



Q1 2019 Financial Results

April 24, 2019

Legal Notices



Forward-Looking Statements

This presentation and the oral remarks made in connection herewith may contain “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including those relating to our 2019 financial projections, which include net sales, net sales excluding FX, Adjusted EBIT, depreciation and amortization, Adjusted EBITDA, interest expense, tax rate, as adjusted, Adjusted EPS, free cash flow, capital expenditures, diluted shares outstanding, impacts from acquisitions and divestitures, FX impacts, pricing actions and related assumptions. Any forward-looking statements involve risks, uncertainties and assumptions. These statements often include words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate,” “target,” “project,” “forecast,” “seek,” “will,” “may,” “should,” “could,” “would,” or similar expressions. These statements are based on certain assumptions that we have made in light of our experience in the industry and our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances as of the date hereof. Although we believe that the assumptions and analysis underlying these statements are reasonable as of the date hereof, investors are cautioned not to place undue reliance on these statements. We do not have any obligation to and do not intend to update any forward-looking statements included herein, which speak only as of the date hereof. You should understand that these statements are not guarantees of future performance or results. Actual results could differ materially from those described in any forward-looking statements contained herein or the oral remarks made in connection herewith as a result of a variety of factors, including known and unknown risks and uncertainties, many of which are beyond our control including, but not limited to, the risks and uncertainties described in “Non-GAAP Financial Measures,” and “Forward-Looking Statements” as well as “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2018.

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 net sales excluding FX, Adjusted Net Income, Adjusted EPS, EBITDA, Adjusted EBITDA, EBIT, Adjusted EBIT, Free Cash Flow, tax rate, as adjusted, and Net Debt. Management uses these non-GAAP financial measures in the analysis of our financial and operating performance because they assist in the evaluation of underlying trends in our business. Adjusted EBITDA, Adjusted EBIT and Adjusted EPS consist of EBITDA, EBIT and Diluted EPS, respectively, adjusted for (i) certain non-cash items included within net income, (ii) certain items Axalta does not believe are indicative of ongoing operating performance or (iii) certain nonrecurring, unusual or infrequent items that have not occurred within the last two years or we believe are not reasonably likely to recur within the next two years. We believe that making such adjustments provides investors meaningful information to understand our operating results and ability to analyze financial and business trends on a period-to-period basis. Adjusted net income shows the adjusted value of net income 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 unusual or nonrecurring in nature. Our use of the terms net sales excluding FX, Adjusted Net Income, Adjusted EPS, EBITDA, Adjusted EBITDA, EBIT, Adjusted EBIT, Free Cash Flow, tax rate, as adjusted, and Net Debt may differ from that of others in our industry. Net sales excluding FX, Adjusted Net Income, Adjusted EPS, EBITDA, Adjusted EBITDA, EBIT, Adjusted EBIT and Free Cash Flow should not be considered as alternatives to net sales, net income, operating income or any other performance measures derived in accordance with GAAP as measures of operating performance or operating cash flows or as measures of liquidity. Net sales excluding FX, Adjusted Net Income, Adjusted EPS, EBITDA, Adjusted EBITDA, EBIT, Adjusted EBIT, Free Cash Flow, tax rate, as adjusted, and Net Debt 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 net sales excluding FX, Adjusted EPS, Adjusted EBITDA, Adjusted EBIT, Free Cash Flow or tax rate, as adjusted, 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 those 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 change in average exchange rates between the current and comparable period by currency denomination exposure of the comparable period amount.

Segment Financial Measures

Our primary measure of segment operating performance, as determined in accordance with GAAP, is Adjusted EBIT, which is a key metric that is used by management to evaluate business performance in comparison to budgets, forecasts and prior year financial results, providing a measure that management believes reflects Axalta’s core operating performance. A reconciliation of this non-GAAP financial measure with the most directly comparable financial measure calculated in accordance with GAAP is not required.

Defined Terms

All capitalized terms contained within this presentation have been previously defined in our filings with the United States Securities and Exchange Commission.

Rounding

Due to rounding the tables presented may not foot.

Q1 2019 Highlights



■ Q1 2019 financial results

- Net sales of \$1.1 billion down 4.5% year over year including 4.8% negative FX impact
- Positive price and product mix recapture in Performance Coatings; continued progress in Light Vehicle pricing
- Income from operations of \$99 million decreased 18% YoY; Adjusted EBIT of \$144 million versus \$159 million in Q1 2018
- Diluted EPS of \$0.18 decreased 36% from Q1 2018; Adjusted EPS of \$0.34 decreased 13% versus \$0.39 in Q1 2018

■ End-market observations

- Refinish: Strong price-product mix outcome globally; modest ongoing distributor channel inventory reduction in North America; end-market body shop demand remains stable
- Industrial: Strong price-mix globally; moderate volume pressure primarily from EMEA
- Light Vehicle: Stable positive net price contribution; mid-single digit volume pullback reflecting production trends
- Commercial Vehicle: Strong Americas truck market continues; modestly lower demand in EMEA

■ Cash flow highlights

- Operating cash flow use of \$58 million versus a use of \$21 million in Q1 2018
- Free cash flow use of \$75 million versus a use of \$61 million in Q1 2018
- \$66 million deployed for share repurchases at \$25.82 weighted average price

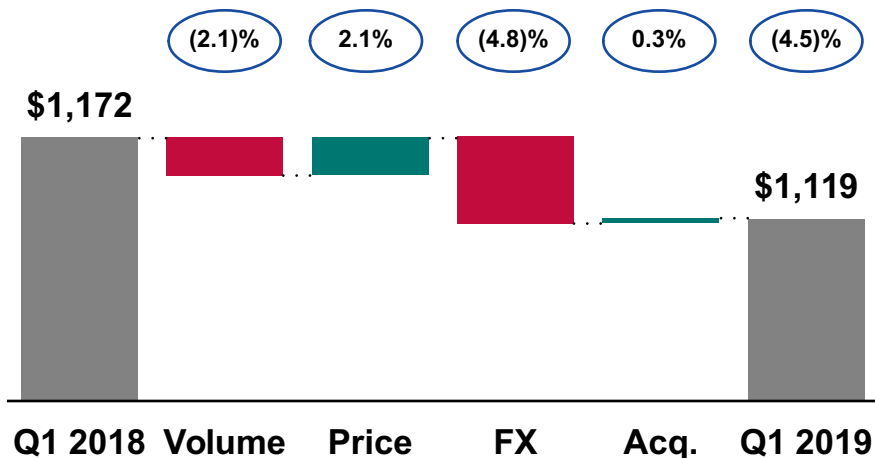
Q1 Consolidated Results



Financial Performance

(\$ in millions, except per share data)	Q1		% Change	
	2019	2018	Incl. F/X	Excl. F/X
Performance	713	731	(2.4)%	2.4 %
Transportation	406	441	(7.9)%	(3.1)%
Net Sales	1,119	1,172	(4.5)%	0.3 %
Income from ops	99	120	(17.8)%	
Adjusted EBIT	144	159	(9.3)%	
Diluted EPS	0.18	0.28	(35.7)%	
Adjusted EPS	0.34	0.39	(12.8)%	

Net Sales Variance



Commentary

Continued strong price and mix recapture offset by FX impact and moderate volume pressure

- Price momentum remained strong across Refinish and Industrial; second consecutive quarter of price recapture in Light Vehicle
- Volume declines in Light Vehicle end-market within Transportation Coatings and modest pressure in Performance Coatings, partially offset by ongoing Commercial Vehicle strength across Americas
- Unfavorable currency impact driven by the Euro, Renminbi and Real

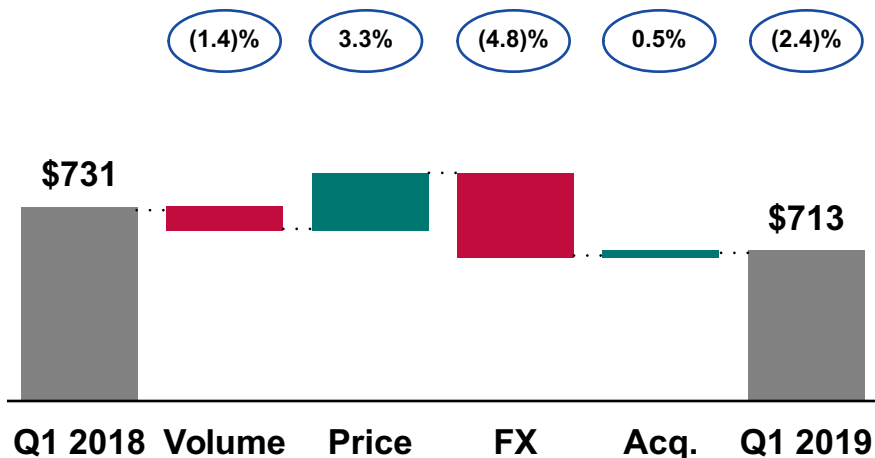
Q1 Performance Coatings Results



Financial Performance

(\$ in million)	Q1		% Change	
	2019	2018	Incl. F/X	Excl. F/X
Refinish	406	414	(2.1)%	3.5%
Industrial	308	317	(2.8)%	1.0%
Net Sales	713	731	(2.4)%	2.4%
Adjusted EBIT	79	76	3.4 %	
% margin	11.0%	10.4%		

Net Sales Variance



Commentary

Modest net sales growth ex-FX driven by continued price improvement

- Continued price contribution across both end-markets and all regions
- Slight benefit from recent Refinish acquisitions
- Modest volume decline across both end-markets driven by slower economic performance within EMEA and modest distributor channel inventory reduction within North America Refinish
- Unfavorable currency impact driven by the Euro, Renminbi, and Real

Adjusted EBIT margin up modestly

- Margin improvement versus prior year quarter driven by positive price and mix benefits offset partially by ongoing input cost inflation

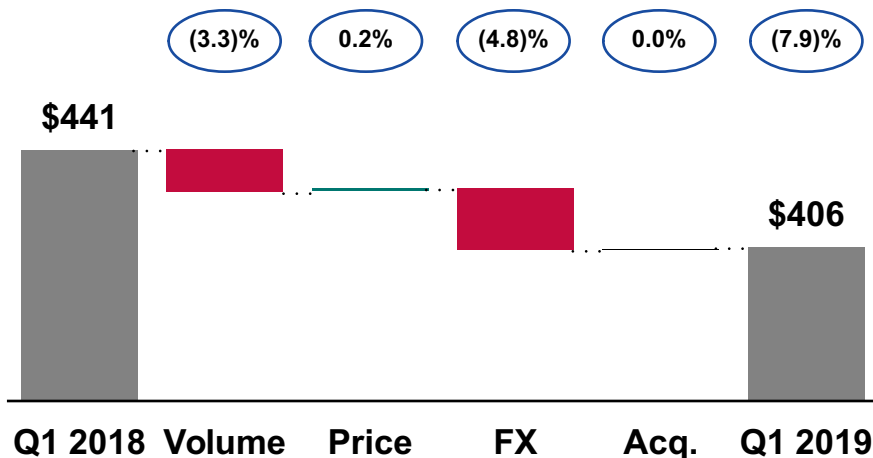
Q1 Transportation Coatings Results



Financial Performance

(\$ in million)	Q1		% Change	
	2019	2018	Incl. F/X	Excl. F/X
Light Vehicle	316	353	(10.6)%	(5.4)%
Commercial Vehicle	90	88	2.6 %	6.6 %
Net Sales	406	441	(7.9)%	(3.1)%
Adjusted EBIT	34	45	(24.0)%	
% margin	8.4%	10.2%		

Net Sales Variance



Commentary

Net sales decline driven by Light Vehicle volume, partially offset by Commercial Vehicle growth

- Light Vehicle volume pressure from most regions driven by lower production; strong Commercial Vehicle growth in the Americas continued
- Unfavorable currency impact driven by the Euro, Renminbi, and Real
- Continued traction in Light Vehicle pricing, expecting progress in 2019

Lower Adjusted EBIT margin

- Margin impact from raw material inflation and volume pressure; productivity and pricing a partial favorable offset

Debt and Liquidity Summary



Capitalization

(\$ in millions)	Interest	@ 3/31/2019	Maturity
Cash and Cash Equivalents		\$ 501	
Debt:			
Revolver (\$400 million capacity)	Variable	-	2021
First Lien Term Loan (USD)	Variable	2,381	2024
Total Senior Secured Debt		\$ 2,381	
Senior Unsecured Notes (USD)	Fixed	491	2024
Senior Unsecured Notes (EUR) ⁽¹⁾	Fixed	371	2024
Senior Unsecured Notes (EUR) ⁽¹⁾	Fixed	498	2025
Finance Leases ⁽⁴⁾		67	
Other Borrowings		44	
Total Debt		\$ 3,852	
Total Net Debt ⁽²⁾		\$ 3,351	
LTM Adjusted EBITDA		\$ 924	
Total Net Leverage ⁽³⁾		3.6x	

(1) Assumes exchange rate of \$1.125 USD/Euro

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

(3) Total Net Leverage = Total Net Debt / LTM Adjusted EBITDA

(4) Includes impacts of new leasing standard resulting in net increase of \$10 million

Comments

- **Net leverage slightly higher versus 2018 year end due to:**
 - Lower cash position including seasonal working capital build and share repurchases
 - Lower LTM Adjusted EBITDA
- **Long term debt interest rates are effectively 73% fixed**
 - \$850 million of term loan debt protected from rising interest rates with 3 month USD LIBOR capped at 1.50%
 - \$475 million of term loan debt is swapped to Euro/Fixed rate of 1.44%

Full Year 2019 Guidance



(\$ millions, except per share data) **Jan. Guide** **2019E**

Net Sales	~1-2%	~0-1%
Net Sales, ex FX	~2-3%	~1-2%
Adjusted EBIT	\$560-610	\$675-725
Adjusted EPS	\$1.30-1.50	\$1.68-1.88
D&A	~\$375	~\$375
Adjusted EBITDA	\$950-1,000	\$950-1,000
Interest Expense	~\$165	~\$165
Tax Rate, As Adjusted	20-22%	20-22%
Diluted Shares (millions)	~239	~238
Capex	~\$160	~\$160
Free Cash Flow	\$430-470	\$430-470

Comments

- Net sales growth largely in Performance Coatings; price-mix progress expected from both segments
- Net sales includes anticipated 2Q 2019 sale of joint venture in China within Industrial end-market, which won't materially impact Adjusted EBIT guidance
- FX headwind of ~1-2%
- Adjusted EBIT and Adjusted EPS guidance exclude ~\$115 million of pre-tax (~\$90 million after-tax) incremental step-up depreciation and amortization associated with the February 2013 acquisition of DuPont Performance Coatings by Axalta
- Accelerated depreciation of ~\$25 million in 2019 from plant closure
- No incremental share repurchases beyond 1Q included in full year 2019 diluted share guidance



Appendix

Full Year 2019 Assumptions



Macroeconomic Assumptions

- Global GDP growth of approximately ~2.8%
- Global industrial production growth of approximately ~2.1%
- Global auto build growth of approximately ~(0.9%)
- Constrained supply and tariffs for a few key raw materials have continued impacting our pricing
- Truck capacity improvement in the U.S., while shortages in Europe will continue; global economic pressures will further impact cost inflation

Currency Assumptions

Currency	2018 % Axalta Net Sales	2018 Average Rate	2019 Average Rate Assumption	USD % Impact of FX Rate Change
US\$ per Euro	~27%	1.18	1.15	(2.5%)
Chinese Yuan per US\$	~11%	6.62	6.72	(1.5%)
Brazilian Real per US\$	~3%	3.65	3.78	(3.4%)
US\$ per British Pound	~2%	1.34	1.34	0.2%
Mexican Peso per US\$	~2%	19.23	19.44	(1.1%)
Indian Rupee per US\$	~1%	68.41	70.87	(3.5%)
Turkish Lira per US\$	~1%	4.84	5.64	(14.2%)
Other	~53%	N/A	N/A	0.0%

Adjusted EBIT Reconciliation



(\$ in millions)	Q1 2019	Q1 2018
Income from operations	\$ 99	\$ 120
Other income, net	(1)	(2)
Total	\$ 100	\$ 122
A Termination benefits and other employee related costs	1	(1)
B Offering and transactional costs	1	—
C Accelerated depreciation	6	—
D Loss on assets held for sale	5	—
E Change in fair value of equity investments	—	—
F Step-up depreciation and amortization	31	38
Adjusted EBIT	\$ 144	\$ 159
Segment Adjusted EBIT:		
Performance Coatings	\$ 79	\$ 76
Transportation Coatings	34	45
Total	\$ 113	\$ 121
F Step-up depreciation and amortization	31	38
Adjusted EBIT	\$ 144	\$ 159

- A. Represents expenses and associated changes to estimates related to employee termination benefits and other employee-related costs. Employee termination benefits are associated with Axalta Way initiatives. These amounts are not considered indicative of our ongoing operating performance.
- B. Represents acquisition and divestiture-related expenses, all of which are not considered indicative of our ongoing operating performance.
- C. 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.
- D. Represents the loss recognized on the anticipated sale of our interest in a joint venture business determined to be held for sale, which is not considered indicative of our ongoing operating performance.
- E. Represents mark to market impacts of our equity investments, which we do not consider to be indicative of our ongoing operating performance.
- F. Represents the incremental step-up depreciation and amortization expense associated with the acquisition of DuPont Performance Coatings by Axalta. We believe this will assist investors in performing meaningful comparisons of past, present and future operating results and better highlight the results of our ongoing operating performance.

Adjusted Net Income Reconciliation



(in millions, except per share data)		Q1 2019	Q1 2018
Net Income	\$	44	\$ 71
Less: Net income attributable to noncontrolling interests		1	1
Net income attributable to controlling interests		43	70
A Termination benefits and other employee related costs		1	(1)
B Offering and transactional costs		1	—
C Step-up depreciation and amortization		31	38
D Accelerated depreciation		6	—
E Loss on assets held for sale		5	—
F Change in fair value of equity investments		—	—
Total adjustments	\$	44	\$ 36
G Income tax provision impacts		6	10
Adjusted net income	\$	81	\$ 96
Adjusted earnings per share	\$	0.34	\$ 0.39
Diluted weighted average shares outstanding		237	246

Adjusted Net Income Reconciliation (cont'd)



- A. Represents expenses and associated changes to estimates primarily related to employee termination benefits and other employee-related costs. Employee termination benefits are associated with our Axalta Way initiatives. These amounts are not considered indicative of our ongoing operating performance.
- B. Represents acquisition and divestiture-related expenses, all of which are not considered indicative of our ongoing operating performance.
- C. 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.
- D. Represents the 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.
- E. Represents the loss recognized on the anticipated sale of our interest in a joint venture business determined to be held for sale, which is not considered indicative of our ongoing operating performance.
- F. Represents mark to market impacts of our equity investments, which we do not consider to be indicative of our ongoing operating performance.
- G. 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.

Free Cash Flow Reconciliation



(\$ in millions)	Q1 2019	Q1 2018
Cash used for operating activities	\$ (58)	\$ (21)
Purchase of property, plant and equipment	(21)	(40)
Interest proceeds on swaps designated as net investment hedges	4	—
Free cash flow	\$ (75)	\$ (61)

Adjusted EBITDA Reconciliation



(\$ in millions)	LTM 3/31/2019	Q1 2019	Q1 2018	FY 2018
Net income	\$ 186	\$ 44	\$ 71	213
Interest expense, net	162	41	39	160
Provision for income taxes	57	14	12	54
Depreciation and amortization	369	92	92	369
EBITDA	\$ 774	\$ 191	\$ 214	796
A Debt extinguishment and refinancing related costs	10	—	—	10
B Foreign exchange remeasurement losses	11	2	—	9
C Long-term employee benefit plan adjustments	(1)	—	(1)	(2)
D Termination benefits and other employee related costs	83	1	(1)	82
E Offering and transactional costs	2	1	—	1
F Stock-based compensation	36	7	8	37
G Other adjustments	5	—	—	5
H Dividends in respect of noncontrolling interest	(1)	(1)	(1)	(1)
I Loss on assets held for sale	5	5	—	—
Total Adjustments	\$ 150	\$ 15	\$ 6	141
Adjusted EBITDA	\$ 924	\$ 207	\$ 220	937

Adjusted EBITDA Reconciliation (cont'd)



- A. During FY 2018 we refinanced our indebtedness, resulting in losses of \$10 million. We do not consider these items to be indicative of our ongoing operating performance.
- B. Eliminates foreign exchange gains and losses resulting from the remeasurement of assets and liabilities denominated in foreign currencies, net of impacts of our foreign currency instruments used to hedge our balance sheet exposures.
- C. Eliminates the non-cash, non-service cost components of long-term employee benefit costs.
- D. Represents expenses and associated changes to estimates primarily related to employee termination benefits and other employee-related costs. Employee termination benefits are associated with our Axalta Way initiatives. These amounts are not considered indicative of our ongoing operating performance.
- E. Represents acquisition and divestiture-related expenses, all of which are not considered indicative of our ongoing operating performance.
- F. Represents non-cash costs associated with stock-based compensation.
- G. 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 pre-tax indemnity losses offsetting the tax benefits on cash refunds received in connection 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.
- 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 the loss recognized on the anticipated sale of our interest in a joint venture business determined to be held for sale, which is not considered indicative of our ongoing operating performance.



Thank you

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