



Q4 & Full Year 2020 Highlights



Fourth Quarter 2020

- Strong earnings and cash flow driven by continued demand recovery and execution on cash and cost actions
- Q4 2020 net sales 4.6% higher than Q3 2020; decreased 2.2% year-over-year to \$1,075 million
- Income from operations of \$163 million versus \$109 million in Q4 2019; Adjusted EBIT substantially increased 18.4% YOY to \$205 million
- Adj. Diluted EPS of \$0.58 increased 38.1% versus \$0.42 in Q4 2019
- Cash flow from operations of \$278 million; free cash flow quarterly record of \$256 million in Q4 2020 versus \$248 million in Q4 2019; over \$1.7 billion in total liquidity available at year end
- Net leverage ratio of 3.3x at December 31, 2020 versus 3.7x at September 30, 2020; ~\$200 million debt pay-down as part of November debt refinancing

Full Year 2020

- Strong 2H recovery following Q2 bottom driven by volume rebound coupled with focused cost and cash flow actions
- Net sales of \$3,738 million decreased 16.6%; decreased 15.2% ex-FX and M&A
- Income from operations of \$306 million versus \$488 million in 2019; Adjusted EBIT of \$537 million decreased 24.0% from 2019
- Adj. Diluted EPS of \$1.33 versus \$1.80 in 2019
- Cash flow from operations of \$509 million compared to \$573 million in 2019
- Free cash flow of \$442 million in 2020 versus \$475 million in 2019 despite full year volume headwinds

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AXALTA COATING SYSTEMS

Slide 3: Q4 & Full Year 2020 Highlights

Net Sales: Axalta saw continued net sales recovery during the fourth quarter with notable acceleration in Industrial and Light Vehicle. Consolidated Q4 net sales increased 4.6% sequentially from the third quarter and decreased 2.2% year-over-year (including a 1.8% FX tailwind). This result, which compared favorably to guidance of a 6-8% decline year-over-year, included 3.8% overall volume reduction (an improvement from a decline of 6.0% in Q3) and 0.2% negative price-mix contribution. Fundamental drivers included ongoing broad-based recovery from industrial coatings end-businesses globally (including automotive-related).

Adjusted EBIT: Adjusted EBIT for the quarter was reported at \$205 million (versus \$210 million in third quarter), an increase of fully 18.4% year-over-year despite ongoing volume headwinds for the period. This result reflected strong contribution from ongoing cost savings and additional variable cost tailwinds, combined with a nearly neutral impact from price-mix in the quarter.

Balance Sheet & Cash Flows: Axalta posted ongoing strong cash flow performance in Q4, with cash flow from operations of \$278 million and record free cash flow of \$256 million, an increase versus \$248 million in Q4 2019. This translated to ongoing balance sheet cash build in the period and lower net debt at quarter end. Axalta continues to have no maintenance covenants on its existing and outstanding long-term debt and no maturities prior to 2024. Axalta closed the quarter with total liquidity of over \$1.7 billion. Total debt was reduced by \$200 million as part of the debt refinancing completed in November.

Full Year 2020 Results: Net sales of \$3,738 million decreased 16.6% from the prior year (15.2% ex-FX and acquisitions), including the 43.6% decrease in net sales during Q2 2020 and narrower decreases witnessed in 2H as volume recovery progressed. Adjusted EBIT of \$537 million was 24.0% lower than the prior year, but all of the decrease was experienced in Q2 as second half results were stronger than the prior year given the benefit of cost actions and variable cost tailwinds principally in the second half. Adjusted diluted EPS of \$1.33 compared with \$1.80 in 2019. Free cash flow for the year was \$442 million compared with \$475 million posted in 2019, but this included a slight use of cash in Q2 in a normally strong quarter, while second half cash flow was exceptionally strong despite ongoing volume headwinds against prior year comparisons. Axalta ended the year with a net leverage ratio of 3.3x versus 3.7x at September 30, 2020.

Business Conditions and Cost Structure Actions



Business Conditions

- Refinish recovery temporarily interrupted by incremental pandemic restrictions within EMEA and North America for November and December
- Industrial return remained solid, with higher year-over-year net sales in Q4 driven by strong industrial production rebound and ongoing strength in U.S. housing markets
- Light Vehicle production continued a strong recovery globally as lean inventories and solid demand recovery fueled strong production rates
- Commercial Vehicle production demonstrated sequential improvement post Q2 lows though still impacted by an anticipated downturn year - 2H new orders improvement for heavy trucks still ahead of expectations

Cost Structure Actions

- Exceeded targets with \$215 million in total cost savings and \$155 million in incremental cash actions in 2020
- Ongoing temporary cost savings expected in Q1 2021 approaching similar levels seen in Q4 2020



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Slide 4: Business Conditions and Cost Structure

Business Conditions: Continued net sales recovery during the quarter was driven by broad based economic acceleration in most markets served. In Refinish, ongoing recovery of vehicle miles driven was interrupted by pandemic-related restrictions beginning in late November and increasing in breadth through January. Industrial end-market demand saw steady improvement driven by recovering industrial production as well as strength in U.S. home building and remodeling. Light Vehicle demand conditions also continued to improve, with retail sales picking up sequentially and global automotive production increasing from the prior year as manufacturers moved to restock low dealer inventories. Commercial Vehicle demand also rebounded through the quarter from spring lows, while production remained below prior year due to peak comparisons from 2019.

Cost Structure Axalta again exceeded its targets in both temporary and structural cost savings during Q4, ending the year with over \$215 million in total in-year savings versus guidance of \$195 million. This included temporary savings of \$150 million versus a target of \$130 million. Axalta also delivered \$13 million in planned savings associated with the restructuring announced in July. Axalta also exceeded its full year target for cash flow actions, with realized total savings of \$155 million versus the target of at least \$140 million. The cash actions taken include capex reductions from our initial 2020 guidance, as well as other reductions in discretionary capital uses, deferrals of cash tax payments, and actions to generate working capital savings. These combined actions were critical factors in helping offset to the negative pandemic-driven volume effects seen in 2020.

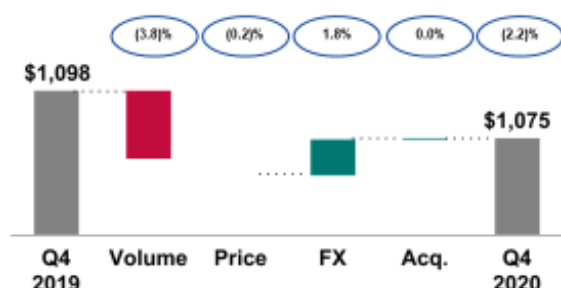
Q4 Consolidated Results



Financial Performance

(\$ in million, except per share data)	Q4		% Change	
	2020	2019	Incl. FX	Excl. FX
Performance	704	730	(3.5%)	(6.0%)
Transportation	371	369	0.5%	0.4%
Net Sales	1,075	1,098	(2.2%)	(4.0%)
Income from ops	163	109	49.5%	
Adjusted EBIT	205	174	18.4%	
% margin	19.1%	15.8%		
Diluted EPS	\$ 0.30	\$ 0.18	66.7%	
Adjusted EPS	\$ 0.58	\$ 0.42	38.1%	

Net Sales Variance



Commentary

Continued Q4 net sales recovery across most end-markets

- Q4 2020 net sales included sequential quarterly growth versus Q3 2020 across all end-markets; Industrial and Light Vehicle also increased versus prior year
- Refinish demand impacted starting mid-Q4 by incremental pandemic-driven restrictions primarily in EMEA and North America
- FX tailwinds driven by the Euro and Chinese Renminbi, partly offset by the Brazilian Real

Strong Adjusted EBIT

- Ongoing cost actions and variable cost tailwinds produced substantial YOY Adjusted EBIT growth in Q4 2020 despite lingering effects from pandemic on volumes

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AXALTA COATING SYSTEMS

Slide 5: Q4 Consolidated Results

Organic constant currency net sales decreased 4.0% overall for the fourth quarter, narrowing the year-over-year headwind in volumes with continued sequential volume recovery despite ongoing pandemic-driven impacts seen against the prior year comparison. Demand recovery exceeded expectations in many areas, including substantial improvement in industrial production globally, and a solid recovery in new vehicle builds most notably in the Americas and EMEA, with China already largely recovered in aggregate earlier in the year.

Fourth quarter net sales, before FX impacts, decreased 4.0% year-over-year, including a 6.0% decrease from Performance Coatings offset partly by a 0.4% increase from Transportation Coatings.

Lower volume of 3.8% for the quarter was driven by pressure led by North America, with more moderate impact in EMEA and Asia Pacific, and partially offset by low single digit increases in Latin America.

Price-mix contribution was essentially neutral in the aggregate (down 0.2%) with Light Vehicle slightly positive overall. As with prior recent quarters, the principal driver of the metric during the period has been product mix differences, largely within Performance Coatings, as pricing has remained positive.

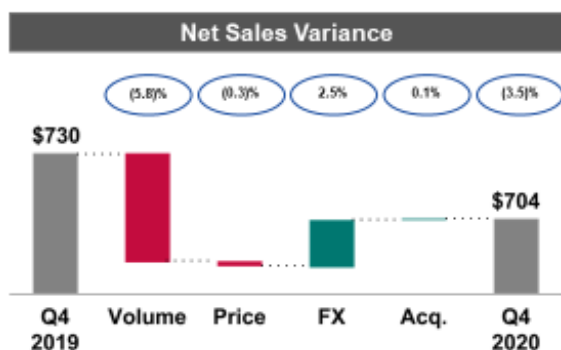
FX translation was a modest tailwind of 1.8%, driven by the stronger Euro and Chinese Renminbi, offset by weakness notably for the Brazilian Real.

Fourth quarter Adjusted EBIT was \$205 million versus \$174 million in the prior year quarter, a strong result taken in the context of lower volumes year-over-year. This was driven principally by operating cost reductions as well as lower variable input costs and modest FX tailwinds, offset partly by the drop-through impact of volume reductions.

Q4 Performance Coatings Results



(\$ in million)	Q4		% Change	
	2020	2019	Incl. FX	Excl. FX
Refinish	418	466	(10.4%)	(13.0%)
Industrial	286	264	8.6%	6.2%
Net Sales	704	730	(3.5%)	(6.0%)
Adjusted EBIT	130	118	9.7%	
% margin	18.4%	16.2%		



Commentary

Net sales continue to improve each quarter sequentially since Q2 low

- November and December restrictions impact on miles driven providing headwind to Refinish volume recovery
- Industrial volumes improved versus prior year on enhanced market conditions globally; Q4 2020 net sales increased YOY across all Industrial businesses
- FX tailwinds driven by the Euro and Chinese Renminbi, partly offset by the Brazilian Real

Improved Adjusted EBIT and margins despite ongoing volume pressure

- Positive earnings comparisons aided by ongoing cost actions and variable cost tailwinds to offset volume pressures; Adjusted EBIT margin up 220 bps

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Slide 6: Q4 Performance Coatings Results

Performance Coatings Q4 net sales decreased 6.0% year-over-year excluding a 2.5% FX tailwind. The result was driven principally by 5.8% lower volumes and a 0.3% decrease in average price-mix.

Refinish reported a 13.0% net sales decline, ex-FX, largely from persistent lower volume globally as vehicle miles travelled continue to be impacted by COVID-19 related restrictions in various countries. Total net sales were consistent and slightly better than third quarter levels, with \$418 million versus \$402 million in third quarter. This included some tailwind from positive price sequentially, with average price and product mix contribution up low single digits in the quarter. This too was solidly better than third quarter, demonstrating that mix appears to be normalizing after the most significant COVID impacted quarters earlier in the year.

Axalta continued to drive new product innovation in Refinish in the fourth quarter with continued launches of several industry leading products. In China, Axalta launched the Spies Hecker waterborne primer sealer and continued commercialization of the new waterborne clearcoat in both China and Japan. Axalta also extended its ultra-productive technology with the introduction of the 2nd generation premium “fast cure” clearcoat, launched in Korea, Poland, and Belgium. In mainstream and economy markets, Axalta launched a value line primer for ASEAN customers, and continued to grow share in Latin America with high viscosity value primer & clearcoat products.

Industrial net sales, ex-FX, increased 6.2% year-over-year, driven largely by positive volumes, as average price-mix was only a slight negative contributor. Broad demand trends in the end businesses served by Industrial were notably positive, with ongoing recovery seen through the quarter for industrial coatings globally. All regions and sub-businesses in Industrial saw positive volume and net sales comparisons in the quarter, with particular strength in Coil, Energy Solutions and Wood. Axalta has also seen ongoing tailwinds in markets linked to North American housing and remodeling, including Industrial Wood and Coil. In Europe, Axalta’s business has also recovered well across most markets, while in China all industrial businesses appear to have recovered from earlier pandemic lockdown effects, with notable strength continuing in energy solutions tied to wind energy customers.

New product launches in Industrial coatings this quarter also continued. Axalta’s Energy Solutions business continues to expand its successful portfolio of casting resins with the introduction of Voltacast 3300, an environmentally friendly flame retardant resin, and Voltacast H, a hardener offering thermal stability and conductivity in electric motor applications. Axalta’s Wood business launched a new varnish sealer for residential and hospitality furniture finishers that offers improved throughput with faster cure and improved sanding characteristics. Axalta’s Industrial Powder Coatings business expanded the color palette for Super-durable fine texture architectural colors and also launched Alesta AP QualiSteel, a sustainable solution with excellent UV resistance providing a longer life span for steel structures.

The Performance Coatings segment reported Q4 Adjusted EBIT of \$130 million, a 9.7% increase versus \$118 million in Q4 2019, driven by lower operating expenses, variable input cost tailwinds and FX tailwinds, offset partly by the decremental effects of lower volume and slightly lower average price-mix. The Adjusted EBIT margin for the segment increased notably from 16.2% in Q4 2019 to 18.4% in the fourth quarter, driven by strong cost reduction progress as well as variable cost tailwinds, offset in part by volume and slight price-mix headwinds.

Performance Demand Environment



Refinish

- Refinish Q4 net sales posted modest sequential quarterly improvement compared to Q3 despite mid-Q4 impact of restrictions on miles driven
- Traffic indicators showing improvement; some negative reversion in North America and EMEA later in period:
 - U.S. miles driven declined 15% YoY in December versus down 9% in November as a result of new restrictions; U.S. collision claims were down 19% in Q4 versus 20% in Q3; Axalta customer body shop activity remained down 12% during Q4
 - In Europe, mid-Q4 restrictions drove weaker miles driven and Axalta customer activity late in the quarter
 - For Latin America, miles driven were above pre-COVID levels in Brazil; however, remained below in Mexico
 - In Asia, most countries saw traffic above pre-COVID traffic levels as of Q4



Industrial

- In Q4, all Industrial businesses saw YoY net sales increases
- Industrial Production continued to improve; Energy Solutions and Powder businesses showed strong volume growth
- U.S. home building and remodeling activity remains robust, aiding Axalta's Industrial Wood and Coil volumes
- Global auto production improvement providing meaningful benefit in E-Coat business

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Slide 7: Performance Demand Environment

Regarding the Performance Coatings demand environment, Axalta benefited from continued sequential recovery during fourth quarter, notably across broader industrial coatings markets while Refinish demand was more consistent sequentially.

In **Refinish**, U.S. traffic was approximately 15% below prior year levels as of the end of December, showing some slowing from November given increased COVID-19 cases. U.S. collision claims were fairly consistent with the third quarter, down 19-20% across the second half of 2020. Gaged by body shop activity, Axalta saw approximately 10-15% declines across customer shops served.

In Europe, recovery through third quarter and into fourth quarter was interrupted by increased pandemic-related lockdowns which intensified into December, impacting vehicle miles driven and therefore refinish demand.

In China and Asia Pacific, most countries continue to see traffic levels above pre-COVID levels through fourth quarter, though Japan and Taiwan lagged somewhat. Refinish volumes in the quarter were somewhat lower than prior year, however, reflecting weaker traffic trends in certain countries as well as slightly lower volumes still within China, though January has shown encouraging growth year-over-year.

In the fourth quarter, body-shop customers in the U.S. have seen activity in the range of roughly 85-90% versus the prior year.

In the **Industrial** end-market, Axalta's fourth quarter results indicated demand acceleration through the period. Demand and market recovery continued across all end-markets served. Certain sub businesses

including Wood, Coil, and Energy Solutions have shown notable strength, and all end businesses saw year-over-year net sales increases in the quarter. This performance has been boosted by solid demand in end-markets including building and construction, agriculture, and construction equipment, among others.

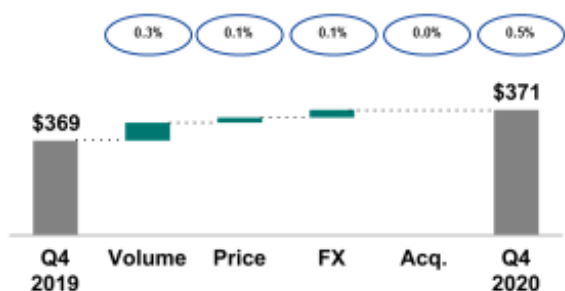
Q4 Transportation Coatings Results



Financial Performance

(\$ in million)	Q4		% Change	
	2020	2019	Incl. FX	Excl. FX
Light Vehicle	298	291	2.4 %	2.1 %
Commercial Vehicle	73	78	(6.7%)	(6.0%)
Net Sales	371	369	0.5 %	0.4 %
Adjusted EBIT	48	26	87.1 %	
% margin	12.9 %	6.9 %		

Net Sales Variance



Commentary

Light Vehicle production recovery drove YoY net sales growth in Q4

- Light Vehicle net sales led by EMEA, North America, and China, driven by low dealer inventories and increased demand
- Commercial Vehicle below prior year, but improved sequentially versus Q3 2020 with stronger truck market order trends continuing
- Modest FX tailwinds driven by the Euro and Chinese Renminbi, partly offset by the Brazilian Real

Adjusted EBIT margin increased year-over-year aided by cost actions

- Positive Adjusted EBIT comparison and substantial margin lift driven by cost actions, variable cost tailwinds, and modest net sales improvement, Adjusted EBIT margin up fully 600 bps

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Slide 8: Q4 Transportation Coatings Results

Transportation Coatings net sales increased 0.4% year-over-year in the quarter before a negligible 0.1% currency tailwind. This was driven by a 0.3% increase in volume and 0.1% higher average price-mix.

Light Vehicle fourth quarter net sales increased 2.1% ex-FX. Volume increased mid-single digits, relatively in line with global automotive production in the regions in which we operate. Average price-mix was flat in the period.

Commercial Vehicle fourth quarter net sales decreased 6.0% before FX headwinds of 0.7%. This reduction was driven by lower global truck production as well as lower production of certain other vehicle types served. Price-mix for Commercial Vehicle was a slight headwind in the quarter, stemming largely from mix elements.

Axalta's Transportation Coatings business continued to push the innovation and customer technical support envelope. In the Light Vehicle end-market, Axalta continued its commercialization of Lumeera 5220, a clearcoat technology that provides best-in-class appearance and performance. Axalta's next-generation Hydrotopcoat, formulated for premium appearance and workability, successfully completed production validation for the Commercial Vehicle market. Axalta also introduced ElectroLight in

January, the Global Automotive Color of the Year for 2021. ElectroLight is formulated with mobility-sensing technology and is optimized for autonomous vehicles meeting industry safety standards.

Transportation Coatings reported fourth quarter Adjusted EBIT of \$48 million, almost doubling the profit of \$26 million recorded in Q4 2019. The Adjusted EBIT margin for the segment increased markedly from 6.9% in Q4 2019 to 12.9% in the fourth quarter, driven by strong cost reduction progress as well as variable cost tailwinds, offset in part by slight FX headwinds.

Transportation Demand Environment



Light Vehicle

- Repeated positive industry production forecast revisions since June driven by "V" shaped demand recovery and tight dealer inventories
- Global Light Vehicle production increased 3.2% YoY in Q4, declined 16.1% for the full year (revised from a decline of 21.9% expected in July)
- Axalta Q4 net sales growth led by the Americas and EMEA; China remained strong after earlier 2020 recovery; net sales largely aligned with the global production rate



Commercial Vehicle

- Recovery continued steadily across truck plants with production increases witnessed through fall
- Global Commercial Vehicle production increased 11.3% YoY in Q4 and declined 2.7% for the full year (revised from a decline of 25.0% expected in July); Axalta below market due to minimal presence in China
- Non-truck CV markets include solid demand recovery in North America with recreational vehicles, sports equipment, and truck body builders, offset partly by slower bus production globally



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Slide 9: Transportation Demand Environment

Our **Transportation Coatings** segment is directly linked to global automotive and commercial vehicle OEM global production rates for the customers and plants served globally. Axalta generally expects to track the recovery rate of the global vehicle markets, and this has been the case during the second half of 2020.

In fourth quarter, China saw strong auto production recovery continue and total vehicles produced increased 5.9% from the prior year quarter as automotive retail sales remained strong since rebounding to year-over-year growth levels in early summer. Axalta's China Light Vehicle net sales increased mid-single digits during fourth quarter, with volumes still weaker than the broader country results reflecting specific customer mix in the country. Improvement in sales from Axalta customers in the period, however, suggest stronger relative performance for 2021.

In the U.S., aggressive auto sector incentives coupled with low financing rates continued to help the recovery, and auto sales during fourth quarter remained strong, though estimates for December

indicate modest slippage due to a slower holiday period and increased state level pandemic restrictions.

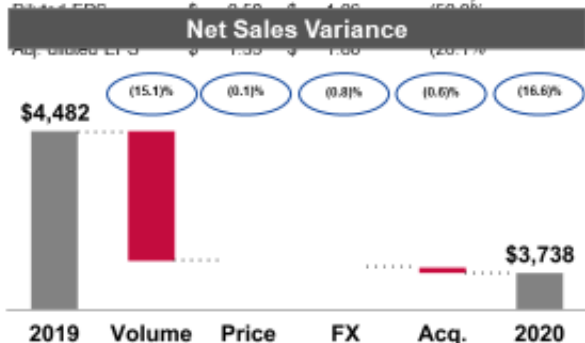
For the quarter, global light vehicle production increased +2.5%, including a 4.3% increase in Asia Pacific and a 5.9% increase in China. North American production decreased 1.2% on the heels of a 2.3% increase posted in third quarter and driven largely by lower Canadian production (U.S. up 1.0%). Current industry forecasts call for a 13.4% increase in global builds for the full year 2021, driven primarily by the second quarter comparison against dramatic production curtailments during that quarter. First quarter production is anticipated to increase 12.2%.

For the Commercial Vehicle end-market, overall global Class 4-8 truck production increased 11.3% in the fourth quarter and decreased 2.7% for the year. Full year results included a 25.5% decrease in North America, and a 25.1% decrease in EMEA, offset partly by a 35.1% increase in China which was recovering from a truck downcycle in several previous years. Stronger new truck orders, however, witnessed since summer, have propelled positive revisions to the forecast for commercial vehicles. Industry forecasters are currently calling for a 3.1% decrease in 2021 production (Class 4-8) globally including 17.3% and 14.4% increases in North America and Europe, respectively. China is expected to decrease 19.3% in 2021 after the strong rebound witnessed in 2020. Axalta's Commercial Vehicle business is not substantially exposed to the China market currently and is primarily geared to the North America and EMEA markets.

FY Consolidated Results



(\$ in million)	FY		% Change	
	2020	2019	Incl. FX	Excl. FX
Performance	2,516	2,923	(13.9%)	(13.7%)
Transportation	1,221	1,559	(21.7%)	(19.7%)
Net Sales	3,738	4,482	(16.6%)	(15.8%)
Income from ops	306	488	(37.4%)	
Adj. EBIT	537	706	(24.0%)	
% margin	14.4 %	15.8 %		



Commentary

Net sales dramatically impacted by pandemic effects, but strong recovery after Q2 moderated full year impact

- Volume decline driven by negative impact from restrictions on miles driven, Q2 production shutdowns at OEMs, and depressed Industrial Production levels
- Price-mix nearly flat driven largely by negative mix effects in Refinish
- FX headwinds driven by the Brazilian Real, Mexican Peso, and Turkish Lira, partly offset by improved Euro
- Net negative M&A impact largely from China Powder JV sale in mid 2019

Adjusted EBIT impacted hard in Q2, partly offset by strong 2H recovery

- Earnings impact from sales decline offset primarily by cost actions and raw material benefits

Slide 10: FY Consolidated Results

Organic constant currency net sales decreased 15.2% overall for the full year, inclusive of the second quarter pandemic-driven net sales drop of 39.7% and benefiting from narrowing volume decrements through the second half. Demand recovery from the bottom in April generally exceeded expectations across the Axalta portfolio, perhaps most apparent in the substantial improvement in industrial production globally as a key driver of the rapid bounce-back of Industrial end-market volumes, and a solid recovery in new vehicle builds most notably in EMEA and the Americas, with China already largely recovered in aggregate earlier in the year.

Full year net sales of \$3,738 million decreased 16.6% as reported, and 15.8% before FX headwinds of 0.8%, including a 13.7% ex-FX decrease from Performance Coatings and a 19.7% ex-FX decrease from Transportation Coatings. Net sales in Performance Coatings included a 0.9% impact from the divested China powder JV.

Full year net sales included lower volume of 15.1% spread broadly across regions due to the global nature of the pandemic, though China was somewhat less impacted for the full year than other countries and regions.

Price-mix contribution was essentially neutral in the aggregate, down 0.1%, with Transportation Coatings slightly positive, offset by modestly down price-mix in Performance Coatings. For the year, the principal driver of the metric has been product mix differences. Pricing overall remained positive, driven principally by Performance Coatings.

The modest headwind of 0.8% for FX translation was driven by the Brazilian Real, Mexican Peso, and Turkish Lira, offset partly by the stronger Euro.

Full year Adjusted EBIT was \$537 million versus \$706 million in the prior year, a strong result taken in the context of 15% lower net sales volumes year-over-year. This result was driven principally by the drop-through impact of volume reductions and modest price-mix and FX headwinds as well as the JV divestiture impact, offset partly by operating cost reductions as well as lower variable input costs. Adjusted diluted EPS of \$1.33 compared with \$1.80 in 2019, with similar drivers to those mentioned above.

Debt and Liquidity Summary



Capitalization

(\$ in millions)	Interest	@ 12/31/2020	Maturity
Cash and Cash Equivalents	\$	1,361	
Debt:			
Revolver (\$400 million capacity) ⁽¹⁾	Variable	0	2024
First Lien Term Loan (USD)	Variable	2,047	2024
Total Senior Secured Debt	\$	2,047	
Senior Unsecured Notes (EUR) ⁽²⁾	Fixed	546	2025
Senior Unsecured Notes (USD)	Fixed	492	2027
Senior Unsecured Notes (USD)	Fixed	689	2029
Finance Leases		64	
Other Borrowings		54	
Total Debt	\$	3,893	
Total Net Debt⁽³⁾	\$	2,532	
Full Year Adjusted EBITDA	\$	760	
Total Net Leverage⁽⁴⁾		3.3x	
Interest Coverage⁽⁵⁾		5.1x	

(1) \$366 million available on our undrawn revolver net of letters of credit

(2) Assumes exchange rate of \$1.227 USD/Euro

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

(4) Total Net Leverage = Total Net Debt / Full Year Adjusted EBITDA

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

Commentary

- Over \$1.7 billion in available liquidity at December 31, 2020
- Paid down ~\$200 million of debt balance with Q4 2020 debt refinancing
- Called 2024 EUR & USD Notes (~\$900 million USD equivalent) and issued 8.25 year \$700 million USD Notes at 3.375% in November; executed €335 million Swaps at 2.15%
- November refinancing will yield \$22 million of cash interest savings annually
- Weighted average cost of debt improved to 3.1% at December 31, 2020 from 3.5% at September 30, 2020
- Net leverage 3.3x at December 31, 2020 versus 3.7x at September 30, 2020

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AXALTA COATING SYSTEMS

Slide 11: Debt and Liquidity Summary

Axalta continues to maintain and improve its balance sheet and liquidity profile. Axalta ended the year with \$1.361 billion of cash on the balance sheet, and \$366 million of available capacity in our undrawn revolver, to bring total liquidity available at year end to well over \$1.7 billion. Available cash included the proceeds of the June issuance of \$500 million in 4.750% senior notes due 2027, as well as subsequent debt paydown of \$200 million as part of our debt refinancing completed in November.

In November, Axalta executed an incremental debt refinancing. Axalta called its 2024 Euro Notes (€335 million @ 4.25%) and USD Notes (\$500 million @ 4.875%) and, combined with ~\$200 million of cash from the balance sheet, issued a new \$700 million USD Note at a 3.375% coupon with an 8.25 year maturity, moving the maturity tower to 2029. Subsequently, Axalta executed cross-currency swaps from USD to EUR, for a total of €335M at a fixed rate of 2.15%. The combined impact of the transactions will provide \$22 million of annual cash interest savings.

Axalta's net leverage ratio at year end was 3.3x versus 3.7x at September 30, 2020, driven by improved Adjusted EBITDA in the period and strong working capital management, though also still impacted by the reduced denominator of trailing twelve months Adjusted EBITDA due to COVID-related impacts particularly during Q2 2020. There are no affirmative financial covenants on current outstanding indebtedness and the nearest debt maturities are for Term Loans in 2024.

Free cash flow for the year totaled \$442 million, an impressive level of cash generation. The result was driven by improved operating profit, increased cash sourced from working capital management, and aided by reduced capital expenditures year-over-year. Cash flow for 2020 also included the impact of

two debt transactions that included deal-driven interest payments of approximately \$23 million in combination. Adjusting for these optional and unplanned actions, Axalta's free cash flow for 2020 would have been very close to 2019 levels, despite the lower business volumes last year. Finally, during Q4, Axalta used \$25 million to repurchase approximately 872,000 shares at an average price of \$28.69.

Financial Guidance Update



Q1 2021 Guidance:

- Net Sales: Increase of ~3-5% YOY including favorable impacts of currency
- All end-markets seeing positive net sales trends up low- to mid-single digits
- Adjusted EBIT: \$155-165 million
- D&A: ~\$76 million, inclusive of ~\$26 million of step-up D&A
- Adjusted Diluted EPS: \$0.40-0.45
- Interest Expense: ~\$35 million
- Diluted Shares: ~236 million
- Tax Rate: ~21-22%

Market Outlook:

- **Refinish:** Expect Q1 net sales to be impacted by increased restrictions; expect recovery through year to follow
- **Industrial:** Solid fundamental underpinnings; Industrial Production +6.3% in current 2021 forecast; also benefits from strength in automotive and U.S. housing markets
- **Light Vehicle:** Industry forecasts call for +13.4% vehicle production growth for 2021; Q1 impacted by semiconductor shortages
- **Commercial Vehicle:** Industry forecasts call for strong Class 4-8 truck production growth for 2021 excluding China of +18.7%

Operational Matter Update

In January we became aware of an operational matter at certain North America Transportation Coatings customer manufacturing sites. The matter occurred over a discrete period during the fourth quarter of 2020, and we believe that it is not ongoing in nature. At this time, we are still unable to determine that any potential liability is probable and therefore have not recorded any charge for the three months ended December 31, 2020. Any losses that may arise from this matter could materially affect our financial and operational results, including with respect to the financial guidance provided herein. Additional information will be provided in our Annual Report filed on Form 10-K.



Appendix

AXALTA COATING SYSTEMS

Full Year 2021 Assumptions



Macroeconomic Assumptions

- Global GDP growth of ~3.0% in Q1 2021 and ~5.0% in FY 2021
- Global industrial production growth of ~4.3% in Q1 2021 and ~6.3% in FY 2021
- Global auto build growth of ~12.2% in Q1 2021 and ~13.4% in FY 2021
- Significant price increases from Q2 lows in oil and derivatives
- Higher demand likely to drive supply chain issues leading to feedstock tightness, raw material disruptions, and logistical bottlenecks

Currency Assumptions

Currency	2020 % Axalta Net Sales	2020 Average Rate	2021 Average Rate Assumption	USD % Impact of FX Rate Change
US\$ per Euro	29.9%	1.14	1.23	7.9%
Chinese Yuan per US\$	8.7%	6.90	6.42	7.5%
Brazilian Real per US\$	2.4%	5.15	5.15	0.0%
US\$ per British Pound	2.1%	1.28	1.38	7.8%
Mexican Peso per US\$	1.9%	21.46	19.87	8.0%
Canadian Dollar per US\$	1.7%	0.75	0.79	(5.1%)
Indian Rupee per US\$	1.0%	74.13	72.70	2.0%
Other	52.2%	N/A	N/A	(3.7%)

Adjusted EBIT Reconciliation



(\$ in millions)		FY 2020	FY 2019	Q4 2020	Q4 2019
Income from operations	\$	305.5	\$ 488.2	\$ 163.2	\$ 108.7
Other expense (income), net		33.4	(4.4)	32.5	(0.6)
Total	\$	272.1	\$ 492.6	\$ 130.7	\$ 109.3
A Debt extinguishment and refinancing related costs		34.4	0.2	32.0	—
B Termination benefits and other employee related costs		74.9	35.2	4.5	1.9
C Strategic review and retention costs		30.7	13.4	5.6	9.6
D Offering and transactional costs		0.3	1.0	—	0.1
E Divestiture and impairment charges		5.7	21.1	2.2	17.7
F Pension special events		(0.4)	(0.9)	2.1	(0.9)
G Accelerated depreciation		9.2	24.3	0.3	6.1
H Indemnity (income) loss		0.3	(0.4)	—	(0.2)
I Step-up depreciation and amortization		109.7	119.5	28.0	29.9
Adjusted EBIT	\$	536.9	\$ 706.0	\$ 205.4	\$ 173.5
Segment Adjusted EBIT:					
Performance Coatings	\$	344.3	\$ 449.1	\$ 129.5	\$ 118.0
Transportation Coatings		82.9	137.4	47.9	25.6
Total	\$	427.2	\$ 586.5	\$ 177.4	\$ 143.6
I Step-up depreciation and amortization		109.7	119.5	28.0	29.9
Adjusted EBIT	\$	536.9	\$ 706.0	\$ 205.4	\$ 173.5

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AXALTA COATING SYSTEMS

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 primarily associated with Axalta Way initiatives, which include recent incremental restructuring actions. 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, ending September 2021. These amounts are not considered indicative of our ongoing operating 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 joint venture business during 2019 and other impairments, which are not considered indicative of our ongoing performance.
- F** Represents certain defined benefit pension costs associated with special events, including pension curtailments, settlements and special termination benefits, 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 indemnity loss (income) associated with the acquisition by Axalta of the DuPont Performance Coatings business, which we do not consider indicative of our ongoing operating performance.
- I** 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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AXALTA COATING SYSTEMS

Adjusted Net Income Reconciliation



(\$ in millions)	FY 2020	FY 2019	Q4 2020	Q4 2019
Net Income	\$ 122.0	\$ 252.6	\$ 70.3	\$ 42.2
Less: Net income attributable to noncontrolling interests	0.4	3.6	0.6	0.5
Net income attributable to controlling interests	121.6	249.0	69.7	41.7
A Debt extinguishment and refinancing related costs	34.4	0.2	32.0	—
B Termination benefits and other employee related costs	74.9	35.2	4.5	1.9
C Strategic review and retention costs	30.7	13.4	5.6	9.6
D Offering and transactional costs	0.3	1.0	—	0.1
E Divestiture and impairment charges	5.7	21.1	2.2	17.7
F Pension special events	(0.4)	(0.9)	2.1	(0.9)
G Accelerated depreciation	9.2	24.3	0.3	6.1
H Indemnity (income) loss	0.3	(0.4)	—	(0.2)
I Step-up depreciation and amortization	109.7	119.5	28.0	29.9
Total adjustments	\$ 264.8	\$ 213.4	\$ 74.7	\$ 64.2
J Income tax provision impacts	71.4	38.0	8.0	7.9
Adjusted net income	\$ 315.0	\$ 424.4	\$ 136.4	\$ 98.0
Adjusted diluted net income per share	\$ 1.33	\$ 1.80	\$ 0.58	\$ 0.42
Diluted weighted average shares outstanding	236.0	235.8	236.2	235.7

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AXALTA COATING SYSTEMS

Adjusted Net Income 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 primarily associated with Axalta Way initiatives, which include recent incremental restructuring actions. 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, ending September 2021. These amounts are not considered indicative of our ongoing operating performance.
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- E** Represents expenses and associated changes to estimates related to the sale of our joint venture business during 2019 and other impairments, which are not considered indicative of our ongoing performance.
- F** Represents certain defined benefit pension costs associated with special events, including pension curtailments, settlements and special termination benefits, 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 indemnity loss (income) associated with the acquisition by Axalta of the DuPont Performance Coatings business, which we do not consider indicative of our ongoing operating performance.
- I** 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.
- J** 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 \$4.4 million and \$0.5 million for the three months ended December 31, 2020 and 2019, respectively, and benefits of \$22.4 million and \$4.6 million for the years ended December 31, 2020 and 2019, respectively. The tax benefits for the year ended December 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.

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AXALTA COATING SYSTEMS

Free Cash Flow Reconciliation



(\$ in millions)	Q4 2020	Q3 2020	Q2 2020	Q1 2020	FY 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	YTD 2019
Cash provided by (used in) operating activities	\$ 278.4	\$ 233.4	\$ (1.7)	\$ (0.8)	\$ 509.3	\$ 283.3	\$ 221.0	\$ 126.7	\$ (57.9)	\$ 573.1
Purchase of property, plant and equipment	(25.9)	(13.8)	(19.7)	(22.7)	(82.1)	(38.6)	(26.7)	(26.7)	(20.5)	(112.5)
Interest proceeds on swaps designated as net investment hedges	3.5	3.7	3.6	3.7	14.5	3.7	3.8	3.7	3.5	14.7
Free cash flow	\$ 256.0	\$ 223.3	\$ (17.8)	\$ (19.8)	\$ 441.7	\$ 248.4	\$ 198.1	\$ 103.7	\$ (74.9)	\$ 475.3

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AXALTA COATING SYSTEMS

Adjusted EBITDA Reconciliation



(\$ in millions)	FY 2020	FY 2019	Q4 2020	Q4 2019
Net Income	\$ 122.0	\$ 252.6	\$ 70.3	\$ 42.2
Interest Expense, net	149.9	162.6	37.5	40.1
Provision for Income Taxes	0.2	77.4	22.9	27.0
Depreciation & Amortization	320.3	353.0	76.7	85.7
Reported EBITDA	\$ 592.4	\$ 845.6	\$ 207.4	\$ 195.0
A Debt extinguishment and refinancing related costs	34.4	0.2	32.0	—
B Termination benefits and other employee related costs	74.9	35.2	4.5	1.9
C Strategic review and retention costs	30.7	13.4	5.6	9.6
D Offering and transactional costs	0.3	1.0	—	0.1
E Divestiture and impairment charges	5.7	21.1	2.2	17.7
F Foreign exchange remeasurement losses	7.2	8.3	(0.3)	3.0
G Long-term employee benefit plan adjustments	(0.1)	0.1	2.2	(0.7)
H Stock-based compensation	15.1	15.7	(0.8)	6.2
I Dividends in respect of noncontrolling interest	(0.9)	(1.5)	(0.4)	—
J Other adjustments	0.4	(0.2)	0.1	(0.3)
Total Adjustments	\$ 167.7	\$ 93.3	\$ 45.1	\$ 37.5
Adjusted EBITDA	\$ 760.1	\$ 938.9	\$ 252.5	\$ 232.5

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AXALTA COATING SYSTEMS

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 primarily associated with Axalta Way initiatives, which include recent incremental restructuring actions. 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, ending September 2021. These amounts are not considered indicative of our ongoing operating 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 joint venture business during 2019 and other impairments, which are not considered indicative of our ongoing 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.
- J Represents certain non-operational or non-cash gains and losses unrelated to our core business and which we do not consider indicative of ongoing operations, including indemnity (income) losses associated with the acquisition by Axalta of the DuPont Performance Coatings business, gains and losses from the sale and disposal of property, plant and equipment, gains and losses from the remaining foreign currency derivative instruments and from non-cash fair value inventory adjustments associated with our business combinations.

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Thank you

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AXALTA COATING SYSTEMS

Cautionary Statement Concerning Forward-Looking Statements

This release may contain certain forward-looking statements regarding Axalta and its subsidiaries within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including our guidance, which includes net sales growth, currency effects, acquisition or divestment impacts, Adjusted EBIT, Adjusted diluted EPS, 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," "guidance," "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 the effects of COVID-19, that may cause its business, industry, strategy, financing activities or actual results to differ materially. The impact 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 "Forward-Looking Statements", the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" 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 diluted 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 diluted 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 diluted 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 diluted 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 diluted 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 diluted 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.

About Axalta Coating Systems

Axalta is a global leader in the coatings industry, providing customers with innovative, colorful, beautiful and sustainable coatings solutions. From light vehicles, commercial vehicles and refinish applications to electric motors, building facades and other industrial applications, our coatings are designed to prevent corrosion, increase productivity and enhance durability. With more than 150 years of experience in the coatings industry, the global team at Axalta continues to find ways to serve our more than 100,000

customers in over 130 countries better every day with the finest coatings, application systems and technology. For more information visit axalta.com and follow us @axalta on Twitter.