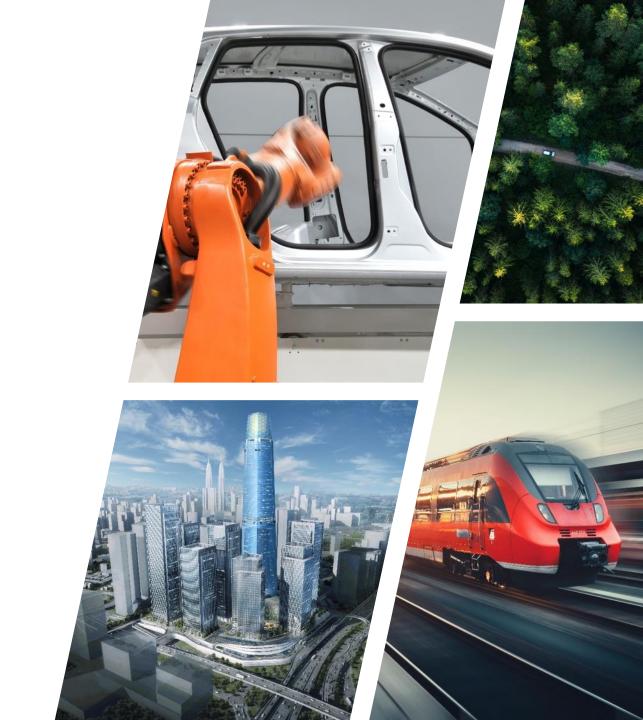


Investor Presentation

First Quarter 2021



Legal Notices

Forward-Looking Statements

This presentation and the oral remarks made in connection herewith may contain certain forward-looking statements regarding Axalta and its subsidiaries within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including our guidance, which includes net sales growth, currency effects, acquisition or divestment impacts, Adjusted diluted EPS, interest expense, income tax rate, as adjusted, free cash flow, capital expenditures, depreciation and amortization, and diluted shares outstanding, and the effects of COVID-19 on Axalta's business and financial results. Axalta has identified some of these forward-looking statements with words such as "anticipates," believes," "expects," "estimates," "is likely," "outlook," "guidance," "projects," "forecasts," "may," "will," "should," "plans" and "intends" and the negative of these words or other comparable or similar terminology. All of these statements are based on management's expectations as well as estimates and assumptions prepared by management that, although they believe to be reasonable, are inherently uncertain. These statements involve risks and uncertainties, including, but not limited to, economic, competitive, governmental and technological factors outside of Axalta's control, including the effects of COVID-19, that may cause its business, industry, strategy, financing activities or actual results to differ materially. The impact and duration of COVID-19 on our business and operations is uncertain. Factors that will influence the impact on our business and operations include the duration and extent of COVID-19, the extent of imposed or recommended containment and mitigation measures, and the general economic consequences of COVID-19. More information on potential factors that could affect Axalta's financial results is available in "Forward Looking Statements", "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-Q for the quarters en

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 EBITDA, Adj 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 EBITDA, Adjuste that of others in our industry. Constant currency net sales growth, income tax rate, as adjusted EBIT, Adjusted 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 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 EBITDA, 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

Axalta Profile Evolution of Axalta 3 **Diversified Portfolio and Attractive End-Markets AXALTA Competitive Advantages** 5 **Investment and Liquidity** 6 **Current Operating Environment**



Axalta is a Global Leader

- #1 or #2 market share in ~90% of markets served
- Industry leading margins reflect strength of technology, application knowhow, and global brands
- 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: #2 position globally; strong through-cycle margins and 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

Summary Statistics (FY 2020)

Net Sales Adj. EBITDA⁽¹⁾

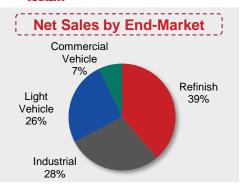
\$3.7bn

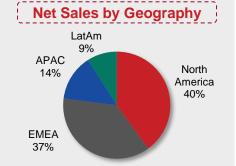
\$760mm 20% Margin Free Cash Flow⁽²⁾

\$442mm

Superior Adj. EBITDA Margins⁽³⁾









^{1.} Adj. EBITDA Reconciliation on pages 29-30. 2. Free Cash Flow reconciliation on page 33. 3. Competitor EBITDA margins – SHW from YE 2020 earnings presentation, PPG from PPG reconciliation, RPM from filing LTM 11/20, AKZA YE 2020 earnings presentation, AKZA EBITDA margin is only for Performance Coatings portion of business.

Global Presence



Manufacturing Sites

Customer Training
Facilities

Technology Centers

Over 130
Countries We Sell Into



Shareholder Value Creation

Growth

- Technology and innovation drivers
- Evolution of culture and incentives
- Clear strategies by end-market with accountability

Productivity

- Axalta Way II
- Global restructuring
- Converting temporary cost savings into structural savings

Shareholder Value Creation

M&A

- Coatings consolidation opportunity continues
- Strong track record to date
- Bolt-on deals minimize risk, maximize returns
- Add products, technology, market access
- Returns enhanced by synergies

Capital Allocation

- Target increased return on invested capital (ROIC)
- At least 50% of FCF deployed to M&A over time
- Share buyback opportunistically

Focus on Productivity, Operating Excellence and Investment

Organizational Shift

- Commenced pivot to more business focused structure that will enable us to further achieve strategic goals
- Streamlined organization to provide agility in decision making process

Cost Saving Actions

- We achieved ~\$215 million of temporary and structural 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

- Industry leading Technology investment drives organic growth
- Pipeline of new product innovations and product customizations

Enhanced IT Tools

- S/4 HANA 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



1 ESG at Axalta



- Global Responsible Care® RC 14001 and ISO 14001 certifications for manufacturing sites
- Continued reductions in energy, emissions, and waste from operations
- Aligning climate change efforts to TCFD framework
- Focus on environmentally friendly products (eg. Energy Solutions portfolio, powder coatings, and waterborne coatings)
- Ongoing focus on product safety and environmental stewardship of chemical inputs



- Top-decile safety performance in our industry
- Programs to support employee growth and development
- Focusing on diversity, equity and inclusion efforts globally
- Commitment to responsible sourcing practices and upholding human rights in the supply chain



- Strong commitment to ethical business conduct; no material compliance issues in Axalta history
- ESG strategy aligned with business strategy
- Board oversight of ESG; added EHSS Committee
- ESG Steering Committee with executivelevel and cross-functional representation

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



Axalta's Evolution

Road to 2030

2021 Onwards

Next Chapter...

Significant Upside

- Focus on growth
- White space opportunities in all end-markets
- Continued execution on Axalta Way II and incremental restructuring goals announced in Q3 2020
- Innovation to drive continued market share gains
- Improving cash flow profile
- Industry consolidation drives growth opportunity

Future is Now

2020

Transformation

2015 - 2019

Carve Out

The Carlyle Group

Brief PE Ownership⁽¹⁾

2013 - 2014

Completed carve out

Global rebranding

structures

other priorities

growth

New leadership (replaced

nearly all top ~150 leaders)

Established new global strategy

Established global end-market

Realigned incentives to drive

Minimal cost reduction due to

Profitable Growth

- Axalta Way II: \$200mm phase two initiative underway
- Refined technology strategy to maximize return on R&D
- Strategic review launched in June 2019

Before 2012

Non-Core Division

Dupont Ownership

Run & Maintain

- Capital constrained
- Risk averse "run & maintain" strategy
- Global strategy was not evident
- Regional business structure with no customer facing commercial end-market leadership
- Few incentives to grow

Public Company

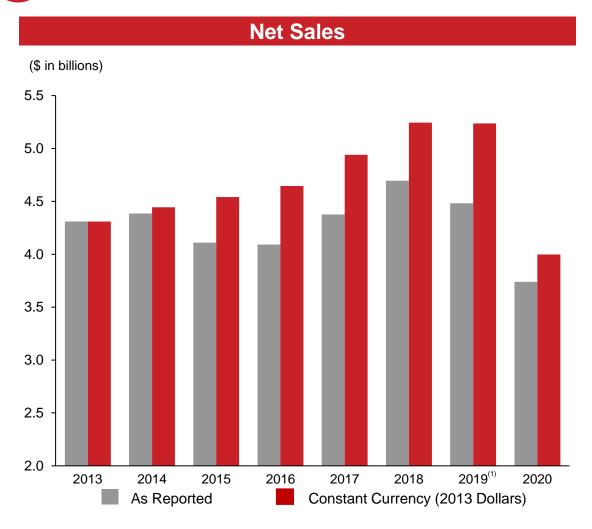
- Capacity expansion investments
- Axalta Way I: \$200mm cost savings achieved
- investment
- Doubled Industrial net sales via organic and inorganic growth
- 21 acquisitions completed with >\$800mm in capital deployed

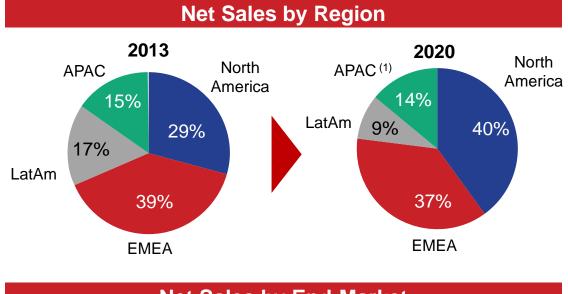
COVID-19 Pandemic Structure and Agility

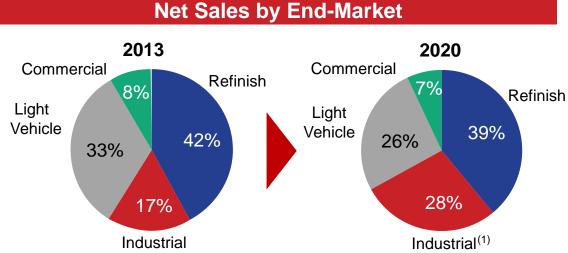
- Completed strategic review in March 2020
- Global reorganization initiated in Q3 2020 in order to streamline and focus strategy and decision
- Brought on new leaders for the Transportation and Industrial businesses as well as the Strategy group
- Displayed agile management through cost and cash actions during COVID-19 pandemic by achieving \$215mm in total cost savings and \$155mm in incremental cash actions
- Axalta Way II: Achieved \$50mm savings as \$200mm phase two initiative underway

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

Net Sales Trends



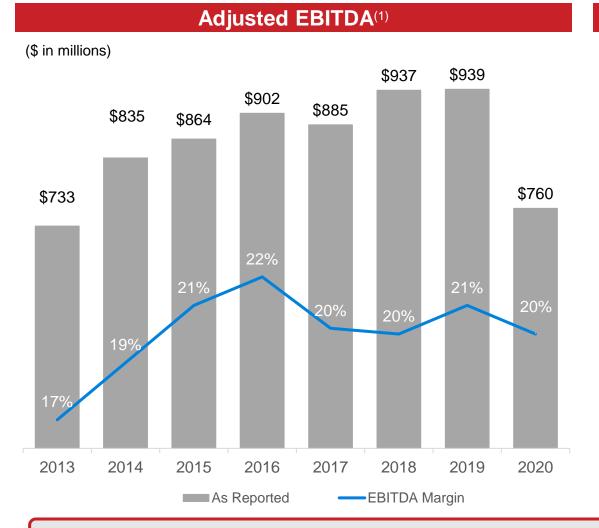






^{1.} Includes removal of sales from China Powder JV divestiture in 2019

Adjusted EBITDA Trends



EBITDA Drivers

- Adjusted EBITDA margins increased from 17% in 2013 to 20% in 2020
- 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 and benefited from raw material cycle through 2019 and 2020

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





Axalta's Diversified Portfolio within Performance Coatings

Summary Statistics

FY 2020 Net Sales

\$2.5bn

Refinish: \$1.4bn Industrial: \$1.1bn

FY 2020 Adj. EBIT

\$344mm *14% margin*

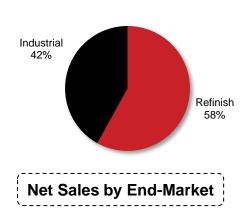
Refinish⁽¹⁾

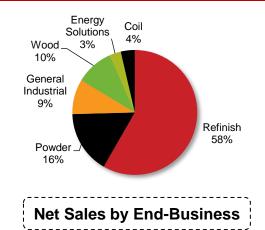
- Global leader #1 player with 25% market share
- Strong record of realizing value through world class service, brand differentiation and price optimization
- Drive growth in North America with MSO⁽²⁾ alignment
- New products and emerging markets to continue to drive growth

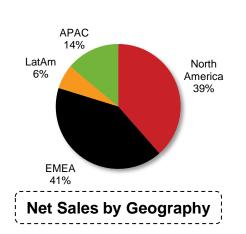
Industrial⁽³⁾

- #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-Markets⁽⁴⁾







1. Orr & Boss 2. MSO: Multi-shop operator. 3. Axalta data 4. All financials are FY 2020.



Attractive End-Markets: Refinish

U.S. Body Shop Consolidation

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



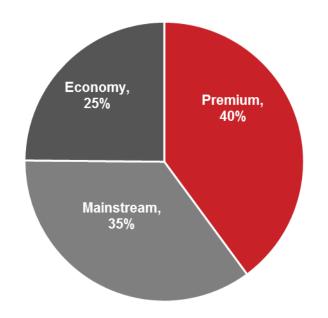
Growth in Central and Eastern Europe



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

China Growth in Mainstream & Tier Cities





- 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.

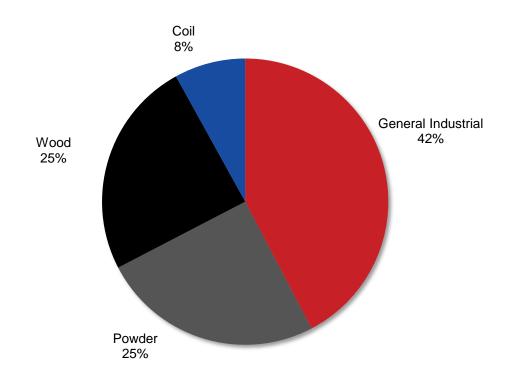


Attractive End-Markets: Industrial Coatings

Industrial Coatings

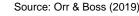
Industrial Coatings: \$42bn market

(% of Industrial Coatings Market)



Growth Drivers

- 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





Axalta's Diversified Portfolio within Transportation Coatings

Summary Statistics

FY 2020 Net Sales

\$1.2bn

Light Vehicle: \$1.0bn Commercial Vehicle: \$0.3bn

FY 2020 Adj. EBIT

\$83mm 7% margin

Light Vehicle

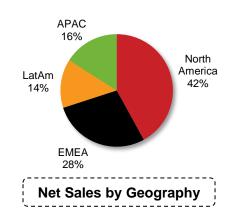
- #2 Light Vehicle coatings supplier
- Strong multi-decade customer relationships
- Market share growth with core customers
- Rebuilt relationships with key underserved customers

Commercial Vehicle

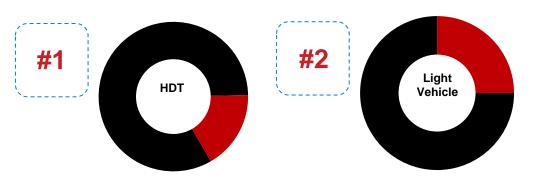
- #1 Heavy Duty Truck ("HDT") and bus coatings supplier
- IMRON™ is best-in-class for customer productivity
- Actively growing in adjacent markets with core technology
- Established competitive NA cost structure with 2016 downturn

Net Sales Breakdown⁽¹⁾

Commercial Vehicle 21% Light Vehicle 79% Net Sales by End-Market



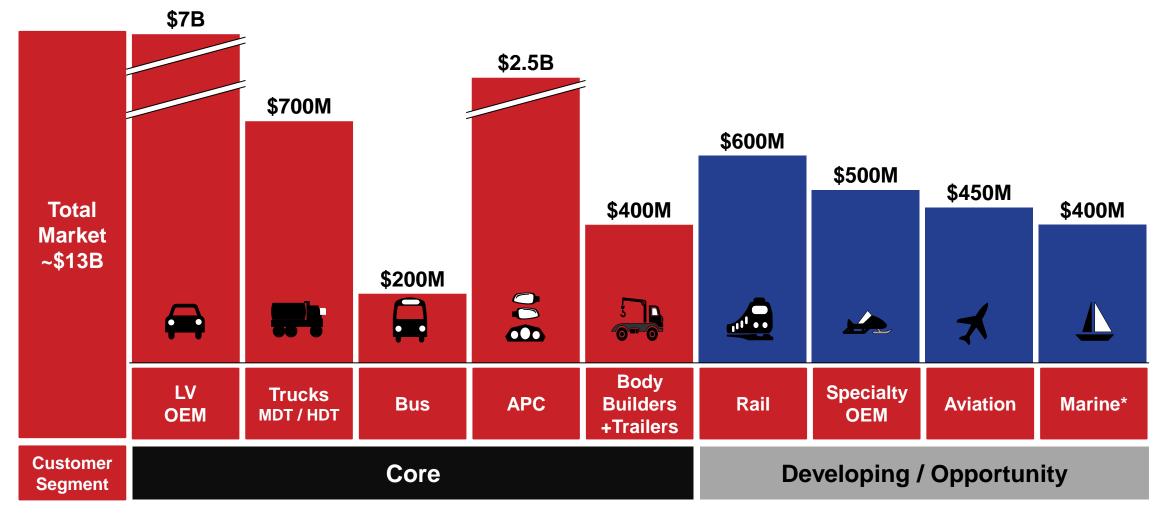
Global Share Position⁽²⁾





^{1.} All financials are FY 2020 2. Orr & Boss, Axalta data

Attractive End-Markets: Transportation Coatings



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

Competitive Advantages

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



60+ years of color











- Best-in-class color matching and productivity solutions
- ✓ Future pipeline of next-gen and emerging technologies
- √ 4+ million color variations
- Hundreds of thousands of formulations in automotive & industrial
- ✓ Styling trends
- ✓ Consumer choice
- Personalization
- ✓ "One-stop" shop for many endbusinesses
- √ 25,000+ color developments annually
- √ 50 new product innovations
- ✓ Pipeline of product customizations

- Virtual training and technical support
- Process and application engineering
- ✓ Line service excellence

- ✓ Deep European and American coatings heritage since 1866
- ✓ Broad global brand portfolio
- ✓ 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 1,300+ 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

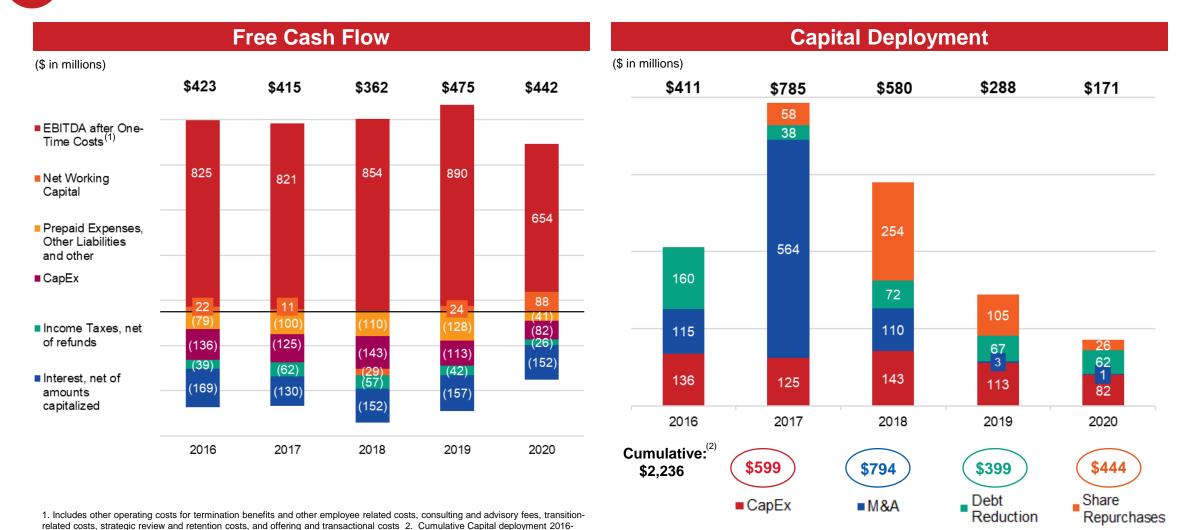
Leading Technology Investment for Innovation

- Roadmaps aligned with businesses
- Coating systems and application design provide solutions for customers
- Advanced Mobility Solutions for products and processes
- World class customer service



Industry Trends	Axalta Technologies	
Growth in Multi-Shop Operators (MSO)	 Waterborne technology improves body shop productivity and national coverage enables superior service levels and high customer intimacy 	
Performance & Appearance Enhancement	AquaEC™ Electrocoat technology for Industrial coatings provides customers with tin-free formulation, energy savings, increased yield and improved corrosion protection	uaEC™
More Complex Colors	 Advanced color matching technologies critical to body shop supplier selection Axalta's Integration with OEMs maintains one of the broadest color libraries in the industry Advanced LiDAR and Radar measurement techniques support assisted driving and autonomous capabilities 	
Productivity Improvement	Axalta technologies enable reduction to capital intensity, footprint, and energy use across all businesses allowing customers to improve efficiency	
Sustainability	 Axalta technologies and systems provide reduced emissions while maintaining performance AquaEC™ improves galvanic corrosion resistance enabling the use of multi-metal substrates Low temperature topcoats allow for increased use of advanced plastic technologies 	

Free Cash Flow and Capital Deployment



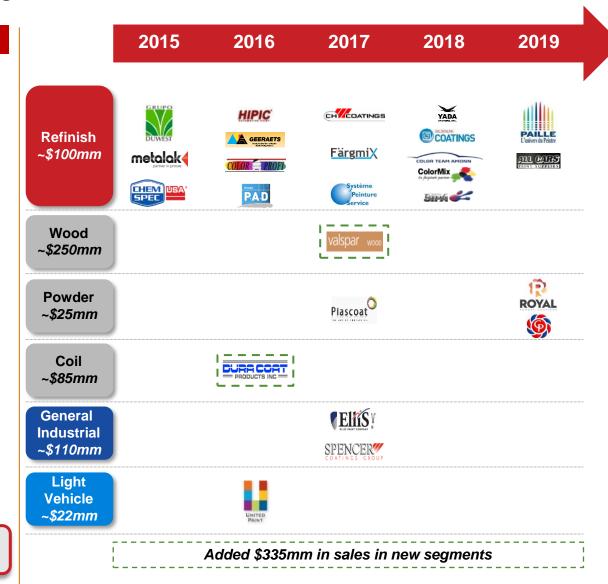
Strong 2020 cash flow magnified by reduction of capital deployment throughout COVID-19 pandemic



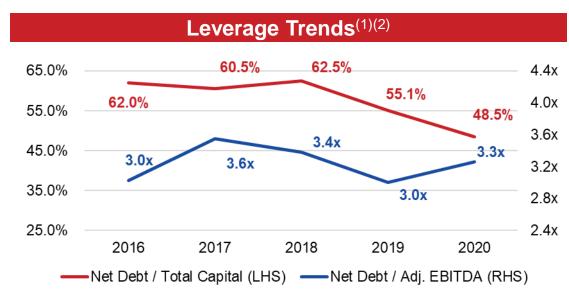
Growth and Diversity from M&A Program

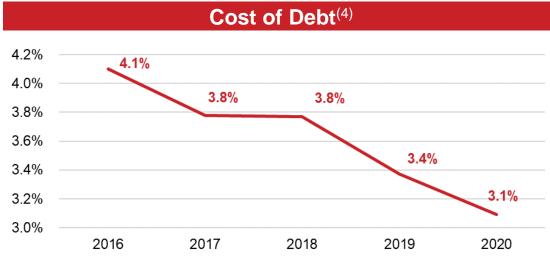
Track Record of Successful Acquisitions 23 Acquisitions since 2015 ~\$600_{mm} Annual sales added ~\$120_{mm} Incremental EBITDA Integrated manufacturing 13 locations Diversification % Industrial **17%** → **27%** 2014 vs 2018

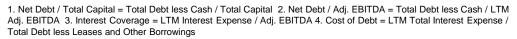
Disciplined Approach to Acquisitions With a Large Number Of Potential Targets

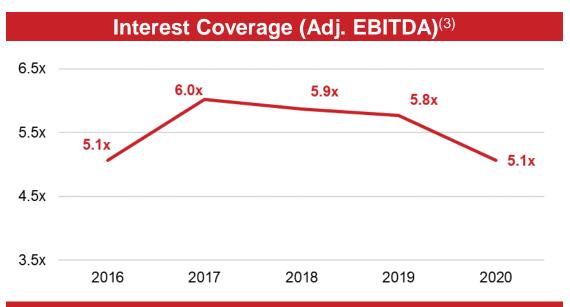


Debt and Liquidity Summary

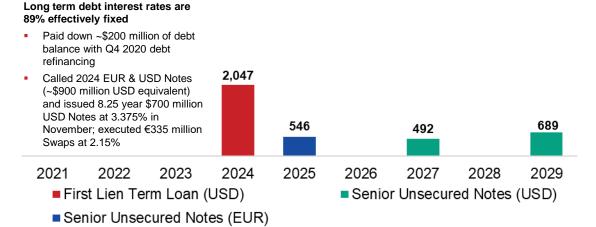








Debt Maturity Profile



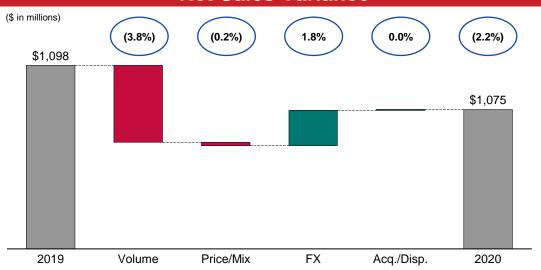


Q4 2020 Consolidated Results

Financial Performance

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

Net Sales Variance



Commentary

Continued Q4 net sales recovery across most endmarkets

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

Strong Adjusted EBIT

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

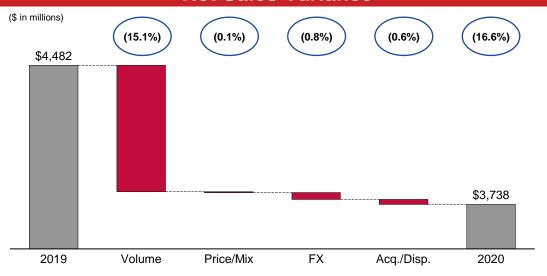


FY 2020 Consolidated Results

Financial Performance

			FY		% Cha	ange			
(\$ in million)		2020		2019	Incl. FX	Excl. FX			
Performance		2,516		2,923	(13.9)%	(13.7)%			
Transportation		1,221		1,559	(21.7)%	(19.7)%			
Net Sales		3,738		4,482	(16.6)%	(15.8)%			
Income from ops		306		488	(37.4)%				
Adjusted EBIT		537		706	(24.0)%				
% margin		14.4	%	15.8 %					
Diluted EPS	\$	0.52	\$	1.06	(50.9)%				
Adjusted EPS	\$	1.33	\$	1.80	(26.1)%				

Net Sales Variance



Commentary

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

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

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

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



Current Operating Environment within Performance Coatings

Performance Market Commentary

Refinish

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

Industrial

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





Current Operating Environment within Transportation Coatings

Transportation Market Commentary

Light Vehicle

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

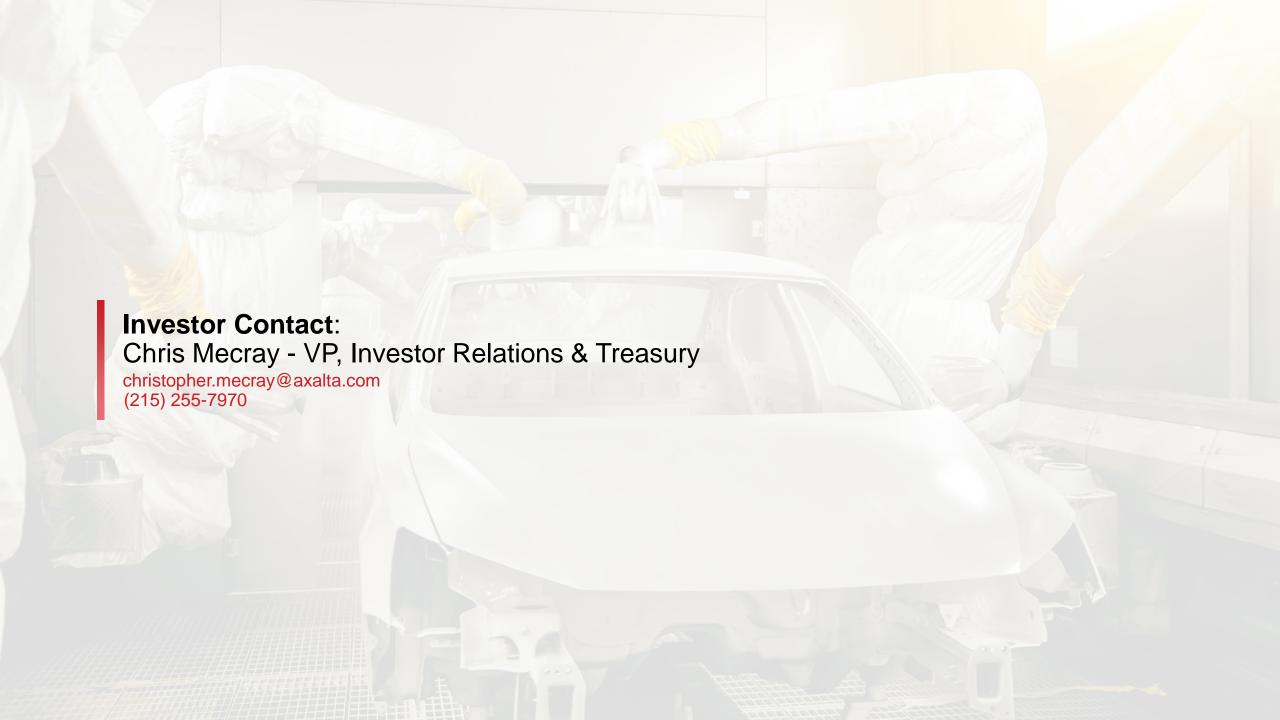
Commercial Vehicle

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









Adjusted EBIT Reconciliation

(\$	(\$ in millions)		Y 2020	FY 2019	Q4 2020	Q4 2019
	Income from operations	\$	306 \$	488 \$	163 \$	109
	Other expense (income), net		33	(4)	33	(1)
	Total	\$	272 \$	492 \$	131 \$	110
Α	Debt extinguishment and refinancing related costs		34	_	32	_
В	Termination benefits and other employee related costs		75	35	5	2
С	Strategic review and retention costs		31	13	6	10
D	Offering and transactional costs		_	1	_	_
Ε	Divestiture and impairment charges		6	21	2	18
F	Pension special events		_	(1)	2	(1)
G	Accelerated depreciation		9	24	_	6
Н	Indemnity (income) loss		_	_	_	_
<u>ı</u>	Step-up depreciation and amortization		110	120	28	30
	Adjusted EBIT	\$	537 \$	706 \$	205 \$	174
	Segment Adjusted EBIT:					
	Performance Coatings	\$	344 \$	449 \$	130 \$	118
	Transportation Coatings		83	137	48	26
	Total	\$	427 \$	586 \$	177 \$	144
<u>1</u>	Step-up depreciation and amortization		110	120	28	30
	Adjusted EBIT	\$	537 \$	706 \$	205 \$	174

Adjusted EBIT Reconciliation (cont'd)

- A Represents expenses and associated changes to estimates related to the prepayment, restructuring, and refinancing of our indebtedness, which are not considered indicative of our ongoing operating performance.
- B Represents expenses and associated changes to estimates related to employee termination benefits and other employee-related costs. Employee termination benefits are primarily associated with Axalta Way initiatives, which include recent incremental restructuring actions. These amounts are not considered indicative of our ongoing operating performance.
- Represents costs for legal, tax and other advisory fees pertaining to our review of strategic alternatives that was concluded in March 2020, as well as retention awards for certain employees which will be earned over a period of 18-24 months, ending September 2021. These amounts are not considered indicative of our ongoing operating performance.
- **D** Represents acquisition and divestiture-related expenses, all of which are not considered indicative of our ongoing operating performance.
- E Represents expenses and associated changes to estimates related to the sale of our joint venture business during 2019 and other impairments, which are not considered indicative of our ongoing performance.
- F Represents certain defined benefit pension costs associated with special events, including pension curtailments, settlements and special termination benefits, which we do not consider indicative of our ongoing operating performance.
- **G** Represents incremental depreciation expense resulting from truncated useful lives of the assets impacted by our manufacturing footprint assessments, which we do not consider indicative of our ongoing operating performance.
- H Represents indemnity loss (income) associated with the acquisition by Axalta of the DuPont Performance Coatings business, which we do not consider indicative of our ongoing operating performance.
- 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

															P	redecessor	(Combined
\$ in m	illions)	F	Y 2020	FY 2019	FY	/ 2018	F	Y 2017	FY 20	16	FY 2015	FY	2014	eb-Dec 2013		Jan 2013		FY 2013
	Net income (loss)	\$	122	\$ 253	\$	213	\$	48	\$ 4	45	\$ 96	\$	32	\$ (222)	\$	9	\$	(213)
	Interest expense, net		150	163		160		147	1	78	197		218	215		_		215
	Provision (benefit) for income taxes		_	77		54		142	;	38	62		_	(46)		7		(39)
	Depreciation and amortization		320	353		369		347	3:	22	308		309	301		10		311
	Reported EBITDA	\$	592	\$ 846	\$	796	\$	684	\$ 5	33	\$ 662	\$	559	\$ 248	\$	26	\$	274
Α	Debt extinguishment and refinancing related costs		34	_		10		14	9	98	3		6	25		_		25
В	Termination benefits and other employee related costs		75	35		82		35	(62	37		18	148		_		148
С	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		31	13		_		_		_	_		_			_		_
F	Offering and transactional costs		_	1		1		18		6	(2)		22			_		_
G	Divestiture, impairments and deconsolidation charges		6	21		_		79	(86	31		_			_		_
Н	Foreign exchange remeasurement losses		7	8		9		7	;	31	94		81	49		5		54
I	Long-term employee benefit plan adjustments		_	_		(2)		1		2	_		(1)	10		2		12
J	Stock-based compensation		15	16		37		39		41	30		8	7		_		7
K	Dividends in respect of noncontrolling interest		(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	\$	168	\$ 93	\$	141	\$	201	\$ 3	19	\$ 202	\$	276	\$ 448	\$	13	\$	460
	Adjusted EBITDA	\$	760	\$ 939	\$	937	\$	885	\$ 9	02	\$ 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.
- 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.
- 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.
- Represents costs for legal, tax and other advisory fees pertaining to our review of strategic alternatives that was concluded in March 2020, as well as retention awards for certain employees which will be earned over a period of 18-24 months, ending September 2021. These amounts are not considered indicative of our ongoing 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.
- 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.
- 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.
- Eliminates the non-cash, non-service cost components of long-term employee benefit costs.
- . 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.
- 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 and merger and acquisition charges associated with the Acquisition of DuPont for \$104 million and \$28 million, respectively.
 - 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)	F`	Y 2020	FY 2019	Q4 2020	Q4 2019
	Net Income	\$	122 \$	253 \$	70 \$	42
	Less: Net income attributable to noncontrolling interests		<u> </u>	4	1	1
	Net income attributable to controlling interests		122	249	70	42
Α	Debt extinguishment and refinancing related costs		34	_	32	_
В	Termination benefits and other employee related costs		75	35	5	2
С	Strategic review and retention costs		31	13	6	10
D	Offering and transactional costs		_	1	_	_
Е	Divestiture and impairment charges		6	21	2	18
F	Pension special events		_	(1)	2	(1)
G	Accelerated depreciation		9	24	_	6
Н	Indemnity (income) loss		_	_	_	_
	Step-up depreciation and amortization		110	120	28	30
	Total adjustments	\$	265 \$	213 \$	75 \$	64
J	Income tax provision impacts		71	38	8	8
	Adjusted net income	\$	315 \$	424 \$	136 \$	98
	Adjusted diluted net income per share	\$	1.33 \$	1.80 \$	0.58 \$	0.42
	Diluted weighted average shares outstanding		236	236	236	236

Adjusted Net Income Reconciliation (cont'd)

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- 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.
- The income tax impacts are determined using the applicable rates in the taxing jurisdictions in which expense or income occurred and includes both current and deferred income tax expense (benefit) based on the nature of the non-GAAP performance measure. Additionally, the income tax impact includes the removal of discrete income tax impacts within our effective tax rate which were expenses of \$4.4 million and \$0.5 million for the three months ended December 31, 2020 and 2019, respectively, and benefits of \$22.4 million and \$4.6 million for the years ended December 31, 2020 and 2019, respectively. The tax benefits for the year ended December 31, 2020 include the removal of a significant one-time benefit associated with the recognition of a deferred tax asset related to an intra-entity transfer of certain intellectual property rights. The deferred tax benefit will be ratably amortized into our adjusted income tax rate as the tax attribute is realized.

Free Cash Flow Reconciliation

(\$ in millions)	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Cash provided by operating activities	509 \$	573 \$	496 \$	540 \$	559
Purchase of property, plant and equipment	(82)	(113)	(143)	(125)	(136)
Interest proceeds on swaps designated as net investment hedges	15	15	9	_	
Free cash flow	442 \$	475 \$	362 \$	415 \$	423



