



Investor Presentation
Fourth Quarter 2020

Forward-Looking Statements

This presentation and the oral remarks made in connection herewith may contain certain forward-looking statements regarding Axalta and its subsidiaries including our outlook, which includes net sales growth, currency effects, acquisition or divestment impacts, Adjusted EBIT, Adjusted diluted EPS, Adjusted EBITDA, interest expense, income tax rate, as adjusted, free cash flow, capital expenditures, depreciation and amortization, and diluted shares outstanding, and the effects of COVID-19 on Axalta's business and financial results. Axalta has identified some of these forward-looking statements with words such as "anticipates," "believes," "expects," "estimates," "is likely," "outlook," "projects," "forecasts," "may," "will," "should," "plans" and "intends" and the negative of these words or other comparable or similar terminology. All of these statements are based on management's expectations as well as estimates and assumptions prepared by management that, although they believe to be reasonable, are inherently uncertain. These statements involve risks and uncertainties, including, but not limited to, economic, competitive, governmental and technological factors outside of Axalta's control, including the effects of COVID-19, that may cause its business, industry, strategy, financing activities or actual results to differ materially. The extent and duration of COVID-19 on our business and operations is uncertain. Factors that will influence the impact on our business and operations include the duration and extent of COVID-19, the extent of imposed or recommended containment and mitigation measures, and the general economic consequences of COVID-19. More information on potential factors that could affect Axalta's financial results is available in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" section within Axalta's most recent annual report on Form 10-K, and in other documents that we have filed with, or furnished to, the U.S. Securities and Exchange Commission. Axalta undertakes no obligation to update or revise any of the forward-looking statements contained herein, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

The historical financial information included in this presentation includes financial information that is not presented in accordance with generally accepted accounting principles in the United States ("GAAP"), including constant currency net sales growth, income tax rate, as adjusted, EBIT, Adjusted EBIT, EBITDA, Adjusted EBITDA, Adjusted diluted EPS, free cash flow, net debt, Adjusted net income and Adjusted EBITDA to interest expense coverage ratio. Management uses these non-GAAP financial measures in the analysis of our financial and operating performance because they assist in the evaluation of underlying trends in our business. Adjusted EBITDA, Adjusted EBIT and Adjusted diluted EPS consist of EBITDA, EBIT and Diluted EPS, respectively, adjusted for (i) certain non-cash items included within net income, (ii) certain items Axalta does not believe are indicative of ongoing operating performance or (iii) certain nonrecurring, unusual or infrequent items that have not occurred within the last two years or we believe are not reasonably likely to recur within the next two years. We believe that making such adjustments provides investors meaningful information to understand our operating results and ability to analyze financial and business trends on a period-to-period basis. Adjusted net income shows the adjusted value of net income (loss) attributable to controlling interests after removing the items that are determined by management to be items that we do not consider indicative of our ongoing operating performance or unusual or nonrecurring in nature. Our use of the terms constant currency net sales growth, income tax rate, as adjusted, EBIT, Adjusted EBIT, EBITDA, Adjusted EBITDA, Adjusted diluted EPS, free cash flow, net debt, Adjusted net income and Adjusted EBITDA to interest expense coverage ratio should not be considered as alternatives to net sales, net income (loss), income (loss) before operations or any other performance measures derived in accordance with GAAP as measures of operating performance or operating cash flows or as measures of liquidity. Constant currency net sales growth, income tax rate, as adjusted, EBIT, Adjusted EBIT, EBITDA, Adjusted EBITDA, Adjusted diluted EPS, free cash flow, net debt, Adjusted net income and Adjusted EBITDA to interest expense coverage ratio have important limitations as analytical tools and should be considered in conjunction with, and not as substitutes for, our results as reported under GAAP. This release includes a reconciliation of certain non-GAAP financial measures with the most directly comparable financial measures calculated in accordance with GAAP. Axalta does not provide a reconciliation for non-GAAP estimates for constant currency net sales growth, Adjusted EBIT, Adjusted EBITDA, Adjusted diluted EPS, income tax rate, as adjusted, or free cash flow on a forward-looking basis because the information necessary to calculate a meaningful or accurate estimation of reconciling items is not available without unreasonable effort. For example, such reconciling items include the impact of foreign currency exchange gains or losses, gains or losses that are unusual or nonrecurring in nature, as well as discrete taxable events. We cannot estimate or project these items and they may have a substantial and unpredictable impact on our US GAAP results.

Constant Currency

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

Axalta's Value Proposition



1 Axalta Profile

2 Evolution of Axalta

3 Diversified Portfolio and Attractive End-Markets

4 Competitive Advantages

5 Investment and Liquidity

6 Current Operating Environment

1 Axalta is a Global Leader



- **#1 or #2** market share in ~90% of markets served
- Industry leading margins reflect strength of technology, application know-how, and global brands
- Axalta has grown net sales and Adj. EBITDA at CAGRs of ~3%⁴ and ~4% since 2013, respectively
- Premium portfolio:
 - ✓ Refinish: #1 position in highly stable market driven by global accident rates
 - ✓ Industrial: Offers the full spectrum of coatings to 14,000+ customers in 90+ countries; doubled net sales during 2013 - 18
 - ✓ Light Vehicle OEM: Strong through-cycle margins; recent positive pricing traction
 - ✓ Commercial Vehicle OEM: #1 market share in heavy duty trucks; expanding leading technology into adjacent markets
- Organic growth opportunities via underpenetrated regions, underserved customers and continued share gains
- Robust and consistent free cash flow bolstered by relatively low capital intensity with multiple levers to manage downturns

Source: Company filings.

1. Adj. EBITDA Reconciliation on pages 30-31. 2. Cash provided by operating activities - capex + interest proceeds on swaps. 3. Represents 2019A for all companies except RPM (LTM as of Feb. 2020), adjusted to include stock-based compensation for comparative basis. 4. Net sales growth on a constant currency basis. 5. Includes Mexico.

Summary Statistics (FY 2019)

Net Sales

\$4.5bn

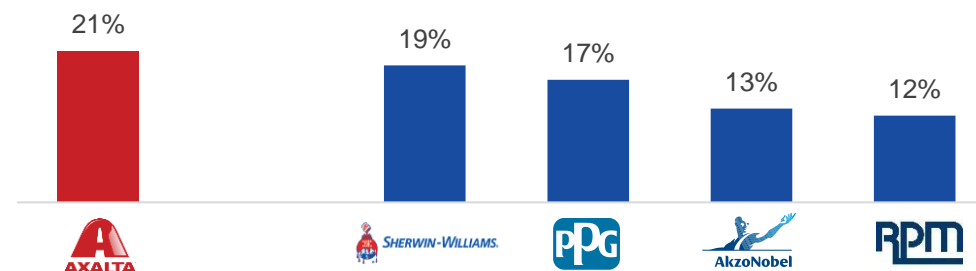
Adj. EBITDA¹

\$939mm
21% Margin

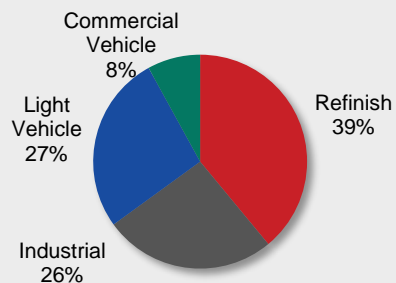
Free Cash Flow²

\$475mm

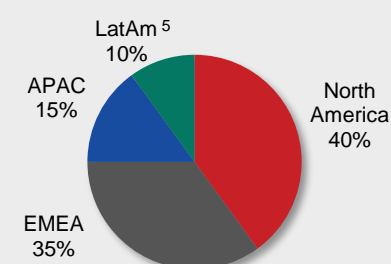
Superior Adj. EBITDA Margins³



Net Sales by End-Market



Net Sales by Geography



1 Global Presence

13,000
People

46
Manufacturing Sites

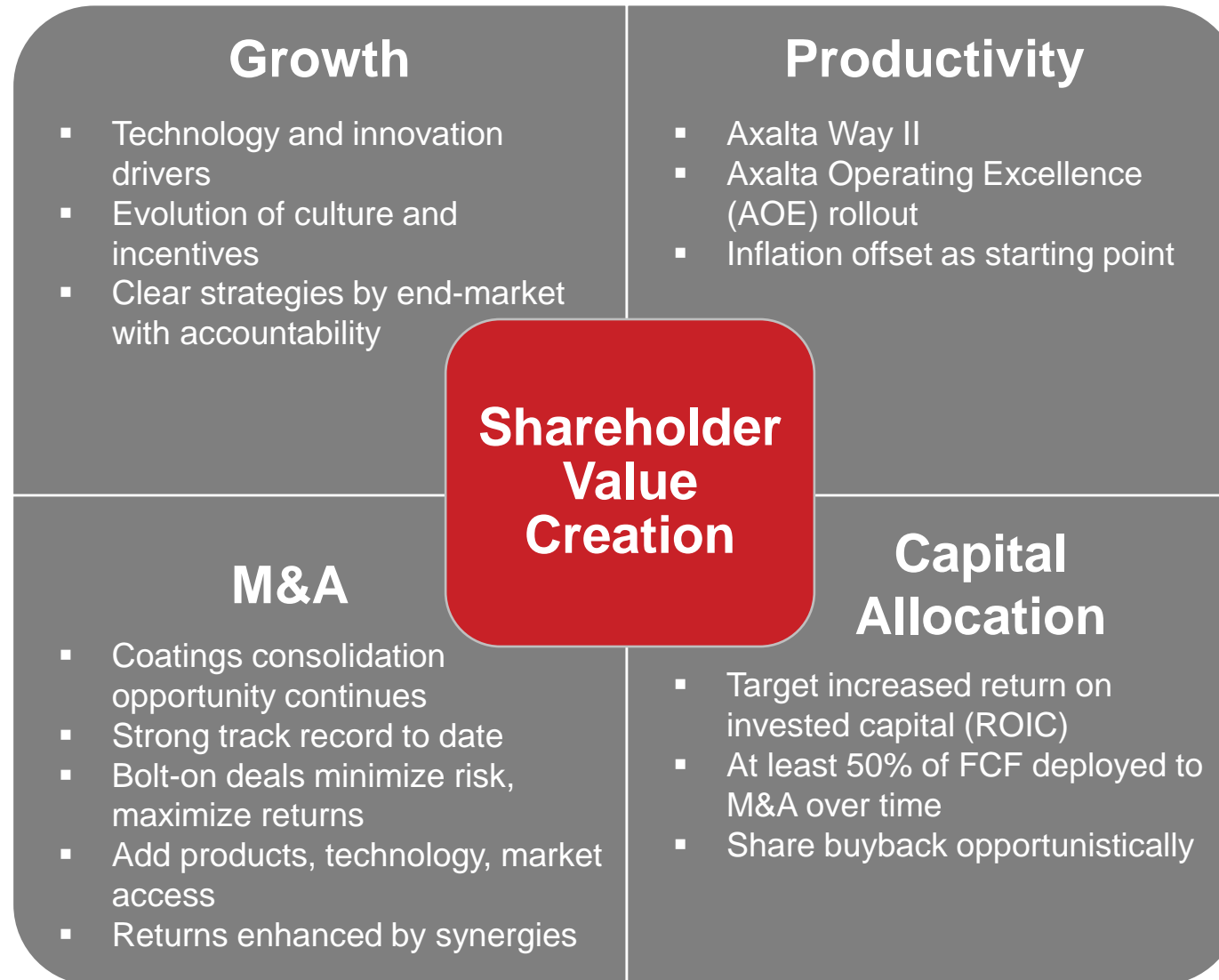
53
Customer Training
Facilities

4
Technology Centers

Over 130
Countries We Sell Into



1 Shareholder Value Creation



Cost Saving Actions

- We are anticipating ~\$195 million of cost savings in 2020 across all active initiatives; significant focus on FCF to drive further cash savings

Operating Excellence

- Lean implementation in Wuppertal, Germany and Mt. Clemens, MI
- Global rollout to drive substantial productivity improvement over time

Innovation Investment

- ~\$190 million annual innovation investment (~4% of net sales)
- >250 new products per year drive our organic growth

Salesforce Investment

- New tools to manage customer relationships
- New leadership aligned key incentives to results

Enhanced IT Tools

- S/4HANA project to globally align financial and supply chain systems
- Large majority of our Enterprise Data is now stored in the cloud

Axalta Continues to Focus on Organizational Optimization

Environment



- Global Environment, Health and Safety policies well defined
- Responsible Care® RC 14001 and ISO 14001 certifications for manufacturing sites
- Targeting reduced environmental impact from our operations: energy, emissions, water, waste
- Product sustainability benefits that enable the reduction of energy, emissions, and waste for our customers
- Technology that makes materials last longer, facilitates the use of novel substrates, and reduces the impact of coatings on the environment

Social



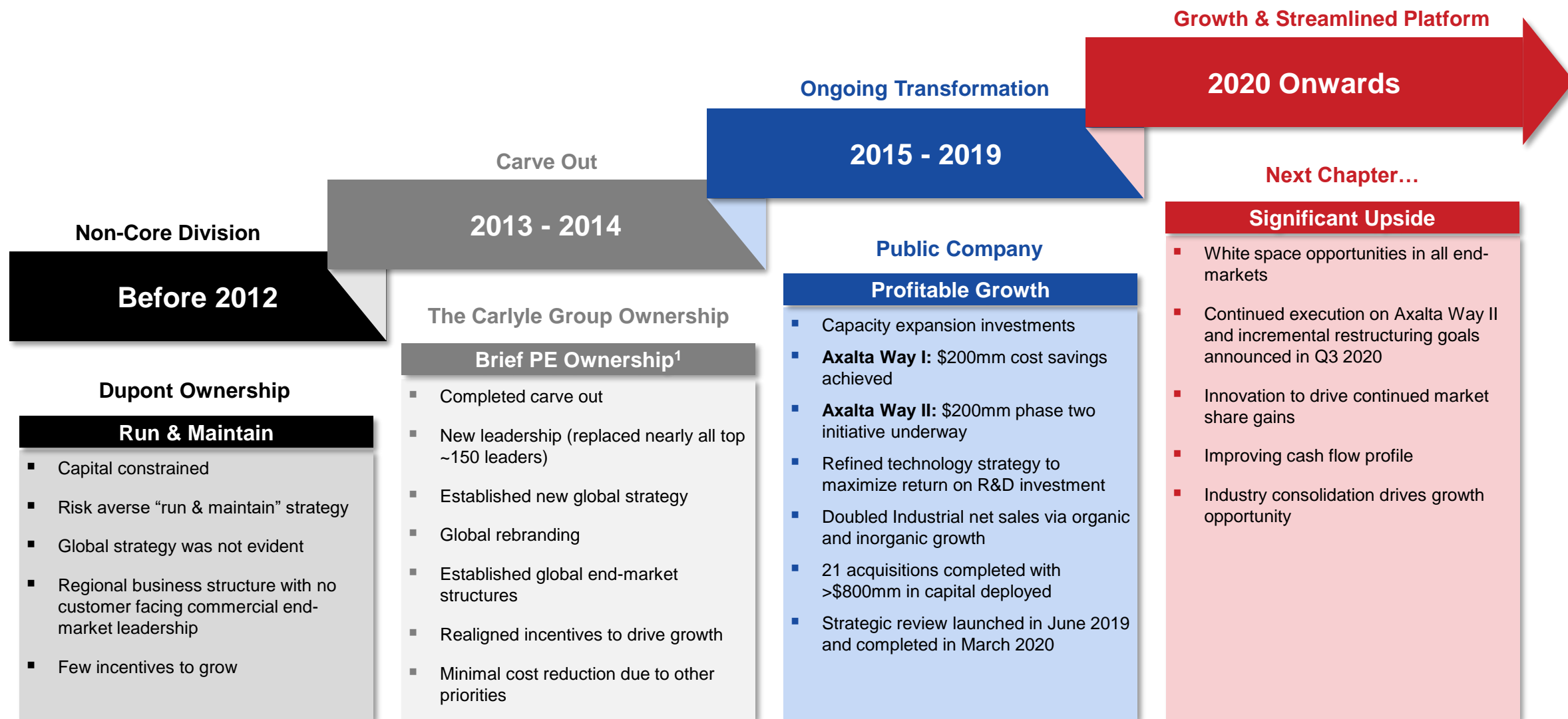
- Commitment to workplace safety: Driving Perfect Performance; top decile injury rate
- Supply chain initiatives including Supplier Code of Conduct, responsible sourcing, and supply chain sustainability risk management efforts
- Employee engagement
 - ✓ Development and recruitment programs
 - ✓ Internal communications platforms and regular global employee town halls
 - ✓ Employee diversity supported with Axalta Women's Network
- Axalta Bright Futures programming in our communities focused on STEM education and environmental stewardship

Governance



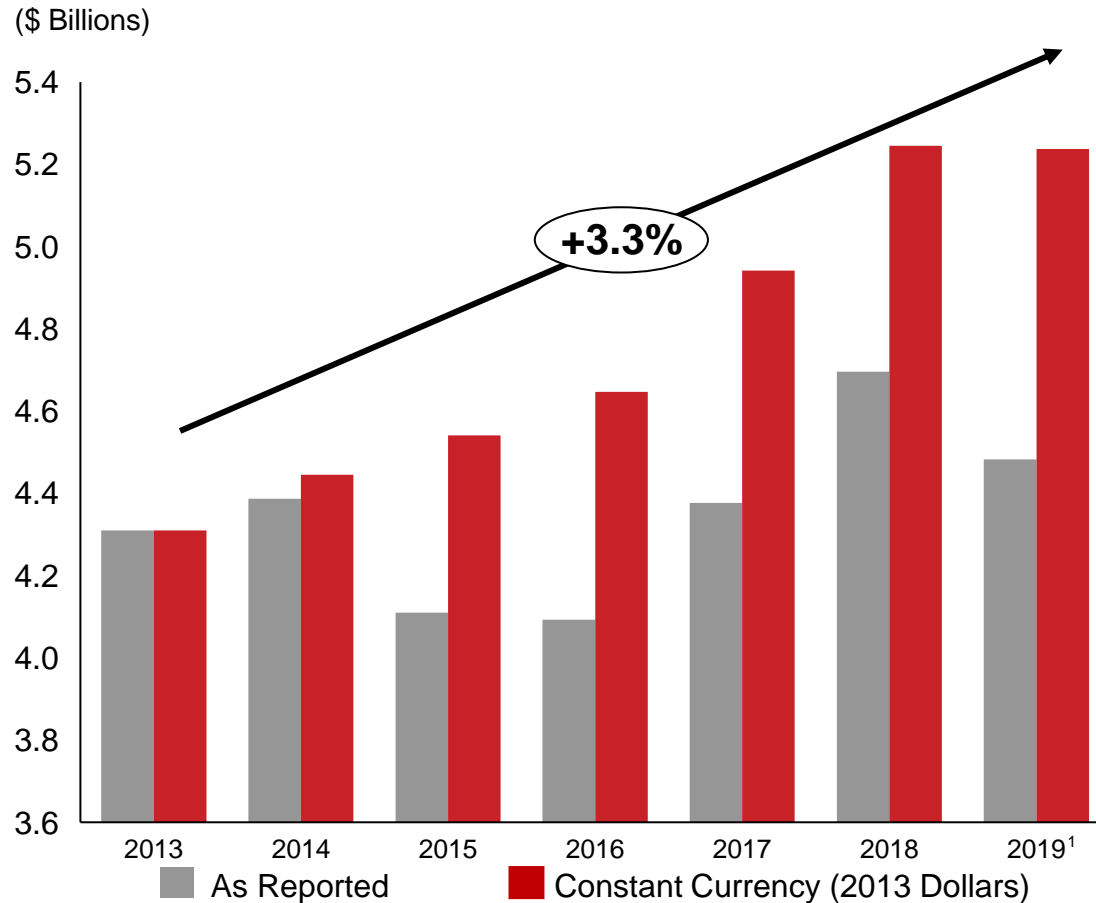
- Ethics and integrity compliance programs, with annual training for all employees on Axalta Code of Business Conduct and Ethics
- Cybersecurity and other risk management initiatives
- Environment, Health, Safety & Sustainability Committee of the Board
- Biennial sustainability reporting cycle
- Ongoing engagement with customer sustainability teams
- Industry association memberships and leadership

Axalta's latest Sustainability Report available at sustainability.axalta.com



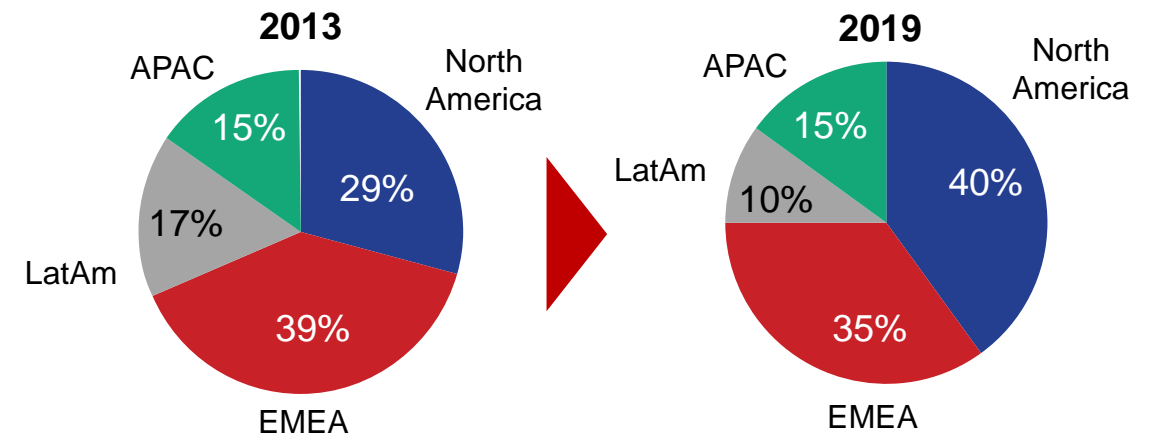
1. Axalta IPO took place in November 2014; Carlyle completed equity sell-down in July 2016.

Net Sales

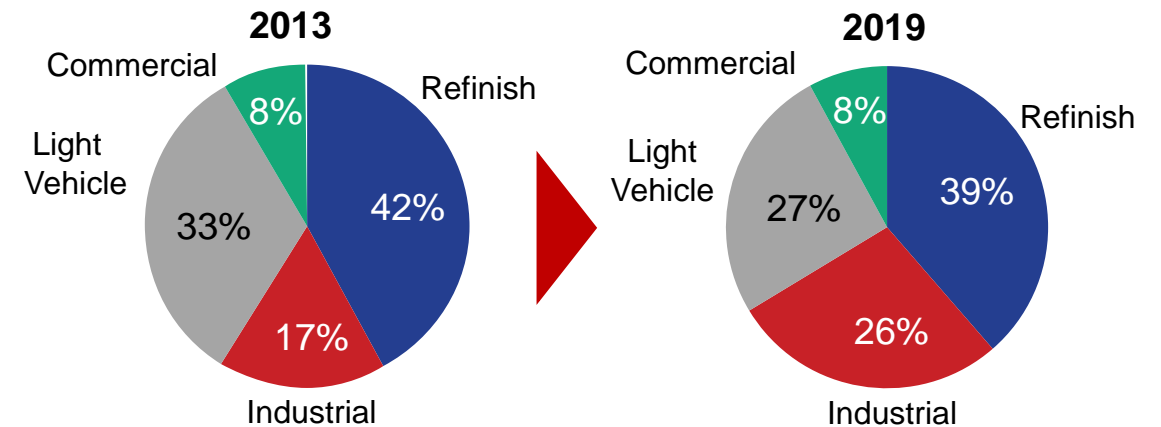


(1) 2019 included removal of sales from China Powder JV divestiture

Net Sales by Region



Net Sales by End-Market

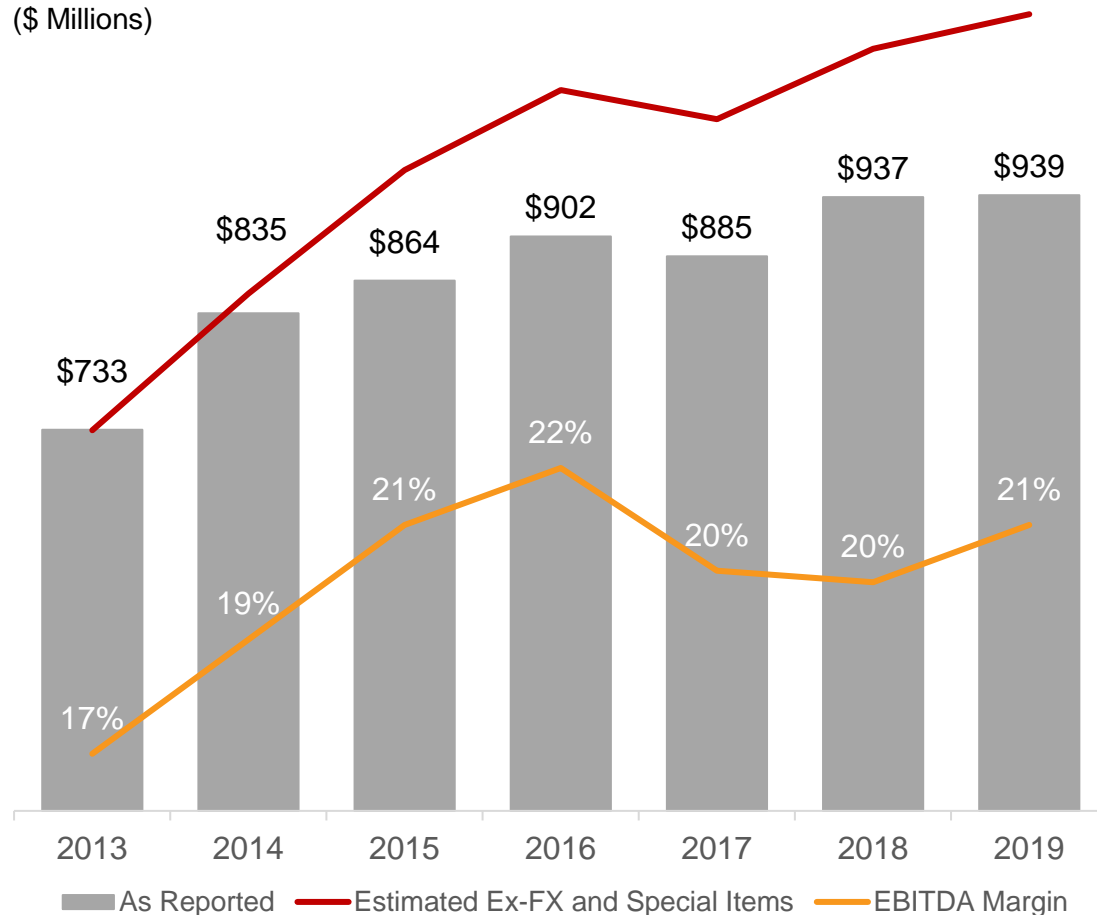


2 Adjusted EBITDA Growth



Adjusted EBITDA⁽¹⁾

(\$ Millions)



Growth Drivers

- Adjusted EBITDA margins increased from 17% in 2013 to 21% in 2019
- Pricing and productivity actions positively contributed to margin expansion; Axalta Way created culture of cost discipline
- Volume growth and share gain provided operating leverage over fixed costs
- Acquisition contribution mainly in Industrial complemented organic growth
- Procurement strategies mitigated rising costs

Strong Margin Progress, Upside From Volume Growth and Productivity Expected Over Time

(1) Estimated Adjusted EBITDA Ex-FX and Special items excludes the impact of FX, Venezuela results (deconsolidated 2017), North America Refinish distributor adjustments (2017), natural disaster impacts (2017)

Summary Statistics

FY 2019 Net Sales

\$2.9bn
 Refinish: \$1.8bn
 Industrial: \$1.2bn

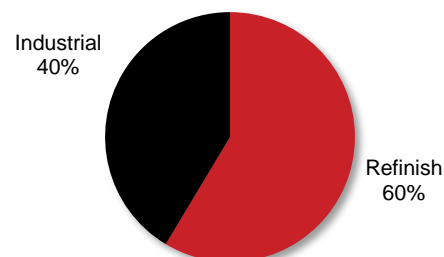
FY 2019 Adj. EBIT

\$449mm
 15% margin
Refinish²

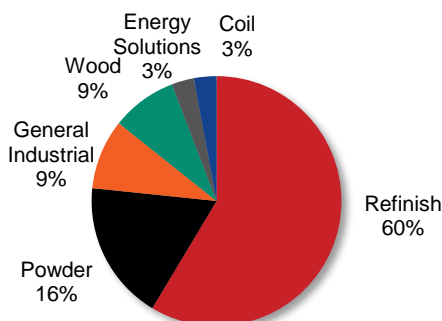
- ✓ Global leader – #1 player with 25% market share
- ✓ Strong record of realizing value through world class service, brand differentiation and price optimization
- ✓ Drive growth in North America with MSO¹ alignment
- ✓ New products and emerging markets to continue to drive growth

Industrial³

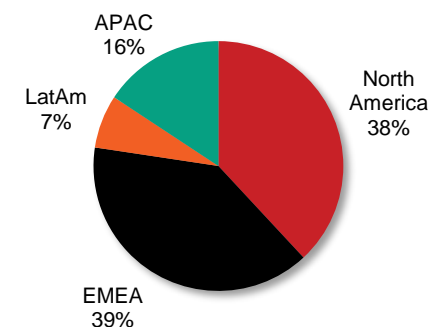
- ✓ #2 positions globally in Powder and Industrial E-coat
- ✓ #2 position in North America in Wood
- ✓ Leverage growing China market
- ✓ Additional growth through new product innovation
- ✓ Globalize acquired businesses, including Coil and Wood

Diversified Business Across Geographies and End-Markets⁴

Net Sales by End-Market



Net Sales by End-Business

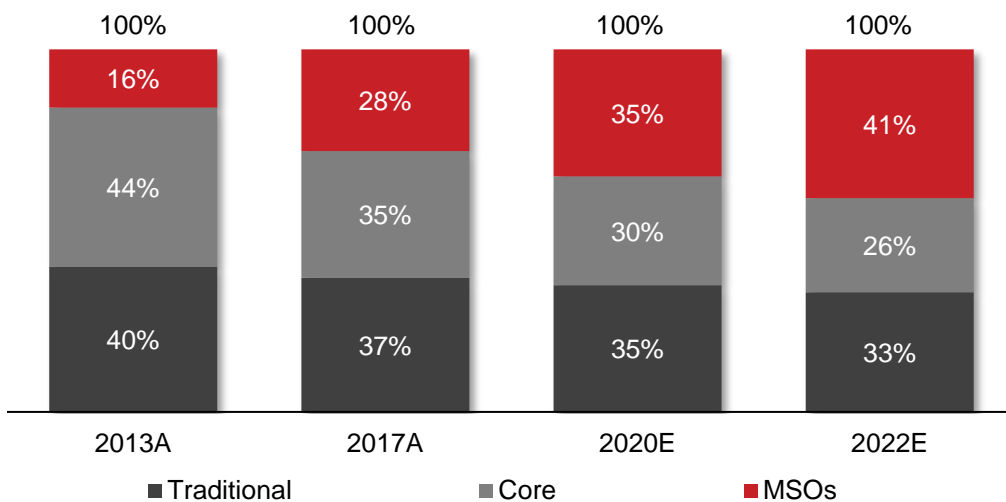


Net Sales by Geography

1. MSO: Multi-shop operator. 2. Orr & Boss 3. Axalta data 4. All financials are FY 2019.

U.S. Body Shop Consolidation

Body Shop Paint Sales – Axalta has Significant MSO Presence
(% of Refinish Market)



Growth in Central and Eastern Europe

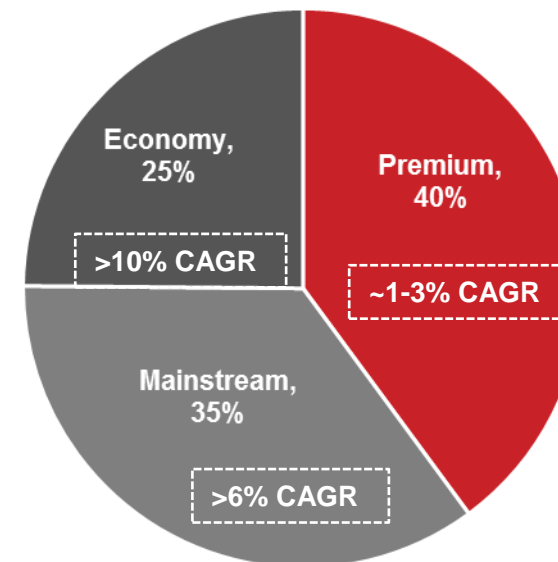


- 3% growth expected from 2017-2022
- ~2.2% car parc growth, faster than W Europe
- Higher GDP growth
- Highly fragmented body shop market

Source: Axalta, McKinsey

China Growth in Mainstream & Tier Cities

Overall market grew ~5% 2015-2019¹



- Faster growth is expected in mainstream and economy
- Growth in Tier 3-4 cities is strong and expected to continue
- Tier 1 has been slowed by regulations
- Axalta is following the market to Tier 2-4 cities

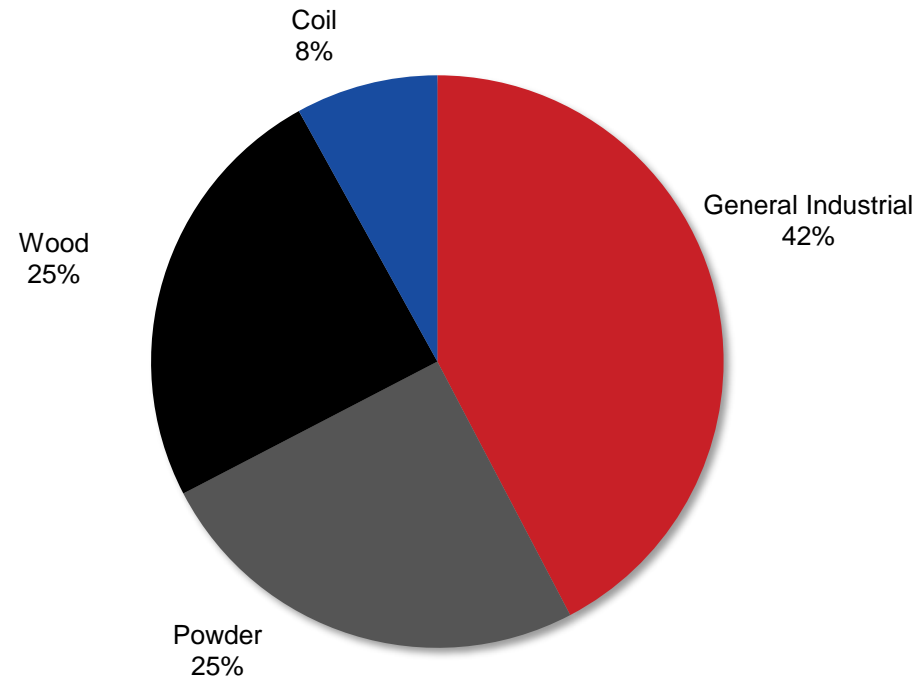
Source: Axalta, McKinsey, CIRC (China Insurance Regulatory Commission)

1. Axalta management estimate.

Industrial Coatings

Industrial Coatings: \$42bn market

(% of Industrial Coatings Market)



Source: Orr & Boss (2019)

Growth Drivers

- Market growth of 5.4% CAGR (2013-2019A)
- Growth driven by global GDP and industrial production
- Many coatings markets are GDP “plus” growers due to coatings use to enhance appearance and enable longer life from asset investments
- Strong demand growth from building, construction and infrastructure markets
- China drives >40% of global industrial coatings consumption

Summary Statistics

FY 2019 Net Sales

\$1.6bn

Light Vehicle: \$1.2bn
Commercial Vehicle: \$0.4bn

FY 2019 Adj. EBIT

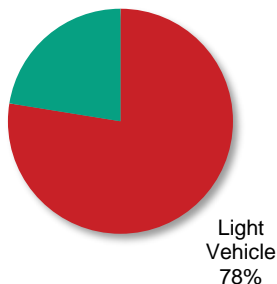
\$137mm
9% margin

Light Vehicle

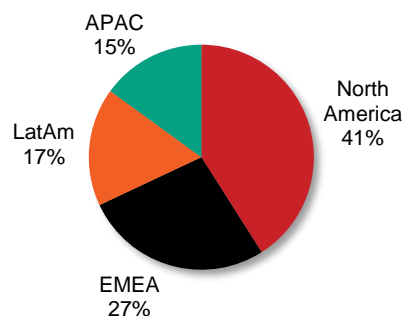
- ✓ #2 Light Vehicle coatings supplier
- ✓ Strong multi-decade customer relationships
- ✓ Market share growth with core customers
- ✓ Rebuilt relationships with key underserved customers

Commercial Vehicle

- ✓ #1 Heavy Duty Truck ("HDT") and bus coatings supplier
- ✓ IMRON™ is best-in-class for customer productivity
- ✓ Actively growing in adjacent markets with core technology
- ✓ Established competitive NA cost structure with 2016 downturn

Net Sales Breakdown¹Commercial Vehicle
22%

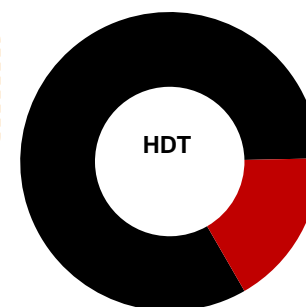
Net Sales by End-Market



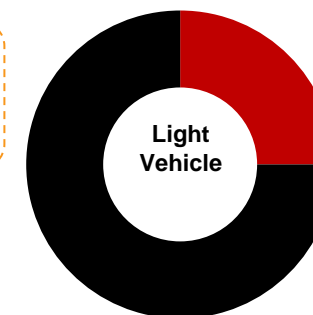
Net Sales by Geography

Global Share Position²

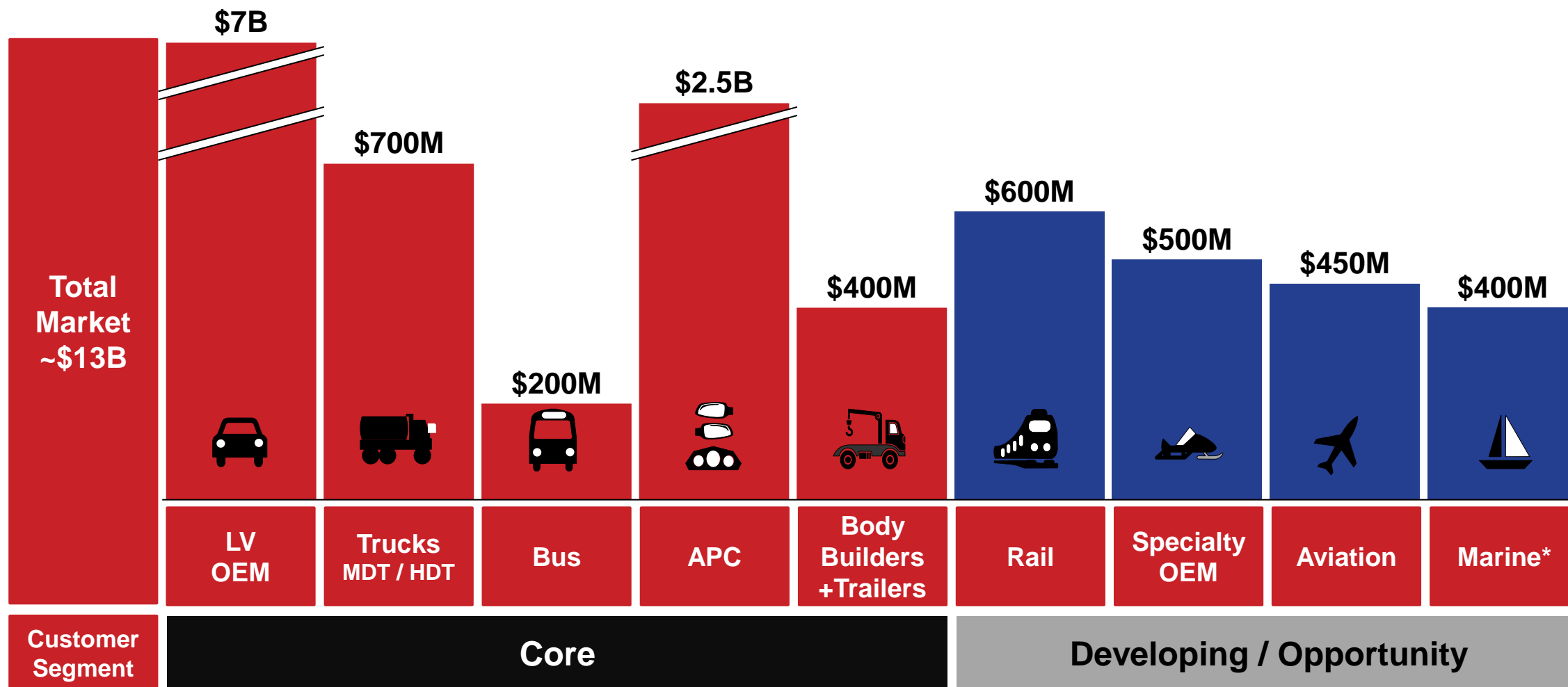
#1



#2



1. All financials are FY 2019 2. Orr & Boss, Axalta data



Source: Orr & Boss, IRFAB, Global Market Insights, Axalta estimates.
 Note: Figures represent 2019 market sizes. Not to scale.

* Excluding commercial, container, military and off-shore

Superior Technology Aligned With Customer Needs			Customer-Focused Innovation		Trusted Products, Service Excellence	
Technology Innovation	Extensive Formulation Database	Design & Consumer Preferences	Product Innovation	Service Innovation	Go-To-Market With Strong Brands	Differentiated Technical Support
						
<ul style="list-style-type: none"> ✓ Best-in-class color matching and productivity solutions ✓ \$190mm annual spend ✓ Future pipeline of next-gen and emerging technologies 	<ul style="list-style-type: none"> ✓ 4+ million color variations ✓ Hundreds of thousands of formulations in automotive & industrial 	<ul style="list-style-type: none"> ✓ Styling trends ✓ Consumer choice ✓ Personalization ✓ “One-stop” shop for many end-businesses 	<ul style="list-style-type: none"> ✓ 25,000+ color developments annually ✓ Over 200 new product launches p.a. ✓ Current pipeline of 800+ new products and modifications 	<ul style="list-style-type: none"> ✓ Virtual training and technical support ✓ Process and application engineering ✓ Line service excellence 	<ul style="list-style-type: none"> ✓ Deep European and American coatings heritage since 1866 ✓ Broad global brand portfolio 	<ul style="list-style-type: none"> ✓ Dedicated employees in OEM plants ✓ End-to-end technical support in all end-markets ✓ 53 customer training centers

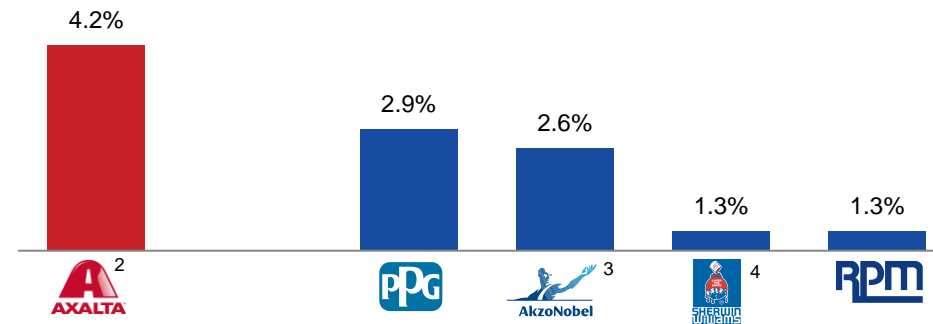
Comprehensive Product Range Tailored to Customer Requirements

Technology Strategy Serves as a Key Differentiator






Leading Technology Organization

- Focus on color technology, and polymer & formulation chemistry
- Comprehensive product range of ~27,000 SKUs tailored to customer needs
- Global technology team of 1,400+ scientists, engineers and technicians focused on product development, process enhancements and technical support
- 1 Global Innovation Center, 3 regional R&D hubs and 30 local labs

Leading Technology Investment as % of Net Sales¹

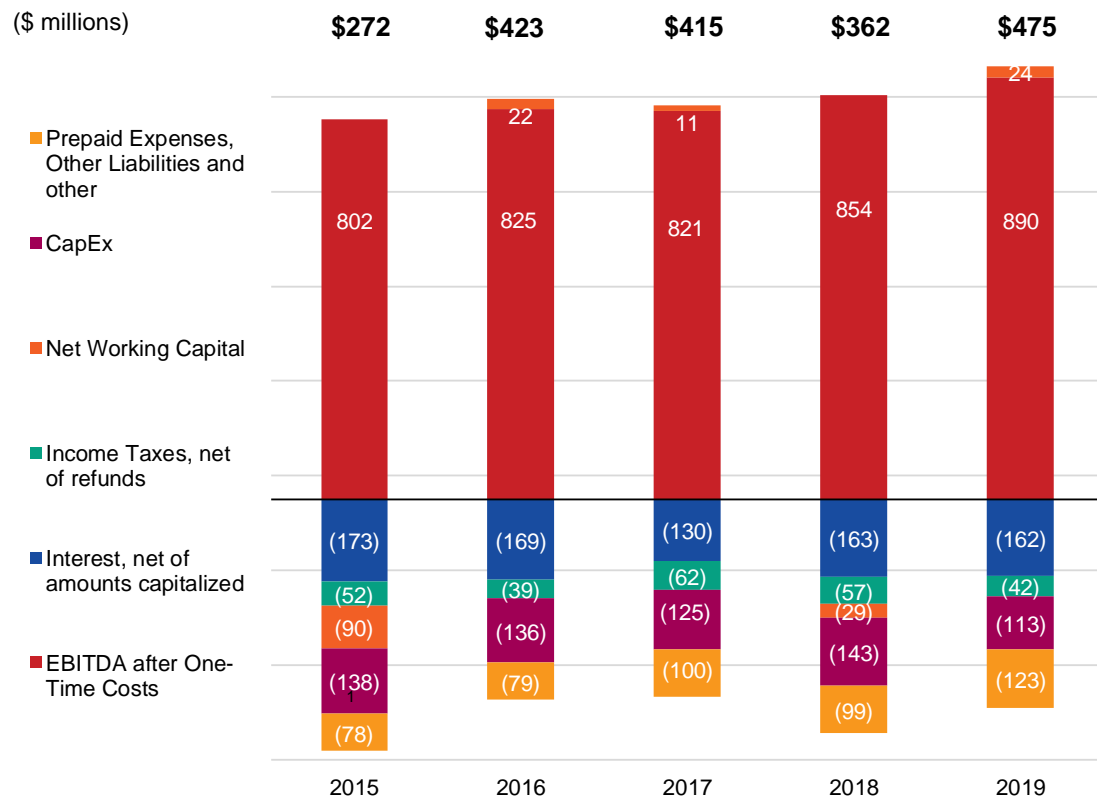


Source: Company filings, Axalta management calculations for peers.

Industry Trends	Axalta Technologies
Growth in Multi-Shop Operators (MSO)	<ul style="list-style-type: none"> Waterborne technology improves body shop productivity and national coverage enables superior service levels and high customer intimacy 
Performance & Appearance Enhancement	<ul style="list-style-type: none"> AquaEC™ Electrocoat technology for Industrial coatings provides customers with tin-free formulation, energy savings, increased yield and improved corrosion protection 
More Complex Colors	<ul style="list-style-type: none"> Advanced color matching technologies critical to body shop supplier selection Integration with OEMs grows color library as Axalta maintains one of the broadest libraries in the industry 
OEMs Seek Continuous Productivity Improvement	<ul style="list-style-type: none"> Axalta technology enables OEMs to reduce capital intensity, footprint and energy use, key criteria for OEM supplier selection 
Vehicle Light-Weighting	<ul style="list-style-type: none"> AquaEC™ improves galvanic corrosion resistance enabling the use of multi-metal substrates Low temperature topcoats allow for increased use of advanced plastic technologies 

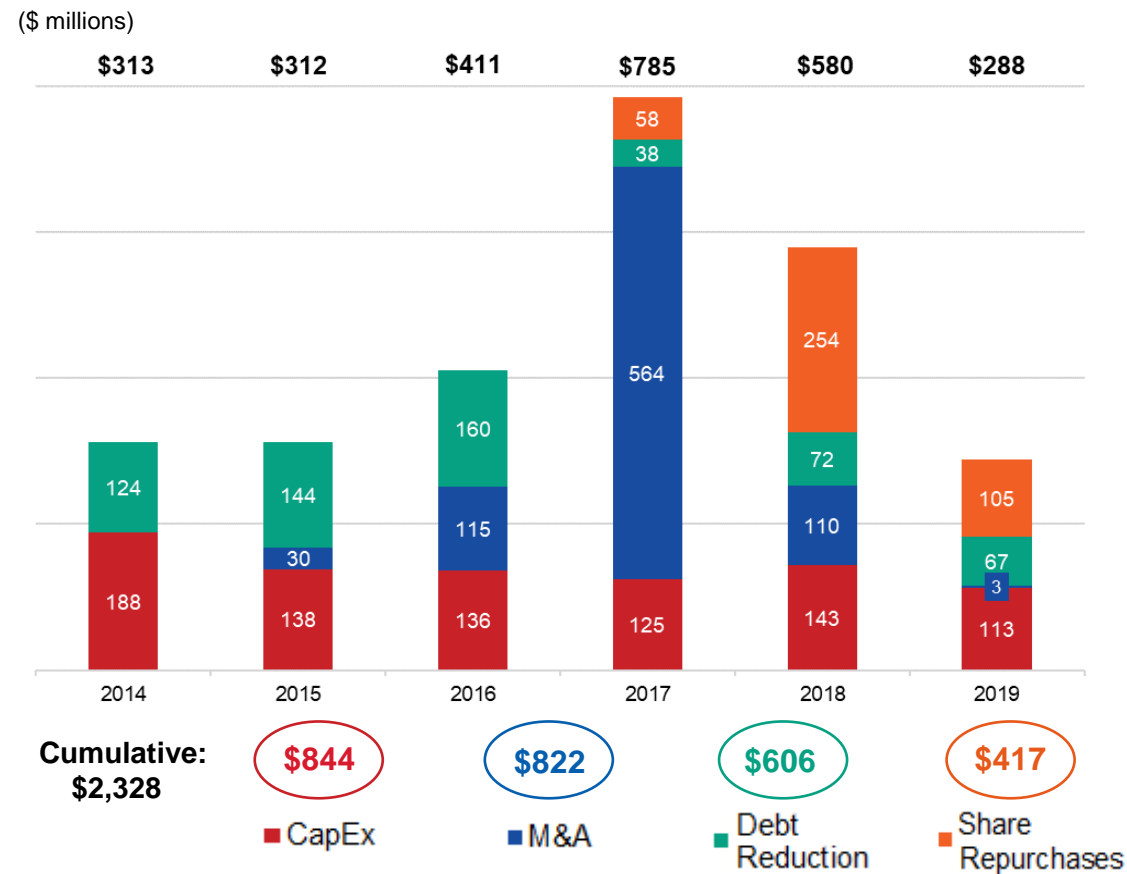
1. FY 2019A. 2. Axalta Technology investment includes R&D, Selling Technical Expense (SG&A), and Production & Raw Material Technology (COGS). 3. Excludes R&D specific D&A. 4. Includes technical expenditures.

Free Cash Flow



1. Includes other operating costs for termination benefits and other employee related costs, consulting and advisory fees, transition-related costs, strategic review and retention costs, and offering and transactional costs

Capital Deployment

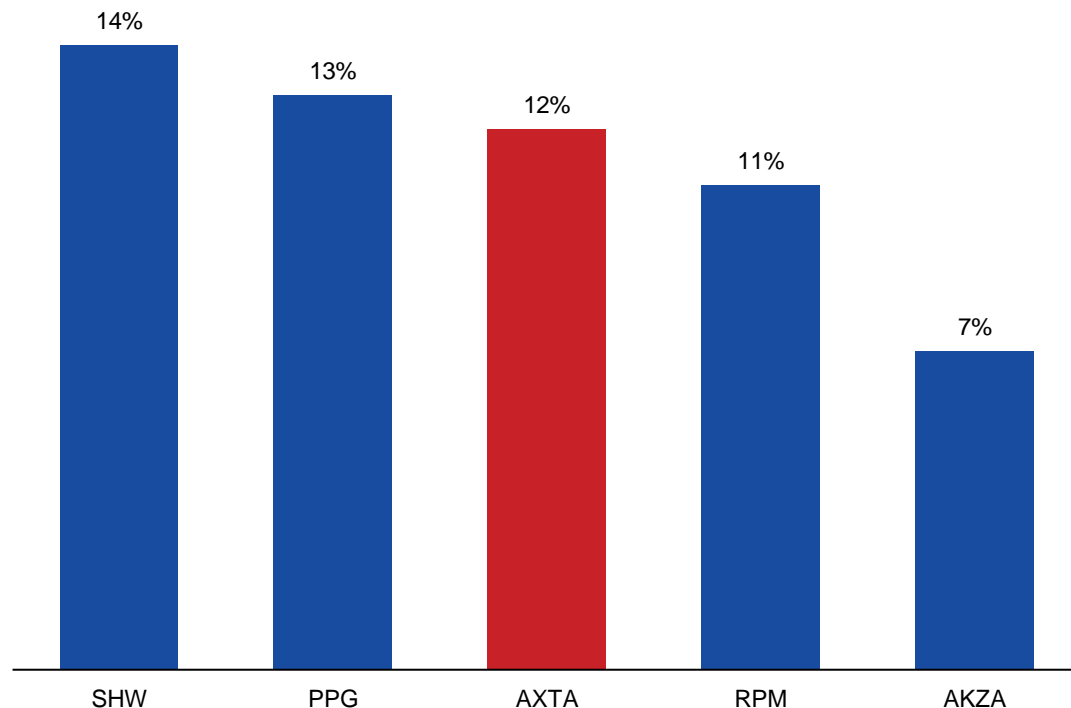


Cash Flow is Supporting Increased Capital Deployment and Returns

Return on Invested Capital (ROIC)

Commentary

NOPAT ROIC (FY 2019)



- Axalta's total capital in the ROIC excludes the PP&E and intangible asset "step up" balances from the 2013 LBO under purchase price accounting
- Drivers of ROIC:
 - ✓ NOPAT growth from ongoing business execution
 - ✓ Capital allocation: Organic investments, return-accretive M&A, and focus on asset efficiency
- Axalta remains committed to improving ROIC over time through consistent execution of our current strategy

1) ROIC = Net Operating Profit After Tax (NOPAT) / (Total Debt + Minority Interest + Equity); 2) AXTA ROIC = Adjusted EBIT, less Step-up D&A addbacks, net of associated tax of \$91 million, divided by Total Debt + Minority Interest + Equity, less remaining LBO step-up balances within net intangible assets and PPE of \$1,065 million; 3) Data as of 12/2019 for all companies except RPM (2/2020); 4) Companies shown have used varying calculations when presenting ROIC

Track Record of Successful Acquisitions

23

Acquisitions since 2015

~\$600mm

Annual sales added

~\$120mm

Incremental EBITDA

13

Integrated manufacturing locations

17% → 27%

Diversification % *Industrial*
2014 vs 2018

Disciplined Approach to Acquisitions With a Large Number Of Potential Targets

2015

2016

2017

2018

2019

Refinish
~\$100mm



Wood
~\$250mm



Powder
~\$25mm



Coil
~\$85mm



General Industrial
~\$110mm



Light Vehicle
~\$22mm

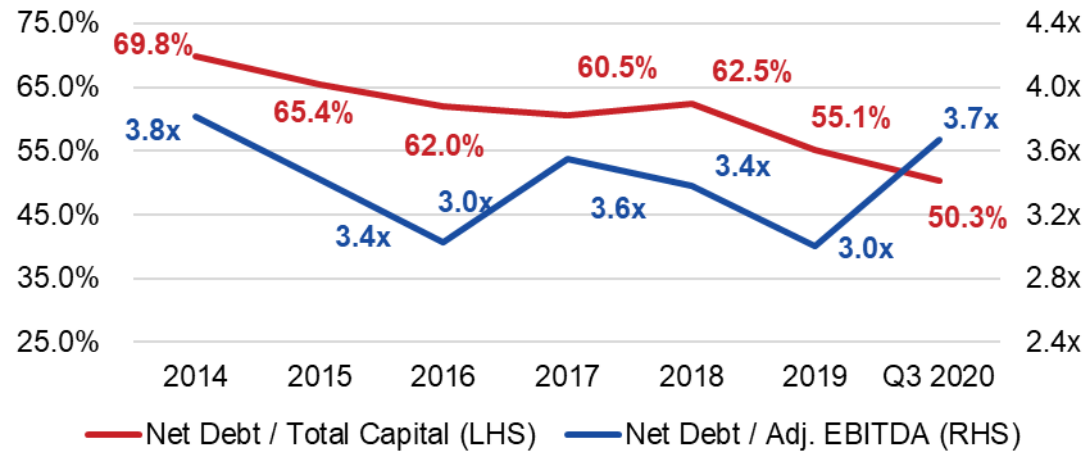


Added \$335mm in sales in new segments

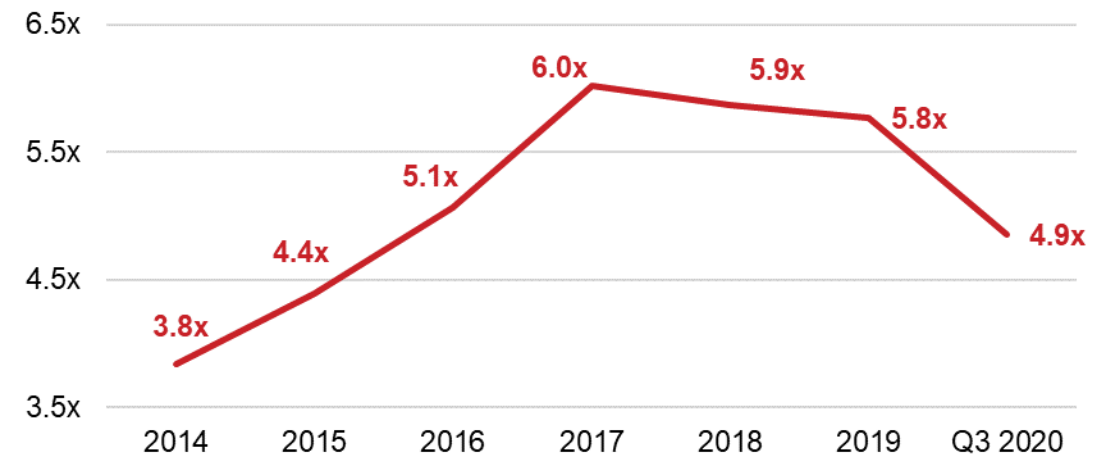
5 Debt and Liquidity Summary



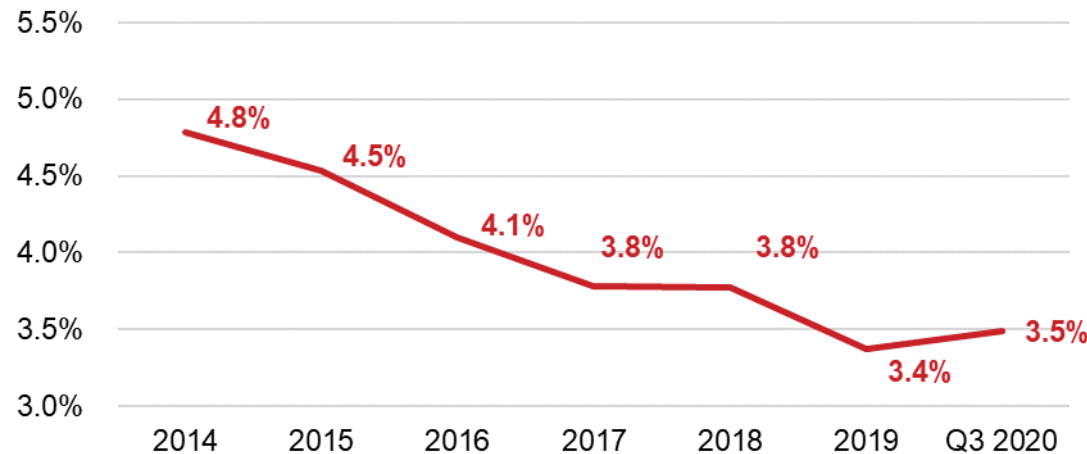
Leverage Trends



Interest Coverage (Adj. EBITDA)



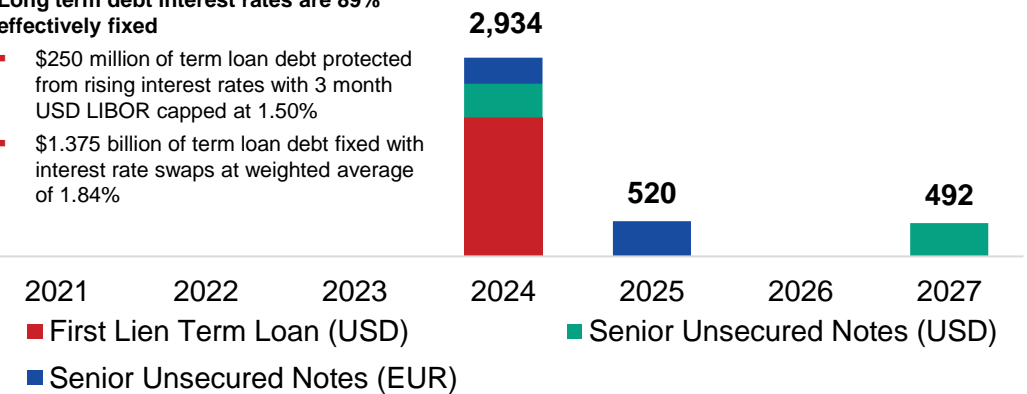
Cost of Debt



Debt Maturity Profile

Long term debt interest rates are 89% effectively fixed

- \$250 million of term loan debt protected from rising interest rates with 3 month USD LIBOR capped at 1.50%
- \$1.375 billion of term loan debt fixed with interest rate swaps at weighted average of 1.84%



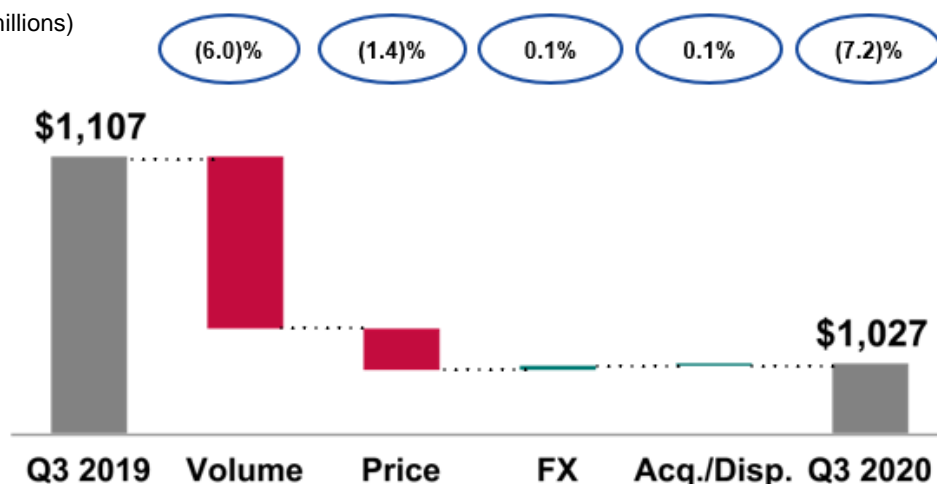
Note: Balances reported on a US GAAP basis as of 9/30/2020

Financial Performance

(\$ in millions, except per share data)	Q3		% Change	
	2020	2019	Incl. F/X	Excl. F/X
Performance	683	724	(5.7) %	(6.8) %
Transportation	344	383	(10.2) %	(8.6) %
Net Sales	1,027	1,107	(7.2) %	(7.3) %
Income from ops	142	123	15.2 %	
Adjusted EBIT	210	191	10.0 %	
Diluted EPS	0.35	0.28	25.0 %	
Adjusted EPS	0.59	0.52	13.5 %	

Net Sales Variance

(\$ in millions)



Commentary

Net sales showed continued recovery across all end markets during Q3

- Q3 saw substantial recovery post Q2 lows with continuing month-over-month improvement
- Volume reductions globally from slower macro impacted year-over-year performance
- Modest year-over-year product price-mix headwinds primarily from mix effects; Refinish price-mix positive in September versus prior year
- Net sales increased year-over-year in certain end-businesses within Industrial

Record Adjusted EBIT achieved

- Ongoing cost actions and variable cost tailwinds produced record Adjusted EBIT in Q3 2020

Performance Market Commentary

Refinish

- Refinish sales continued to improve through Q3 aligned with overall global traffic recovery
- Traffic indicators improving:
 - U.S. miles driven declined 12.3% YoY in August versus down 14.5% in June; U.S. gas consumption was down ~10% at quarter end; Axalta customer body shop activity remains down 10-15% on average during Q3
 - For Latin America, mobility data indicates continued recovery in Brazil while Mexico data plateaued for Q3
 - In Asia, most countries are back to pre-COVID traffic levels as of Q3 end
 - For Europe, most countries remain above pre-COVID baseline traffic levels though data remains mixed

Industrial

- Industrial demand and market recovery continues across all end-markets served; some end businesses including Wood, Coil, and Energy Solutions closed the gap from prior year during Q3
- U.S. home building and remodeling activity remains robust, aiding Axalta's Industrial Wood and Coil volumes
- In September, all Industrial end businesses saw YoY net sales increases



Transportation Market Commentary

Light Vehicle

- LV net sales recovery continued during Q3 with production in North America and China most robust
- North America net sales increased in Q3 as production recovery exceeded expectations, including curtailed August maintenance shut downs
- Global LV production declined 3.5% YoY in Q3; forecasts call for continued recovery with 2.7% and 17.9% declines for Q4 and 2020, respectively. The 2020 forecast was revised from a decline of 21.9% expected in July
- China retail sales have increased year-over-year for the last three months including an 8.0% increase in September



Commercial Vehicle

- Recovery continues steadily across truck plants
- Q3 global truck production improved 0.8% YoY including China rebound and is expected to decline 11.3% and 13.7% for Q4 and 2020, respectively; Class 8 expected to be down 8.1%, Class 4-7 down 21.9% for the year
- Non-truck CV markets include solid demand recovery in North America with recreational vehicles, sports equipment, and truck body builders, offset partly by slower bus production globally



6 COVID-19 Impact and Response



Mitigation Actions and Global Restructuring

Mitigation Actions

- Sales recovery aided by ongoing vehicle traffic improvement, industrial production recovery, strength in North American home building and remodeling, and global auto production recovery
- Exceeded expected savings and cash flow from actions during Q3
- Expect to deliver over \$130 million in temporary cost actions in 2020; achieving \$75 million in Q2 and \$50 million in Q3
- Expect to deliver over \$140 million in incremental cash flows in 2020; achieving \$70 million in Q2 and \$60 million in Q3



Global Restructuring

- Announced a global restructuring to align our cost structure to market demand and to remain competitive in the markets we serve.
 - Net 5% reduction of global workforce, or approximately 600 employees with potential for additional reductions within Europe
 - Expected annualized cost savings of approximately \$50 million expected to be largely achieved over next 24 months
 - Company expects to incur pretax charge of approximately \$60-65 million





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Adjusted EBIT Reconciliation



(\$ in millions)	Q3 2020	Q3 2019
Income from operations	\$ 142	\$ 123
Other expense (income), net	2	(2)
Total	\$ 139	\$ 125
A Debt extinguishment and refinancing related costs	—	—
B Termination benefits and other employee related costs	36	29
C Strategic review and retention costs	7	3
D Offering and transactional costs	—	—
E Loss (gain) on divestiture and impairment	—	(1)
F Pension special events	(1)	—
G Accelerated depreciation	—	5
H Indemnity (income) losses	—	—
I Step-up depreciation and amortization	28	29
Adjusted EBIT	\$ 210	\$ 191
Segment Adjusted EBIT:		
Performance Coatings	\$ 134	\$ 125
Transportation Coatings	49	37
Total	\$ 182	\$ 162
I Step-up depreciation and amortization	28	29
Adjusted EBIT	\$ 210	\$ 191

Adjusted EBIT Reconciliation (cont'd)

- A** Represents expenses and associated changes to estimates related to the prepayment, restructuring, and refinancing of our indebtedness, which are not considered indicative of our ongoing operating performance.
- B** Represents expenses and associated changes to estimates related to employee termination benefits and other employee-related costs. Employee termination benefits are primarily associated with Axalta Way initiatives. These amounts are not considered indicative of our ongoing operating performance.
- C** Represents costs for legal, tax and other advisory fees pertaining to our review of strategic alternatives that was concluded in March 2020, as well as retention awards for certain employees which will be earned over a period of 18-24 months. These amounts are not considered indicative of our ongoing operating performance.
- D** Represents acquisition and divestiture-related expenses, all of which are not considered indicative of our ongoing operating performance.
- E** Represents expenses and associated changes to estimates related to the sale of our interest in a joint venture business and other impairments, which are not considered indicative of our ongoing operating performance.
- F** Represents certain defined benefit pension costs associated with special events, including pension curtailments, settlements and special termination benefits, which we do not consider indicative of our ongoing operating performance.
- G** Represents incremental depreciation expense resulting from truncated useful lives of the assets impacted by our manufacturing footprint assessments, which we do not consider indicative of our ongoing operating performance.
- H** Represents indemnity loss (income) associated with the acquisition by Axalta of the DuPont Performance Coatings business, which we do not consider indicative of our ongoing operating performance.
- I** Represents the incremental step-up depreciation and amortization expense associated with the acquisition of DuPont Performance Coatings by Axalta. We believe this will assist investors in performing meaningful comparisons of past, present and future operating results and better highlight the results of our ongoing operating performance.

Adjusted EBITDA Reconciliation



(\$ in millions)	Successor											Predecessor	Combined
	Q3 2020 YTD	Q3 2019 YTD	LTM Q3 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	Feb-Dec 2013		Jan 2013	FY 2013
Net income (loss)	\$ 52	\$ 210	\$ 94	\$ 253	\$ 213	\$ 48	\$ 45	\$ 96	\$ 32	\$ (222)	\$	9	\$ (213)
Interest expense, net	112	123	153	163	160	147	178	197	218	215		—	215
Provision (benefit) for income taxes	(23)	50	4	77	54	142	38	62	—	(46)		7	(39)
Depreciation and amortization	244	267	329	353	369	347	322	308	309	301		10	311
Reported EBITDA	\$ 385	\$ 651	\$ 580	\$ 846	\$ 796	\$ 684	\$ 583	\$ 662	\$ 559	\$ 248	\$	26	\$ 274
A Debt extinguishment and refinancing related costs	2	—	2	—	10	14	98	3	6	25		—	25
B Termination benefits and other employee related costs	70	33	72	35	82	35	62	37	18	148		—	148
C Consulting and advisory fees	—	—	—	—	—	(1)	10	24	36	55		—	55
D Transition-related costs	—	—	—	—	—	8	—	(3)	102	29		—	29
E Strategic review and retention costs	25	4	35	13	—	—	—	—	—			—	—
F Offering and transactional costs	—	1	—	1	1	18	6	(2)	22			—	—
G Divestiture, impairments and deconsolidation charges	4	3	21	21	—	79	68	31	—			—	—
H Foreign exchange remeasurement losses	8	5	11	8	9	7	31	94	81	49		5	54
I Long-term employee benefit plan adjustments	(2)	1	(3)	—	(2)	1	2	—	(1)	10		2	12
J Stock-based compensation	16	10	22	16	37	39	41	30	8	7		—	7
K Dividends in respect of noncontrolling interest	(1)	(2)	(1)	(2)	(1)	(3)	(3)	(5)	(2)	(5)		—	(5)
L Other adjustments	—	—	—	—	5	4	5	(6)	6	130		—	130
M Allocated corporate standalone costs, net	—	—	—	—	—	—	—	—	—	—		6	6
Total Adjustments	\$ 122	\$ 55	\$ 160	\$ 93	\$ 141	\$ 201	\$ 319	\$ 202	\$ 276	\$ 448	\$	13	\$ 460
Adjusted EBITDA	\$ 508	\$ 706	\$ 740	\$ 939	\$ 937	\$ 885	\$ 902	\$ 864	\$ 835	\$ 695	\$	38	\$ 733

Adjusted EBITDA Reconciliation (cont'd)



- A** Represents expenses and associated changes to estimates related to the prepayment, restructuring and refinancing of our indebtedness, including \$25 million of commitment fees expensed in 2013 related to a terminated Bridge Facility in conjunction with the issuance of the Senior Notes and entry into the Senior Secured Credit Facilities, which are not considered indicative of our ongoing operating performance.
- B** Represents expenses and associated changes to estimates related to employee termination benefits and other employee-related costs primarily associated with our Axalta Way and Fit for Growth cost saving initiatives, which are not considered indicative of our ongoing operating performance.
- C** Represents expenses and associated true-ups to estimates for professional services primarily related to our Axalta Way and Fit for Growth initiatives, which are not considered indicative of our ongoing operating performance. Amounts incurred during 2013 and 2014 relate to services rendered in conjunction with our transition from DuPont to a standalone entity.
- D** During 2013, 2014 and 2015 we recorded charges associated with the transition from DuPont to a standalone entity, including branding and marketing, information technology related costs, and facility transition costs. Charges and associated adjustments to estimates during 2017 represent integration costs related to the acquisition of the Industrial Wood business that was a carve-out business from Valspar. All charges are not considered indicative of our ongoing operating performance.
- E** Represents costs for legal, tax and other advisory fees pertaining to our review of strategic alternatives that was concluded in March 2020, as well as retention awards for certain employees which will be earned over a period of 18-24 months. These amounts are not considered indicative of our ongoing performance.
- F** Represents acquisition and divestiture related expenses, including changes in the fair value of contingent consideration, as well as \$10 million of costs associated with contemplated merger activities during 2017 and costs associated with the IPO and secondary offerings of our common shares by Carlyle. Included in the 2014 charges was a \$13 million pre-tax charge associated with the termination of the management agreement with Carlyle Investment Management, L.L.C., an affiliate of Carlyle, upon the completion of the IPO. All amounts discussed are not considered indicative of our ongoing operating performance.
- G** Represents the loss recognized on the sale of our interest in a joint venture business and the charges resulting from the abandonment of certain in progress capital projects which are not considered indicative of our ongoing operating performance. During 2017, we recorded a loss in conjunction with the deconsolidation of our Venezuelan subsidiary of \$71 million. During 2016, we recorded non-cash impairments at our Venezuela subsidiary of \$68 million associated with our operational long-lived assets and a real estate investment. Additionally, during 2017, we recorded non-cash impairment charges related to certain manufacturing facilities previously announced for closure of \$8 million. We do not consider these to be indicative of our ongoing operating performance.
- H** 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. Exchange effects included the remeasurement of our Venezuelan subsidiary prior to deconsolidation in 2017 as well as a \$19 million loss related to the Acquisition date settlement of a foreign currency contract used to hedge the variability of our Euro-based financing.
- I** Eliminates the non-cash, non-service cost components of long-term employee benefit costs.
- J** Represents non-cash impacts associated with stock-based compensation.
- K** 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.
- L** Represents certain non-operational or non-cash gains and losses unrelated to our core business and which we do not consider indicative of ongoing operations, including indemnity (income) losses associated with the acquisition by Axalta of the DuPont Performance Coatings business, gains and losses from the sale and disposal of property, plant and equipment, gains and losses from the remaining foreign currency derivative instruments and from non-cash fair value inventory adjustments associated with our business combinations. During 2013 we recorded non-cash fair value inventory adjustments and merger and acquisition charges associated with the Acquisition of DuPont for \$104 million and \$28 million, respectively.
- M** Represents (1) the add-back of corporate allocations from DuPont to DPC for the usage of DuPont's facilities, functions and services; costs for administrative functions and services performed on behalf of DPC by centralized staff groups within DuPont; a portion of DuPont's general corporate expenses; and certain pension and other long-term employee benefit costs, in each case because we believe these costs are not indicative of costs we would have incurred as a standalone company net, of (2) estimated standalone costs based on a corporate function resource analysis that included a standalone executive office, the costs associated with supporting a standalone information technology infrastructure, corporate functions such as legal, finance, treasury, procurement and human resources and certain costs related to facilities management. This resource analysis included anticipated headcount and the associated overhead costs of running these functions effectively as a standalone company of our size and complexity. This estimate is provided for additional information and analysis only, as we believe that it facilitates enhanced comparability between Predecessor and Successor periods. It represents the difference between the costs that were allocated to our predecessor by its parent and the costs that we believe would be incurred if it operated as a standalone entity.

Adjusted Net Income Reconciliation



(\$ in millions, except per share data)		Q3 2020		Q3 2019	
	Net income	\$	83	\$	66
	Less: Net (loss) income attributable to noncontrolling interests		—		1
	Net income attributable to controlling interests		83		66
A	Debt extinguishment and refinancing related costs		—		—
B	Termination benefits and other employee related costs		36		29
C	Strategic review and retention costs		7		3
D	Offering and transactional costs		—		—
E	Loss (gain) on divestiture and impairment		—		(1)
F	Pension special events		(1)		—
G	Accelerated depreciation		—		5
H	Indemnity (income) losses		—		—
I	Step-up depreciation and amortization		28		29
	Total adjustments	\$	71	\$	66
J	Income tax provision impacts		14		10
	Adjusted net income	\$	140	\$	122
	Diluted adjusted net income per share	\$	0.59	\$	0.52
	Diluted weighted average shares outstanding		236		236

Adjusted Net Income Reconciliation (cont'd)

- A** Represents expenses and associated changes to estimates related to the prepayment, restructuring, and refinancing of our indebtedness, which are not considered indicative of our ongoing operating performance.
- B** Represents expenses and associated changes to estimates related to employee termination benefits and other employee-related costs. Employee termination benefits are primarily associated with Axalta Way initiatives. These amounts are not considered indicative of our ongoing operating performance.
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- I** Represents the incremental step-up depreciation and amortization expense associated with the acquisition of DuPont Performance Coatings by Axalta. We believe this will assist investors in performing meaningful comparisons of past, present and future operating results and better highlight the results of our ongoing operating performance.
- J** The income tax impacts are determined using the applicable rates in the taxing jurisdictions in which expense or income occurred and includes both current and deferred income tax expense (benefit) based on the nature of the non-GAAP performance measure. Additionally, the income tax impact includes the removal of discrete income tax impacts within our effective tax rate which were expenses of \$3.6 million, and benefits of \$26.8 million, \$1.0 million, and \$5.1 million for the three months and nine months ended September 30, 2020 and 2019, respectively. The tax benefits for the nine months ended September 30, 2020 include the removal of a significant one-time benefit associated with the recognition of a deferred tax asset related to an intra-entity transfer of certain intellectual property rights. The deferred tax benefit will be ratably amortized into our adjusted income tax rate as the tax attribute is realized.

Free Cash Flow Reconciliation



(\$ in millions)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Cash provided by operating activities	410	559	540	496	573
Purchase of property, plant and equipment	(138)	(136)	(125)	(143)	(113)
Interest proceeds on swaps designated as net investment hedges	-	-	-	9	15
Free cash flow	272	423	415	362	475



Thank You!