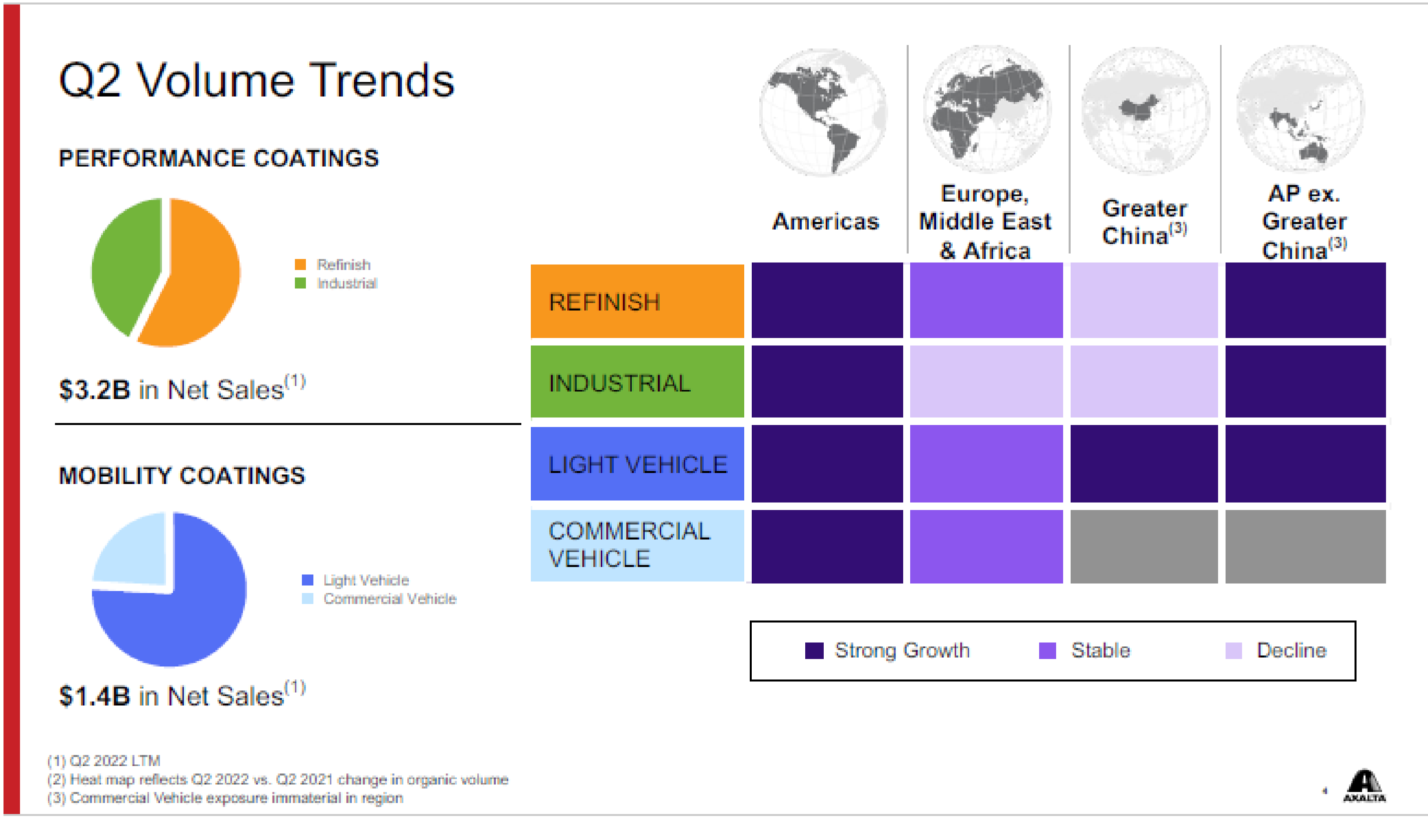
Axalta Coating Systems (AXTA)
Second Quarter 2022 Financial Results
July 26, 2022

Slide 3: Q2 2022 Key Highlights

In the quarter we achieved adjusted EBIT of $151 million and adjusted EPS of $0.41, both of which were above the mid-point of our expectations we set out in our Q1 earnings call despite incremental headwinds of $8 million associated with FX and China lockdowns exceeding our original expectations. When excluding the impact from currency translation, we reported constant-currency net sales growth of 15% with double-digit contributions from every end-market. We benefited from a broadly constructive demand environment and yielded higher growth versus most of our markets.

We also delivered a record of 10% higher price-mix in Q2, which nearly offset the raw material and logistics inflation costs in the period. I am encouraged by the signs of stabilization we are beginning to see across many input categories, which supports our prior expectation of recovering the majority of the cumulative cost inflation by year-end.



Slide 4: Volume Trends

Globally, volumes improved 3% year-over-year driven by solid demand trends and market share gains across the portfolio. Growth was uneven across the regions with 10% growth in the Americas leading all geographies. This growth more than offset softness in EMEA and China stemming from the Russia-Ukraine conflict and extended China COVID-19 lockdowns, respectively. In total we believe these two impacts alone accounted for a 4% Net Sales headwind in the quarter. We continue to expect a favorable demand environment in the Americas broadly and should see recovery play out in China in coming quarters.

Volumes improved in three of our four end-markets. Performance Coatings segment volume was flat as solid Refinish growth was offset by modest declines in Industrial. Mobility segment volume growth was very strong with 9% higher Light Vehicle and 13% better in Commercial Vehicle. Both Mobility end-markets as well as Refinish greatly exceeded relevant industry rates.

Axalta's differentiated technologies and superior service remain a powerful driver of our above-market volume performance. In Refinish we continued to sign new, exclusive agreements with large multi-shop operators and continue to make progress on our new business pipeline. In Mobility we are beginning to feel the benefits from new business wins made over the past 6-quarters, which in total we expect to contribute more than $200 million of annualized revenue. And in Industrial, we booked new wins this quarter in the battery protection space where we see great long-term potential within electric vehicles as we gain traction beyond just electric motor coatings, where we have a strong position today.

Operationally Q2 2022 was our highest production volume quarter since the beginning of the pandemic, as evidenced in our 7% sequential volume growth. Yet, the backlog of open orders across both end-markets in Performance Coatings continues to be a challenge given supply chain constraints impacting our business.

Customer constraints remained prevalent in the quarter and continued to be a significant drag on our growth. These are most apparent in Light Vehicle and Refinish where both markets are operating well below normalized levels, given severe parts and labor shortages, creating pent up consumer demand that should benefit our business as supply-chains loosen.

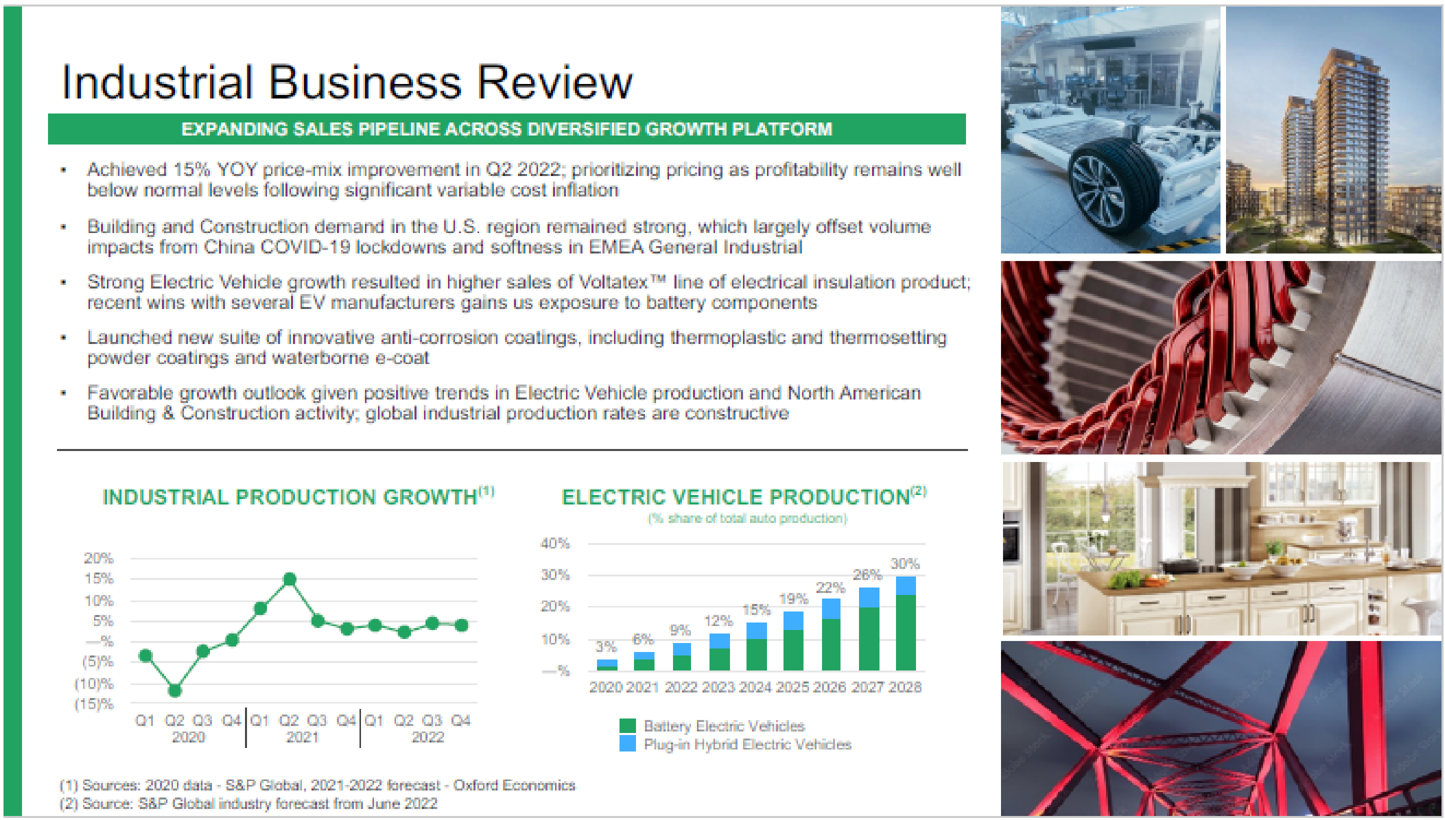
Slide 5: Refinish Business Environment

In Refinish – our industry-leading aftermarket auto coatings business – we had a strong quarter with volumes up 3% year-over-year and 13% sequentially despite aforementioned geopolitical headwinds in EMEA and Covid lockdowns in China.

We are winning new customers at a record pace. Year-to-date we added nearly 1,000 net body shops globally and over 500 new stock points through distribution customers. Our partners continue to recognize that we have a better way of doing business, centered around the most productive paint system in the industry.

This has enabled us to grow volumes 5% organically since 2019 in a market environment that has not yet fully recovered from the pandemic, and by our estimate is still approximately 8% below 2019 levels. We believe that we have gained several percentage points of share and expect this trend to continue going forward.

During the quarter we noted marginal improvement in body shop activity quarter-over-quarter, but activity remains in the high-80s percent in North America and low 90s percent in EMEA. We see activity normalizing over time, driven by relief of body shop constraints and also return-to-office dynamics which we expect will lead to a step-up in congestion rates towards pre-COVID levels over time.

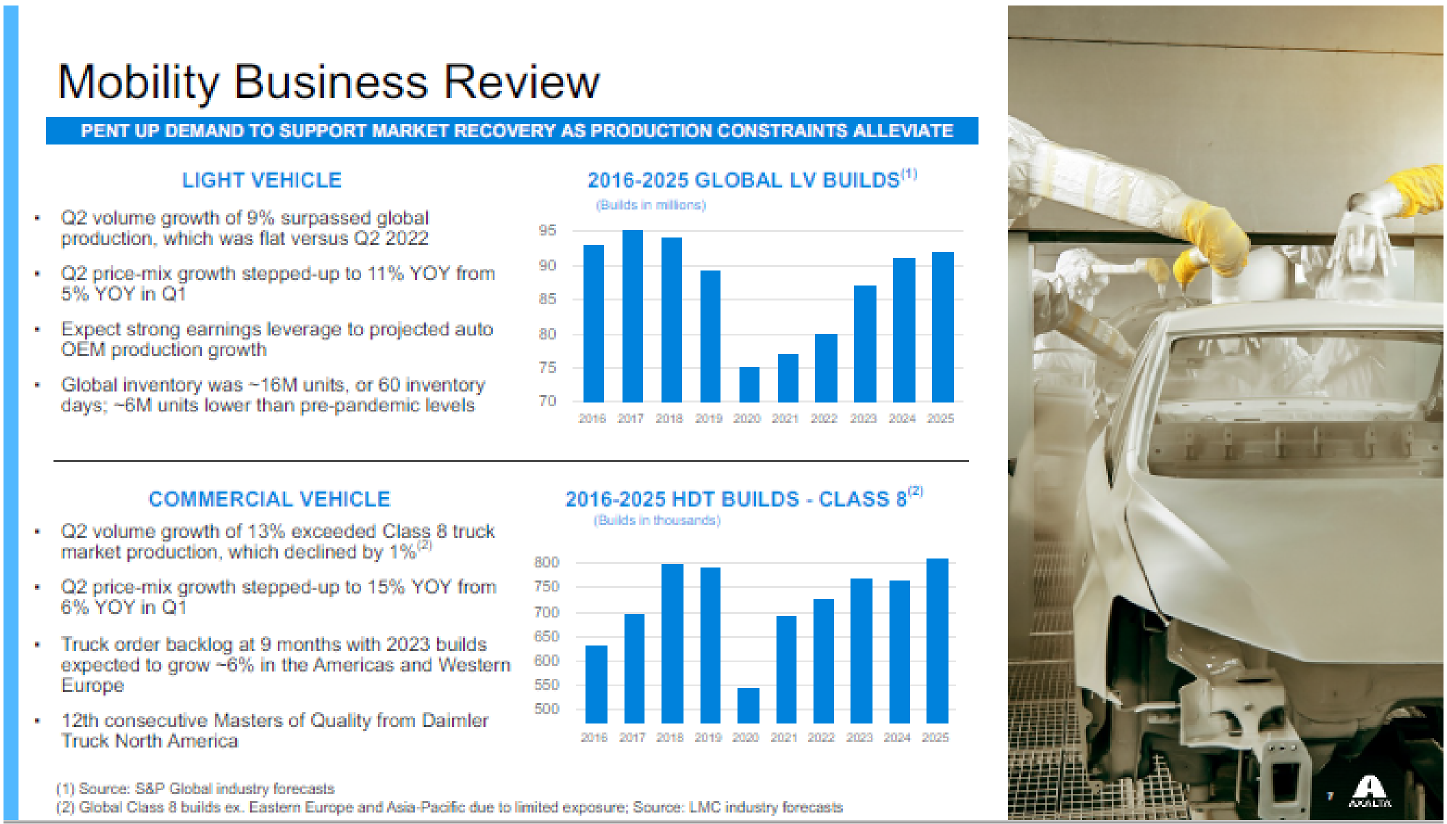


Slide 6: Industrial Business Environment

In Industrial coatings – volume declined 4% year-over-year as strong demand in the Americas, namely from Building Products and General Industrial, was more than offset by declines in EMEA General Industrial and Asia Pacific Energy Solutions, given the previously mentioned geopolitical and covid headwinds. Supply and production constraints were again a drag on overall performance by as much as a mid-single-digit percentage.

Earlier I highlighted a few wins in battery component coatings with several electric vehicle manufacturers. This is an important milestone for us as we see a long pipeline of opportunity in this space with a long-dated market opportunity.

In Q2, we launched a new suite of anticorrosion coatings which enable our customers to increase asset lifetime and reduce the amount of maintenance needed. With this suite of thermoplastic and thermosetting powder coatings and waterborne electrocoats, we continue to support our customers' sustainability goals and enable corrosion protection in the most demanding environments.



Slide 7: Mobility Business Environment

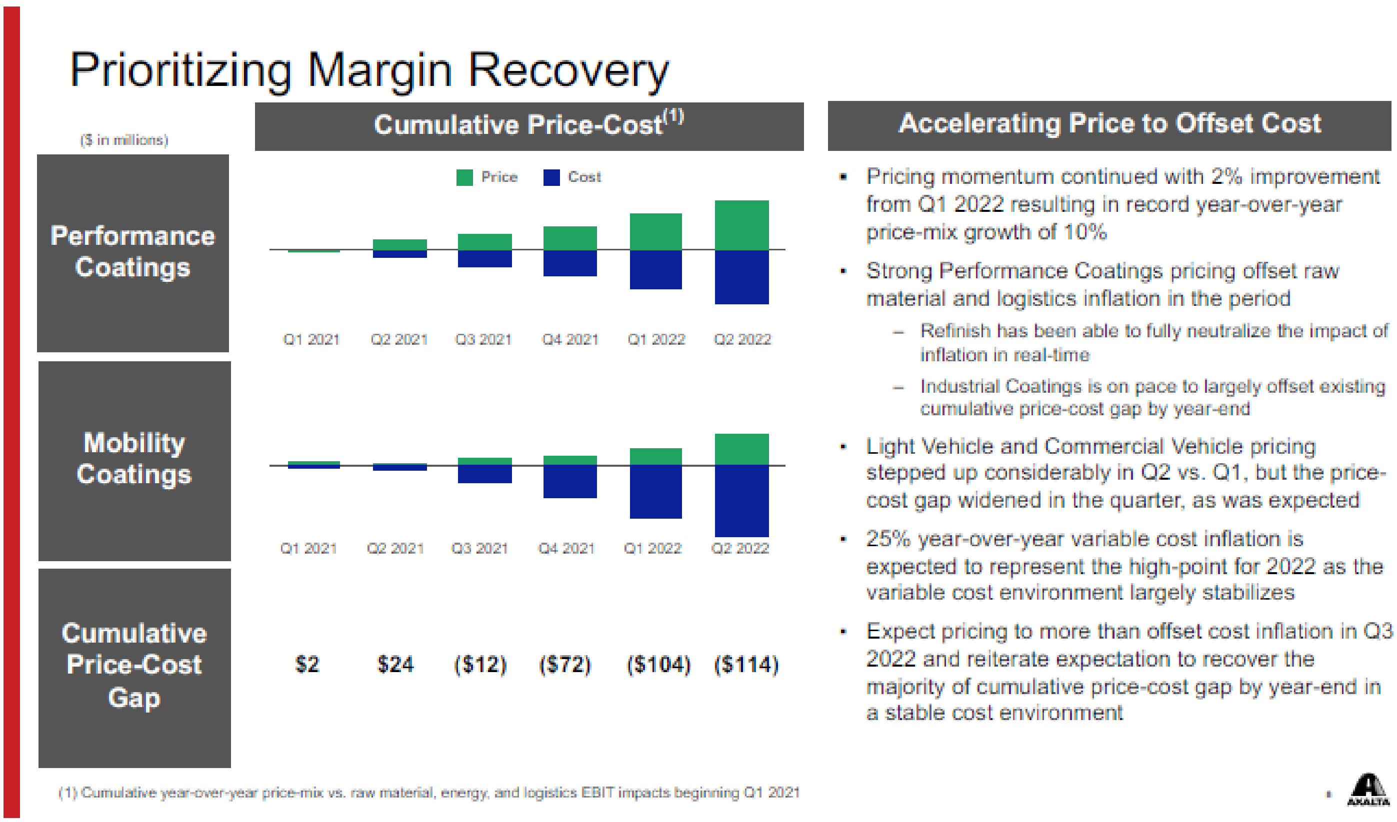
In Mobility Coatings – an industry-leader in light vehicle and commercial vehicle exterior OEM coatings – volume growth outpaced relevant industry production rates as we continue to drive share. Specifically, Light Vehicle volumes improved 9% year-over-year, considerably outpacing flat global auto growth rates. In Commercial Vehicle volume grew 13%, which far exceeded Class 8 truck market production, which declined by 1%.

New Light Vehicle and Commercial Vehicle customer wins are driving above-market growth and setting us up with the right customer mix for when global production returns to normalized levels.

Automotive OEM customers are increasingly confident about second-half production rate improvements given the post lockdown ramp-up of Chinese auto production and improved supply-chain sentiment. We expect sequential market growth through year-end with Q4 production nearly at 22 million builds, 17% above Q2 rates, and an annualized run-rate in the high 80-million builds, which was last achieved in 2019.

As we discussed on our Q1 earnings call - we see normalization of light-vehicle production rate as roughly one-half of the path to recovering the approximate $140 million earnings gap between our trailing-twelve-month Mobility Coatings Adjusted EBIT and our pre-pandemic 2019 profitability levels.

The other half of the recovery will be from offsetting significant variable cost inflation, where we are making great progress and will discuss further on the following slide.



Slide 8: Prioritizing Margin Recover

It is our intent to fully offset the impact of raw material, energy, and logistics inflation on our businesses. In every end-market we are working with customers to implement the necessary degree of price increases to operate at more attractive levels of profitability.

- In Refinish, the team has done a remarkable job increasing price quarter-after-quarter and has been able to fully neutralize the impact of inflation in real-time. Further pricing actions were executed beginning in July to in certain regions to address modest sequential inflationary impacts.
- In Industrial, Q2 price-mix improved by 15% year-over-year (20% on a two-year stacked basis), which for the first time in this inflationary period is fully offsetting the impact of inflation. Yet, Industrial remains well behind on price-cost given the rapid rise of inflation that began in Q3 2021. As a result profitability is below target levels, but should improve through the year.

- In Q2 pricing stepped up considerably in both Light Vehicle and Commercial Vehicle; resulting in 12% higher year-over-year Mobility price-mix. This is a good outcome, but the scale was insufficient to fully offset run-rate inflationary impacts and hence the cumulative price-cost gap widened in the quarter, as was expected.

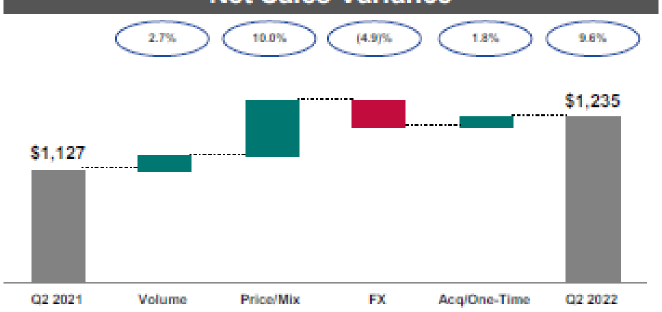
We are optimistic that the highly-inflationary environment is finally beginning to stabilize; though raws availability still remains tight and variable costs are likely to continue to rise modestly into Q3. There are pockets of softening in some base chemicals, isocyanates, as well as plastic and metal packaging, but we continue to face bottlenecks in pigments, additives, logistics, and select resins following recent force majeures. This will continue to be a dynamic environment. Nonetheless, with the visibility we have today we believe that we will recover the majority of the existing cumulative price-cost gap by year-end.

Q2 Consolidated Results

Financial Performance

($ in millions, except per share data)	Q2 2022	Q2 2021	% Change Incl. F/X	% Change Excl. F/X
Performance Coatings	856	806	6.2 %	11.8 %
Mobility Coatings	379	321	18.1 %	21.4 %
Net Sales	1,235	1,127	9.6 %	14.5 %
Income from ops	104	190	(45.6)%	
Adjusted EBIT	151	173	(13.1)%	
% margin	*12.2 %*	*15.4 %*		
Diluted EPS	0.20	0.54	(63.0)%	
Adjusted EPS	0.41	0.48	(14.6)%	

Net Sales Variance



Commentary

Strong Net Sales growth despite FX headwinds driven by pricing actions, Mobility volumes, and M&A

- Strongest price-mix in company history from realization of 2021 pricing efforts and actions in 2022 to offset cost
- M&A contribution driven by two 2021 acquisitions within our Performance Coatings segment
- Volumes grew despite China lockdowns and Russia-Ukraine impacts as Mobility and Refinish volumes fully offset reductions within Industrial
- FX headwinds driven by the Euro and Turkish Lira
- $20 million non-cash charge in Net Sales associated with restructuring an existing customer sales agreement

YOY Adjusted EBIT reduction as sequential price-cost improvement not enough to offset demand impact on fixed-cost absorption

- Strongest in-quarter price-cost since Q2 2021
- $23 million of headwinds associated with the Russia-Ukraine conflict, China lockdowns and FX

Slide 9: Consolidated Results

Net sales of $1.2 billion increased 10% year-over-year for the second quarter, while constant currency net sales increased 15%, driven by pricing actions, demand strength across most of our businesses, and benefits from two acquisitions we completed in 2021. Constant currency net sales growth included a 12% increase from Performance Coatings and 21% growth from Mobility Coatings – reflecting Light Vehicle up 20% while Commercial Vehicle was up an impressive 27%.

Second quarter volume improved 3% year-over-year with positive contribution from three of four end-markets, offset by a mid-single digits percent decline in Industrial volumes, which was hindered by supply chain constraints as well as the macro and geopolitical headwinds within our EMEA and China regions. Backlog increased from elevated Q1 levels as we were again unable to fully meet demand in the quarter. Price-mix contribution increased 10% in the aggregate, up from our reported 9% last quarter, with improvement across all end-markets led by double digits improvement in Industrial and Mobility Coatings. Notably, we are now lapping the 4% price realization we had in Q2 2021 within both Refinish and Industrial.

During the quarter we incurred a $25 million one time non-cash charge, which included a $20 million negative impact to net sales, related to the restructuring of an existing customer sales agreement. This impact is excluded from our Adjusted Earnings during the quarter. The restructuring was triggered as a result of a large Refinish customer realigning their capital structure, whereby we gave some concessions. We originally made a large up-front investment in 2018 as part of a long-term sales commitment, which has provided very good returns to us. With our customer exiting their situation with a very sustainable capital structure and balance sheet, we continue to expect this will be a valuable relationship and provide good returns for us going forward.

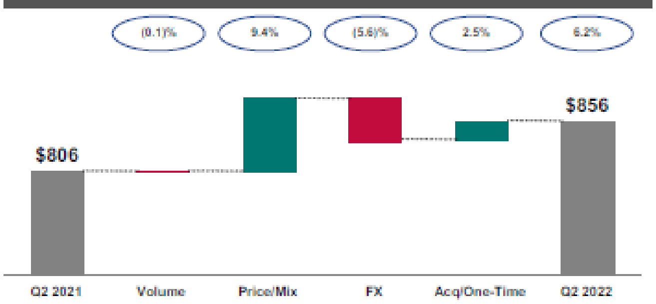
FX translation was a headwind of 5% for Q2, driven by the weaker Euro and Turkish Lira. Second quarter Adjusted EBIT was $151 million versus $173 million in the prior year quarter. The year-over-year comparison included approximately $23 million of EBIT headwinds associated with the impacts from the Russia-Ukraine conflict, China lockdowns and FX - implying a nearly flat year-over-year earnings comparison when excluding these effects.

Q2 Performance Coatings Results

Financial Performance

($ in millions)	Q2 2022	Q2 2021	% Change Incl. F/X	% Change Excl. F/X
Refinish	491	463	6.0 %	12.1 %
Industrial	365	343	6.4 %	11.4 %
Net Sales	856	806	6.2 %	11.8 %
Adjusted EBIT	125	140	(10.4)%	
% margin	*14.6 %*	*17.3 %*		

Net Sales Variance



Commentary

Net sales growth driven by pricing actions and M&A contribution, offset partly by FX headwinds

- Price-mix momentum continues with 15% YOY growth in Industrial and 6% in Refinish
- Volumes remained flat as market recovery within Refinish was fully offset by tempered Industrial volumes given China lockdowns and Russia-Ukraine conflict
- M&A contribution from 2021 acquisitions were offset slightly by a non-cash $20M adjustment related to the restructuring of a long-term exclusive sales agreement
- FX headwinds driven by the Euro and Turkish Lira

YOY Adjusted EBIT decline driven by incremental fixed costs and FX headwinds

- Price-cost gap was flat during Q2 2022 as pricing actions fully offset raw material and logistics inflation

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Slide 10: Q2 Performance Coatings Results

Performance Coatings Q2 net sales increased 6% year-over-year and 12% ex-FX, driven by a 9% increase in average price-mix and a 5.1% increase from acquisitions with volumes remaining largely flat.

Refinish reported a 6% net sales increase, or 12% ex-FX, driven by a mid-single digit price-mix benefit, a high-single digit contribution from the U-POL acquisition, and above-market volume growth, partly offset by the one-time non-cash charge. Volumes increased in every region despite raw material supply impacting our ability to meet all of our demand with the exceptions of EMEA and China, where the geopolitical headwinds drove modest volume declines.

Industrial Q2 net sales increased 6%, or 11% ex-FX, driven largely by mid-teens percent improvement in average price-mix as well as a low single digit acquisition contribution partly offset by modest volume declines. Strong demand trends in most of the Industrial end-businesses were fully offset by supply chain constraints and geopolitical headwinds.

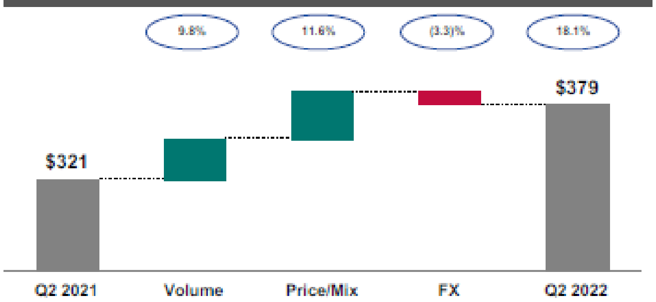
Performance Coatings reported Q2 Adjusted EBIT of $125 million versus $140 million in Q2 2021, driven by drop through benefits of price-mix and acquisition contribution, were more than offset by headwinds from FX as well as higher variable and fixed costs. The Adjusted EBIT margin for the segment decreased to 15% from 17% in the prior-year period.

Q2 Mobility Coatings Results

Financial Performance

($ in millions)	Q2 2022	Q2 2021	% Change Incl. F/X	% Change Excl. F/X
Light Vehicle	283	244	16.0 %	19.6 %
Commercial Vehicle	96	77	24.8 %	27.2 %
Net Sales	379	321	18.1 %	21.4 %
Adjusted EBIT	2	6	(59.6)%	
% margin	*0.6 %*	*1.8 %*		

Net Sales Variance



Commentary

Strong net sales growth driven by pricing actions and volume growth across both end-markets as share gains come to fruition

- Despite market contraction from constrained supply chains, volumes grew across both end-markets given new wins within Light Vehicle and a strong backlog within Commercial Vehicle
- Pricing realization accelerated as both Light Vehicle and Commercial Vehicle improved by double digits YOY
- FX headwinds driven by the Euro and Turkish Lira partly offset by the Brazilian Real

Price-cost headwinds as well as incremental fixed costs drove YOY Adjusted EBIT reduction

- Improved price-cost dynamic given smallest in quarter price-cost gap since Q1 2021

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Slide 11: Q2 Mobility Coatings Results

Mobility Coatings constant currency net sales increased 21% in Q2, including a record high 12% price-mix benefit, up from 5% last quarter. Volumes increased by 10%. It is great to see the team building pricing momentum while also growing our footprint with strategic customers.

Light Vehicle net sales increased 20% ex-FX in the quarter, including a 9% volume increase easily outperforming global auto production which was flat for the quarter. Price-mix increased by double digits as the team continues to negotiate with auto OEM’s to recover lost profitability.

Commercial Vehicle Q2 net sales increased 27% ex-FX, driven customer wins and historically strong truck production rates. Price-mix also increased mid-double digits.

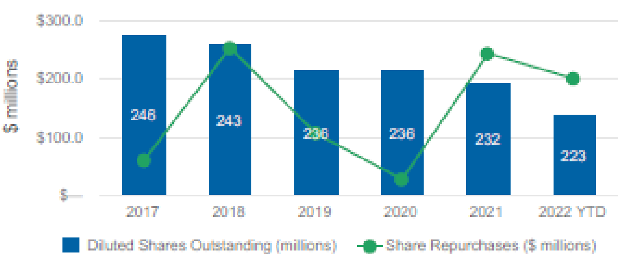
Mobility Coatings reported Q2 Adjusted EBIT of $2 million versus $6 million in the prior year quarter. Adjusted EBIT and associated margins in Q2 were impacted by variable cost inflation, with partial offsets in positive pricing. Price-cost dynamics continue to improve as we saw our strongest performance in Mobility Coatings since Q1 2021. Pricing continues to accelerate and we expect to cover the majority of incremental variable cost inflation the second half of 2022.

Debt and Liquidity Summary

Capitalization

($ in millions)	Interest	@ 6/30/2022	Maturity
Cash and Cash Equivalents		$ 500	
Revolver ($550 million capacity)	Variable	—	2026
First Lien Term Loan (USD)	Variable	2,018	2024
Total Senior Secured Debt		**$ 2,018**	
Senior Unsecured Notes (EUR)	Fixed	470	2025
Senior Unsecured Notes (USD)	Fixed	494	2027
Senior Unsecured Notes (USD)	Fixed	691	2029
Other Borrowings and Finance Leases		95	
Total Debt		**$ 3,768**	
Total Net Debt (1)		**$ 3,268**	
LTM Adjusted EBITDA		774	
Total Net Leverage (2)		**4.2x**	
Interest Coverage Ratio (3)		**5.8x**	

Share Repurchase History



Commentary

- Over $1.0 billion in available liquidity at June 30, 2022:
  - $500 million of cash and cash equivalents
  - $529 million of available capacity under our undrawn revolver
- Total net leverage of 4.2x at June 30, 2022 increased from 4.1x at March 31, 2022, reflecting decreased cash driven by FCF use in Q2 2022, further share repurchases, and decreased LTM Adjusted EBITDA
- Weighted average cost of debt of 3.22% at June 30, 2022
- Long-term debt interest rates are effectively 83% fixed
  - $1.375 billion of term loan debt fixed with interest rate swaps at weighted average of 1.84% over LIBOR
- ~2% annual share count reduction from 2017
- Year-to-date share repurchases of $200 million with $25 million in Q2

(1) Total Net Debt = Total Debt minus Cash and Cash Equivalents
(2) Total Net Leverage = Total Net Debt / LTM Adjusted EBITDA
(3) Interest Coverage Ratio = LTM Adjusted EBITDA / LTM Interest Expense

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Slide 12: Debt and Liquidity Summary

Axalta's Q2 balance sheet and liquidity profile remained solid. We ended the quarter with slightly over $1.0 billion in total liquidity.

Our net leverage ratio ended the quarter at 4.2 times, reflecting a slight increase from 4.1 times at March 31st. Net leverage remains somewhat elevated due to the seasonal phasing of free cash flow as well as incremental pressures associated with inflation and pricing within Working Capital, and share repurchases totaling $200 million year-to-date. We expect this to drop as we move to the back end of the year on anticipated stronger full year operating results and historical levels of Free Cash Flow generation.

Financial Guidance Update

Q3 2022 Guidance

- Net Sales: ~+15-17% including:
  - Anticipate high single-digit growth from price and volume
  - ~+2% from acquisitions
  - ~(6)% from FX
- Adjusted EBIT: $140-165 million
- Adjusted Diluted EPS: $0.37-0.45; inclusive of $0.05 year-over-year headwinds from FX and the Russia-Ukraine conflict
- Interest Expense: ~$35 million
- Tax Rate: ~22%-23%
- Diluted Shares: ~221 million
- D&A: ~$78 million; including $23 million step-up D&A
- Expect raw material inflation in the high teens versus Q3 2021

Perspective on Market Dynamics

- Ongoing COVID-19 recovery expected to support stronger volumes in a durable Refinish market
- Pent-up demand projected to drive resilience to possible economic downturn, particularly in production constrained Light Vehicle and Commercial Vehicle markets
- Low inventory levels throughout sales channels
- Stabilization of raw material environment expected

FY 2022 Commentary

- Driving share gains across the portfolio
- Demand recovering in China following Q2 COVID-19 lockdowns; however, we remain somewhat cautious
- FX headwinds driven by the Euro and Turkish Lira


Appendix
AXALTA COATING SYSTEMS

Q3 and Full Year 2022 Assumptions

Macroeconomic Assumptions

- Global GDP growth of ~2.9% for Q3 2022 and ~3.1% for FY 2022
- Global industrial production growth of ~4.3% for Q3 2022 and ~3.6% for FY 2022
- Global auto build growth to be at ~21.2% for Q3 2022 and ~4.7% for FY 2022
- Global truck production increase of ~21.7% for Q3 2022 and ~5.0% for FY 2022, excluding Asia Pacific and Eastern Europe
- Raw material and logistics availability improved throughout the Q2 and we continue to see improvement in raw material availability during Q3
- 2H 2022 includes a mix of improved supply, commodity price deflation, and price pressure remaining on specialties

Q3 2022 Currency Assumptions

Currency	Q3 2021 % Axalta Net Sales	Q3 2021 Average Rate	Q2 2022 Average Rate	Q3 2022 Average Rate Assumption	USD % Impact of YOY FX Rate Change
US$ per Euro	~26%	1.18	1.06	1.02	(13.6%)
Chinese Yuan per US$	~10%	6.47	6.62	6.75	(4.1%)
Brazilian Real per US$	~3%	5.23	4.91	5.30	(1.3%)
US$ per British Pound	~3%	1.38	1.26	1.22	(11.6%)
Mexican Peso per US$	~2%	20.03	20.03	20.17	(0.7%)
Swedish Krona per US$	~1%	8.65	9.84	10.19	(15.1%)
Indian Rupee per US$	~1%	74.09	77.19	79.00	(6.2%)
Turkish Lira per US$	~1%	8.54	15.76	18.00	(52.6%)
Other	~53%	NA	NA	NA	(0.7%)

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Adjusted EBIT Reconciliation

	($ in millions)		Q2 2022		Q2 2021
	Income from operations	$	103.6	$	190.4
	Other expense (income), net		7.2		(8.1)
	Total	$	96.4	$	198.5
A	Termination benefits and other employee related costs		2.7		22.7
B	Strategic review and retention costs		—		2.2
C	Acquisition and divestiture-related costs		2.2		1.5
D	Accelerated depreciation and site closure costs		1.8		0.5
E	Operational matter		0.1		(71.8)
F	Brazil indirect tax		—		(8.3)
G	Russia sanction-related impacts		0.3		—
H	Commercial agreement restructuring impacts		25.0		—
I	Other adjustments		(1.0)		0.1
J	Step-up depreciation and amortization		23.1		28.0
	Adjusted EBIT	$	150.6	$	173.4
	Segment Adjusted EBIT:				
	Performance Coatings	$	125.2	$	139.7
	Mobility Coatings		2.3		5.7
	Total	$	127.5	$	145.4
J	Step-up depreciation and amortization		23.1		28.0
	Adjusted EBIT	$	150.6	$	173.4

Adjusted EBIT Reconciliation (cont'd)

A 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. These amounts are not considered indicative of our ongoing operating performance.

B 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 that were earned over a period of 18-24 months, which ended in September 2021. These amounts are not considered indicative of our ongoing performance.

C Represents acquisition and divestiture-related expenses and integration activities associated with our business combinations, all of which are not considered indicative of our ongoing operating performance.

D Represents incremental depreciation expense resulting from truncated useful lives of the assets impacted by our manufacturing footprint assessments and costs related to the closure of certain manufacturing sites, which we do not consider indicative of our ongoing operating performance.

E Represents expenses, changes in estimates and insurance recoveries for probable liabilities related to an operational matter in the Mobility Coatings segment, which we do not consider indicative of our ongoing operating performance.

F Represents non-recurring income related to a law change with respect to certain Brazilian indirect taxes which was recorded within other expense (income), net.

G Represents expenses related to sanctions imposed on Russia in response to the conflict with Ukraine as a result of incremental reserves for accounts receivable, incremental inventory obsolescence and business incentive payments, which we do not consider indicative of our ongoing operating performance.

H Represents a forgiveness of a portion of up-front customer incentives with repayment features, contingent upon our customer completing a recapitalization and restructuring of its indebtedness and the execution of a new long-term exclusive sales agreement with us. These amounts are not considered to be indicative of our ongoing operating performance.

I Represents costs for certain non-operational or non-cash (gains) and losses, unrelated to our core business and which we do not consider indicative of ongoing operations.

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

Adjusted Net Income Reconciliation

	($ in millions, except per share data)		Q2 2022		Q2 2021
	Net income	$	44.1	$	126.4
	Less: Net income attributable to noncontrolling interests		—		—
	Net income attributable to controlling interests	$	44.1	$	126.4
A	Termination benefits and other employee related costs		2.7		22.7
B	Strategic review and retention costs		—		2.2
C	Acquisition and divestiture-related costs		2.2		1.5
D	Accelerated depreciation and site closure costs		1.8		0.5
E	Operational matter		0.1		(71.8)
F	Brazil indirect tax		—		(8.3)
G	Russia sanction-related impacts		0.2		—
H	Commercial agreement restructuring impacts		25.0		—
I	Other adjustments		(1.0)		0.1
J	Step-up depreciation and amortization		23.1		28.0
	Total adjustments	$	54.1	$	(25.1)
K	Income tax provision impacts		7.9		(10.8)
	Adjusted net income	$	90.3	$	112.1
	Diluted adjusted net income per share	$	0.41	$	0.48
	Diluted weighted average shares outstanding		221.4		233.5

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Adjusted Net Income Reconciliation (cont'd)

A 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. These amounts are not considered indicative of our ongoing operating performance.

B 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 that were earned over a period of 18-24 months, which ended in September 2021. These amounts are not considered indicative of our ongoing performance.

C Represents acquisition and divestiture-related expenses and integration activities associated with our business combinations, all of which are not considered indicative of our ongoing operating performance.

D Represents incremental depreciation expense resulting from truncated useful lives of the assets impacted by our manufacturing footprint assessments and costs related to the closure of certain manufacturing sites, which we do not consider indicative of our ongoing operating performance.

E Represents expenses, changes in estimates and insurance recoveries for probable liabilities related to an operational matter in the Mobility Coatings segment, which we do not consider indicative of our ongoing operating performance.

F Represents non-recurring income related to a law change with respect to certain Brazilian indirect taxes which was recorded within other expense (income), net.

G Represents expenses related to sanctions imposed on Russia in response to the conflict with Ukraine as a result of incremental reserves for accounts receivable, incremental inventory obsolescence and business incentive payments, which we do not consider indicative of our ongoing operating performance.

H Represents a forgiveness of a portion of up-front customer incentives with repayment features, contingent upon our customer completing a recapitalization and restructuring of its indebtedness and the execution of a new long-term exclusive sales agreement with us. These amounts are not considered to be indicative of our ongoing operating performance.

I Represents costs for certain non-operational or non-cash (gains) and losses, unrelated to our core business and which we do not consider indicative of ongoing operations.

J 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.

K 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 \$4.3 million, \$5.0 million, \$2.1 million and \$3.8 million for the three and six months months ended June 30, 2022 and 2021, respectively. The tax adjustments for the three and six months months ended June 30, 2022 and 2021 include the deferred tax benefit ratably amortized into our adjusted income tax rate as the tax attribute related to a January 1, 2020 intra-entity transfer of certain intellectual property rights is realized.

Free Cash Flow Reconciliation

($ in millions)	Q2 2022	Q1 2022	YTD 2022	Q2 2021	Q1 2021	YTD 2021
Cash provided by (used for) operating activities	$ 12.2	$ (43.9)	$ (31.7)	$ 107.5	$ 39.6	$ 147.1
Purchase of property, plant and equipment	(29.5)	(42.5)	(72.0)	(28.5)	(31.8)	(60.3)
Interest proceeds on swaps designated as net investment hedges	3.8	6.2	10.0	3.6	3.5	7.1
Free cash flow	$ (13.5)	$ (80.2)	$ (93.7)	$ 82.6	$ 11.3	$ 93.9

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Adjusted EBITDA Reconciliation

	($ in millions)	LTM 6/30/2022	Q2 2022	Q1 2022	Q2 2021	Q1 2021	FY 2021
	Net income	$ 207.3	$ 44.1	$ 40.9	$ 126.4	$ 15.7	$ 264.4
	Interest expense, net	133.4	33.5	32.6	33.4	33.5	134.2
	Provision for income taxes	63.4	18.8	11.0	38.7	3.8	76.1
	Depreciation and amortization	316.1	77.3	77.7	79.0	76.4	316.5
	EBITDA	**$ 720.2**	**$ 173.7**	**$ 162.2**	**$ 277.5**	**$ 129.4**	**$ 791.2**
A	Termination benefits and other employee related costs	16.0	2.7	1.9	22.7	2.8	36.9
B	Strategic review and retention costs	2.1	—	—	2.2	5.4	9.7
C	Acquisition and divestiture-related costs	17.2	2.2	0.4	1.5	0.2	16.3
D	Site closure costs	2.4	1.1	0.6	(0.1)	—	0.6
E	Foreign exchange remeasurement losses	6.2	4.9	2.6	1.8	1.8	2.3
F	Long-term employee benefit plan adjustments	—	0.1	0.1	(0.3)	(0.2)	(0.7)
G	Stock-based compensation	16.1	3.7	5.3	4.2	3.6	14.9
H	Dividends in respect of noncontrolling interest	(0.1)	—	(0.1)	—	(0.7)	(0.7)
I	Operational matter	(18.0)	0.1	0.1	(71.8)	94.4	4.4
J	Brazil indirect tax	—	—	—	(8.3)	—	(8.3)
K	Gain on sale of facility	(19.7)	—	—	—	—	(19.7)
L	Russia sanction-related impacts	6.1	0.3	5.8	—	—	—
M	Commercial agreement restructuring impacts	25.0	25.0	—	—	—	—
N	Other adjustments	0.2	(1.1)	0.7	0.3	—	0.9
	Total adjustments	$ 53.5	$ 39.0	$ 17.4	$ (47.8)	$ 107.3	$ 56.6
	Adjusted EBITDA	**$ 773.7**	**$ 212.7**	**$ 179.6**	**$ 229.7**	**$ 236.7**	**$ 847.8**

Adjusted EBITDA Reconciliation (cont'd)

A 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. These amounts are not considered indicative of our ongoing operating performance.

B 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 that were earned over a period of 18-24 months, which ended in September 2021. These amounts are not considered indicative of our ongoing performance.

C Represents acquisition and divestiture-related expenses and integration activities associated with our business combinations, all of which are not considered indicative of our ongoing operating performance.

D Represents costs related to the closure of certain manufacturing sites, which we do not consider indicative of our ongoing operating performance.

E 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.

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

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

H 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.

I Represents expenses, changes in estimates and insurance recoveries for probable liabilities related to an operational matter in the Mobility Coatings segment, which we do not consider indicative of our ongoing operating performance.

J Represents non-recurring income related to a law change with respect to certain Brazilian indirect taxes which was recorded within other expense (income), net.

K Represents non-recurring income related to the sale of a previously closed manufacturing facility.

L Represents expenses related to sanctions imposed on Russia in response to the conflict with Ukraine as a result of incremental reserves for accounts receivable, incremental inventory obsolescence and business incentive payments, which we do not consider indicative of our ongoing operating performance.

M Represents a forgiveness of a portion of up-front customer incentives with repayment features, contingent upon our customer completing a recapitalization and restructuring of its indebtedness and the execution of a new long-term exclusive sales agreement with us. These amounts are not considered to be indicative of our ongoing operating performance.

N Represents costs for certain non-operational or non-cash (gains) and losses, unrelated to our core business and which we do not consider indicative of ongoing operations.

AXALTA COATING SYSTEMS

Forward-Looking Statements

This presentation and the oral remarks made in connection herewith may contain certain forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 regarding Axalta and its subsidiaries including our outlook and/or 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, diluted shares outstanding, raw material inflation and various assumptions noted in the presentation, the effects of COVID-19 on Axalta's business and financial results, our and our customers' supply chain constraints and our ability to offset the impacts of such constraints, the timing or amount of any future share repurchases, contributions from our prior acquisitions and our ability to make future acquisitions. Axalta has identified some of these forward-looking statements with words “believe,” “expect,” “assume,” “likely,” “outlook,” “forecast,” “may,” “will,” “should,” “guidance,” “to be,” “could,” “anticipate,” “assumptions,” “assessment,” ”future,” ”estimate,” “projected,” “continues,” “to,” “opportunity,” “potential,” “upside,” “optimistic” and “we see” 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,” “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, Adjusted EBITDA to interest expense coverage ratio, Adjusted EBIT margin and net leverage. 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, Adjusted EBITDA to interest expense coverage ratio, Adjusted EBIT margin and net leverage 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, Adjusted EBITDA to interest expense coverage ratio, Adjusted EBIT margin and net leverage should not be considered as alternatives to net sales, net income, income 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, Adjusted EBITDA to interest expense coverage ratio, Adjusted EBIT margin and net leverage 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 presentation 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.

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.

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