Axalta Coating Systems (AXTA)
Second Quarter 2020 Financial Results
July 29, 2020

Slide 3: Second Quarter 2020 Highlights and Business Conditions

Net Sales: Axalta saw a significant net sales recovery during the quarter, following the bottom set in April. In June, net sales recovered to down 24% from prior year levels excluding the impacts of currency. More notable, June net sales were 82% higher than the lows set in April. This came on the heels of gradually resumed automotive production in the back half of the quarter, a sequential recovery in miles driven globally, and some improvement in broader industrial production through the period after April also including improved housing market metrics supporting our industrial wood and coil coatings businesses. Total net sales for the quarter decreased 39.7% before FX and M&A impacts.

Adjusted EBIT: Adjusted EBIT for the quarter was a loss of $12 million, clearly reflecting the extreme volume pressure in the period. The result also included the unfavorable impact of accounting charges in the period related to COVID-19, which totaled $45 million. The charges primarily related to fixed costs expensed in the period due to abnormally low utilization rates at manufacturing sites, coupled with higher inventory and accounts receivable reserves. Had we not had the COVID pressures, we would have generated substantially stronger Adjusted EBIT and Adjusted EBITDA. With demand sequentially improving through the quarter aligned with the uptick in utilization picking up at our sites globally, it was encouraging to see results in the month of June return to a reported profit after two challenging months earlier in the quarter.

Balance Sheet: Axalta's balance sheet remains strong, notwithstanding the increase in the reported net leverage ratio due to the negative impact on the profit denominator in the second quarter. Axalta has no maintenance covenants on its existing and outstanding long-term debt and no maturities prior to 2024. We closed the quarter with total liquidity of approximately $1.5 billion, including the $500 million senior notes issuance in the period. Free cash flow for second quarter was a use of $18 million, which was notable given the 44% decline from prior year in net sales. This outcome benefited from actions taken during the period to maximize liquidity, and we are proud to demonstrate this financial flexibility to our shareholders during an extreme case of volume volatility.

Global Restructuring: Given the impact of the pandemic and that Axalta continues to strive to lower its overall cost structure, the Company also announced a global restructuring today, with approximately $50 million in expected annualized cost savings once fully implemented.

Guiding Principles: Axalta continues to navigate this challenging pandemic period based on the three guiding principles that we shared in our May update, which include: Maintaining Employee Safety and Wellbeing, Maintaining Operating Flexibility, and Maintaining Financial Flexibility.

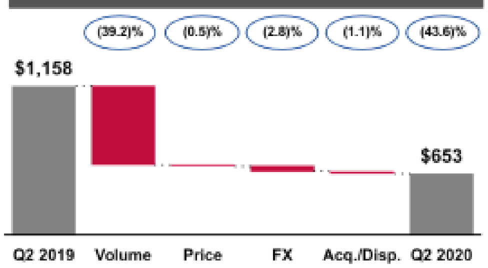
Q2 Consolidated Results

AXALTA

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

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Slide 4: Q2 Consolidated Results

Organic constant currency net sales decreased 39.7% overall for the second quarter, largely due to demand impacts from the coronavirus in the period. These effects included substantial and unprecedented reductions in automotive miles driven and accident volumes, lower industrial production globally, and lower new vehicle builds, including customer site shutdowns in most regions during the quarter.

Second quarter net sales, before FX impacts, decreased 40.8% year-over-year, including a 33.9% decrease from Performance Coatings and 53.7% from Transportation Coatings. The Performance Coatings results included the 1.1% impact from the sale of the China JV interest in Q2 2019.

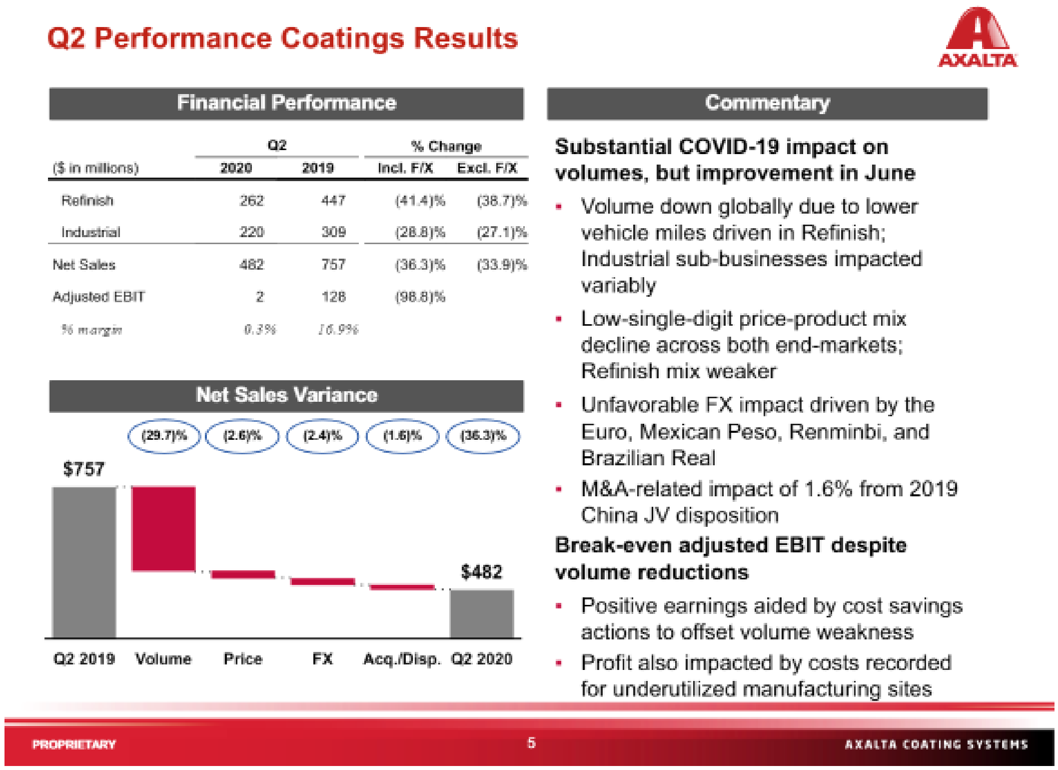
Lower volume of 39.2% for the quarter was driven by all regions and end-markets.

Price-mix contribution was slightly negative in the aggregate, principally driven by mix headwinds within Refinish in Performance Coatings, while Transportation Coatings saw solidly positive price-mix.

FX translation impact was 2.8%, given headwinds from incremental Brazilian Real, Euro, Mexican Peso and Chinese Renminbi weakness.

Second quarter Adjusted EBIT was a loss of $12 million, driven principally by volume reductions, as well as the $45 million in COVID-related accounting charges, primarily associated with underutilized manufacturing sites, and by headwinds from price-mix and FX. These were partially offset by operating cost reductions and slightly lower variable input costs.

In the second quarter, Axalta recognized a $13.7 million restructuring charge, which includes charges for the closure of a small manufacturing site and realignment of the business model in Argentina.



Slide 5: Q2 Performance Coatings Results

Performance Coatings Q2 net sales decreased 33.9% year-over-year excluding a 2.4% FX headwind, and decreased 32.3% excluding the impact of the China JV interest sale. The result was driven by 29.7% lower volumes as well as a 2.6% decrease in average price-mix.

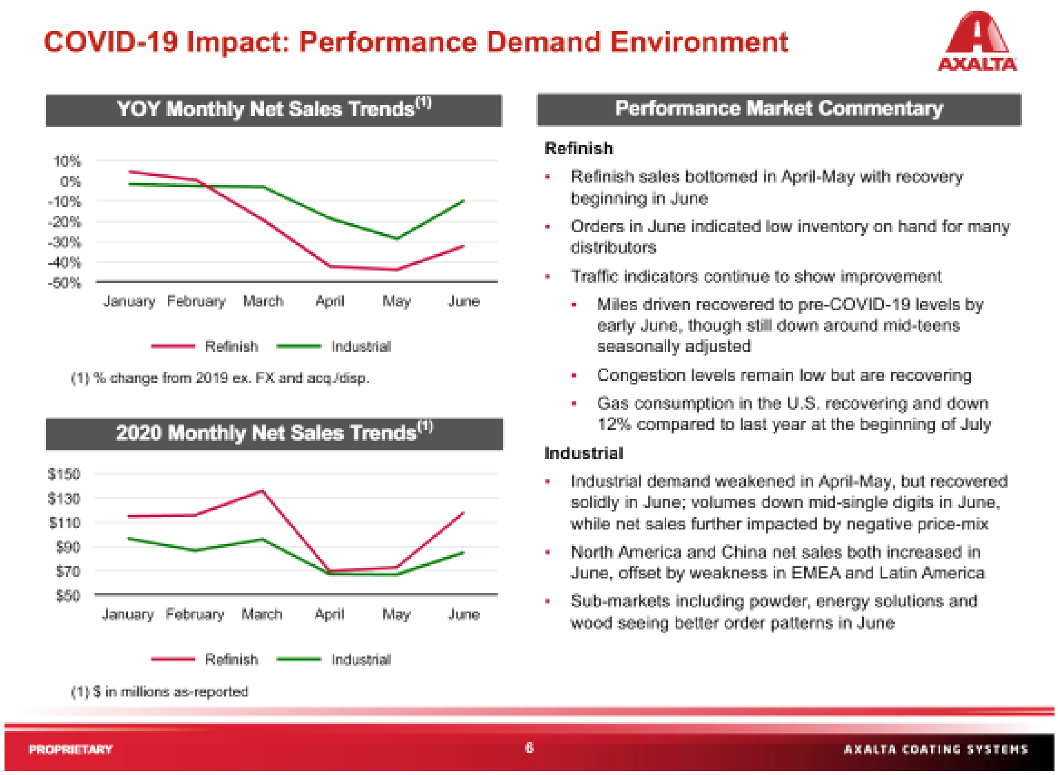
Refinish reported a 38.7% net sales decline ex-FX, including lower volume globally due principally to the COVID-19 pandemic and including a low single digit reduction in average price and product mix contribution, coming principally from product mix.

Axalta continues to drive new product innovation in Refinish. In the second quarter, Axalta launched its newest solvent borne premium basecoat technology in the US market called Cromax XP. This product provides market leading application performance, appearance, and coverage. The Company also launched the new Duxone NR (national rule) value product line in North America, a complete system that offers both compelling quality and a strong value proposition for collision repair customers.

Industrial net sales ex-FX decreased 27.1% year-over-year, or 23.2% before the 3.9% China JV divestiture impact. This result included significant volume declines as well as low single digit average price-mix headwinds. Industrial sales overall were substantially impacted by COVID-19, though the overall result included more stable performance from powder, wood and energy solutions sub-businesses. Net sales in Industrial also recovered somewhat in June, similar to the broader result for Axalta.

New product launches in Industrial coatings this quarter also continued. Axalta expanded its Imron™ Industrial Portfolio with the introduction of a new family of wood coatings targeting the cabinetry, furniture, and architectural millwork markets. The Powder business launched Alesta AQ in Europe, a line of 20 colors designed to eliminate defects on galvanized steel and is also suitable for architectural use. In addition, the Company also continues to expand its global portfolio of specified products in the ACE (agricultural and construction equipment) market segment with the addition of multiple product approvals from a major construction equipment manufacturer.

Second quarter segment Adjusted EBIT of $2 million was significantly pressured by the decremental effects of lower volume, impacts from COVID-related accounting charges, lower average price-mix, and FX pressures. These effects were partially countered by lower operating expenses and some tailwind in variable input costs.



Slide 6: COVID-19 Impact: Performance Demand Environment

Regarding the Performance Coatings demand environment, Axalta benefited from sequential recovery following the volume bottom set in April. This was witnessed across multiple market datapoints.

In **Refinish**, April demand was dramatically impacted by the closure of many body shop end-customers as well as by limited orders from distributor customers due to curtailed demand. Total sales in April generally reflected the levels of reduced traffic and associated accidents during the period. Business picked up solidly later in the quarter, reflecting the moderation of negative traffic comparisons versus the prior year.

Total miles driven globally continues to be impacted materially by “stay at home” restrictions, but the magnitude of that impact has moderated over the last several months. From the bottom set in April, with traffic down 45-50% in the U.S., Axalta has seen traffic rebound steadily and close the gap with pre-COVID levels by mid-June. That said, comparisons against prior year traffic remain challenged, approximately 15-20% below prior year levels as of the end of June. In addition, gasoline consumption has recovered to negative 12% from the prior year as of early July. Overall traffic congestion in the U.S. has also recovered somewhat, though it remains below last year's levels.

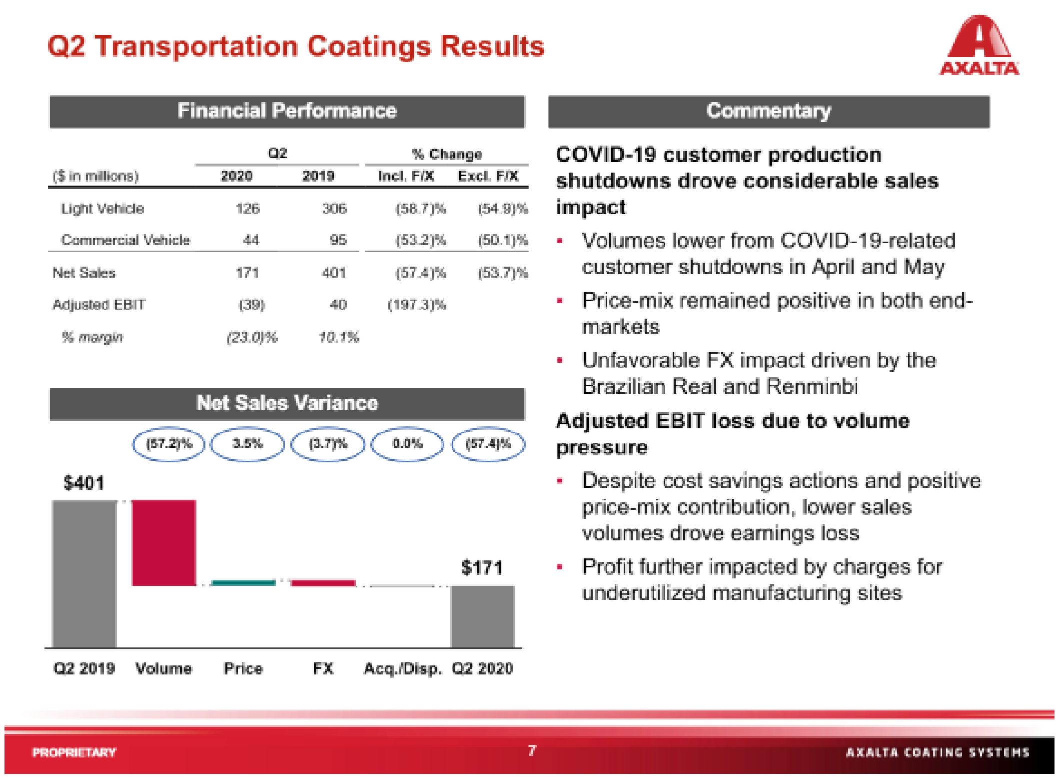
In Europe, traffic levels have remained highly variable by country, likely influenced by varying government responses to the COVID-19 pandemic. The bottom set in early April was uniform, however, and Axalta has seen broad recovery since then to levels exceeding the pre-COVID baseline of traffic levels in mid-January.

In China, once mobility restrictions were lifted in March, traffic resumed to nearly normal levels within weeks. This appears to be the fastest and most robust level of recovery the Company has tracked of the most populous countries.

In the second quarter, Axalta's body-shop customers in the U.S. and Europe have seen activity in the range of roughly 80% of prior year towards the end of the period, a substantial recovery from the end of the first quarter where demand was trending down 40% versus prior year.

In the **Industrial** end-market, Axalta's second quarter results continued to show more resilience overall relative to our other businesses, given the wide dispersion of global customers and markets served, as well as ongoing new account additions we have seen this year. During the second quarter, while each of the industrial sub-businesses saw significant impact from lower volumes, the bulk of that impact occurred during April and May, while June saw significant recovery in volumes from the lows. In several sub-businesses, Axalta saw full recovery to around even with prior year net sales levels, including wood and coil coatings.

At the end-market level, while lower automotive production has impacted e-coat and some general industrial customers, other markets including building and construction, agriculture, and construction equipment have recovered to operating rates above prior year levels, notably in North America.



Slide 7: Q2 Transportation Coatings Results

Transportation Coatings net sales decreased 53.7% year-over-year in the quarter before 3.7% currency headwinds. This was driven by a 57.2% decrease in volume, offset partially by 3.5% higher average price-mix.

Light Vehicle second quarter net sales decreased 54.9% before a 3.8% FX headwind. Volume decreased relatively in line with global automotive production slowdowns related to COVID-19 in the regions in which we operate. Average price-mix increased low to mid-single digits, coming predominantly from improved product mix in the quarter.

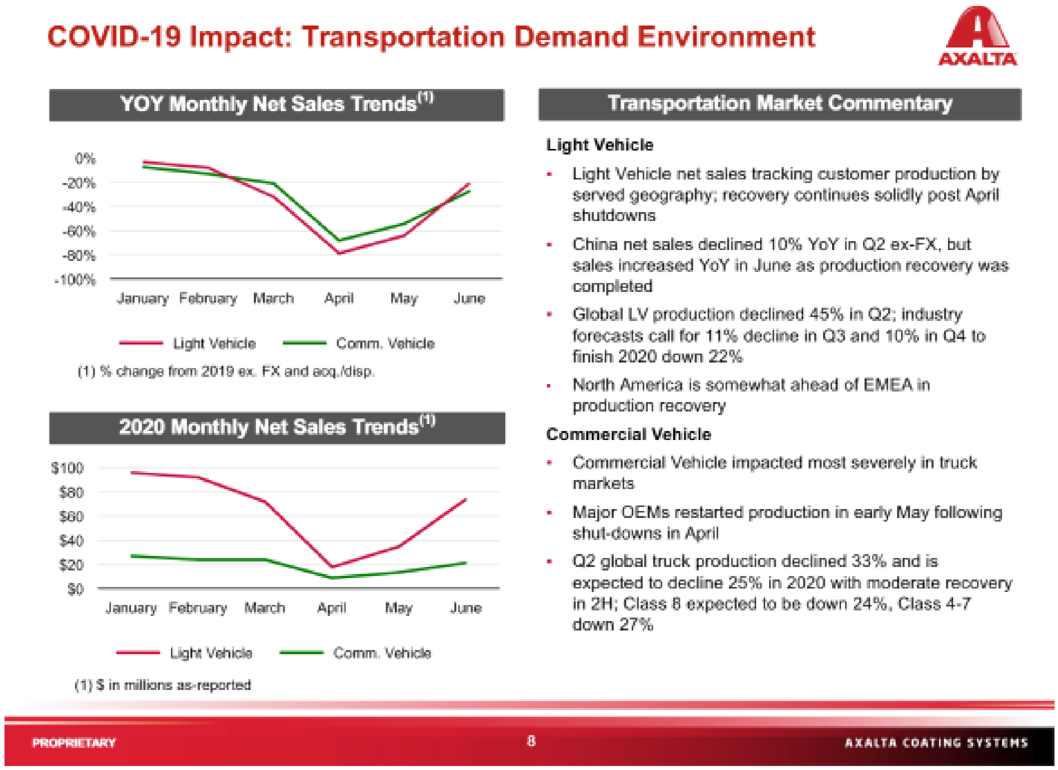
For the quarter, global light vehicle production declined 45%, including a 23% decrease in Asia Pacific and a 9% *increase* in China. Current industry forecasts call for a 22% drop in global builds for the full year, including a decrease of 11% for third quarter. Projections from forecasters have increased slightly in the last two months.

Commercial Vehicle second quarter net sales decreased 50.1% before FX headwinds of 3.1%. This reduction was driven by lower global truck production largely associated with the pandemic and including customer plant shutdowns during April. Similar to light vehicle, price-mix also increased low single digits in the quarter.

Overall global truck production decreased 33% in the second quarter, and current forecasts for Class 4-8 truck production suggest a 25% decline for the year, with third quarter down 20%. Axalta's net sales underperformance relative to the truck market decline was due in part to regional specific exposures, including minimal share in China. The overall truck market also appears to be firming slightly, and recent production estimates by industry forecasters have increased in the last month due to stronger-than anticipated orders, notably in the Class 8 segment.

Our Transportation Coatings business continued to push the innovation envelope. In Light Vehicle, Axalta expanded its Harmonized Coatings Technologies™ product portfolio by adapting its 3-wet high solids solvent borne technology to a version fit for use in emerging markets such as India and Brazil. This innovation delivers substantial process and energy savings for OEM customers. In Commercial Vehicle, Axalta continued the roll-out of its new PercoTop® SupraSand CS388™ Epoxy Primer, offering industry-leading corrosion resistance and major process savings through reductions in the sanding and top-coating steps.

Given substantial volume dislocation, Transportation Coatings reported a second quarter Adjusted EBIT loss of $39 million, which included impacts from COVID-related accounting charges.



Slide 8: COVID-19 Impact: Transportation Demand Environment

Our **Transportation Coatings** segment is directly linked to global automotive and commercial vehicle OEM global production rates. Most global automotive and truck OEMs temporarily halted production for a portion of second quarter, impacting April most severely but continuing through the quarter as initial re-starts began in mid-May. Axalta generally expects to track the recovery rate of the global vehicle markets, and this has been the case in recent weeks.

In China, Axalta has seen significant production recovery across Transportation end markets. Customer production sites began to re-open in early March and second quarter production exceeded prior year levels in certain weeks.

Passenger vehicle retail sales in China have rebounded fully from the COVID-19 impacts, with total sales up 1.8% in June versus the prior year. China Light Vehicle net sales volumes for Axalta declined slightly in Q2, but volumes increased in June by healthy double-digit levels versus the prior year.

For the U.S. automotive sector, aggressive incentives coupled with low financing rates continue to bolster early recovery with demand stimulation. Signs of this recovery have been seen in auto sales during June, which recovered to a 13.1 million SAAR, up from 12.3 million in May. This level is still 24% lower (selling-day adjusted) than the prior year but reflects a significant rebound from the low set in April of 8.6 million.

Debt and Liquidity Summary

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%

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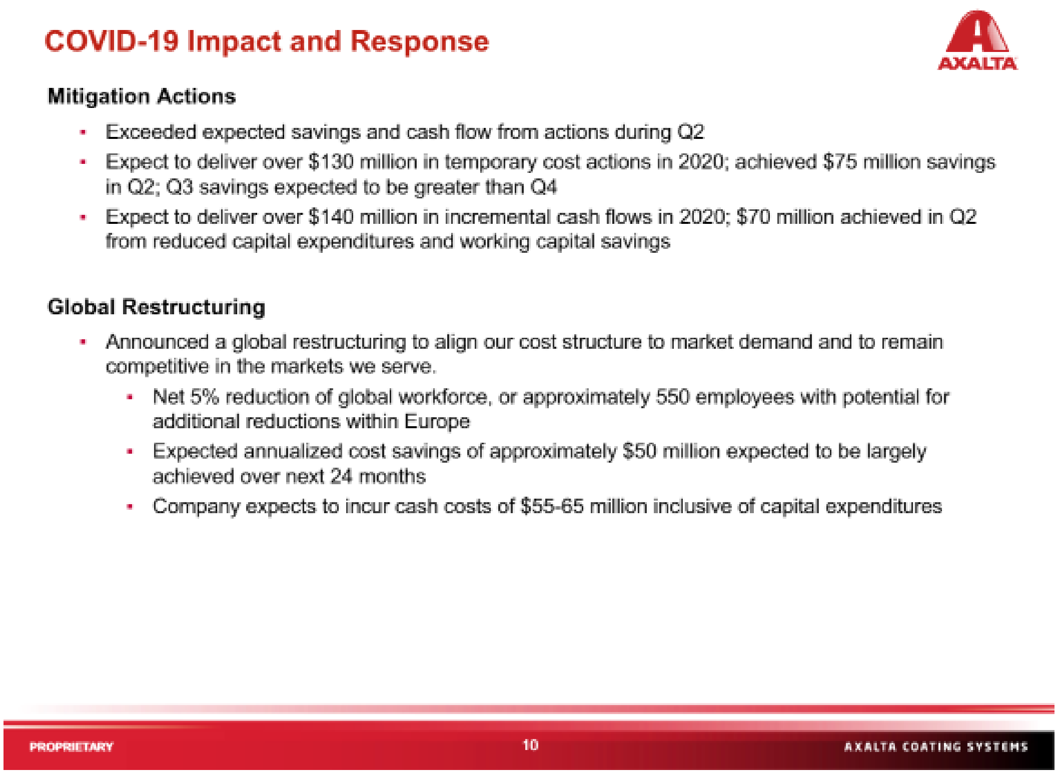
Slide 9: Debt and Liquidity Summary

Axalta continues to maintain a very strong balance sheet and liquidity profile. The net leverage ratio was 4.0 times at June 30, 2020 versus 3.1 times at March 31, 2020, driven by the reduced denominator of trailing twelve months Adjusted EBITDA. There are no affirmative financial covenants on current outstanding indebtedness and the nearest debt maturities on both Term Loans and Unsecured Notes are 2024.

Axalta ended the quarter with $1.124 billion of cash on the balance sheet, and $361 million of available capacity in our undrawn revolver, to bring total liquidity available at quarter end to nearly $1.5 billion. Available cash included the proceeds of the June issuance of $500 million in 4.750% senior notes due 2027. This offering was conducted to further enhance Axalta's liquidity given the uncertainties in the current global economy due to the pandemic. Axalta also expects to produce incremental cash flow relative to initial 2020 guidance of at least $270 million from reduced capex, discretionary capital investment, and cost action plans the Company continues to execute.

This incremental cash flow should be a strong offset to the impact of reduced operating income on Axalta's free cash flow. Free cash flow was a use of $18 million in second quarter, despite the 44% reduction in net sales during the period.



Slide 10: COVID-19 Impact and Response

Mitigation Actions

Regarding COVID impacts to date, Axalta continues to take proactive and aggressive steps to counter the demand impacts of the virus. The Company began to adjust costs in late March and has continued to push for additional sources of savings ever since. During the second quarter, Axalta exceeded its target with total savings of $75 million, and management has increased its in-year 2020 savings target to at least $130 million from the prior target of $100 million, with the remaining balance weighted more heavily during third quarter.

Likewise, Axalta exceeded its cash flow actions target during the quarter, delivering $70 million of incremental discrete cash flow savings separate from the cost actions, and has increased its full year target for cash flow actions to at least $140 million versus $125 million plus previously communicated. The cash actions taken include capex reductions of about 50% from our initial 2020 guidance, as well as other reductions in discretionary capital uses and actions to generate working capital savings.

In combination, Axalta expects to deliver total incremental cash flow in excess of $270 million, including the cost reduction actions, which is clearly a substantial offset to the impact of negative volume drop-through witnessed since the start of the COVID-19 pandemic.

During this challenging period, Axalta has avoided any action that would sacrifice its leadership positions in key served markets. In fact, during second quarter, the Company continued to build on its share of market with new accounts across many of its business lines.

Global Restructuring

While satisfied in our COVID-19 response actions and immediate steps taken, Axalta is also pushing very hard to generate permanent savings without sacrificing its market positions.

Today, the Company announced the initiation of a global restructuring to better align our cost structure with the demand environment and to ensure Axalta's future growth. This restructuring, which is subject to consultations with works councils and other legal requirements, is expected to generate annualized cost savings of approximately $50 million, to be achieved over the next 24 months with $40 million by the end of 2021. Cash costs associated with the planned actions are anticipated to be between $55-65 million with non-cash costs of $10 million primarily associated with accelerated depreciation.

Axalta anticipates approximately $195 million of in-year 2020 cost savings from the restructuring actions announced today combined with previously planned actions including ongoing Axalta Way savings initiatives and the temporary savings measures related to COVID-19 that have been detailed. Expected related cash outflows of the new actions will total $25-30 million for the remainder of 2020, and $30-35 million during 2021, inclusive of capital expenditures.

The Company expects the proposed actions to streamline its workforce will align Axalta with current and expected future customer demand and enable Axalta to be cost competitive in the markets in which it competes. Areas of focus include salesforce efficiency, back-office support rationalization and centralization, and incremental footprint-related rationalization.

Additionally, management is actively planning incremental steps to further reduce costs both medium- and longer-term and to increase speed and agility to market. Nearer-term, these may include further headcount reductions from Europe, pending consultations with works councils and other legal requirements, and other potential changes to streamline and improve the business globally. The Company is now pushing forward vigorously to position Axalta for profitable growth across all served markets.

Slide 11: Guidance

Full Year 2020 Assumptions

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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

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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.

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Adjusted Net Income Reconciliation

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	($ 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)

AXALTA

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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

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($ 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

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	($ 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)

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 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.

Cautionary Statement Concerning Forward-Looking Statements

This release 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, the effects of COVID-19 on Axalta's business and financial results and the restructuring detailed in the release (the "Restructuring"). 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 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. 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 coverage 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 coverage 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 coverage 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 coverage 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 impact 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

The primary measure of segment operating performance 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. As we do not measure segment operating performance based on net income, a reconciliation of this non-GAAP financial measure with the most directly comparable financial measure calculated in accordance with GAAP is not available.

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.