Q2 2023 Financial Results

August 1, 2023




Legal Notices

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, but not limited to, our outlook/commentary and/or guidance, which includes net sales growth, foreign currency effects, Adjusted EBIT, Adjusted EBITDA, Adjusted diluted EPS, depreciation and amortization, step-up depreciation and amortization, tax rate, as adjusted, diluted shares outstanding, interest expense, capital expenditures, free cash flow, prices for our products, demand patterns, variable cost deflation, operating expenses, price-mix dynamics, volumes, global light vehicle and commercial vehicle production, various assumptions noted in the presentation, our supply chain constraints and our ability to offset the impacts of such constraints, and potential financing activities. Axalta has identified some of these forward-looking statements with words such as "believe," "expect," "outlook," "forecasts," "will," "guidance," "guide," "to be," "anticipate," "assumptions," "assumes," "future," "estimates," "projection," "goals," "should," "opportunity," "we see," "project," "priorities," "view," "potential," and "strategy," and the negative of these words or other comparable or similar terminology. All of these statements are based on management's expectations as well as estimates and assumptions prepared by management that, although they believe to be reasonable, are inherently uncertain. These statements involve risks and uncertainties, including, but not limited to, economic, competitive, governmental and technological factors outside of Axalta's control, as well as impacts from operational disruptions related to our ERP system implementation, that may cause its business, industry, strategy, financing activities or actual results to differ materially. 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 Quarterly Report on Form 10-Q, and in other documents that we have filed with, or furnished to, the U.S. Securities and Exchange Commission ("SEC"). 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, 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, total net leverage ratio and Adjusted EBIT margin. 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 otherwise 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, 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, total net leverage ratio and Adjusted EBIT margin may differ from that of others in our industry. Constant currency net sales growth, 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, total net leverage ratio and Adjusted EBIT margin should not be considered as alternatives to net sales, net income (loss), income (loss) from operations or any other performance measures derived in accordance with GAAP as measures of operating performance or net cash provided by operating activities or as measures of liquidity. Constant currency net sales growth, 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, total net leverage ratio and Adjusted EBIT margin 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 Adjusted EBIT, Adjusted EBITDA, Adjusted diluted EPS, 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 GAAP results.

Constant Currency

Constant currency or ex-FX percentages are calculated by excluding the impact of 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 SEC.

Rounding

Due to rounding the tables presented may not foot.

Public Dissemination of Certain Information

We intend to use our investor relations page at ir.axalta.com as a means of disclosing material information to the public in a broad, non-exclusionary manner for purposes of the SEC's Regulation Fair Disclosure (or Reg. FD). Investors should routinely monitor that site, in addition to our press releases, SEC filings and public conference calls and webcasts, as information posted on that page could be deemed to be material information.

Axalta Announces New Leadership Appointments

Carl Anderson
Incoming
Chief Financial
Officer
Effective August 14, 2023

Kevin Stein
Incoming
Board Member
Effective September 1,
2023

Q2 2023 Key Highlights & FY Update

- **Adj. EBIT (Adj. EBITDA) within guidance range** at $155 ($227) million despite ERP related operational delays
- **Pricing momentum continued in all end-markets** resulting in an overall price-mix increase of 7% (17% two-year stack)
- **Continued positive market dynamics and customer conversions** led to double-digit volume growth in Mobility Coatings
- **Delivered strong Free Cash Flow of $99 million**; voluntarily paid down debt by $75 million and improved net leverage ratio to 3.6x
- **2023 Adj. EBIT (Adj. EBITDA) expected** between $630 - $650 ($910-$930) million reflecting substantial second half improvement

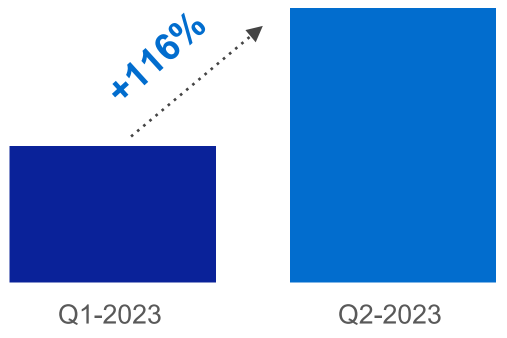
Driving Improved Profitability

North America ERP Implementation Completed

NA Launch Effective May 1st
Limited Operational Disruptions Resolved

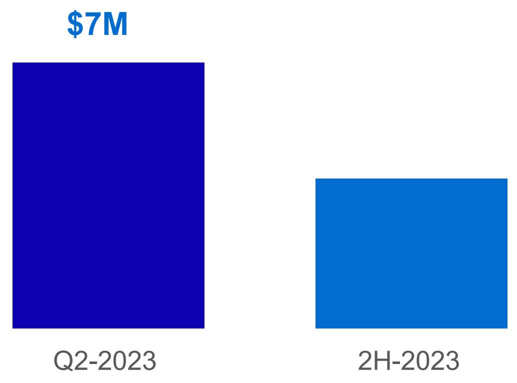
- **New ERP enhances productivity and efficiency**
  - Roadmap to consolidate six ERP solutions to one
  - Replacement of legacy **25** year old system (pre-IPO)
- **Real time insights and decision making**
  - Supply chain management and tracking
  - Pricing and costing efficiency
- **Scope and complexity of the launch caused temporary operational issues**
  - Primarily impacting one manufacturing site
- **Ended Q2 on a strong note with June North America sales among the highest on record**
- **Once fully implemented globally, ERP expected to accelerate margin and earnings growth trajectory**

Sales Backlog



Expect backlogs to normalize in second half of 2023

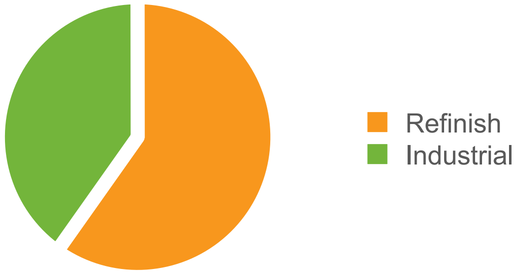
ERP Implementation Costs



Expect costs to moderate in Q3-2023

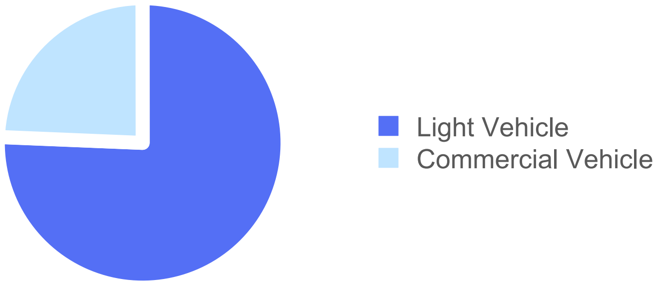
Q2 Volume Trends

PERFORMANCE COATINGS

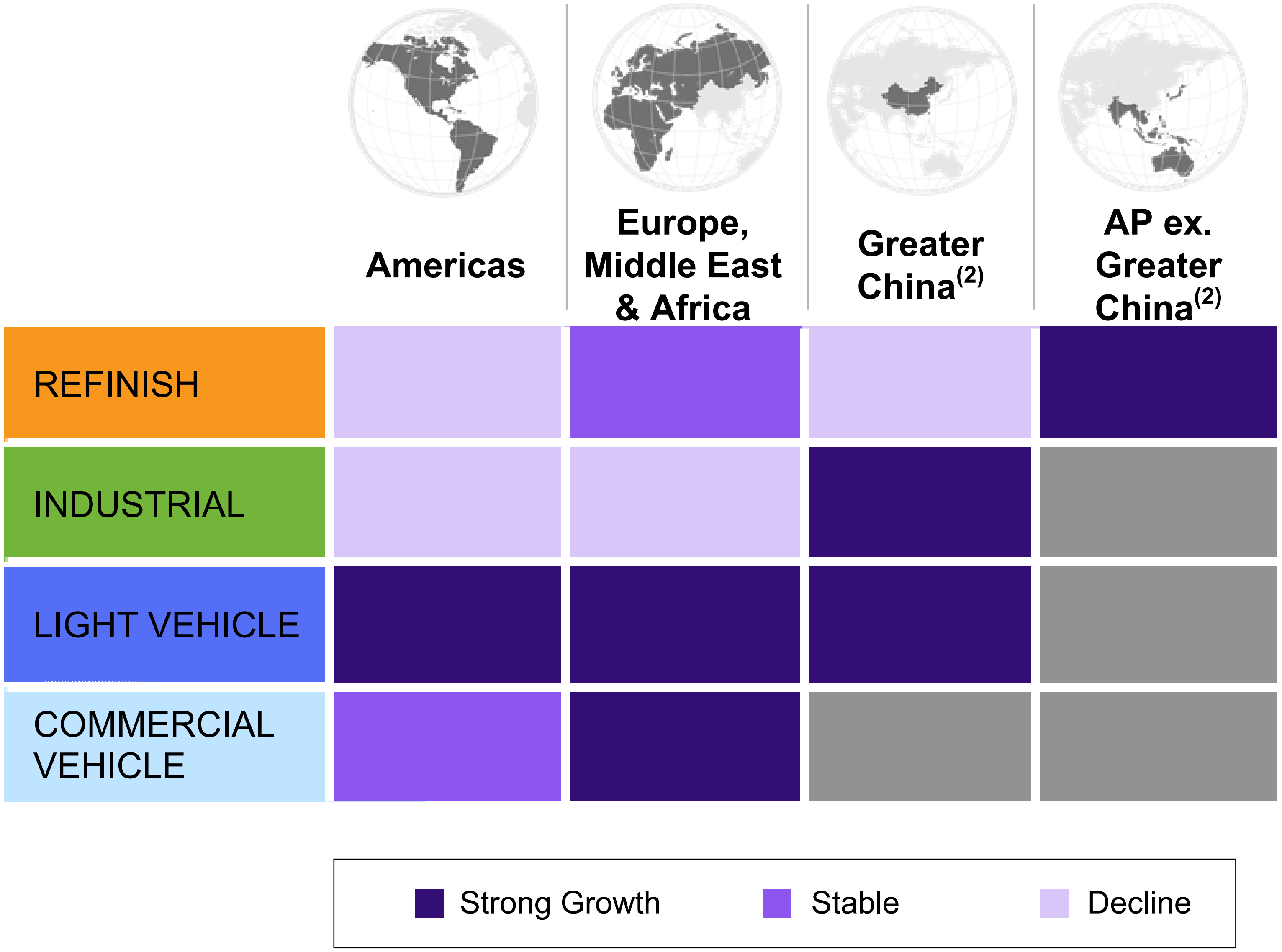


$3.4B in Net Sales(1)

MOBILITY COATINGS



$1.7B in Net Sales(1)



(1) Q2 2023 LTM
(2) Grey boxes represent areas with less than 1% of consolidated sales in Q2 2023
Note: Heat map reflects Q2 2023 vs. Q2 2022 change in organic volume

Refinish Business Review

GLOBAL LEADER IN AFTERMARKET AUTO COATINGS AND ACCESSORIES

- **10% price-mix growth YoY** more than offset elevated labor, materials and freight costs
- **Stable demand environment,** however volumes lower in North America given ERP-related operational delays
- **Robust multi-year outlook** driven by a return to secular growth aided by premium customer growth, growing car parc, miles driven and improving dynamics at the customer levels
- **U-POL growth continues at attractive levels**; Extra Miler award recipient from Autozone

AXALTA IRUS MIX: KEY BENEFITS FOR CUSTOMERS

1 TIME ADVANTAGES	2 CONSUMPTION ADVANTAGES	3 LABOR OPTIMIZATION	4 ENVIRONMENTALLY THOUGHTFUL
High speed mixing to enhance productivity	Precise dosing for accurate color every time	Simple to use and fully automated	Sustainably designed to reduce paint waste

Introducing Axalta Irus Mix

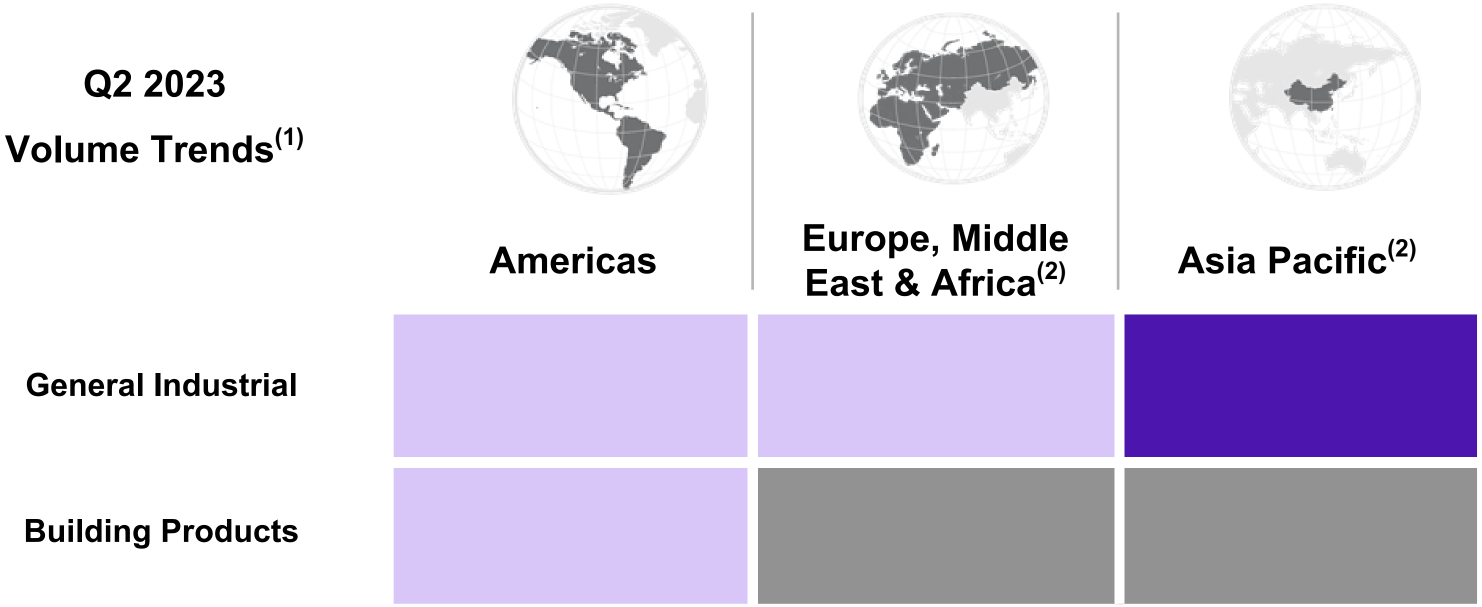
- Automate color like never before
- The industry's fastest, fully automated mixing machine
- Enables higher productivity for the new generation of super-efficient digital bodyshops

AXALTA

Industrial Business Review

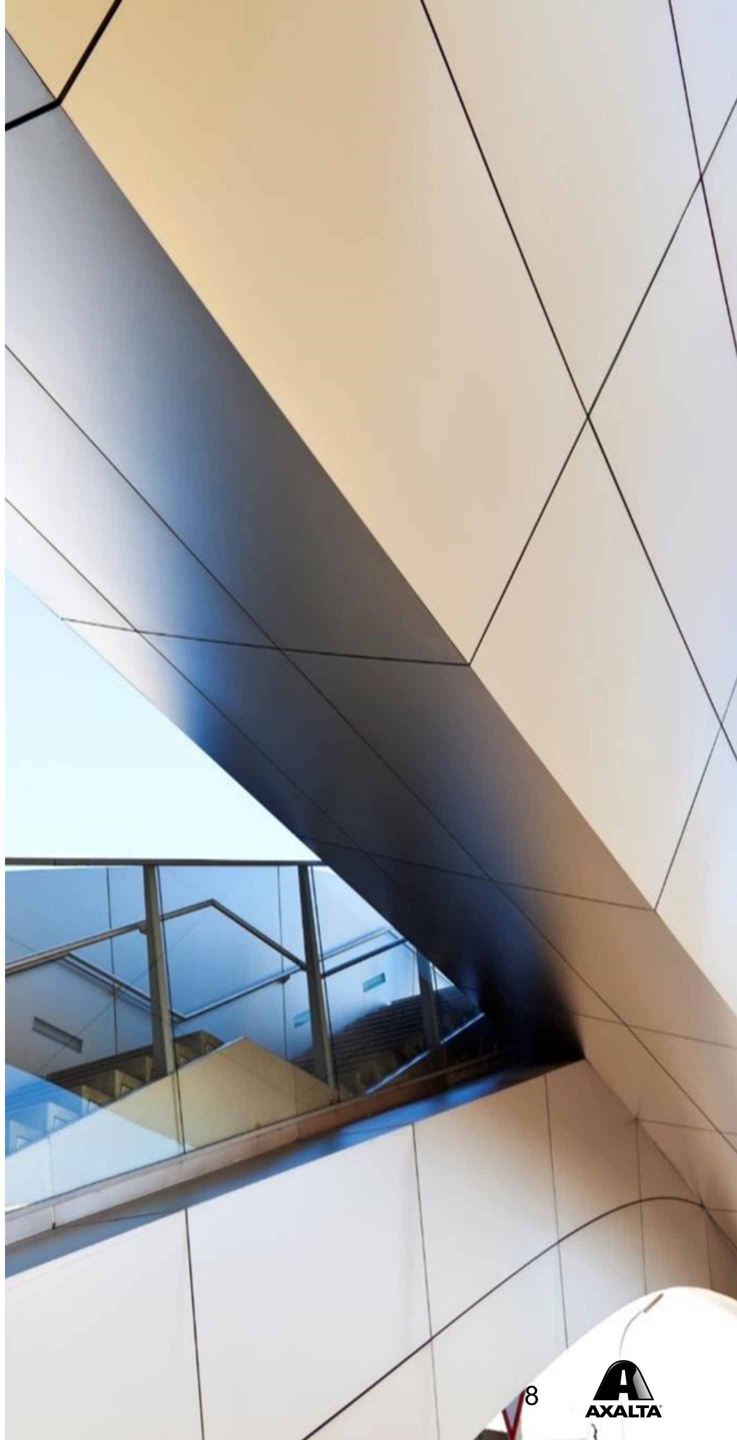
EXPANDING SALES PIPELINE ACROSS DIVERSIFIED GROWTH PLATFORM

- **7% price-mix growth YoY;** positive YoY price-cost for third consecutive quarter
- **15% volume decline YoY** driven by softer global demand; signs of stabilization in EMEA
  - **General Industrial** Most regions are lower with improvement in Asia Pacific and continued strengthening in energy and electrification
  - **Building Products** Continued impact of slower North America demand - positive signs from improvements in housing market
- **Focused on margin recovery**



Strong Growth Stable Decline

(1) Management Estimates
(2) Grey boxes represent areas with less than 1% of consolidated sales in Q2 2023
Note: Heat map reflects Q2 2023 vs. Q2 2022 change in organic volume



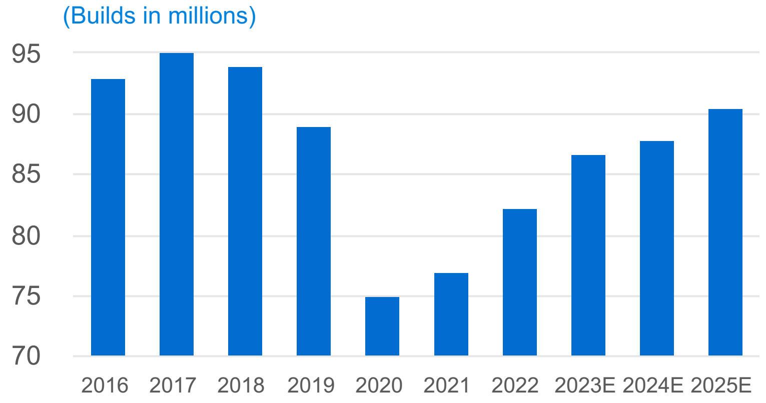
Mobility Coatings Business Review

MARGIN RECOVERY THROUGH VOLUME AND PRICE-MIX GROWTH

LIGHT VEHICLE

- **Volume growth of 15% YoY** led by robust growth in Asia Pacific
- **Price-mix growth of 2% YoY**
  - Eighth consecutive quarter of positive YoY price-mix
- **Axalta 2023 outlook for global auto production** at ~86 million builds

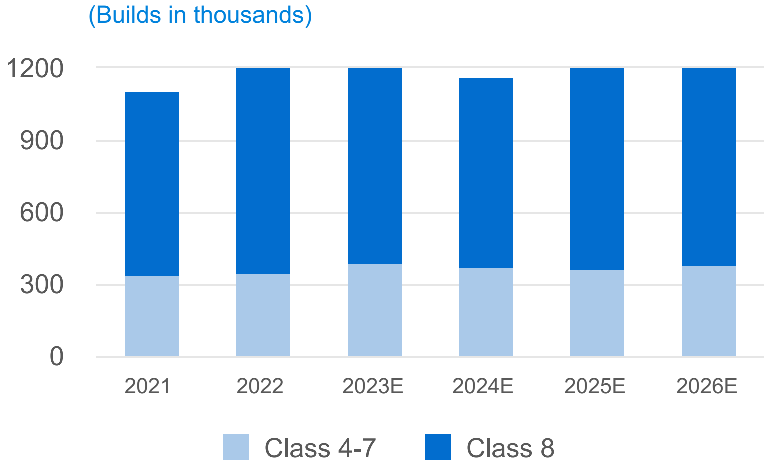
2016-2025 GLOBAL LV BUILDS[1]



COMMERCIAL VEHICLE

- **Volume growth of 7% YoY**
- **Price-mix growth of 4% YoY**
- **Global Commercial Vehicle outlook remains robust**
  - Heavy duty truck backlogs in North America remain elevated at ~7 months
  - Medium duty truck backlogs in North America remain elevated at ~9 months

2021-2026 CV BUILDS - CLASS 4-8[1][2]



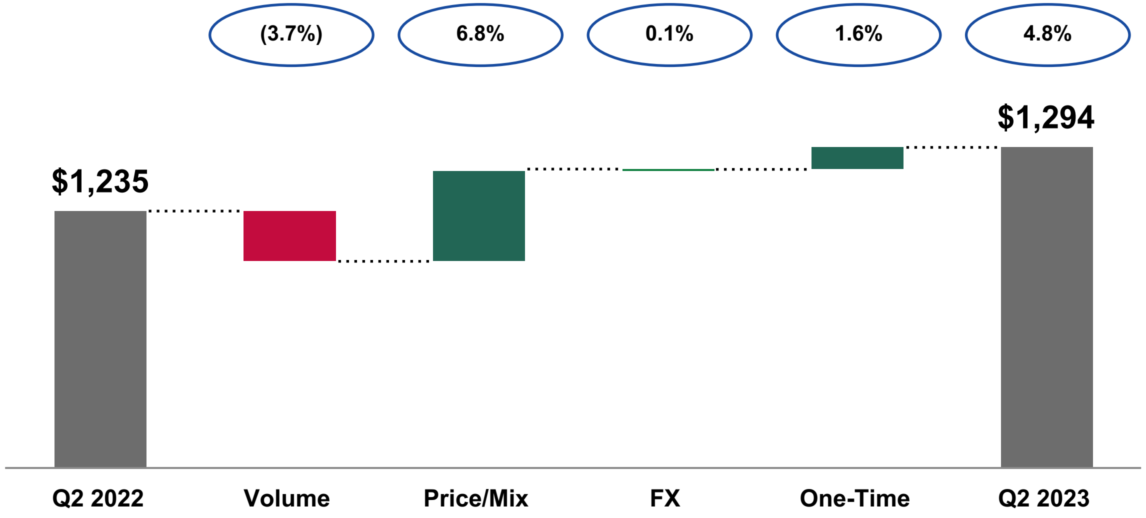
(1) Source: S&P Global industry forecasts
(2) Builds exclude Eastern Europe and Asia-Pacific due to limited Axalta exposure

Q2 Consolidated Results

Financial Performance

($ in millions, except per share data)	Q2 2023	Q2 2022	% Change Incl. F/X	% Change Excl. F/X
Performance Coatings	856	856	— %	(0.2%)
Mobility Coatings	438	379	15.5 %	15.5 %
Net Sales	1,294	1,235	4.8 %	4.7 %
Income from ops	138	104	32.8 %	
Adjusted EBIT	155	151	2.6 %	
% margin	*11.9 %*	*12.2 %*		
Diluted EPS	0.27	0.20	35.0 %	
Adjusted Diluted EPS	0.35	0.41	(14.6%)	

Net Sales Variance



Commentary

Net sales growth year over year driven by strong price-mix and Mobility Coatings volume improvement

- 7% price-mix growth (17% two-year stack) reflecting 10 consecutive quarters of positive YoY price-mix
- 4% volume decline inclusive of an estimated 2%-3% Net Sales impact from temporary operational disruptions following our North America ERP implementation, which began to normalize in June

Adjusted EBIT growth year over year driven by pricing and Mobility Coatings margin recovery offset by higher operating expenses

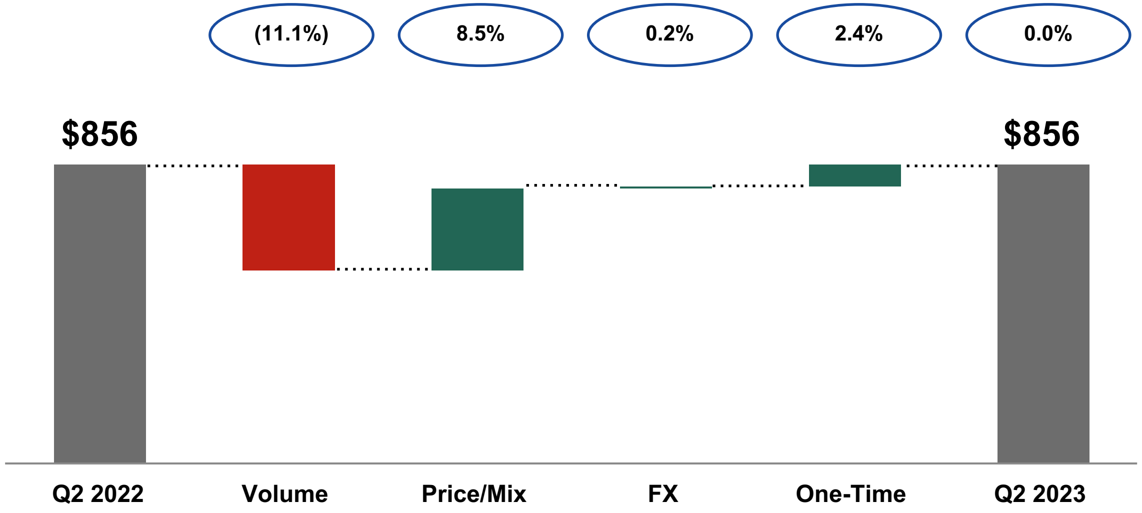
- Second consecutive quarter of positive cumulative price-cost benefit supported by robust price-mix growth and deflationary benefits
- Incurred $15 million in ERP implementation costs and consulting spend related to productivity programs, higher compensation expense and ~$9 million in exchange losses stemming primarily from Turkey and Argentina currency devaluation

Q2 Performance Coatings Results

Financial Performance

($ in millions)	Q2 2023	Q2 2022	% Change Incl. F/X	% Change Excl. F/X
Refinish	521	491	6.0 %	5.7 %
Industrial	335	365	(8.1%)	(8.1%)
Net Sales	856	856	— %	(0.2%)
Adjusted EBIT	118	125	(5.9%)	
% margin	*13.8 %*	*14.6 %*		

Net Sales Variance



Commentary

Net sales flat year over year as robust price-mix growth in both end-markets was offset by lower volumes

- Refinish volumes declined by 8% YoY, largely due to the operational delays in North America as we saw stable underlying demand
- Refinish price-mix growth of 10% YoY more than offset lower volumes
- Industrial constant currency net sales decreased 8% as price-mix growth was more than offset by lower volumes

Adjusted EBIT of $118 million in Q2 2023 compared to $125 million in Q2 2022

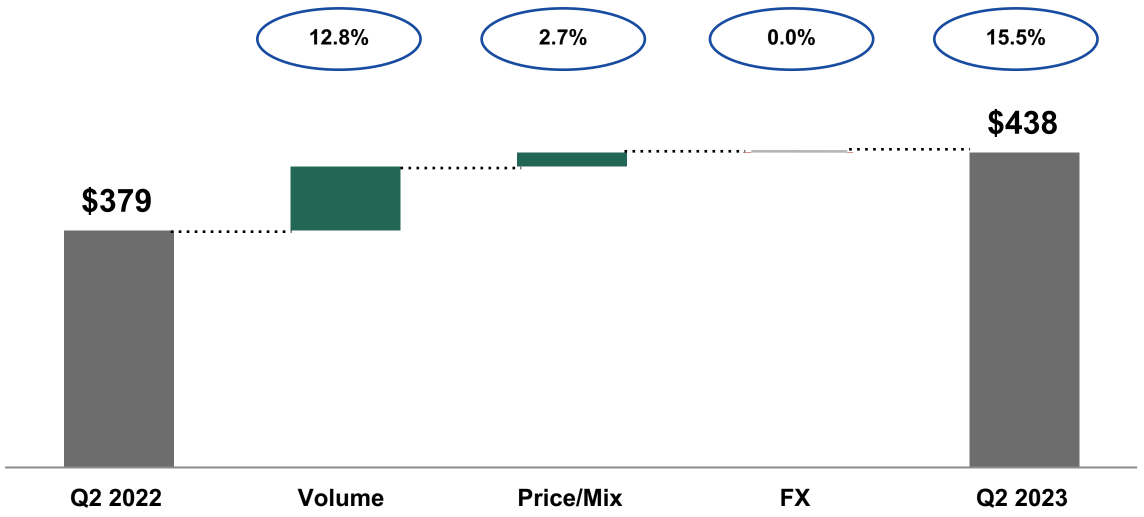
- Adjusted EBIT impacted by higher compensation expense, ERP implementation costs and allocation of productivity investment costs
- Robust price-mix across the segment along with deflation largely offset temporary items

Q2 Mobility Coatings Results

Financial Performance

($ in millions)	Q2 2023	Q2 2022	% Change Incl. F/X	% Change Excl. F/X
Light Vehicle	330	283	16.7 %	17.3 %
Commercial Vehicle	108	96	12.0 %	10.3 %
Net Sales	438	379	15.5 %	15.5 %
Adjusted EBIT	24	2	N/M	
% margin	*5.4 %*	*0.6%*		

Net Sales Variance



Commentary

Net sales growth of 16% led by robust volume growth and strong price-mix in both end-markets

- Light Vehicle growth supported by ongoing market recovery, realization of previously disclosed business wins, and price-mix momentum
- Commercial Vehicle growth supported by stronger markets and positive price-mix
- Price-mix improved by 3% (14% two-year stack) with positive contributions from both end-markets

Adjusted EBIT improved to $24 million supported by price-mix momentum and market recovery

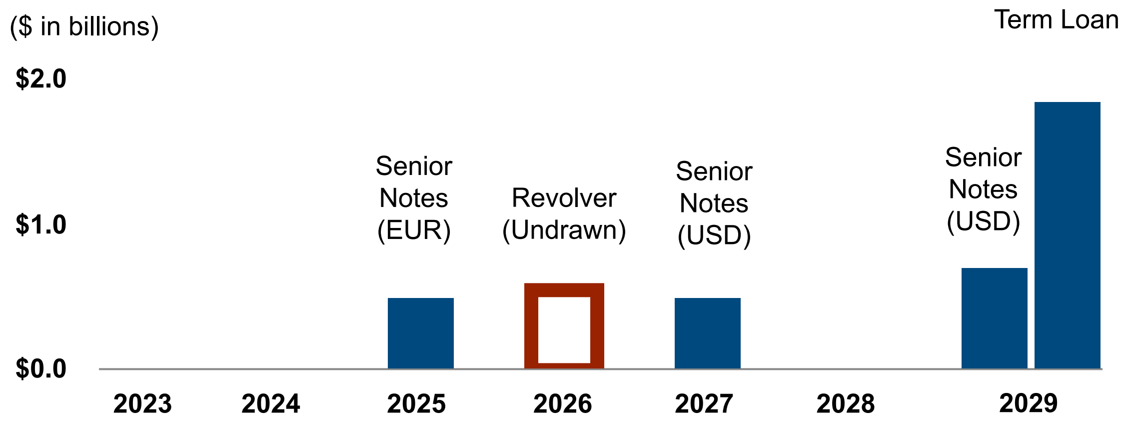
- Adjusted EBIT impacted by higher compensation expense, ERP implementation costs and allocation of productivity investment costs
- Light Vehicle and Commercial Vehicle profitability improved due to volume recovery and robust price-mix growth
- Third consecutive quarter of positive YoY price-cost contribution; however, two-year cumulative price-cost gap remains

Debt and Liquidity Summary

Capitalization

($ in millions)	Interest		@ 6/30/2023	Maturity
Cash and Cash Equivalents		$	518	
Revolver ($550 million capacity)	Variable		—	2026
First Lien Term Loan (USD)	Variable		1,816	2029
Total Senior Secured Debt		**$**	**1,816**	
Senior Unsecured Notes (EUR)	Fixed		489	2025
Senior Unsecured Notes (USD)	Fixed		495	2027
Senior Unsecured Notes (USD)	Fixed		693	2029
Other Borrowings and Finance Leases			75	
Total Debt		**$**	**3,568**	
Total Net Debt (1)		**$**	**3,050**	
LTM Adjusted EBITDA			859	
Total Net Leverage Ratio (2)			**3.6x**	
Interest Coverage Ratio (3)			**4.9x**	

Debt Maturity Profile



Commentary

Focused capital allocation

- Voluntarily paid down $75 million of long-term debt in the period with $150 million of structural reductions in the first half of 2023
- Near-term capital allocation strategy focused on debt reduction and maintaining balance sheet strength with flexibility for opportunistic bolt-on M&A

Total liquidity remains strong

- Over $1 billion available at June 30, 2023 including $530 million of available capacity under our undrawn revolver

Improved balance sheet metrics

- Total net leverage ratio of 3.6x at June 30, 2023 improved from 3.7x at March 31, 2023

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

Financial Guidance & Market Commentary

Axalta does not provide a reconciliation for non-GAAP estimates for Adjusted EBIT, Adjusted EBITDA, Adjusted Diluted EPS, tax rate, as adjusted, and 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. See "Non-GAAP Financial Measures" for more information.

	(in millions, except per share data & %s)	Projection
Q3 2023 Outlook	Net Sales growth versus Q3 2022 (FX benefit)	3-5% (~3%)
	Adjusted EBIT (Adjusted EBITDA)	\$160 - \$175 (\$230-\$245)
	Adjusted Diluted EPS	\$0.35 - \$0.40
FY 2023 Outlook	Net Sales growth versus 2022 (FX benefit)	6-8% (~1%)
	Adjusted EBIT (Adjusted EBITDA)	\$630 - \$650 (\$910-\$930)
	Adjusted Diluted EPS	\$1.40 - \$1.45
	D&A (step-up D&A)	~\$280 (\$55)
	Tax Rate, As Adjusted	~24%
	Diluted Shares Outstanding	~ 223
	Interest Expense	~\$215
	Capex	~\$175
	Free Cash Flow	~\$385 - \$425

2023 Commentary

- Anticipate pricing to moderately increase YoY with positive contribution from all end-markets driving majority of FY sales growth
- Forecast typical quarterly seasonal demand patterns, strong demand in Mobility Coatings, stability in Refinish and a softer Industrial environment
- Expect mid-to-high single digit variable cost deflation for the second half of the year to mitigate higher operating expenses
- Project 13% YoY Adjusted EBIT growth at midpoint of FY 2023 earnings guidance

Appendix

Q3 and Full Year 2023 Assumptions

Macroeconomic Assumptions

Indicator	Q3 2023	FY 2023
Global GDP Growth[1]	~2.2%	~1.9%
Global Industrial Production[1]	~1.5%	~1.3%
Global Auto Builds[2]	~(3.2%)	~5.3%
Global Truck Production[2]	~12.5%	~10.4%

Q3 2023 Currency Assumptions

Currency	Q3 2022 % Axalta Net Sales	Q3 2022 Average Rate	Q3 2023 Average Rate Assumption	USD % Impact of FX Rate Change
US$ per Euro	~22%	1.01	1.10	9.2%
Chinese Yuan per US$	~10%	6.85	7.04	(2.7%)
Mexican Peso per US$	~5%	20.24	17.77	13.9%
Brazilian Real per US$	~3%	5.25	5.00	5.0%
US$ per British Pound	~3%	1.18	1.25	5.9%
Indian Rupee per US$	~2%	79.19	82.00	(2.7%)
Swedish Krona per US$	~1%	10.55	10.43	1.2%
Turkish Lira per US$	~1%	17.93	20.00	(28.3%)
Other	~52%	NA	NA	0.3%

(1) Factset Research
(2) S&P Global industry forecasts

Adjusted EBIT Reconciliation

	($ in millions)	Q2 2023	Q2 2022
	Income from operations	$ 137.6	$ 103.6
	Other expense, net	8.5	7.2
	Total	$ 129.1	$ 96.4
A	Debt extinguishment and refinancing-related costs (benefits)	1.2	(0.2)
B	Termination benefits and other employee-related costs	2.3	2.7
C	Acquisition and divestiture-related (benefits) costs	(0.1)	2.2
D	Impairment charges (benefits)	8.3	(0.6)
E	Accelerated depreciation and site closure costs	0.8	1.8
F	Russia sanction-related impacts	0.1	0.3
G	Commercial agreement restructuring impacts	—	25.0
H	Other adjustments	(0.2)	(0.1)
I	Step-up depreciation and amortization	13.0	23.1
	Adjusted EBIT	$ 154.5	$ 150.6
	Segment Adjusted EBIT:		
	Performance Coatings	$ 117.8	$ 125.2
	Mobility Coatings	23.7	2.3
	Total	$ 141.5	$ 127.5
I	Step-up depreciation and amortization	13.0	23.1
	Adjusted EBIT	$ 154.5	$ 150.6

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Adjusted EBIT Reconciliation (cont'd)

A Represents expenses and associated changes to estimates related to the prepayment, restructuring, and refinancing of our indebtedness, which are not considered indicative of our ongoing operating performance.

B Represents expenses and associated changes to estimates related to employee termination benefits associated with restructuring programs and other employee-related costs. These amounts are not considered indicative of our ongoing operating performance.

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

D Represents impairment charges and benefits, which are not considered indicative of our ongoing operating performance. The loss recorded during the three months ended June 30, 2023 was $8.3 million due to the decision to demolish assets at a previously closed manufacturing site. The amounts recorded during the three months ended June 30, 2022 relate primarily to insurance recoveries on assets impaired in a prior year.

E 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.

F Represents expenses and associated changes to estimates related to sanctions imposed on Russia in response to the conflict with Ukraine for incremental reserves on accounts receivable and inventory, which we do not consider indicative of our ongoing operating performance.

G Represents a non-cash charge associated with the forgiveness of a portion of up-front customer incentives with repayment features which was done along with our customer completing a recapitalization and restructuring of its indebtedness and the execution of a new long-term exclusive sales agreement with us. This amount is not considered to be indicative of our ongoing operating performance.

H Represents costs for certain non-operational or non-cash (gains) losses, unrelated to our core business and 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.

Adjusted Net Income Reconciliation

	($ in millions, except per share data)	Q2 2023	Q2 2022
	Net income	$ 61.1	$ 44.1
	Less: Net income attributable to noncontrolling interests	0.2	—
	Net income attributable to controlling interests	$ 60.9	$ 44.1
A	Debt extinguishment and refinancing-related costs (benefits)	1.2	(0.2)
B	Termination benefits and other employee-related costs	2.2	2.7
C	Acquisition and divestiture-related (benefits) costs	(0.1)	2.2
D	Impairment charges (benefits)	8.3	(0.6)
E	Accelerated depreciation and site closure costs	0.8	1.8
F	Russia sanction-related impacts	—	0.2
G	Commercial agreement restructuring impacts	—	25.0
H	Other adjustments	(0.2)	(0.1)
I	Step-up depreciation and amortization	13.0	23.1
	Total adjustments	$ 25.2	$ 54.1
J	Income tax provision impacts	9.2	7.9
	Adjusted net income	$ 76.9	$ 90.3
	Adjusted diluted net income per share	$ 0.35	$ 0.41
	Diluted weighted average shares outstanding	222.5	221.4

Adjusted Net Income Reconciliation (cont’d)

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E 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.

F Represents expenses and associated changes to estimates related to sanctions imposed on Russia in response to the conflict with Ukraine for incremental reserves on accounts receivable and inventory, which we do not consider indicative of our ongoing operating performance.

G Represents a non-cash charge associated with the forgiveness of a portion of up-front customer incentives with repayment features which was done along with our customer completing a recapitalization and restructuring of its indebtedness and the execution of a new long-term exclusive sales agreement with us. This amount is not considered to be indicative of our ongoing operating performance.

H Represents costs for certain non-operational or non-cash (gains) losses, unrelated to our core business and 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 benefits of $3.1 million and expenses of $4.3 million for the three months ended June 30, 2023 and 2022, respectively. The tax adjustments for the three months ended June 30, 2023 and 2022 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 2023	Q1 2023	YTD 2023	Q2 2022	Q1 2022	YTD 2022
Cash provided by (used for) operating activities	$ 131.0	$ (51.8)	$ 79.2	$ 12.2	$ (43.9)	$ (31.7)
Purchase of property, plant and equipment	(32.5)	(41.4)	(73.9)	(29.5)	(42.5)	(72.0)
Interest proceeds on swaps designated as net investment hedges	0.5	5.6	6.1	3.8	6.2	10.0
Free cash flow	$ 99.0	$ (87.6)	$ 11.4	$ (13.5)	$ (80.2)	$ (93.7)

Adjusted EBITDA Reconciliation

	($ in millions)	LTM 6/30/2023	Q2 2023	Q1 2023	Q2 2022	Q1 2022	FY 2022
	Net income	$ 228.8	$ 61.1	$ 60.5	$ 44.1	$ 40.9	$ 192.2
	Interest expense, net	176.5	54.6	48.2	33.5	32.6	139.8
	Provision for income taxes	64.0	13.4	15.3	18.8	11.0	65.1
	Depreciation and amortization	283.8	66.2	69.5	77.3	77.7	303.1
	EBITDA	**$ 753.1**	**$ 195.3**	**$ 193.5**	**$ 173.7**	**$ 162.2**	**$ 700.2**
A	Debt extinguishment and refinancing-related costs (benefits)	17.9	1.2	1.8	(0.2)	—	14.7
B	Termination benefits and other employee-related costs (benefits)	21.9	2.3	(0.2)	2.7	1.9	24.4
C	Acquisition and divestiture-related (benefits) costs	0.7	(0.1)	0.5	2.2	0.4	2.9
D	Impairment charges (benefits)	15.3	8.3	7.1	(0.6)	0.3	(0.4)
E	Site closure costs	2.5	0.8	1.1	1.1	0.6	2.3
F	Foreign exchange remeasurement losses	19.6	9.6	2.3	4.9	2.6	15.2
G	Long-term employee benefit plan adjustments	4.0	2.3	2.2	0.1	0.1	(0.3)
H	Stock-based compensation	26.8	7.3	6.3	3.7	5.3	22.2
I	Russia sanction-related impacts	(2.4)	0.1	(1.4)	0.3	5.8	5.0
J	Commercial agreement restructuring impacts	—	—	—	25.0	—	25.0
K	Other adjustments	(0.9)	(0.2)	(0.1)	(0.2)	0.4	(0.4)
	Total adjustments	$ 105.4	$ 31.6	$ 19.6	$ 39.0	$ 17.4	$ 110.6
	Adjusted EBITDA	**$ 858.5**	**$ 226.9**	**$ 213.1**	**$ 212.7**	**$ 179.6**	**$ 810.8**

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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 associated with restructuring programs and other employee-related costs. These amounts are not considered indicative of our ongoing operating performance.

C Represents acquisition and divestiture-related benefits, expenses and integration activities associated with our business combinations, all of which are not considered indicative of our ongoing operating performance. The amounts for the six months ended June 30, 2023 and year ended December 31, 2022 include \$0.8 million and \$1.9 million, respectively, of due diligence and other related costs associated with unconsummated merger and acquisition transactions.

D Represents impairment charges and benefits, which are not considered indicative of our ongoing operating performance. The losses recorded during the three and six months ended June 30, 2023 were \$8.3 million and \$15.4 million, respectively, due to the decision to demolish assets at a previously closed manufacturing site during the three months ended June 30, 2023 and the then anticipated exit of a non-core business category in the Mobility Coatings segment during the three months ended March 31, 2023. The amounts recorded during the three and six months ended June 30, 2022 and year ended December 31, 2022 relate primarily to insurance recoveries on assets impaired in a prior year.

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

F Eliminates foreign exchange losses resulting from the remeasurement of assets and liabilities denominated in foreign currencies, net of the impacts of our foreign currency instruments used to hedge our balance sheet exposures.

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

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

I Represents expenses and associated changes to estimates related to sanctions imposed on Russia in response to the conflict with Ukraine for incremental reserves on accounts receivable and inventory, which we do not consider indicative of our ongoing operating performance.

J Represents a non-cash charge associated with the forgiveness of a portion of up-front customer incentives with repayment features which was done along with our customer completing a recapitalization and restructuring of its indebtedness and the execution of a new long-term exclusive sales agreement with us. This amount is not considered to be indicative of our ongoing operating performance.

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

Step-Up Depreciation & Amortization Decrease Relative to 2022

($ in millions)	Q3	Q4	Full Year
Step-Up Depreciation & Amortization			
2023 Guidance[1]	$13	$13	$55
2022 (As Reported)	$23	$23	$93
Variance[2]	($10)	($10)	($38)
Total AXTA 2023 Adj. EBIT Impact[3]	$—	$—	$—
Approximate segment allocation of Step-Up Depreciation & Amortization variance versus 2022			
Performance Coatings[1]	65%	65%	65%
Mobility Coatings[1]	35%	35%	35%
Total Axalta Depreciation & Amortization			
2023 Guidance[1]	$70	$70	$280
2022 (As Reported)	$74	$74	$303
Variance	($4)	($4)	($23)

(1) Management Estimates
(2) Change versus prior year due to a decrease related to the incremental step-up depreciation and amortization expense associated with the acquisition of DuPont Performance Coatings By Axalta in February 2013.

(3) Step-Up Depreciation & Amortization is added back for the calculation of Axalta Adjusted EBIT; however, it is not added back for the calculation of segment Adjusted EBIT.

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Thank You

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