and on a current basis PPG develops technologies that provide further advantages to the customers.

Uncertainty relating to recognition or measurement

There is no material uncertainty regarding recognition or measurement.

Exceptional circumstances

No exceptional circumstances have affected recognition or measurement.

Development in activities and financial matters

The Company's Income Statement of the financial year 01-01-2015 - 31-12-2015 shows a result of DKK 15.338.012 and the Balance Sheet at 31-12-2015 a balance sheet total of DKK 107.231.597 and an equity of DKK 51.678.064.

On an extraordinary general assembly meeting held in december 2015 it was decided to merge the 100%-owned subsidiary Farveriget A/S in to PPG Coatings Danmark A/S. The financial effectiveness date was 1 January 2015. The background for the merger is to have a more simplified group structure. The merger has in the financial statement been treated according to the aggregation method with comprise changes in the comparison figures for 2014. The net result for 2014 have been adjusted from DKK 7.389.181 to DKK 3.832.181 and the equity as per 1 January 2015 has been adjusted from DKK 39.897.052 to DKK 36.340.052.

Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the Company substantially.

Expectations for the future

The Company expects its operating profit to be between 4 and 7 mil dkk for 2016.

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

The result for the year was as expected last year.

Key Figures and Financial Ratios

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

Numbers appears in thousands

	2015	2014	2013	2012	2011
Operating profit/loss	18.945	6.245	-1.546	4.939	2.782
Net financial income and expenses	-301	-274	339	149	755
Profit/loss for the year	15.338	3.832	-1.019	4.284	3.948
Investment in property, plant and equipment	181	431	320	1.655	717
Total assets	107.232	76.800	88.148	85.450	66.487
Total equity	51.678	36.340	32.509	48.529	44.245
Return on equity (ROE) (%)	34,85	11,13	-2,51	9,24	6,48
Return on capital employed (%)	20,58	7,58	-1,78	6,50	3,08
Solvency ratio (%)	48,19	47,32	36,88	56,79	66,55
Avg. number of full-time employees	46	45	42	47	45

For definitions of key ratios, see Accounting and Valuation Principles. Comparison figures have been changed in connection to the merger.

Accounting Policies

Reporting Class

The Annual Report of PPG Coatings Danmark A/S for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

According to section 86(4) of the Danish Financial Statement Act, no consolidated statement or cash flow statement have been prepared. The financial statements of PPG Coatings Danmark A/S are included in the consolidated financial statements of PPG Industries Inc., Pittsburgh, PA 1522, 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.

Merger

On an extraordinary general assembly meeting held in december 2015 it was decided to merge the 100%-owned subsidiary Farveriget A/S in to PPG Coatings Danmark A/S. The financial effectiveness date was 1 January 2015. The background for the merger is to have a more simplified group structure. The merger has in the financial statement been treated according to the aggregation method with comprise changes in the comparison figures for 2014. The net result for 2014 have been adjusted from DKK 7.389.181 to DKK 3.832.181 and the equity as per 1 January 2015 has been adjusted from DKK 39.897.052 to DKK 36.340.052

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.

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

Accounting Policies

the balance sheet date.

Income Statement

Gross profit/loss

The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

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.

Raw materials and consumables

Costs for raw materials and consumables comprise purchase 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.

Amortisation and impairment of tangible and intangible assets

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 and residual values:

	Useful life
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-10 years
Goodwill	6 Years
Leasehold improvements	5-10 years

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.

Financial 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 as well as surcharges and allowances under the tax repayment scheme.

Tax on net profit/loss for the year

Tax on net profit/loss 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).

Accounting Policies

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.

Tangible assets

Tangible assets are measured at cost plus revaluations, 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.

Inventories

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

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.

Accrued income, assets

Accrued income recognised in assets comprises 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.

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

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.

Current tax liabilities

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.

Accounting Policies

Dividend for the financial year

Proposed dividends for the financial year are recognised as a liability.

Accruals and deferred income

Accruals and deferred income entered as liabilities consist of payments received regarding income in the subsequent financial years.

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

Return on equity (%)	=	$\frac{\text{Profit/loss for the year X 100}}{\text{Avg. equity}}$
Return on capital employed (%)	=	$\frac{\text{Operating profit X 100}}{\text{Avg. assets}}$
Solvency ratio (%)	=	$\frac{\text{Equity X 100}}{\text{Assets}}$

Income Statement

	Note	2015 kr.	2014 kr.
Gross profit		44.838.908	30.876.350
Employee benefits expense	1	-25.085.755	-23.792.751
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss		-808.270	-838.948
Profit from ordinary operating activities		18.944.884	6.244.651
Finance income	2	72.356	111.328
Finance expences	3	-373.291	-385.712
Profit from ordinary activities before tax		18.643.949	5.970.267
Tax expense on ordinary activities	4	-3.305.937	-2.138.086
Profit		15.338.012	3.832.181
Retained earnings		15.338.012	3.832.181
		15.338.012	3.832.181

Balance Sheet as of 31. December

	Note	2015 kr.	2014 kr.
Assets			
Goodwill	5	483.332	600.000
Intangible assets		483.332	600.000
Plant and machinery	6	190.447	305.809
Fixtures, fittings, tools and equipment	7	864.899	1.175.460
Leasehold improvements	8	148.014	232.746
Property, plant and equipment		1.203.360	1.714.015
Fixed assets		1.686.692	2.314.015
Manufactured goods and goods for resale		5.350.541	7.346.124
Inventories		5.350.541	7.346.124
Short-term trade receivables		17.539.291	16.028.732
Short-term receivables from group enterprises		65.137.739	42.632.004
Short-term tax receivables		0	5.068.415
Other short-term receivables		1.702.407	1.327.614
Deferred income		144.563	249.292
Current deferred tax		621.301	463.047
Receivables		85.145.301	65.769.104
Cash and cash equivalents		15.049.062	1.370.797
Current assets		105.544.905	74.486.025
Assets		107.231.597	76.800.040

Balance Sheet as of 31. December

	Note	2015 kr.	2014 kr.
Liabilities and equity			
Contributed capital		2.000.000	2.000.000
Retained earnings		49.678.064	34.340.052
Equity	9	51.678.064	36.340.052
Other provisions	10	1.115.830	1.726.808
Provisions		1.115.830	1.726.808
Debt to banks		33.721.198	23.295.699
Trade payables		1.927.705	2.355.530
Payables to group enterprises		4.155.969	6.626.412
Tax payables		7.342.035	0
Other payables		7.290.796	6.455.539
Short-term liabilities other than provisions		54.437.703	38.733.180
Liabilities other than provisions within the business		54.437.703	38.733.180
Liabilities and equity		107.231.597	76.800.040
Ownership	11		
Contingent liabilities	12		

Notes

	2015	2014
1. Employee benefits expense		
Wages and salaries	22.172.788	20.956.706
Post-employment benefit expense	2.123.761	2.051.462
Social security contributions	262.348	224.154
Other employee expense	526.858	560.429
	25.085.755	23.792.751
Average number of employees	46	45
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statement Act.		
2. Finance income		
Other finance income from group enterprises	302	0
Other finance income	72.054	111.328
	72.356	111.328
3. Finance expenses		
Other finance expenses	373.291	385.712
	373.291	385.712
4. Tax expense		
Current period ordinary corporation taxes	3.924.403	1.745.090
Adjustment prior years	-460.212	-123.527
Ordinary deferred income taxes	-158.254	516.523
	3.305.937	2.138.086
5. Goodwill		
Cost at the beginning of the year	600.000	0
Addition during the year	0	600.000
Cost at the end of the year	600.000	600.000
Amortisation for the year	-116.668	0
Impairment losses and amortisation at the end of the year	-116.668	0
Carrying amount at the end of the year	483.332	600.000

Notes

	2015	2014
6. Plant and machinery		
Cost at the beginning of the year	3.163.316	3.050.000
Addition during the year, incl. improvements	0	113.746
Transfers during the year to other items	0	-430
Cost at the end of the year	3.163.316	3.163.316
Depreciation at the beginning of the year	-2.857.507	-2.651.314
Depreciations for the year	-115.362	-216.656
Reversal of prior years' impairment losses and depreciation	0	10.463
Impairment losses and depreciation at the end of the year	-2.972.869	-2.857.507
Carrying amount at the end of the year	190.447	305.809
7. Fixtures, fittings, tools and equipment		
Cost at the beginning of the year	11.230.230	8.850.056
Addition in connection with merger	0	3.511.879
Addition during the year, incl. improvements	180.948	317.921
Disposal during the year	0	-1.422.906
Transfers during the year to other items	0	-26.720
Cost at the end of the year	11.411.178	11.230.230
Depreciation at the beginning of the year	-10.054.770	-7.694.324
Addition in connection with merger	0	-3.264.201
Depreciations for the year	-491.509	-501.858
Reversal of prior years' impairment losses and depreciations	0	1.405.613
Impairment losses and depreciation at the end of the year	-10.546.279	-10.054.770
Carrying amount at the end of the year	864.899	1.175.460
8. Leasehold improvements		
Cost at the beginning of the year	423.657	534.000
Addition in connection with merger	0	415.756
Disposal during the year	0	-415.756
Transfers during the year to other items	0	-110.343
Cost at the end of the year	423.657	423.657
Depreciation at the beginning of the year	-190.911	-217.731
Addition in connection with merger	0	-415.756
Depreciation for the year	-84.732	-84.731
Reversal of prior years' impairment losses and depreciation	0	527.307
Impairment losses and depreciation at the end of the year	-275.643	-190.911
Carrying amount at the end of the year	148.014	232.746

Notes

2015

2014

9. Statement of changes in equity

	Share capital	Retained earnings	Total equity
Equity, beginning balance	2.000.000	37.897.052	39.897.052
Merger	0	-3.557.000	-3.557.000
Proposed distribution of results	0	15.338.012	15.338.012
	2.000.000	49.678.064	51.678.064

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

The share capital consist of 2.000.000 shares of DKK 1. No shares carries any special rights.

10. Other provisions

Technical guarantees	115.830	126.808
Provision for claims	1.000.000	1.600.000
Balance at the end of the year	1.115.830	1.726.808

PPG Coatings Danmark A/S has obligations in respect of certain products. The provision covers anticipated guarantee claims.

11. Ownership

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

PPG BV., Amsterdamseweg 14, NL-1422 AA Uithorn, NL.

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

Group annual report can be retrieved at the following adress:

PPG Industries Inc.,
Pittsburgh, PA 1522
USA

12. Contingent liabilities

The company has rental and lease agreements less than one year of 2.016 t. dkk (2014, 1.401 t.dkk) and between one and five years of 1.433 t.dkk. (2014, 1.093 t.dkk.)

The Company's bank has provided guarantee towards third party of 187.500 DKK. 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 severally liable for the taxes that concern the joint taxation.