

PPG's price increase among many in the global coatings industry



Each PPG Paints store carries more than 30 PPG-branded paint products ranging from high quality interior and exterior paints for homes and high-traffic commercial applications to paint used on sports fields and parking lots.

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Dec 6, 2019, 12:59pm EST

PPG Industries Inc. (NYSE: PPG) announced earlier this week a 10 percent price increase on its industrial coatings products globally, and Bloomberg Intelligence Analyst Chris Perrella said the strategy is on par with the rest of the coatings industry.

“Price hikes and increases are definitely ongoing, especially across the industrial coatings sector,” Perrella said. “Industrial coatings in particular have been stickier with raw materials, so it’s not unexpected to see ongoing price increases there. It’s definitely an industry wide trend.”

According to Perrella, the increases are a result of higher raw material costs over the last couple years for coatings companies. The American Coatings Association issued a report saying that the global coatings raw materials market is on track to be valued at about \$63.5 billion, causing increasingly high demand to result in more expensive raw materials.

Greta Edgar, communications manager for corporate and government affairs and architectural coatings at PPG, said the company continues “efforts to offset the significant raw material cost inflation absorbed in recent years.” PPG announced that the price increase will go into effect on January 1.

Perrella said PPG is not alone. Its top competitors in the industry— including Sherwin Williams, AkzoNobel and Axalta Coating Systems— have all seen similar recent price increases. The companies, he said, are using both price increases and cost cuts to support against the industry demand.

“They are all pushing price increases to recover raw material costs and increase earnings,” Perrella said.