

## PPG Surpasses Last Year's Fourth-Quarter Sales by 15 Percent

**P**ittsburgh-based PPG Industries reported record sales of \$2.9 billion for the fourth quarter 2007, surpassing the prior year's fourth quarter results by 15 percent. Fourth quarter net income was \$200 million, or \$1.21

per share, compared to 2006's net income of \$157 million. The company reports that its fourth quarter earnings per share from continuing operations represent a 30-percent increase over the prior year's quarter.

This quarter's reported net income from continuing operations does include an aftertax charge of \$1 million, or 1 cent per share, which reflects the net increase in the current value of the company's obligation under a proposed asbestos settlement agreement still subject to pending court proceedings. Adjusted net income from continuing operations was \$194 million, or \$1.18 per share.

"Our strong fourth quarter results capped one of the best annual financial performances in the company's history," says Charles E. Bunch, chairman and chief executive officer of PPG. "We achieved over 5 percent volume growth in the quarter, marking our best quarterly performance in three years despite a slowing economy, and each of our business segments increased sales for the quarter by at least 10 percent over the prior year."

Bunch attributed the significant growth in sales and earnings per share to strategic actions taken to reshape the company, including expansion in emerging regions and acquisitions that broaden PPG's geographic presence.

For all of 2007, the company reached sales of \$11.2 billion and net income of \$834 million. For all of 2006, sales were \$9.9 billion, while net income was \$711 million.

Glass segment sales increased \$27 million, or 10 percent, which the company attributes to improved volumes in the performance glazings and fiberglass businesses and the positive im-

### PPG Industries and Subsidiaries Statement of Operations (unaudited)

(all amounts in millions USD except per share data)

	3 Months		Year	
	Ended Dec. 31 2007	2006	Ended Dec. 31 2007	2006
Net sales	2,874	2,500	11,206	9,861
Cost of sales, exclusive of depreciation and amortization	1,846	1,596	7,087	6,153
Selling and other	659	570	2,475	2,138
Depreciation	82	77	322	298
Interest	26	20	93	83
Amortization	14	11	58	43
Asbestos settlement - net	2	5	24	28
Business restructuring	-	-	-	35
Other - net (Note A)	(47)	(19)	(96)	121
<b>Income before income taxes and minority interest</b>				
Income tax expense	292	240	1,243	962
Minority interest	82	74	355	241
Income from continuing operations	193	150	815	653
Income from discontinued operations, net of tax	7	7	19	58
<b>Net income</b>	<b>200</b>	<b>157</b>	<b>834</b>	<b>711</b>
<b>Earnings per common share</b>				
Income from continuing operations	1.18	0.91	4.95	3.94
Income from discontinued operations	0.04	0.04	0.12	0.35
<b>Net income</b>	<b>1.22</b>	<b>0.95</b>	<b>5.07</b>	<b>4.29</b>
<b>Earnings per common share - assuming dilution</b>				
Income from continuing operations	1.17	0.90	4.91	3.92
Income from discontinued operations	0.04	0.04	0.12	0.35
<b>Net income</b>	<b>1.21</b>	<b>0.94</b>	<b>5.03</b>	<b>4.27</b>
Average shares outstanding	164.3	165.3	164.5	165.7
Average shares outstanding - assuming dilution	166.0	166.5	165.9	166.5

Note A: The change in "Other - net" for the three months ended December 31, 2007, is due to higher interest income, gains from asset sales, foreign currency gains and lower legal charges compared to 2006. The change in "Other - net" for the year ended December 31, 2007, is due to \$196 million of lower environmental expenses compared to 2006.

pact of stronger foreign currencies. Segment earnings improved by \$8 million, primarily the result of improved sales volumes.

“Overall, 2007 was a milestone year in our transformation to focus on coatings and specialty products,” Bunch adds. “Both coatings segments and our Optical and Specialty Materials segment are consistently delivering profitable growth. They represented just under 80 percent of our continuing operations in both sales and earnings in 2007, and this does not include the future impact of the SigmaKalon acquisition, which was completed on January 2, 2008.”

▶ [www.ppg.com](http://www.ppg.com)

### NSG Releases Third-Quarter 2008 Financial Statement

Japan-based Nippon Sheet Glass has released its fiscal year 2008 third quarter consolidated financial results. The company saw net sales of \$6.500 billion USD (648.654 billion JPY) in the third quarter of 2008, compared to \$4.873 billion for the same period in 2007. Net income was \$609 million for this year's third quarter, as compared to \$282 in the previous year's period.

Overall, the Building Products (BP) business (which includes flat glass business) achieved sales of \$3.062 billion and operating income of \$278 million. Flat glass business accounted for around 90 percent of total group sales in the period under review.

With regard to the BP business in Europe, the company reports that demand was strong in the first half of the year but slowed during the third quarter. Sales in Japan were slightly below the previous year. Market conditions re-

<b>NSG Building Products Financial Highlights</b>			
(in million USD)			
	April 1 2007- Dec. 31 2007	April 1 2006- Dec. 31 2006	April 1 2006- March 31 2007
Sales to customers	3,064	2,342	3,212
Inter-segmental sales	29	88	15
Total sales	3,092	2,429	3,226
Operating expenses	2,813	2,285	3,061
Operating income	279	143	165

▶ [www.nsggroup.net](http://www.nsggroup.net)

main difficult, with a continuing decline in housing starts following regulatory changes. Profits are above the previous year, largely due to negative one-off items (a production adjustment) in the comparative period results. North America continued to experience a declining housing market resulting in a decrease in NSG's sales and profitability. In South America, results continue at good levels, with market conditions remaining robust, and in Southeast Asia profits demonstrated a marked year-on-year improvement.

The inclusion of Pilkington, which became a consolidated subsidiary in June 2006, in the company's consolidated income statement has substantially increased year-on-year sales, operating profits and ordinary profits in the nine-month period to this quarter. In addition, the company's share joint ventures and associated companies, included within non-operating income in the income statement, also show profitability. Cebrace, a joint venture company in Brazil, performed strongly during the period with significantly improved profits. In Russia, the joint venture Pilkington Glass Russia LLC also improved profitability.

Total assets at the end of December

2007 were \$14.2 billion, representing an increase of \$85 million from the end of March 2007. Net financial indebtedness decreased by \$605 million from March 31, 2007 to \$3.409 billion at the period end, due to the proceeds from the sale of the Australasian business and the company's continued efforts to reduce debt following the acquisition of Pilkington.

### Vitro Sees Strong Fourth Quarter 2007 and Year-End Results

During the fourth quarter of 2007, Vitro S.A.B. de C.V., headquartered in Monterrey, Mexico, saw its consolidated sales increase 8.3 percent to \$659 million USD and earnings before interest, taxes, depreciation and amortization (EBITDA) rise 6.9 percent to \$101 million. The company recorded a consolidated net income of \$48 million in the fourth quarter 2007, compared to a net income of \$34 million during the same period last year.

According to information from Vitro, the change in its net income was largely the result of a \$34 million increase in earnings before interest and taxes (EBIT), which in turn was a result of a reduced depreciation charge since a revision of the condition of the company's

furnaces led to the need to extend their remaining life. In addition, this quarter saw an income tax gain of \$11 million, compared to an expense of \$29 million during the same period of 2006. These factors more than offset expenses of \$27 million, which included some impairment charges in the company's Central American subsidiaries, as well as a change in Mexican FRS that requires profit sharing to workers to be registered in other expenses.

Flat glass sales, which made up 47 percent of the company's consolidated sales in 2007, increased 11.1 percent for the quarter to \$312 million. Float glass sales remained relatively stable year-on-year, showing a 3-percent increase.

"We are particularly pleased with flat glass performance," says Federico Sada, chief executive officer. "Our results reflect the continuing shift to value-added, higher margin products in all locations. The fourth quarter of 2007 was the best on a comparable basis that

we've seen in the last three years. EBITDA rose by 13.6 percent year-on-year. We also reported the highest comparable EBITDA for a fiscal year in flat glass since 2004."

Export sales increased 32.5 percent year-on-year, mainly due to higher float glass volumes, as part of the company's strategy of temporarily exporting additional capacity gained by the purchase of AFG's 50 percent stake in Mexicali.

Sales from foreign subsidiaries rose 6.2 percent year-on-year to \$174 million and maintained their growth momentum. Sales at Vitro Cristalglass, the Spanish subsidiary, increased 37 percent year-on-year due to higher volumes coupled with an improved product mix. Sales at Vitro Colombia increased 42 percent compared with the same quarter last year due to increased volumes linked to the strong demand in the domestic, Venezuelan and Ecuadorian markets.

"It is clear we are continuing to build

on Vitro's inherent strengths in the glass industry as we benefit from our established position, production flexibility and fast time to market," says Enrique Osorio, chief financial officer. "Given this strong performance, and ongoing emphasis on cost control, we feel Vitro is in an excellent position to face the challenges of 2008."

► [www.vitro.com](http://www.vitro.com)

### Biesse Sees Low Fourth-Quarter Revenues, But High Full-Year Results

Despite fourth-quarter 2007 net revenues of \$205.0 million USD (129.7 million EUR), down 2 percent compared to the same period in 2006, Biesse S.p.A. reports growth in its full year 2007 consolidated results. The Pesaro, Italy-based manufacturer of glass, stone and wood fabrication equipment is the parent company of Biesse America, Biesse Canada, Intermac America and Intermac Canada.

The company's fourth-quarter EBITDA, 15.3 percent of its revenues, was \$31.3 million, down 10.1 percent from fourth-quarter 2006. Similarly, its EBIT was down 13.2 percent to \$26.2 million this quarter. The company's net profit of \$16.7 million was a 10.5-decrease from the fourth quarter of 2006.

For all of 2007, however, the company saw a 17.5-percent year-on-year increase to \$736.8 million. The full year EBITDA of \$125.0 million showed a 20.6-percent increase year-on-year; while the EBIT was up 25.8 percent to \$103.3 million. Net profit for 2007 was \$61.1 million, a 20.1-percent rise from 2006.

The financial statements also note that as of December 31, 2007, the company's net financial position was \$1.7 million, down approximately \$20.5 million from the same period in 2006. According to information from the company, this figure reflects items acquisition costs and an extraordinary dividend paid in December 2007, totaling more than \$63.2 million, which off-

<b>Vitro Flat Glass Financial Highlights</b>						
(in million nominal dollars USD)						
	4Q	4Q	%	2007	2006	%
	2007	2006	Change			Change
Consolidated net sales	312	281	11.1	1,210	1,149	5.3
Domestic sales	80	73	9.2	296	289	2.6
Export sales	59	44	32.5	237	212	11.5
Foreign subsidiaries	174	164	6.2	677	648	4.5
EBIT	20	10	94.3	69	34	101.6
EBITDA	30	27	13.6	116	97	20.2
EBIT margin	6.4%	3.6%	2.8 pp	5.7%	3.1%	2.6 pp
EBITDA margin	9.7%	9.5%	0.2 pp	9.6%	8.5%	1.1 pp
<b>Volumes</b>						
Flat Glass (Thousands of reduced squared meters)	33,871	29,860	13.4	132,790	129,586	2.5
<b>Capacity utilization</b>						
Flat Glass furnaces <sup>1</sup>	110%	115%	-5.1 pp	-	-	-
Flat Glass auto	76%	70%	6.9 pp	-	-	-
Notes						
<sup>1</sup> Capacity utilization may sometimes be greater than 100 percent because pulling capacity is calculated based on a certain number of changes in glass color & thickness, determined by historical averages						
► <a href="http://www.vitro.com">www.vitro.com</a>						

set the positive cash flow from normal operations.

Roberto Selci, chair of Biesse S.p.A., notes, "In 2007, for the second consecutive year, Biesse not only reached but exceeded the targets set at the start of the year, with record growth rates for profits and revenue, despite external factors that did not play in our favor, such as a declining international economy, aggravated by weakness in the U.S. dollar." He adds, "Our results for the last quarter of 2007 were also positive despite trade union disputes in the mechanical engineering sector as well as December's transport strikes. On this premise, the board of directors has approved a three-year plan, which has Biesse aiming for \$790 million in consolidated revenue in 2008. At the same

time, we intend to increase what we consider our most strategic investment, namely human resources. We're investing to make our processes even more innovative and ready to face the challenges of the future."

The three-year industrial plan calls for attaining consolidated revenue of approximately \$869 million by 2010, while for profitability, the plan provides for an expected 2010 EBITDA and EBIT exceeding \$153 million and \$129 million respectively, with net profit of around \$80 million. In the three-year period, with Capex of more than \$173 million, total free cash flow generated by Biesse is projected to reach approximately \$165 million before dividend distribution and the financial impact of a buyback plan deliberated in January.

## Biesse Consolidated Income Statement

(USD million)

Year Ended	12/31/07	12/31/06
Net revenue	736.7	627.0
EBITDA	125.0	103.6
EBIT	103.3	82.1
Pre-tax profit	99.8	80.7
Net profit	61.1	50.8

▶ [www.biesse.com](http://www.biesse.com)

Under this plan, Biesse has started a buyback of its shares, valid for 18 months for up to 10 percent of the share capital. Biesse currently owns 85,016 of its own shares (3.1 percent of the maximum total of the buyback plan). ■

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