



Q1 2020 Financial Results

May 5, 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 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, as well as the recently concluded review of strategic alternatives and the effects of COVID-19, that may cause its business, industry, strategy, financing activities or actual results to differ materially. The extent and duration 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-K, and in other documents that we have filed with, or furnished to, the U.S. Securities and Exchange Commission, including our Quarterly Report on form 10-Q for the quarter ended March 31, 2020. 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 Q1 Financial Highlights



First Quarter 2020 Highlights

- Net sales down 12.1% (decrease of 8.5% ex-FX and M&A impacts); Price-mix increase of 1.8%
- Income from operations of \$65 million versus \$99 million in Q1 2019
- Adjusted EBIT decreased 7.8% versus Q1 2019 while margins increased 60 basis points
- COVID-19 accounts for the majority of the YOY declines: impact to Net Sales, Adjusted EBIT, and Adjusted EPS estimated at \$90 million, \$40 million, and \$0.13, respectively
- Diluted EPS of \$0.22 compared with \$0.18 in Q1 2019; Adjusted diluted EPS of \$0.31 decreased 8.8% from Q1 2019
- Free cash flow use improved by \$55 million versus Q1 2019 on improved working capital
- Strong balance sheet with 3.1x net leverage and >\$1 billion in total liquidity available

Navigating the COVID-19 Pandemic: Guiding Principles

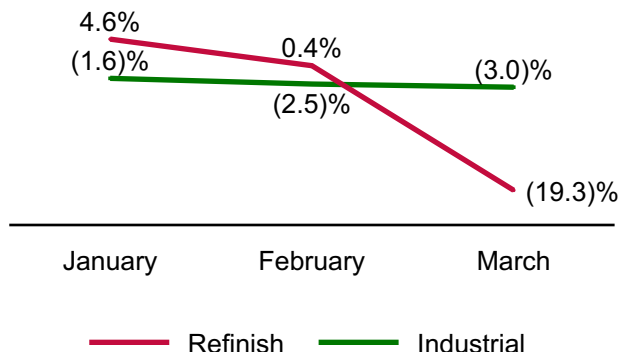
- Focus on Employee Safety and Wellbeing
- Maintain Operating Flexibility
- Maintain Financial Flexibility



COVID-19 Impact: The Demand Environment



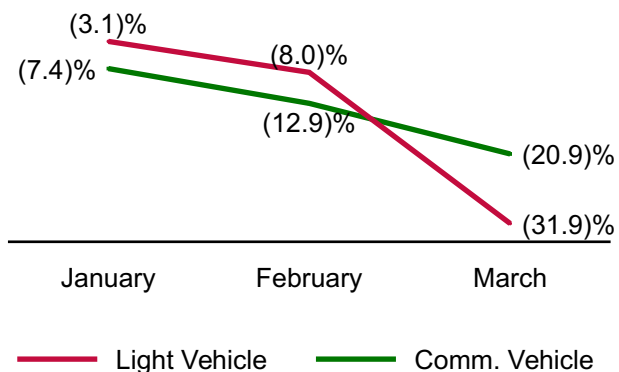
Performance Coatings Net Sales⁽¹⁾



Performance Commentary

- Refinish impact began in February for China, mid-March for other regions
- Miles driven declining to trough of 45-50% in many geographies starting in March; moderating in late April
- Industrial demand generally stable in Q1; volumes down low single digits, offset by positive price-mix; overall stability in sub-markets including Powder, Energy Solutions, and Wood
- China net sales in Q1 declined YoY 46% in Refinish and 5% in Industrial, before FX and M&A impacts

Transportation Coatings Net Sales⁽¹⁾



Transportation Commentary

- Light Vehicle tracking production by served geography; China impact began January; expect rebound starting in May
- Global auto production declined 24% in Q1 including 50% in China; industry forecasts call for 47% decline in Q2 and then rebounding somewhat to finish 2020 down 22%
- Commercial Vehicle impacted largely in truck markets; may see recovery faster in May than other vehicle markets
- Q1 global truck production declined 30% and is expected to decline 29% in 2020 with Q2 somewhat lower; key OEMs targeting to restart production early May
- China net sales declined 38% in Q1 ex-FX

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

COVID-19 Impact and Response



Mitigation Actions

- Axalta executing on aggressive cost structure reduction plan
 - Actions across discretionary spend, salary reductions, furloughs, and other items
 - Over \$100 million expected benefit for 2020
- Emphasis on cash flow to bolster liquidity position
 - Reduced capex, other discretionary capital uses, and continued working capital focus
 - Over \$125 million in incremental cash flow expected for 2020
- Cost and cash flow actions to provide **~\$225 million** in incremental cash during 2020



Downturn Resilience

- Natural hedge from a highly variable cost structure (>60% of COGS)
- Strong operating flexibility given batch-based production environment, highly regional supply chain
- Low capital intensity; maintenance capex only ~\$30-50 million
- Strong balance sheet; total liquidity of over \$1 billion and no LT debt maturities until 2024



Debt and Liquidity Summary



Capitalization

(\$ in millions)	Interest	@ 3/31/2020	Maturity
Cash and Cash Equivalents		\$ 657	
Debt:			
Revolver (\$400 million capacity) ⁽¹⁾	Variable	—	2024
First Lien Term Loan (USD)	Variable	2,064	2024
Total Senior Secured Debt		\$ 2,064	
Senior Unsecured Notes (USD)	Fixed	492	2024
Senior Unsecured Notes (EUR) ⁽²⁾	Fixed	367	2024
Senior Unsecured Notes (EUR) ⁽²⁾	Fixed	492	2025
Finance Leases		65	
Other Borrowings		40	
Total Debt		\$ 3,520	
Total Net Debt⁽³⁾		\$ 2,863	
LTM Adjusted EBITDA		923	
Total Net Leverage⁽⁴⁾		3.1x	
Interest Coverage Ratio⁽⁵⁾		5.9x	

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

(2) Assumes exchange rate of \$1.109 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

- **Over \$1 billion in total liquidity available as of Q1 end**
 - \$361 million under undrawn revolver
 - \$657 million cash
- **Net leverage of 3.1x essentially neutral versus year end**
- **Term Loan B \$300 million prepayment in January**
- **Long term debt interest rates effectively 88% 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%
- **No affirmative financial covenants on our outstanding long-term debt**

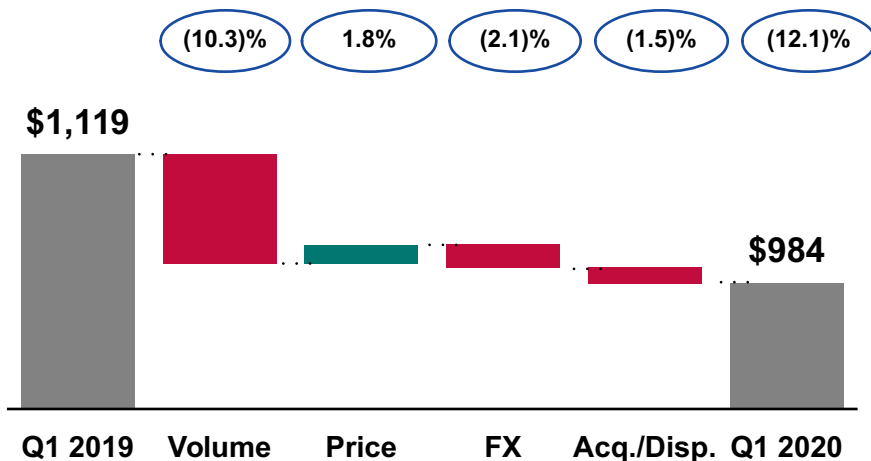
Q1 Consolidated Results



Financial Performance

(\$ in millions, except per share data)	Q1		% Change	
	2020	2019	Incl. F/X	Excl. F/X
Performance	648	713	(9.2)%	(7.3)%
Transportation	336	406	(17.3)%	(14.7)%
Net Sales	984	1,119	(12.1)%	(10.0)%
Income from ops	65	99	(34.0)%	
Adjusted EBIT	133	144	(7.8)%	
Diluted EPS	0.22	0.18	22.2 %	
Adjusted EPS	0.31	0.34	(8.8)%	

Net Sales Variance



Commentary

Net sales down high single digits ex-FX and M&A; continued price-mix improvement

- Volume reductions globally driven in large part by COVID-19 pandemic; also lower industrial production trends and lower vehicle build rates
- Price recovery solid across Performance (low-single digits); modest ongoing Transportation gains
- FX pressure driven by the Euro, Brazilian Real, and Renminbi
- M&A-related impact from Q2 2019 China JV disposition
- Diluted EPS increase driven largely by a one-time tax benefit
- COVID-related impact of \$90 million to net sales and \$40 million to Adjusted EBIT

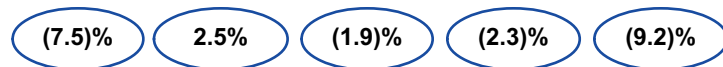
Q1 Performance Coatings Results



Financial Performance

(\$ in millions)	Q1		% Change	
	2020	2019	Incl. F/X	Excl. F/X
Refinish	368	406	(9.3)%	(7.0)%
Industrial	280	308	(9.1)%	(7.7)%
Net Sales	648	713	(9.2)%	(7.3)%
Adjusted EBIT	79	79	1.0 %	
% margin	12.3%	11.0%		

Net Sales Variance



Commentary

Net sales reduction ex-FX and M&A driven by COVID-19 impact on volumes

- Volume down globally as a result of the COVID-19 impact as well as tempered industrial production trends
- Continued strong price-product mix tailwinds across both end-markets and all regions
- Net negative M&A impact of 2.3% from China JV sale in Q2 2019
- FX pressure driven by the Euro, Renminbi, and Brazilian Real

Adjusted EBIT margin up 130 bps

- Margin expansion due to improved pricing and productivity, partly offset by lower sales volume and FX headwinds

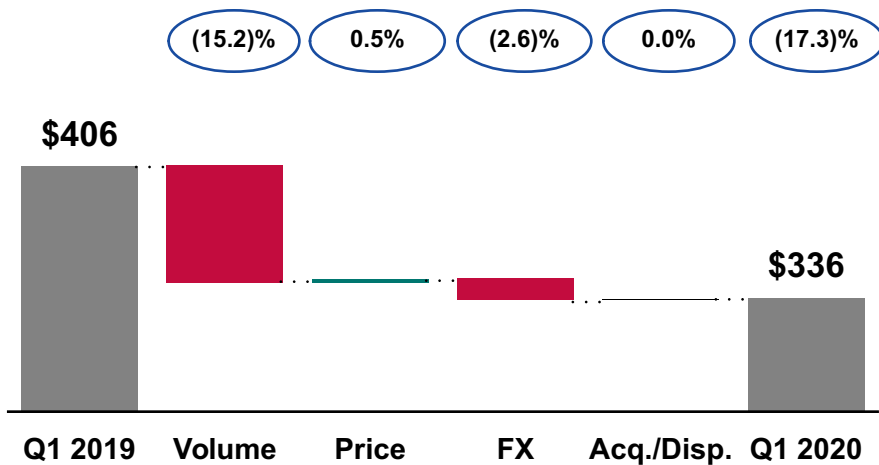
Q1 Transportation Coatings Results



Financial Performance

(\$ in millions)	Q1		% Change	
	2020	2019	Incl. F/X	Excl. F/X
Light Vehicle	260	316	(17.7)%	(14.9)%
Commercial Vehicle	76	90	(16.0)%	(14.0)%
Net Sales	336	406	(17.3)%	(14.7)%
Adjusted EBIT	26	34	(24.6)%	
% margin	7.7%	8.4%		

Net Sales Variance



Commentary

COVID-19 production shutdowns drive mid-teens net sales reduction, ex-FX

- Volume pressure driven by lower global production rates and COVID-19 related customer shutdowns
- Sixth consecutive quarter of positive Light Vehicle price recapture as well as positive price-product mix within Commercial Vehicle
- FX pressure driven by the Brazilian Real, Euro, and Renminbi

Adjusted EBIT margin down 70 bps

- Margin contraction due to lower sales volumes and FX headwinds, partly offset by improved pricing and productivity

Financial Guidance Update



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

- Net sales: April and May expected to be down by ~50% compared to the same prior year two-month period
- Diluted shares: ~237 million
- Capex: ~\$80 million (50% lower than January guidance)
- Interest expense: ~\$140 million





Appendix

Full Year 2020 Assumptions



Macroeconomic Assumptions

- Global GDP decline of (3.0%)⁽¹⁾
- Global industrial production decline of (5.3%)⁽¹⁾
- Global auto build decline of (22.0%)⁽¹⁾
- Tariffs on a few key raw materials coming from China continues to impact our pricing; however, prices are expected to be tempered due to negative impact on demand from COVID-19
- Truck capacity improvement globally expected to provide flat to down pricing; moderate pricing pressure on ocean freight while felt much more considerably in air freight

(1) IHS data, 4/27/2020

(2) Bloomberg bank composite FX forecast, 5/1/2020

Currency Assumptions

Currency ⁽²⁾	2019 % Axalta Net Sales	2019 Average Rate	2020 Average Rate Assumption	USD % Impact of FX Rate Change
US\$ per Euro	~28%	1.12	1.10	(1.8%)
Chinese Yuan per US\$	~9%	6.91	7.01	(1.4%)
Brazilian Real per US\$	~3%	3.94	4.93	(20.1%)
US\$ per British Pound	~3%	1.28	1.25	(2.3%)
Mexican Peso per US\$	~2%	19.27	22.45	(14.2%)
Canadian Dollar per US\$	~2%	0.75	0.72	(4.0%)
Indian Rupee per US\$	~2%	70.41	74.62	(5.6%)
Other	~52%	N/A	N/A	3.7%

Adjusted EBIT Reconciliation



(\$ in millions)	Q1 2020	Q1 2019
Income from operations	\$ 65	\$ 99
Other expense (income), net	1	(1)
Total	\$ 64	\$ 100
A Debt extinguishment and refinancing related costs	2	—
B Termination benefits and other employee related costs	20	1
C Strategic review and retention costs	12	—
D Offering and transactional costs	—	1
E Loss on divestiture and impairment	1	5
F Pension special event	(1)	—
G Accelerated depreciation	8	6
H Step-up depreciation and amortization	28	31
Adjusted EBIT	\$ 133	\$ 144
Segment Adjusted EBIT:		
Performance Coatings	\$ 79	\$ 79
Transportation Coatings	26	34
Total	\$ 105	\$ 113
H Step-up depreciation and amortization	28	31
Adjusted EBIT	\$ 133	\$ 144

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 recently concluded comprehensive review of strategic alternatives, 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)		Q1 2020	Q1 2019
Net income	\$	52	\$ 44
Less: Net income attributable to noncontrolling interests		—	1
Net income attributable to controlling interests		52	43
A Debt extinguishment and refinancing related costs		2	—
B Termination benefits and other employee related costs		20	1
C Strategic review and retention costs		12	—
D Offering and transactional costs		—	1
E Loss on divestiture and impairment		1	5
F Pension special event		(1)	—
G Accelerated depreciation		8	6
H Step-up depreciation and amortization		28	31
Total adjustments	\$	68	\$ 44
I Income tax provision impacts		47	6
Adjusted net income	\$	74	\$ 81
Diluted adjusted net income per share	\$	0.31	\$ 0.34
Diluted weighted average shares outstanding		236	237

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 a benefit of \$33.9 million and expense of \$1.6 million for the three months ended March 31, 2020 and 2019, respectively. The tax benefits for the three months ended March 31, 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)	Q1 2020	Q1 2019
Cash used for operating activities	\$ (1)	\$ (58)
Purchase of property, plant and equipment	(23)	(21)
Interest proceeds on swaps designated as net investment hedges	4	4
Free cash flow	\$ (20)	\$ (75)

Adjusted EBITDA Reconciliation



(\$ in millions)	LTM 3/31/2020	Q1 2020	Q1 2019	FY 2019
Net income	\$ 261	\$ 52	\$ 44	253
Interest expense, net	158	37	41	163
Provision (benefit) for income taxes	38	(25)	14	77
Depreciation and amortization	348	87	92	353
EBITDA	\$ 805	\$ 151	\$ 191	846
A Debt extinguishment and refinancing related costs	3	2	—	—
B Termination benefits and other employee related costs	53	20	1	35
C Strategic review and retention costs	25	12	—	13
D Offering and transactional costs	1	—	1	1
E Loss on divestiture and impairment	16	1	5	21
F Foreign exchange remeasurement losses	8	2	2	8
G Long-term employee benefit plan adjustments	(1)	(1)	—	—
H Stock-based compensation	14	5	7	16
I Dividends in respect of noncontrolling interest	(1)	(1)	(1)	(2)
Total Adjustments	\$ 118	\$ 40	\$ 15	93
Adjusted EBITDA	\$ 923	\$ 191	\$ 207	939
Adjusted EBITDA to interest expense coverage ratio	5.9x			

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.



Thank you

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