Axalta Coating Systems (AXTA)
First Quarter 2020 Financial Results
May 5, 2020

Slide 3: Introduction and Q1 Financial Highlights

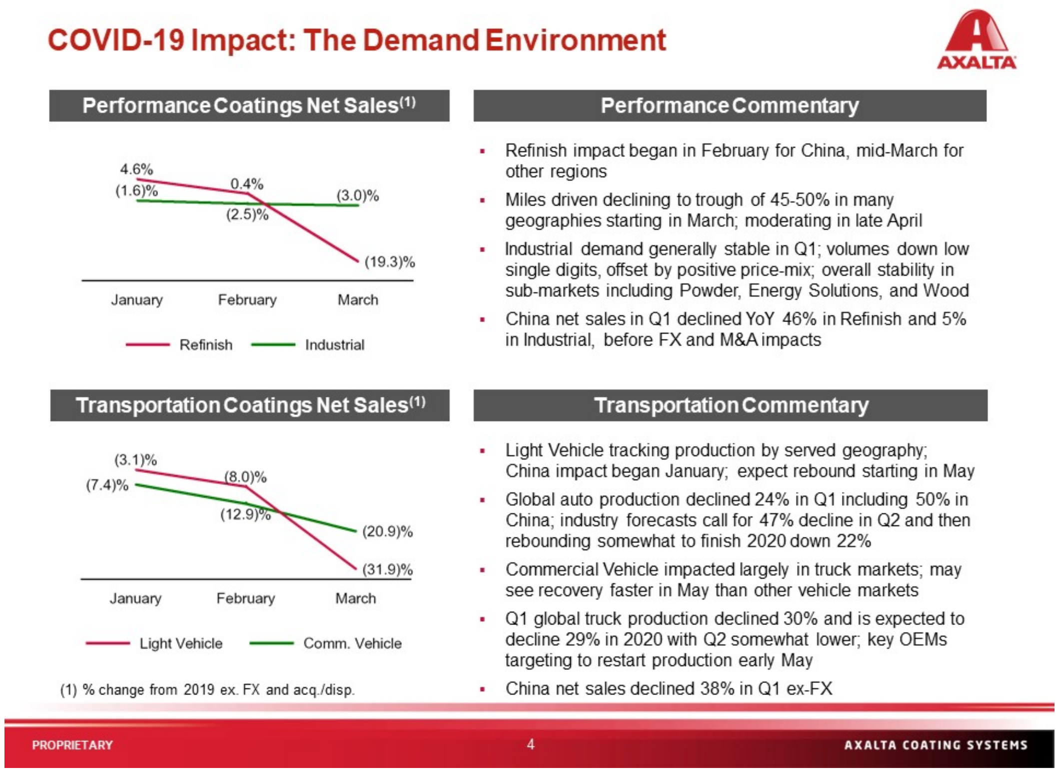
Guiding Principles: As Axalta navigates the COVID-19 crisis, three priorities guide management decisions and actions:

- **Maintain Employee Safety and Wellbeing**: Axalta has implemented careful plans, programs, and support for all employees to ensure the employee safety as well as to ensure the company follows CDC protocols for operational safety and risk mitigation.
- **Maintain Operating Flexibility**: Axalta is focused on supporting our customers by maintaining operating capability where necessary and permitted in compliance with regulatory protocols to ensure we continue to meet customer demands.
- **Maintain Financial Flexibility**: Management continues to implement an aggressive action plan on both costs and cash to mitigate the financial impacts of reduced demand.

First Quarter Highlights: Net sales decreased 12.1% to $1.0 billion on an as-reported basis versus Q1 2019, and 8.5% excluding foreign exchange impacts and the effect of the divestiture of a China joint venture in second quarter 2019. This result included a 1.8% increase in price-mix, led by continued price realization within Performance Coatings. The impact of COVID-19 to net sales is estimated to be approximately $90 million (or 8% versus the prior year quarter), accounting for essentially the entirety of the organic constant currency net sales decline for the quarter.

Adjusted EBIT for the first quarter of $133 million decreased 7.8% versus Q1 2019, while margins increased 60 basis points to 13.5%, benefiting from ongoing price-mix improvement, continued cost reduction and lower variable costs, which more than outweighed the impact of volume pressure in the period.

Free cash flow for first quarter improved $55 million from the prior period with a use of $20 million compared to the use of $75 million in Q1 2019 on improved working capital.



COVID-19 Impact and Response

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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

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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
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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

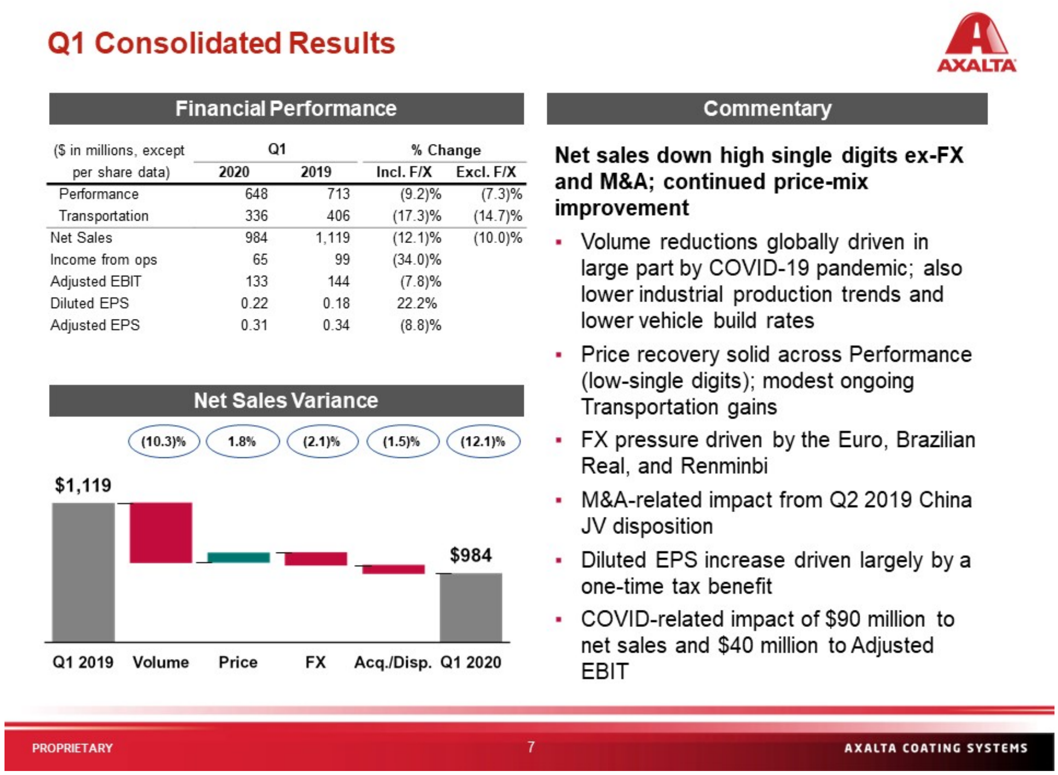
Comments

- **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**

Slide 6: Debt and Liquidity Summary

Total reported debt at first quarter end was $3.5 billion, with a net debt balance of $2.9 billion. The net leverage ratio was 3.1 times versus 3.0 times at year end. The nearest debt maturities on both our Term Loans and Unsecured Notes are 2024. There are no affirmative financial covenants on current outstanding indebtedness, and the first quarter ended with an Adjusted EBITDA to interest expense coverage ratio of 5.9x. In January, Axalta prepaid $300 million of its US dollar Term Loan, which lowered anticipated annual cash interest expense by over $10 million.

With $657 million of cash on the balance sheet at March 31, and $361 million of available capacity on our undrawn revolver, Axalta had over $1 billion in total liquidity available at first quarter end. In addition, the company expects to flow incremental cash exceeding $225 million from reduced capex reductions to $80 from $160, discretionary business investment reductions, working capital rationalization and the cost action plans already instituted. Final decisions on any capital decisions will be updated at least monthly based on the pacing of recovery.



Slide 7: Q1 Consolidated Results

First quarter Net Sales, before FX impacts, decreased 10.0% year-over-year, including a 7.3% decrease from Performance Coatings and 14.7% from Transportation Coatings. The Performance Coatings results included the 1.5% impact from the sale of the China JV interest in Q2 2019, meaning that *organic* constant currency consolidated net sales decreased 8.5% overall for the quarter.

The 10.3% lower volume for the quarter was driven by all regions and end-markets and impacted to a large degree by COVID-19 effects. Positive price-mix contribution came principally from Performance Coatings, while Transportation Coatings increased slightly. For Light Vehicle this was the sixth quarter in a row of gap closing positive price-mix development.

FX translation impact was somewhat more than earlier forecasts, with a 2.1% headwind reflected in the quarter from incremental Euro, Brazilian Real, the Chinese Renminbi weakness.

Axalta estimates the overall impact to net sales and Adjusted EBIT from COIVD-19 in the first quarter was $90 million and $40 million, respectively. The estimated impact to Adjusted EPS was $0.13 per share.

The largest contributor of this shortfall was China, where light vehicle production was essentially halted from late January through February, with partial recovery in March. Overall China sales dropped 65% from a December 2019 run-rate to the trough in February, prior to recovery beginning in early March. Current order rates for May appear to show a recovery overall on the order of 60-80% of normal, with variation by business. Notably, the China Industrial business was only moderately impacted during the period, which speaks to the nature of certain customers there as critical need sectors that continued to operate during the period, including in the energy solutions sub-business.

Beginning in March, we began to see COVID-19 impacts in Western economies. As such, the relative impact from Asia Pacific and the rest of the world was equally balanced for the quarter, with Transportation and specifically Light Vehicle the most impacted end-market globally, Refinish as the second most impacted, and Industrial a relatively more stable component of our business.

First quarter Adjusted EBIT of $133 million was a 7.8% decrease versus the prior year, driven by lower volumes across all end-markets and negative foreign currency translation impacts, partly offset by higher average price and product mix, lower variable input costs, and from improved productivity savings and lower compensation related expense. One notable positive: Adjusted EBIT margins increased 60 basis points to 13.5% as cost reductions and price improvement outweighed the notable volume drag in margin terms.

Free cash flow for the first quarter totaled a use of $19.8 million compared to a use of $74.9 million in the prior year first quarter reflecting a substantial working capital improvement versus the prior year and despite slightly higher capital expenditures totaling $22.7 million versus $20.5 million in the prior year quarter.

In the first quarter, Axalta took a $18.5 million restructuring charge. This charge will enable further structural cost savings aligned with the Axalta Way program and goals.

Also related to the Axalta Way program, the Belgium site closure was completed during first quarter. The Belgium paint plant operations were fully stopped towards the end of 2019, and final production transfers were completed during first quarter. Certain productivity benefits of this project are beginning to be realized, which offers some offsets to the COVID-19 cost absorption headwinds.

Q1 Performance Coatings Results

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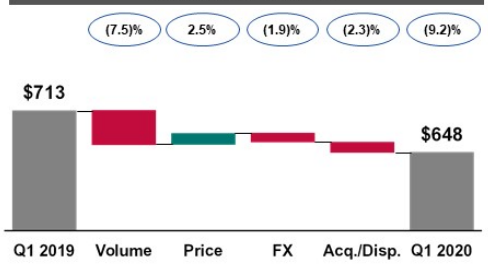
Financial Performance

($ in millions)	Q1 2020	Q1 2019	% Change Incl. F/X	% Change 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

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Slide 8: Q1 Performance Coatings Results

Performance Coatings Q1 Net Sales decreased 7.3% year-over-year excluding a 1.9% FX headwind, and decreased 5.0% excluding the impact of the China JV interest sale. The net sales result was driven by 7.5% lower volumes, offset partly by a 2.5% increase in average price-mix.

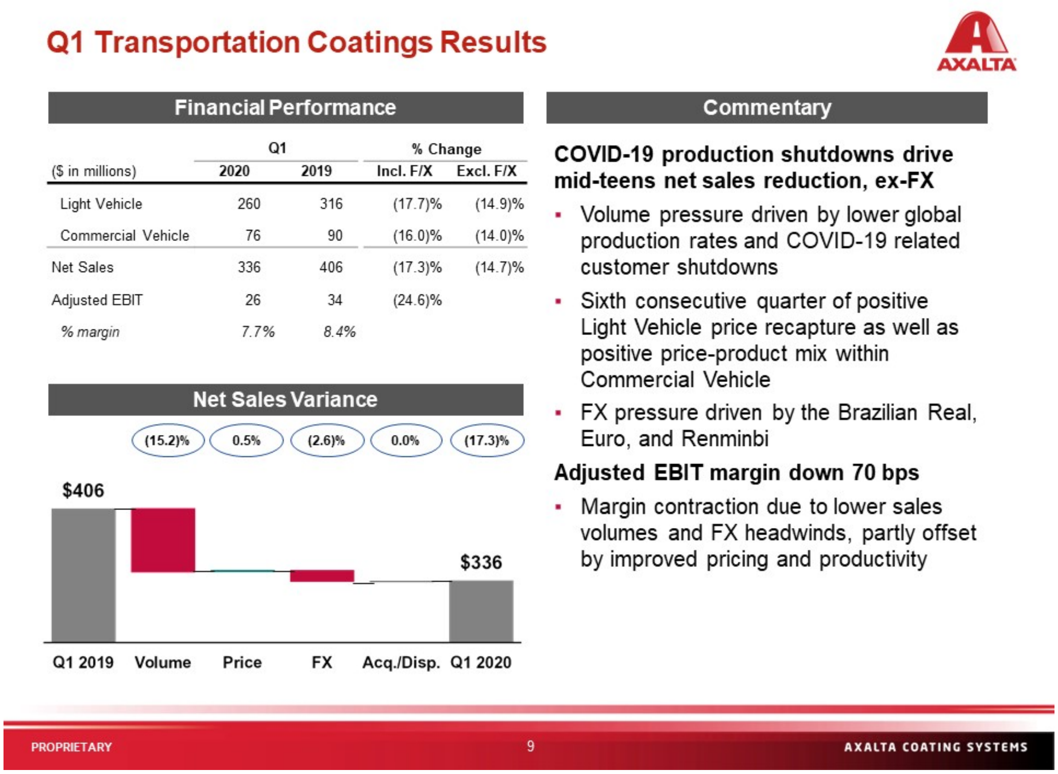
Refinish reported a 7.0% Net Sales decline ex-FX, lower volume globally due largely to the COVID-19 pandemic, offset in part by strong average price and product mix contribution. Net sales excluding the COVID-19 impact are estimated to be up slightly in the period.

Axalta continues to drive new product innovation in Refinish. In the first quarter, a second generation of high productivity, low energy, premium clearcoat technology was launched in Europe. In India, product extensions of Axalta's Nason® product line including a new "fit for purpose" basecoat binder and primer were launched.

Industrial Net Sales ex-FX decreased 7.7% year-over-year, with a fairly modest 2.4% decrease excluding the China JV divestiture. This result included low single digit volume declines offset in part by positive average price-mix improvement globally. Industrial sales were largely flat in China despite COVID-19 impacts to the Chinese economy, and the overall result benefited from year-over-year growth in sub-businesses including wood, coil and energy solutions. The Industrial business was estimated to be up slightly top line excluding COVID-19 impacts in the quarter.

New product launches in Industrial coatings this quarter continued. Axalta expanded the recently launched Unrivaled™ Wood Exterior Pre-finish system with the introduction of a high performing waterborne touch-up kit for key building materials customers. In the coil metal coatings market, Axalta introduced Strenex®™ Structural Steel Winter Primers, a waterborne coating providing improved corrosion resistance.

First quarter segment Adjusted EBIT of $79.4 million increased 1.0% from the prior year, as decremental effects of lower volume and FX pressure were more than offset by positive price-mix, lower operating expenses and some tailwind in variable input costs. Segment margins of 12.3% increased 130 basis points year-over-year given these dynamics.



Q1 Transportation Coatings Results

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Financial Performance

	Q1		% Change	
($ in millions)	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

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Slide 9: Q1 Transportation Coatings Results

Transportation Coatings Net Sales decreased 14.7% year-over-year in the quarter before 2.6% currency headwinds. This was driven by a 15.2% decrease in volume, offset partially by 0.5% higher average price and product mix which was the sixth straight quarter of price recovery.

Light Vehicle first quarter Net Sales decreased 14.9% before a 2.4% FX headwind. Volume decreased relatively in line with global automotive production cut-backs related to COVID-19 in the regions in which we operate. Average price-mix increased slightly in the period. Before estimated impacts from COVID-19 in the period, we believe Light Vehicle net sales would have declined in the mid-single digits.

For the quarter, global light vehicle production declined 23%, including a 30% decrease in Asia Pacific and a 47% decrease in China. Current IHS forecasts call for a 47% drop in global builds in second quarter, followed by recovery to negative 9% in each of the back half quarters, respectively. For the full year, current forecasts call for a 22% global build drop, with April as the peak month in negative comparisons. Axalta outperformed global builds in the first quarter, despite a worse outcome in China versus the market, due to specific customer exposures in each region.

Commercial Vehicle first quarter Net Sales decreased 14.0% before FX headwinds of 2.0%. This reduction was driven by lower global truck production again due in part to COVID-19 impacts which came in addition to a slowing production rates going into the quarter which had been expected. Price-mix was slightly positive in the period.

Overall truck production decreased 30% in the quarter, and current global forecasts for Class 4-8 truck production suggest a similar 29% decline for the year, with second quarter down 37%. Axalta's outperformance relative to the truck market decline came from exposures to non-truck customers, which saw less decline in the period. We expect this dichotomy to continue this year, with heavy duty truck production completely shut down in April, but recovering faster than light vehicle, partly given fewer plants to restart, and with ongoing benefit expected from non-truck customers which so far have not shut down production entirely due to the pandemic.

Our Transportation business continued to push the innovation envelope in 2020 with the launch of additional products that provide sustainability and productivity improvements for our customers. These include our 3-Wet Ambient-Flash Waterborne system in Light Vehicle, which combines a novel waterborne pre-coat and basecoat to achieve premium appearance with substantial process and energy savings. In Commercial Vehicle, Axalta launched a new SupraSand CS388™ Epoxy Primer, which provides significant process savings while delivering enhanced corrosion and film performance.

Despite net sales headwinds in the quarter, Transportation Coatings generated first quarter Adjusted EBIT of $25.8 million, relatively in line with Q4 results but 24.6% lower than the prior year result given lower volume offset partly by lower operating costs. Adjusted EBIT margins of 7.7% compared with 8.4% in the prior year driven primarily by the lower volume decremental impact.

Financial Guidance Update

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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

Full Year 2020 Assumptions

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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

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%

(1) IHS data, 4/27/2020
(2) Bloomberg bank composite FX forecast, 5/1/2020

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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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- **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** 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.

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.