Q2 2020 Financial Results

July 29, 2020

Legal Notices

Forward-Looking Statements

This presentation and the oral remarks made in connection herewith may contain certain forward-looking statements regarding Axalta and its subsidiaries including our outlook, which includes net sales growth, currency effects, acquisition or divestment impacts, Adjusted EBIT, Adjusted EPS, Adjusted EBITDA, interest expense, income tax rate, as adjusted, free cash flow, capital expenditures, depreciation and amortization, and diluted shares outstanding as well as the restructuring (the "Restructuring") detailed in this presentation and oral remarks and the effects of COVID-19 on Axalta's business and financial results. Axalta has identified some of these forward-looking statements with words such as "anticipates," "believes," "expects," "estimates," "is likely," "outlook", "projects," "forecasts," "may," "will," "should," "plans" and "intends" and the negative of these words or other comparable or similar terminology. All of these statements are based on management's expectations as well as estimates and assumptions prepared by management that, although they believe to be reasonable, are inherently uncertain. These statements involve risks and uncertainties, including, but not limited to, economic, competitive, governmental and technological factors outside of Axalta's control, including developments that could impact the timing, costs and savings associated with the Restructuring, as well as the review of strategic alternatives that was concluded in March 2020 and the effects of COVID-19, that may cause its business, industry, strategy, financing activities or actual results to differ materially. The impact of COVID-19 on our business and operations is uncertain. Factors that will influence the impact on our business and operations include the duration and extent of COVID-19, the extent of imposed or recommended containment and mitigation measures, and the general economic consequences of COVID-19. More information on potential factors that could affect Axalta's financial results is available in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" section within Axalta's most recent annual report on Form 10-Q, and in other documents that we have filed with, or furnished to, the U.S. Securities and Exchange Commission. Axalta undertakes no obligation to update or revise any of the forward-looking statements contained herein, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

The historical financial information included in this presentation includes financial information that is not presented in accordance with generally accepted accounting principles in the United States ("GAAP"), including constant currency net sales growth, income tax rate, as adjusted, EBIT, Adjusted EBIT, EBITDA, Adjusted EBITDA, Adjusted EPS, free cash flow, net debt, Adjusted net income and Adjusted EBITDA to interest expense ratio. Management uses these non-GAAP financial measures in the analysis of our financial and operating performance because they assist in the evaluation of underlying trends in our business. Adjusted EBITDA, Adjusted EBIT and Adjusted EPS consist of EBITDA, EBIT and Diluted EPS, respectively, adjusted for (i) certain non-cash items included within net income, (ii) certain items Axalta does not believe are indicative of ongoing operating performance or (iii) certain nonrecurring, unusual or infrequent items that have not occurred within the last two years or we believe are not reasonably likely to recur within the next two years. We believe that making such adjustments provides investors meaningful information to understand our operating results and ability to analyze financial and business trends on a period-to-period basis. Adjusted net income shows the adjusted value of net income (loss) attributable to controlling interests after removing the items that are determined by management to be items that we do not consider indicative of our ongoing operating performance or unusual or nonrecurring in nature. Our use of the terms constant currency net sales growth, income tax rate, as adjusted, EBIT, Adjusted EBIT, EBITDA, Adjusted EBITDA, Adjusted EPS, free cash flow, net debt, Adjusted net income and Adjusted EBITDA to interest expense ratio may differ from that of others in our industry. Constant currency net sales growth, income tax rate, as adjusted, EBIT, Adjusted EBIT, EBITDA, Adjusted EBITDA, Adjusted EPS, free cash flow, net debt, Adjusted net income and Adjusted EBITDA to interest expense ratio should not be considered as alternatives to net sales, net income (loss), income (loss) before operations or any other performance measures derived in accordance with GAAP as measures of operating performance or operating cash flows or as measures of liquidity. Constant currency net sales growth, income tax rate, as adjusted, EBIT, Adjusted EBIT, EBITDA, Adjusted EBITDA, Adjusted EPS, free cash flow, net debt, Adjusted net income and Adjusted EBITDA to interest expense ratio have important limitations as analytical tools and should be considered in conjunction with, and not as substitutes for, our results as reported under GAAP. This release includes a reconciliation of certain non-GAAP financial measures with the most directly comparable financial measures calculated in accordance with GAAP. Axalta does not provide a reconciliation for non-GAAP estimates for constant currency net sales growth, Adjusted EBIT, Adjusted EBITDA, Adjusted EPS, income tax rate, as adjusted, or free cash flow on a forward-looking basis because the information necessary to calculate a meaningful or accurate estimation of reconciling items is not available without unreasonable effort. For example, such reconciling items include the impact of foreign currency exchange gains or losses, gains or losses that are unusual or nonrecurring in nature, as well as discrete taxable events. We cannot estimate or project these items and they may have a substantial and unpredictable impact on our US GAAP results.

Constant Currency

Constant currency or ex-FX percentages are calculated by excluding the change in average exchange rates between the current and comparable period by currency denomination exposure of the comparable period amount.

Organic Growth

Organic growth or ex-M&A percentages are calculated by excluding the impact of recent acquisitions and divestitures.

Segment Financial Measures

Our primary measure of segment operating performance, as determined in accordance with GAAP, is Adjusted EBIT, which is a key metric that is used by management to evaluate business performance in comparison to budgets, forecasts and prior year financial results, providing a measure that management believes reflects Axalta's core operating performance. A reconciliation of this non-GAAP financial measure with the most directly comparable financial measure calculated in accordance with GAAP is not required.

Defined Terms

All capitalized terms contained within this presentation have been previously defined in our filings with the United States Securities and Exchange Commission.

Rounding

Due to rounding the tables presented may not foot.

Introduction and Q2 Financial Highlights

Second Quarter 2020 Highlights

- Net sales down 39.7% ex-FX and M&A impacts
- Notable net sales recovery in sequential months during Q2; June net sales 82% higher than April 2020
- Loss from operations of $65 million versus income of $158 million in Q2 2019
- Adjusted EBIT of $(12) million versus $197 million in Q2 2019; includes $45 million in COVID-19 related accounting charges in Q2 2020
- ~$1.5 billion in total liquidity available, including $500 million of 4.750% senior notes issued in June
- Global restructuring announced; $50 million in structural cost savings

Business Conditions

- COVID-19 impacts drove lower volumes across all end-markets
- Continued signs of demand improvement into July globally, as traffic data continues to improve in sequential weeks and auto production normalizes to current demand

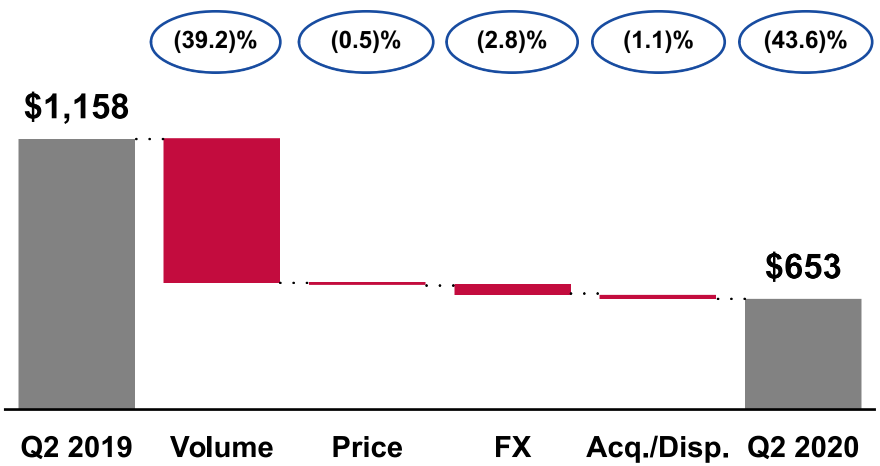



Q2 Consolidated Results

Financial Performance

($ in millions, except per share data)	Q2 2020	Q2 2019	% Change Incl. F/X	% Change Excl. F/X
Performance	482	757	(36.3)%	(33.9)%
Transportation	171	401	(57.4)%	(53.7)%
Net Sales	653	1,158	(43.6)%	(40.8)%
(Loss) income from ops	(65)	158	(140.8)%	
Adjusted EBIT	(12)	197	(105.9)%	
Diluted EPS	(0.35)	0.42	(183.3)%	
Adjusted EPS	(0.15)	0.52	(128.8)%	

Net Sales Variance



Commentary

Net sales significantly impacted by COVID-19 during Q2

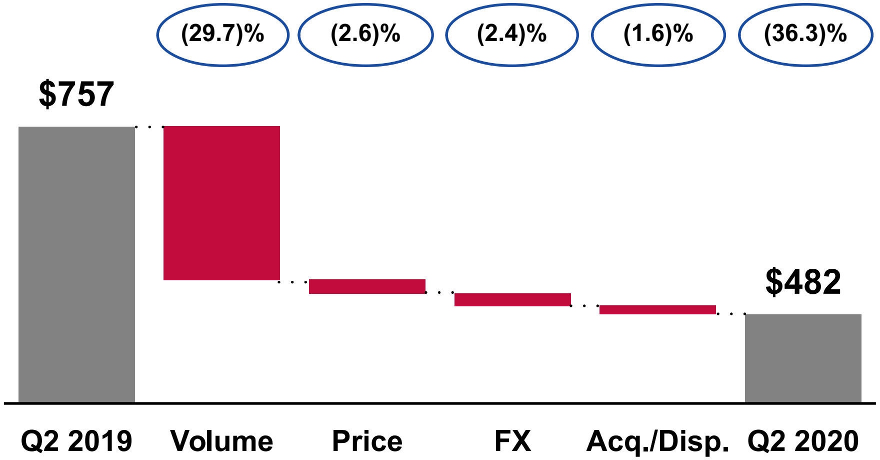
- Volume reductions globally from COVID-19 due to reduced miles driven, reduced industrial production, and lower new vehicle builds; June saw substantial recovery post April-May lows
- Q2 impacted by COVID-19 related accounting charges of $45 million
- Product mix saw modest weakening in Refinish and Industrial; continued price recovery within Transportation
- FX pressure driven by the Real, Euro, Mexican Peso, and Renminbi
- M&A-related impact from 2019 China JV disposition

Q2 Performance Coatings Results

Financial Performance

($ in millions)	Q2 2020	Q2 2019	% Change Incl. F/X	% Change Excl. F/X
Refinish	262	447	(41.4)%	(38.7)%
Industrial	220	309	(28.8)%	(27.1)%
Net Sales	482	757	(36.3)%	(33.9)%
Adjusted EBIT	2	128	(98.8)%	
% margin	*0.3%*	*16.9%*		

Net Sales Variance



Commentary

Substantial COVID-19 impact on volumes, but improvement in June

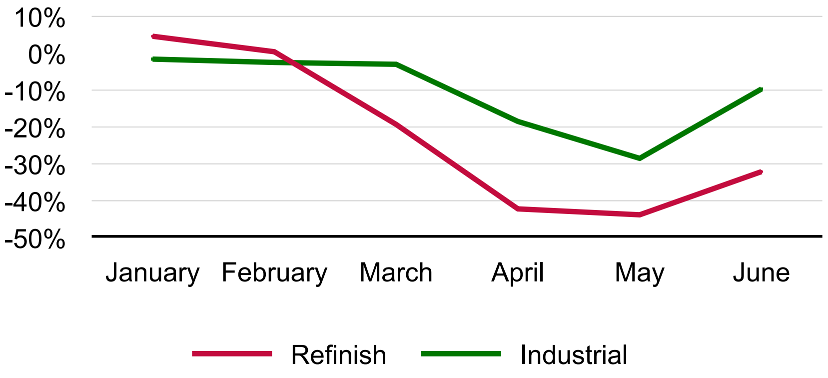
- Volume down globally due to lower vehicle miles driven in Refinish; Industrial sub-businesses impacted variably
- Low-single-digit price-product mix decline across both end-markets; Refinish mix weaker
- Unfavorable FX impact driven by the Euro, Mexican Peso, Renminbi, and Brazilian Real
- M&A-related impact of 1.6% from 2019 China JV disposition

Break-even adjusted EBIT despite volume reductions

- Positive earnings aided by cost savings actions to offset volume weakness
- Profit also impacted by costs recorded for underutilized manufacturing sites

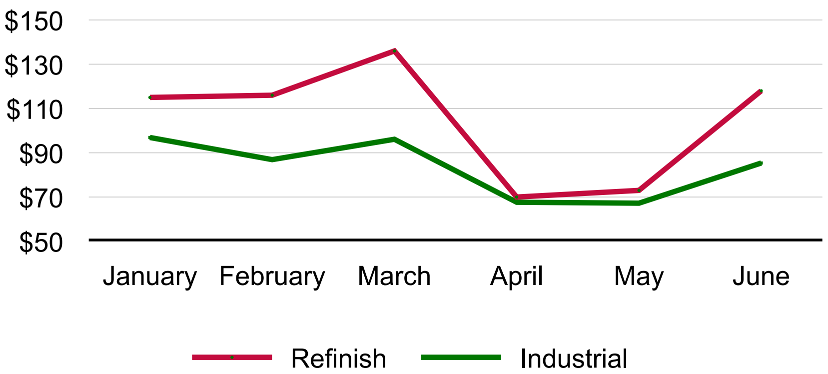
COVID-19 Impact: Performance Demand Environment

YOY Monthly Net Sales Trends[1]



(1) % change from 2019 ex. FX and acq./disp.

2020 Monthly Net Sales Trends[1]



(1) $ in millions as-reported

Performance Market Commentary

Refinish

- Refinish sales bottomed in April-May with recovery beginning in June
- Orders in June indicated low inventory on hand for many distributors
- Traffic indicators continue to show improvement
  - Miles driven recovered to pre-COVID-19 levels by early June, though still down around mid-teens seasonally adjusted
  - Congestion levels remain low but are recovering
  - Gas consumption in the U.S. recovering and down 12% compared to last year at the beginning of July

Industrial

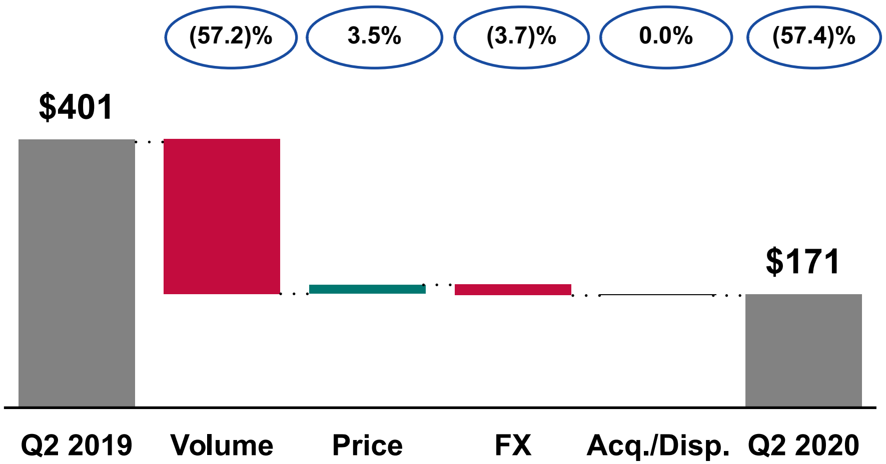
- Industrial demand weakened in April-May, but recovered solidly in June; volumes down mid-single digits in June, while net sales further impacted by negative price-mix
- North America and China net sales both increased in June, offset by weakness in EMEA and Latin America
- Sub-markets including powder, energy solutions and wood seeing better order patterns in June

Q2 Transportation Coatings Results

Financial Performance

($ in millions)	Q2 2020	Q2 2019	% Change Incl. F/X	% Change Excl. F/X
Light Vehicle	126	306	(58.7)%	(54.9)%
Commercial Vehicle	44	95	(53.2)%	(50.1)%
Net Sales	171	401	(57.4)%	(53.7)%
Adjusted EBIT	(39)	40	(197.3)%	
% margin	*(23.0)%*	*10.1%*		

Net Sales Variance



Commentary

COVID-19 customer production shutdowns drove considerable sales impact

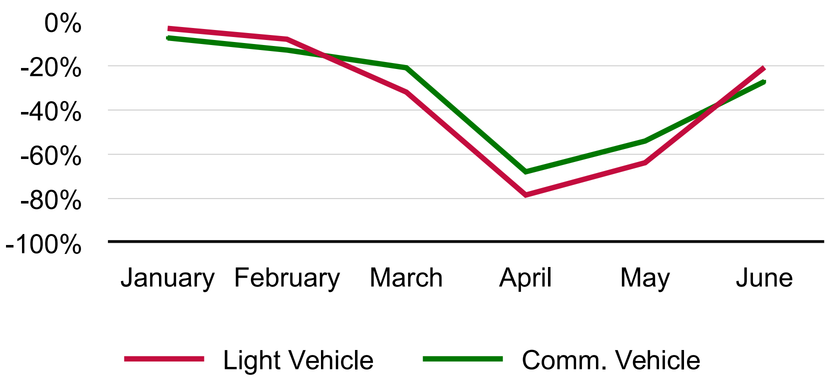
- Volumes lower from COVID-19-related customer shutdowns in April and May
- Price-mix remained positive in both end-markets
- Unfavorable FX impact driven by the Brazilian Real and Renminbi

Adjusted EBIT loss due to volume pressure

- Despite cost savings actions and positive price-mix contribution, lower sales volumes drove earnings loss
- Profit further impacted by charges for underutilized manufacturing sites

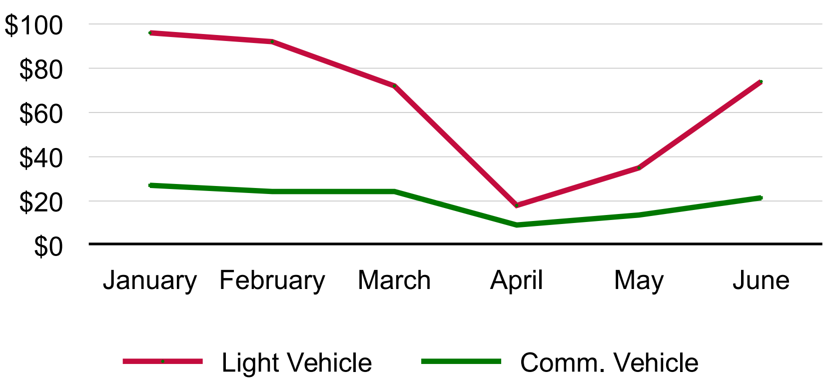
COVID-19 Impact: Transportation Demand Environment

YOY Monthly Net Sales Trends(1)



(1) % change from 2019 ex. FX and acq./disp.

2020 Monthly Net Sales Trends(1)



(1) $ in millions as-reported

Transportation Market Commentary

Light Vehicle

- Light Vehicle net sales tracking customer production by served geography; recovery continues solidly post April shutdowns
- China net sales declined 10% YoY in Q2 ex-FX, but sales increased YoY in June as production recovery was completed
- Global LV production declined 45% in Q2; industry forecasts call for 11% decline in Q3 and 10% in Q4 to finish 2020 down 22%
- North America is somewhat ahead of EMEA in production recovery

Commercial Vehicle

- Commercial Vehicle impacted most severely in truck markets
- Major OEMs restarted production in early May following shut-downs in April
- Q2 global truck production declined 33% and is expected to decline 25% in 2020 with moderate recovery in 2H; Class 8 expected to be down 24%, Class 4-7 down 27%

Debt and Liquidity Summary

AXALTA

Capitalization

($ in millions)	Interest	@ 6/30/2020		Maturity
Cash and Cash Equivalents		$	1,124	
Debt:				
Revolver ($400 million capacity)[(1)]	Variable		—	2024
First Lien Term Loan (USD)	Variable		2,059	2024
Total Senior Secured Debt		**$**	**2,059**	
Senior Unsecured Notes (USD)	Fixed		493	2024
Senior Unsecured Notes (EUR) [(2)]	Fixed		373	2024
Senior Unsecured Notes (EUR) [(2)]	Fixed		500	2025
Senior Unsecured Notes (USD)	Fixed		492	2027
Finance Leases			64	
Other Borrowings			41	
Total Debt		**$**	**4,021**	
Total Net Debt [(3)]		**$**	**2,897**	
LTM Adjusted EBITDA			716	
Total Net Leverage [(4)]			**4.0x**	
Interest Coverage Ratio [(5)]			**4.7x**	

(1) $361 million available on our undrawn revolver net of letters of credit

(2) Assumes exchange rate of $1.125 USD/Euro

(3) Total Net Debt = Total Debt minus Cash and Cash Equivalents

(4) Total Net Leverage = Total Net Debt / LTM Adjusted EBITDA

(5) Interest Coverage Ratio = LTM Adjusted EBITDA / LTM Interest Expense

Comments

- **June issuance of $500 million in aggregate principal amount of 4.750% Senior Notes**
- **~$1.5 billion in liquidity at the end of Q2**
  - June debt issuance brought total cash to $1,124 million
  - $361 million undrawn revolver
- **Net leverage of 4.0x increased from Q1 2020 due to lower LTM Adjusted EBITDA**
- **No affirmative financial covenants on our outstanding long-term debt**
- **No maturities on outstanding long-term debt until 2024**
- **Long term debt interest rates are effectively 87% fixed**
  - $250 million of term loan debt protected from rising interest rates with 3 month USD LIBOR capped at 1.50%
  - $1.375 billion of term loan debt fixed with interest rate swaps at weighted average of 1.84%

COVID-19 Impact and Response

Mitigation Actions

- Exceeded expected savings and cash flow from actions during Q2
- Expect to deliver over $130 million in temporary cost actions in 2020; achieved $75 million savings in Q2; Q3 savings expected to be greater than Q4
- Expect to deliver over $140 million in incremental cash flows in 2020; $70 million achieved in Q2 from reduced capital expenditures and working capital savings

Global Restructuring

- Announced a global restructuring to align our cost structure to market demand and to remain competitive in the markets we serve.
  - Net 5% reduction of global workforce, or approximately 550 employees with potential for additional reductions within Europe
  - Expected annualized cost savings of approximately $50 million expected to be largely achieved over next 24 months
  - Company expects to incur cash costs of $55-65 million inclusive of capital expenditures

Financial Guidance Update

Given limited current forecast visibility, we are not offering full year guidance, other than those discrete elements below:

- Q3 net sales: Expected to be down ~15-20% compared to Q3 2019 including -1% FX impact
- FY diluted shares: ~236 million
- FY capex: ~$80 million (50% lower than January guidance)
- FY interest expense: ~$150 million

Appendix

Full Year 2020 Assumptions

AXALTA

Macroeconomic Assumptions

- Global GDP decline of approximately ~(5.5%)
- Global industrial production decline of approximately ~(7.7%)
- Global auto build decline of approximately ~(21.9%)
- Demand destruction due to COVID-19 has driven lower oil and related feedstock prices. Due to lower customer demand and inventory reductions, flow-through of pricing tailwinds has been very limited during 1H 2020

Currency Assumptions

Currency	2019 % Axalta Net Sales	2019 Average Rate	2020 Average Rate Assumption	USD % Impact of FX Rate Change
US$ per Euro	~28%	1.12	1.12	0.0%
Chinese Yuan per US$	~9%	6.91	7.05	(2.0%)
Brazilian Real per US$	~3%	3.94	5.06	(22.1%)
US$ per British Pound	~3%	1.28	1.26	(1.6%)
Mexican Peso per US$	~2%	19.25	21.88	(12.0%)
Canadian Dollar per US$	~2%	0.75	0.74	1.4%
Indian Rupee per US$	~2%	70.41	74.69	(5.7%)
Other	~52%	N/A	N/A	2.8%

Adjusted EBIT Reconciliation

	($ in millions)	Q2 2020	Q2 2019
	(Loss) income from operations	$ (65)	$ 158
	Other income, net	(2)	(1)
	Total	$ (62)	$ 159
A	Debt extinguishment and refinancing related costs	—	—
B	Termination benefits and other employee related costs	15	3
C	Strategic review and retention costs	7	1
D	Offering and transactional costs	—	—
E	Loss (gain) on divestiture and impairment	3	(1)
F	Pension special event	(1)	—
G	Accelerated depreciation	—	7
H	Step-up depreciation and amortization	26	29
	Adjusted EBIT	$ (12)	$ 197
	Segment Adjusted EBIT:		
	Performance Coatings	$ 2	$ 128
	Transportation Coatings	(39)	40
	Total	$ (38)	$ 168
H	Step-up depreciation and amortization	26	29
	Adjusted EBIT	$ (12)	$ 197

Adjusted EBIT Reconciliation (cont'd)

A Represents expenses and associated changes to estimates related to the prepayment, restructuring, and refinancing of our indebtedness, which are not considered indicative of our ongoing operating performance.

B Represents expenses and associated changes to estimates related to employee termination benefits and other employee-related costs. Employee termination benefits are associated with Axalta Way initiatives. These amounts are not considered indicative of our ongoing operating performance.

C Represents costs for legal, tax and other advisory fees pertaining to our review of strategic alternatives that was concluded in March 2020, as well as retention awards for certain employees which will be earned over a period of 18-24 months. These amounts are not considered indicative of our ongoing performance.

D Represents acquisition and divestiture-related expenses, all of which are not considered indicative of our ongoing operating performance.

E Represents expenses and associated changes to estimates related to the sale of our interest in a joint venture business and other impairments, which are not considered indicative of our ongoing operating performance.

F Represents certain defined benefit pension costs associated with special events, including pension curtailments, which we do not consider indicative of our ongoing operating performance.

G Represents incremental depreciation expense resulting from truncated useful lives of the assets impacted by our manufacturing footprint assessments, which we do not consider indicative of our ongoing operating performance.

H Represents the incremental step-up depreciation and amortization expense associated with the acquisition of DuPont Performance Coatings by Axalta. We believe this will assist investors in performing meaningful comparisons of past, present and future operating results and better highlight the results of our ongoing operating performance.

Adjusted Net Income Reconciliation

	($ in millions, except per share data)		Q2 2020		Q2 2019
	Net (loss) income	$	(83)	$	100
	Less: Net (loss) income attributable to noncontrolling interests		—		2
	Net (loss) income attributable to controlling interests		(83)		98
A	Debt extinguishment and refinancing related costs		—		—
B	Termination benefits and other employee related costs		15		3
C	Strategic review and retention costs		7		1
D	Offering and transactional costs		—		—
E	Loss (gain) on divestiture and impairment		3		(1)
F	Pension special event		(1)		—
G	Accelerated depreciation		—		7
H	Step-up depreciation and amortization		26		29
	Total adjustments	$	51	$	39
I	Income tax provision impacts		3		14
	Adjusted net (loss) income	$	(35)	$	123
	Diluted adjusted net (loss) income per share	$	(0.15)	$	0.52
	Diluted weighted average shares outstanding		235		235

Adjusted Net Income Reconciliation (cont'd)

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I The income tax impacts are determined using the applicable rates in the taxing jurisdictions in which expense or income occurred and includes both current and deferred income tax expense (benefit) based on the nature of the non-GAAP performance measure. Additionally, the income tax impact includes the removal of discrete income tax impacts within our effective tax rate which were expenses of $3.4 million and benefits of $30.5 million, $5.7 million, and $4.1 million for the three months and six months ended June 30, 2020 and 2019, respectively. The tax benefits for the six months ended June 30, 2020 include the removal of a significant one-time benefit associated with the recognition of a deferred tax asset related to an intra-entity transfer of certain intellectual property rights. The deferred tax benefit will be ratably amortized into our adjusted income tax rate as the tax attribute is realized.

Free Cash Flow Reconciliation

($ in millions)	Q2 2020	Q1 2020	YTD 2020	Q2 2019	Q1 2019	YTD 2019
Cash (used for) provided by operating activities	$ (2)	$ (1)	$ (3)	$ 127	$ (58)	$ 69
Purchase of property, plant and equipment	(20)	(23)	(42)	(27)	(21)	(47)
Interest proceeds on swaps designated as net investment hedges	4	4	7	4	4	7
Free cash flow	$ (18)	$ (20)	$ (38)	$ 104	$ (75)	$ 29

Adjusted EBITDA Reconciliation

($ in millions)		LTM 6/30/2020	Q2 2020	Q1 2020	Q2 2019	Q1 2019	FY 2019
	Net income (loss)	$ 78	$ (83)	$ 52	$ 100	$ 44	$ 253
	Interest expense, net	153	36	37	41	41	163
	(Benefit) provision for income taxes	6	(15)	(25)	18	14	77
	Depreciation and amortization	336	77	87	89	92	353
	EBITDA	**$ 573**	**$ 14**	**$ 151**	**$ 248**	**$ 191**	**$ 846**
A	Debt extinguishment and refinancing related costs	2	—	2	—	—	—
B	Termination benefits and other employee related costs	66	15	20	3	1	35
C	Strategic review and retention costs	31	7	12	1	—	13
D	Offering and transactional costs	—	—	—	—	1	1
E	Loss (gain) on divestiture and impairment	20	3	1	(1)	5	21
F	Foreign exchange remeasurement losses	6	—	2	2	2	8
G	Long-term employee benefit plan adjustments	(2)	(1)	(1)	—	—	—
H	Stock-based compensation	22	6	5	(1)	7	16
I	Dividends in respect of noncontrolling interest	(1)	—	(1)	—	(1)	(2)
	Total Adjustments	144	$ 30	$ 40	$ 4	$ 15	$ 93
	Adjusted EBITDA	**$ 717**	**$ 44**	**$ 191**	**$ 251**	**$ 207**	**$ 939**

Adjusted EBITDA Reconciliation (cont'd)

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E Represents expenses and associated changes to estimates related to the sale of our interest in a joint venture business and other impairments, which are not considered indicative of our ongoing operating performance.

F Eliminates foreign exchange losses resulting from the remeasurement of assets and liabilities denominated in foreign currencies, net of the impacts of our foreign currency instruments used to hedge our balance sheet exposures.

G Eliminates the non-cash, non-service cost components of long-term employee benefit costs.

H Represents non-cash impacts associated with stock-based compensation.

I Represents the payment of dividends to our joint venture partners by our consolidated entities that are not 100% owned, which are reflected to show the cash operating performance of these entities on Axalta's financial statements.

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Thank you

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