



# Investor Presentation

August 3, 2021

# Legal Notice

## Forward-Looking Statements

This presentation and the oral remarks made in connection herewith may contain certain forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 regarding Axalta and its subsidiaries, including our 2021 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, the effects of COVID-19 on Axalta's business and financial results, the timing or amount of any future share repurchases, our longer term financial projections and goals and our business strategies. 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 impact and duration of COVID-19 on our business and operations is uncertain. Factors that will influence the impact on our business and operations include the duration and extent of COVID-19, the extent of imposed or recommended containment and mitigation measures, and the general economic consequences of COVID-19. More information on potential factors that could affect Axalta's financial results is available in "Forward-Looking Statements," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" within Axalta's most recent Annual Report on Form 10-K, and in other documents that we have filed with, or furnished to, the U.S. Securities and Exchange Commission. Axalta undertakes no obligation to update or revise any of the forward-looking statements contained herein, whether as a result of new information, future events or otherwise.

## Non-GAAP Financial Measures

The historical and forward-looking 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, ROIC, 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 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, ROIC, Adjusted net income and Adjusted EBITDA to interest expense coverage ratio may differ from that of others in our industry. Constant currency net sales growth, income tax rate, as adjusted, EBIT, Adjusted EBIT, EBITDA, Adjusted EBITDA, Adjusted diluted EPS, free cash flow, net debt, ROIC, 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, ROIC, 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 presentation includes a reconciliation of certain non-GAAP financial measures with the most directly comparable financial measures calculated in accordance with GAAP. Axalta does not provide a reconciliation for non-GAAP estimates for constant currency net sales growth, Adjusted EBIT, Adjusted EBITDA, Adjusted diluted EPS, income tax rate, as adjusted, or free cash flow on a forward-looking basis because the information necessary to calculate a meaningful or accurate estimation of reconciling items is not available without unreasonable effort. For example, such reconciling items include the impact of foreign currency exchange gains or losses, gains or losses that are unusual or nonrecurring in nature, as well as discrete taxable events. We cannot estimate or project these items and they may have a substantial and unpredictable impact on our US GAAP results.

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

# Contents




**Overview of Axalta**



**Q2 2021 Earnings**



**Financial Forecast through 2024**

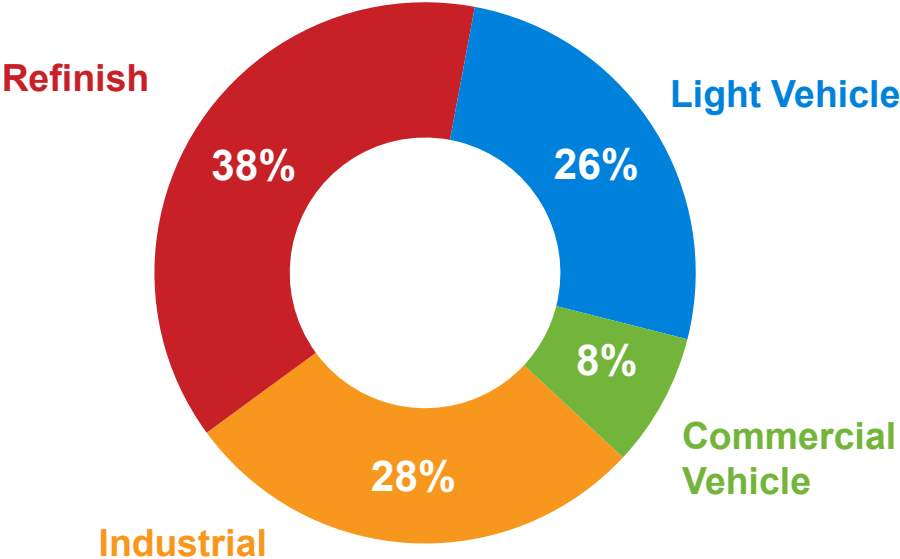


**Appendix**

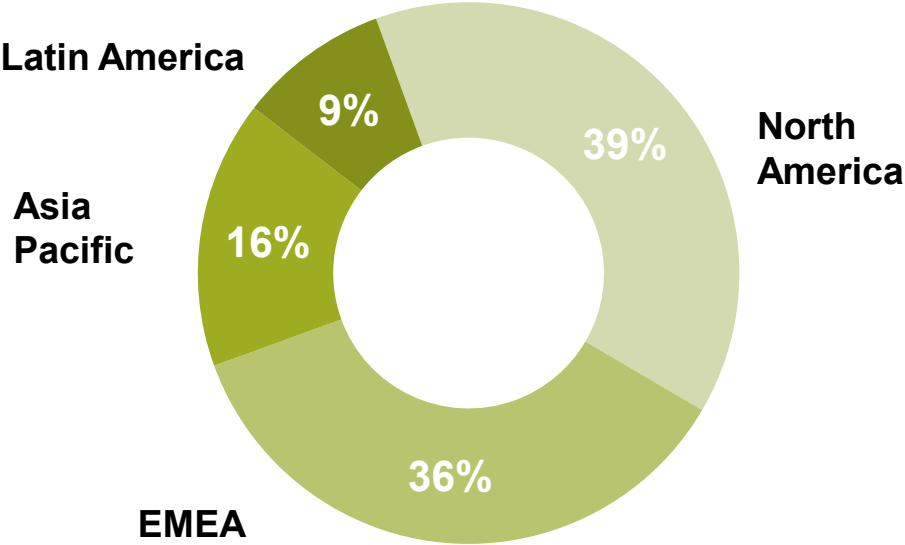


# Strategic and Complementary Businesses

2021E NET SALES ~\$4.5B



BY GEOGRAPHY



## Performance Coatings

### Refinish

- Independent body shops
- Multi-shop operators (MSOs)
- Auto dealership groups

### Industrial

- General Industrial
- Building Products
- Energy Solutions

## Mobility Coatings

### Light Vehicle

- Automotive OEMs
- Plastic and composite components
- Automotive coatings application services

### Commercial Vehicle

- Heavy duty and utility trucks
- Rail, bus and machinery
- Recreational and off-road
- Light marine and aviation

**STRONG AND DIVERSIFIED END MARKETS**

# Well-Established Coatings Industry Innovator

#4 Player in \$160B Coatings Market

## KEY STATISTICS

**150+**

Years in Coatings

**130+**

Countries

**4%**

R&D and Technical  
Service Investment

**32**

Global Laboratories

**50+**

New Product Platforms  
per Year

**~13,000**

Team Members

**~30M**

Vehicles Coated per Year

**47**

Manufacturing Sites

## 50+ BRANDS

**SYROX**<sup>TM</sup>

**SPIES  
HECKER**

**AquaEC**<sup>TM</sup>

**Cromax**

**nason**  
finishes

**Alesta**<sup>®</sup>  
Powder Coatings

**DUXONE**<sup>®</sup>

**IMRON**<sup>TM</sup>

**STANDOX**

# Well-Positioned for Favorable Macro Trends and Drivers

		Near-Term Trends	2021E Net Sales	Total Addressable Market	Market Position <sup>1</sup>
	<b>REFINISH</b>	Benefits from ongoing traffic recovery accelerated by the COVID-19 vaccination rollout, creating a 1–2-year demand tailwind	<b>\$1.7B</b>	<b>\$7.0B</b>	<b>#1</b>
	<b>INDUSTRIAL</b>	Global industrial production of 6-7% expected in 2021	<b>\$1.3B</b>	<b>\$65.0B</b>	<b>#2 / #4</b>
	<b>LIGHT VEHICLE</b>	Global Light Vehicle production is forecasted to grow for the next five consecutive years	<b>\$1.2B</b>	<b>\$8.5B</b>	<b>#2</b>
	<b>COMMERCIAL VEHICLE</b>	Truck production experiencing global demand recovery; 20%+ growth expected for 2021 (ex Asia)	<b>\$0.3B</b>	<b>\$3.5B</b>	<b>#1</b>

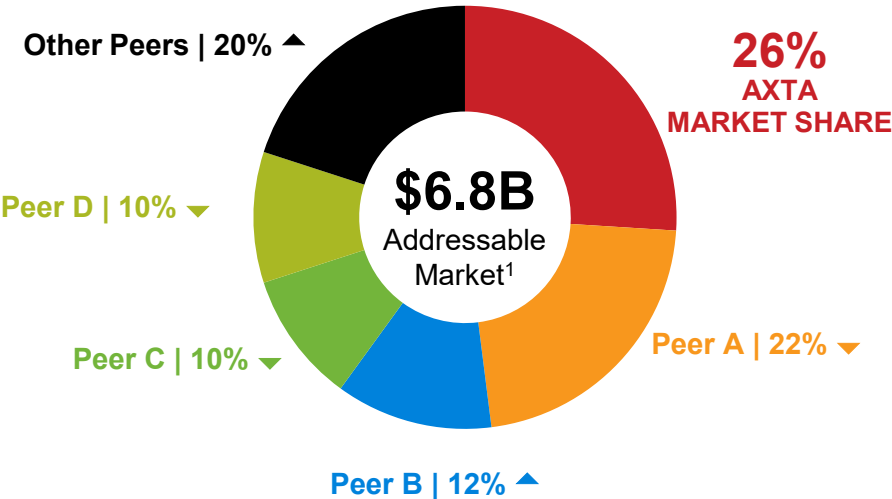
Source: Orr & Boss.

1. #2 for Global Industrial E-Coat Supplier, North American Wood Coatings Supplier and #4 Global Electrical Insulation Supplier, Light Vehicle tied with peer and #1 Globally in commercial truck & bus and CV in Americas.

# #1 Market Position in an Attractive Industry

## Refinish Market

130bps market share expansion over the past three years



### MARKET DRIVERS



MILES  
DRIVEN



ACCIDENT  
RATE



VOLUME  
PER  
REPAIR

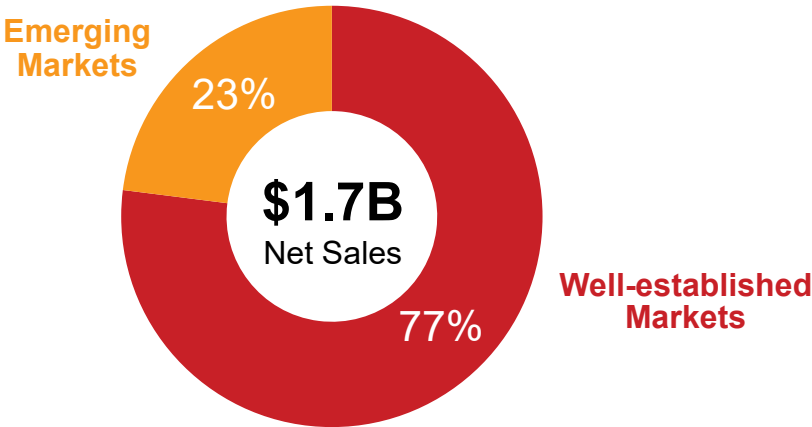


PRICE  
IMPACT

Refinish market is stable and expected to grow 2.5% YoY

1. Based on 2019 data

## Established & Emerging Markets



### EMERGING MARKETS

LA

#2

APAC

#3

GC

#2

Opportunity to expand Market Share

### WELL-ESTABLISHED MARKETS

NA

#1

EMEA

#1

Strong in the two largest markets

# Industrial Coatings Snapshot

## General Industrial

- Appliances
- Architectural Extrusions
- Coil Coatings
- Heavy Machinery
- Oil & Gas
- Storage and Fencing
- Structural Steel

## Building Products

- Doors, Frames, and Trim
- Furniture
- Kitchen Cabinets
- Residential Siding
- Wood and Luxury Vinyl Flooring

## Energy Solutions

- Distribution Transformers
- Electric Vehicles
- Energy Storage
- Power Generation
- Power Tools
- Wind Turbines

**14,000+**  
Customers

**40**  
Manufacturing  
Sites

**90+**  
Countries



**GLOBAL PRESENCE WITH LARGE AND DIVERSE CUSTOMER BASE**



# Mobility At A Glance

**3,500**  
Employees

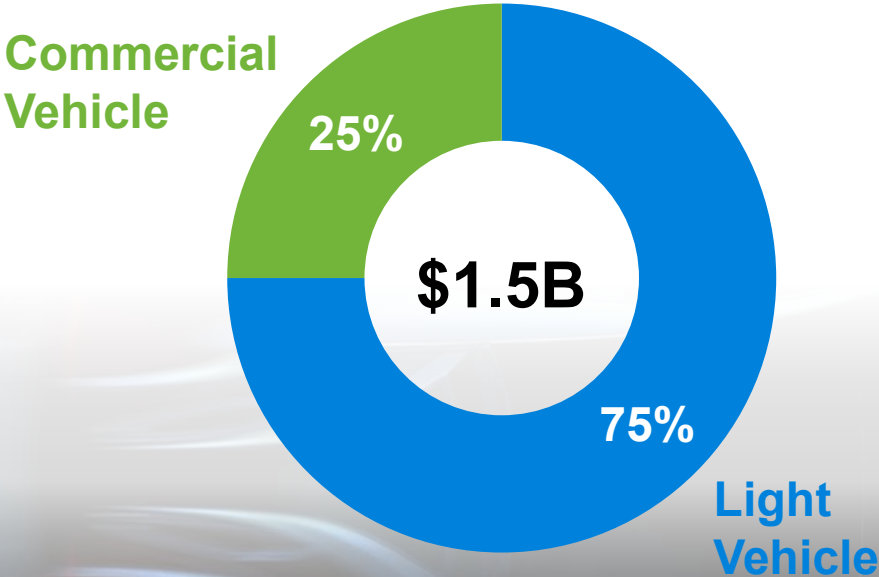
**20**  
Manufacturing  
Facilities

**4**  
Technology /  
R&D Centers

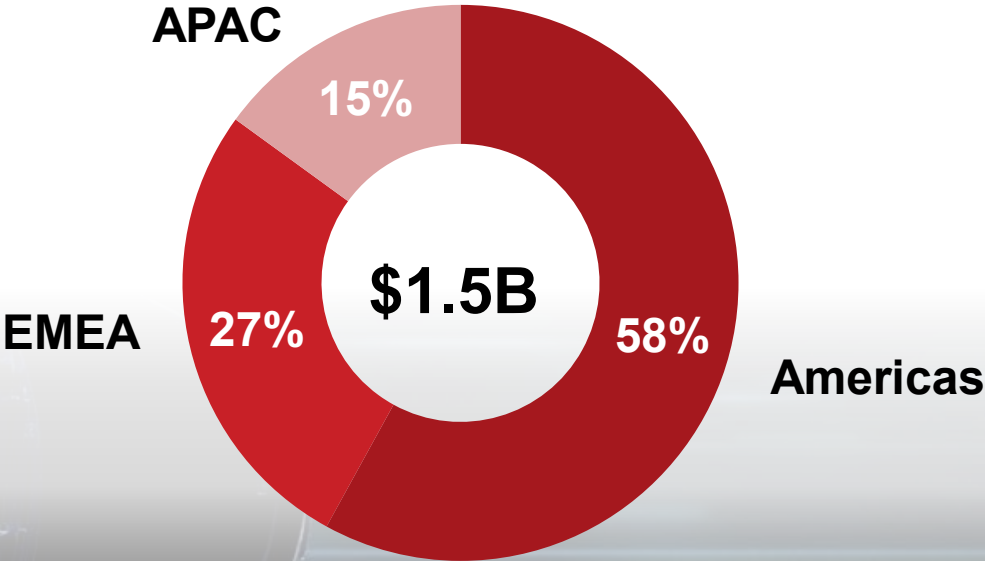
**#1**  
in Truck & Bus

**#2**  
in Light Vehicle

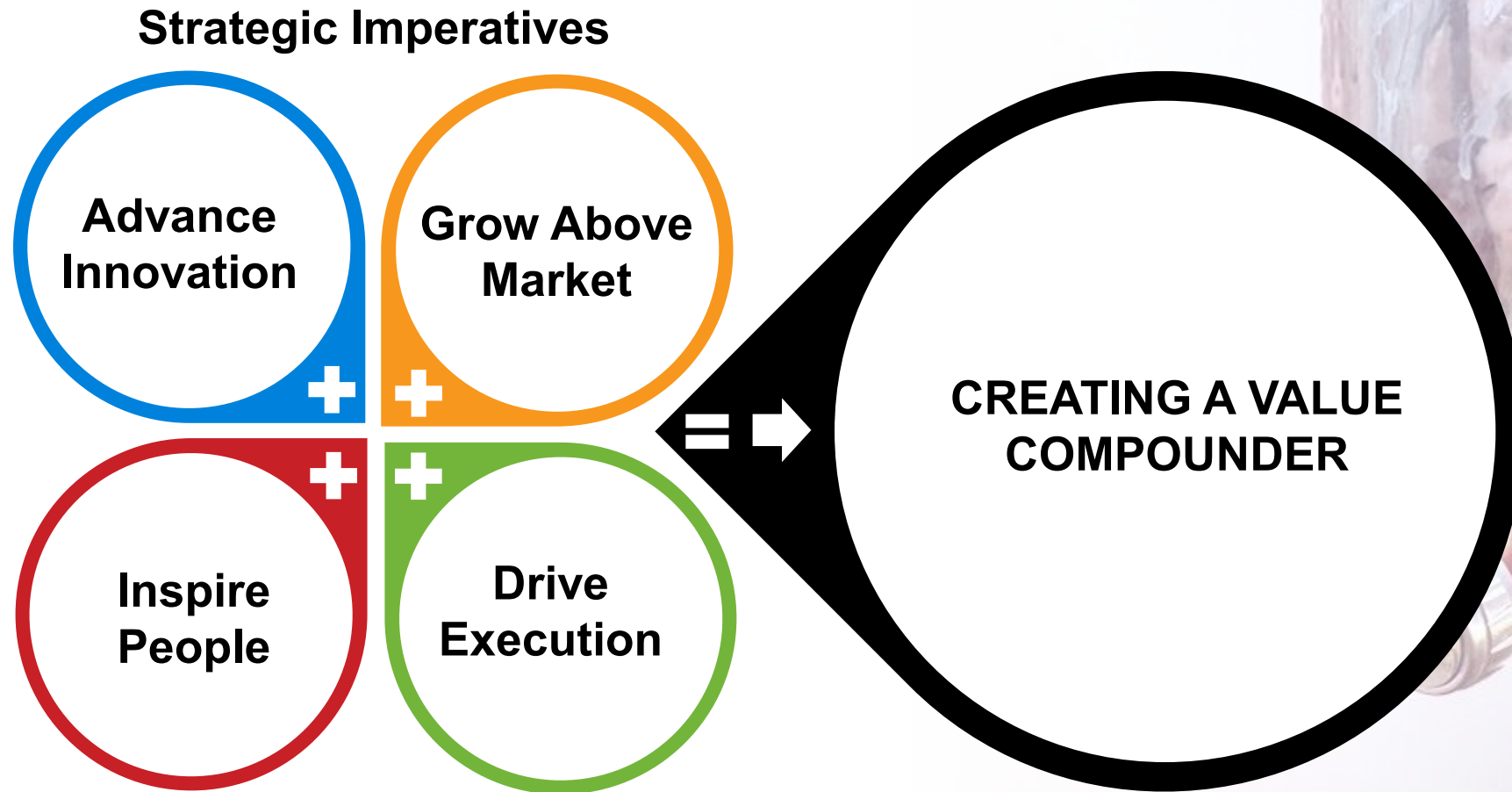
2021E Net Sales by Segment



2021E Net Sales by Region



# Shareholder Value Creation Algorithm



# Creating a Value Compounder



**Advance  
Innovation**

## **PRODUCT**

- Rapid new product development and commercialization
  - Color aesthetics, sustainability, productivity and performance

## **SERVICE**

- Expand service offerings to enhance value to customers
  - Innovative service models via digitization

## **BUSINESS MODEL**

- Creative business models
  - Unique approaches to create customer value

## **PROCESS**

- New process technologies to enhance production at global scale
- New business processes to drive efficiencies



# Creating a Value Compounder



**Grow Above  
Market**

## **GEOGRAPHIC EXPANSION**

- Accelerate growth in underpenetrated markets (e.g., China / Asia Pacific)

## **DIVERSIFICATION**

- Grow current business verticals and add new industrial end markets

## **CUSTOMER REACH**

- Expand market access via distribution channels

## **TECHNOLOGY & DATA**

- Capitalize on digitization and automation

## **STRATEGIC M&A**

- Strategic bolt-ons and high-growth adjacencies

# Creating a Value Compounder



## Drive Execution

### METRICS DRIVEN

- Safety, quality, service, cost, people development

### OPERATIONAL AND COMMERCIAL EXCELLENCE

- Drive productivity; Axalta Operational Excellence roll out
- Metrics driven accountability

### GLOBAL PRODUCTIVITY

- Axalta Way productivity targets, process reengineering to reduce global cost structure





# Creating a Value Compounder



**Inspire  
People**

## **TALENT DEVELOPMENT**

- Refreshed leadership team and added new board members with diverse, relevant skill sets

## **CULTURE**

- Performance-driven culture that fosters empowerment, innovation and calculated risk taking

## **ACCOUNTABILITY**

- Driving ownership and accountability deeper into the organization through operating structure realignment and incentive compensation

## **BEHAVIORS**

- Ownership mindset as a common culture, with a goal for every employee to embrace a commitment to safety, ethical behavior and sustainability



**INSPIRE OUR PEOPLE TO EXCEL IN A HIGH-PERFORMANCE, CUSTOMER-CENTRIC CULTURE**

# Global and Diverse Operating Footprint



# Active Pipeline with Proactive Approach to Strategic M&A

## Track Record

**24**

Acquisitions since  
2015<sup>1</sup>

**>\$635M**

Annual Revenues

**>\$125M**

Incremental EBITDA<sup>2</sup>

## Acquisition Benefits:

- Growth and cost **synergies**
- **Globalization** of regional product lines
- **Market access and capacity** with fit-for-purpose cost structure
- **Acceleration** of new product introductions
- **Acquire** new skill sets and capabilities



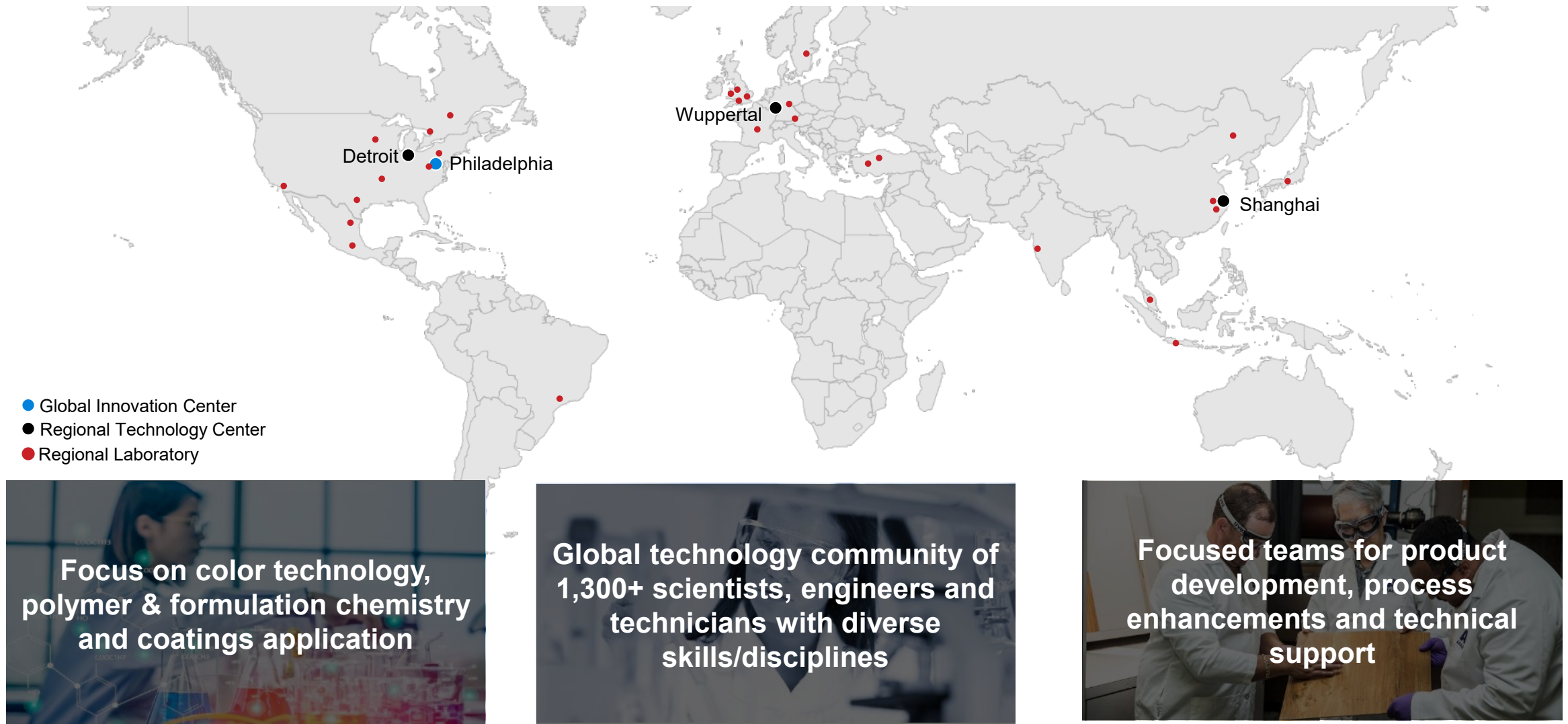
**DISCIPLINED ACQUISITIONS KEY ELEMENT OF VALUE CREATION ALGORITHM**

1. Excludes recently announced acquisition of U-POL which has not closed yet  
2. Annual Revenues and Incremental EBITDA based on TTM at time of closing



# World-Class Technology Organization

## Global Infrastructure and Coatings Expertise



# Product Innovation Drives Organic Growth

## 2021 Technology Investment

- \$188M/year R&D and technical services investment
- Investment across all business segments
- Introduce over 50 new product platforms per year that drive the majority of organic growth
- Focused customer solutions that drive growth and defend key business



>500/yr  
Product  
Modifications

~20,000/yr  
Service  
Requests

>20,000/yr  
Color  
Developments

**TECHNOLOGY INVESTMENT DRIVING TANGIBLE BUSINESS IMPACT**



# Differentiated Technology Across End-Markets



## Refinish

- Industry leading color capability
- Most productive waterborne basecoat technology
- Develop tailored technology for Premium, Mainstream and Economy segments



## Industrial

- Low emission electrical insulation materials for energy and e-mobility markets
- Award winning primer and enamel coatings for cabinetry
- Super durable extrusion products with best-in-class quality



## Light Vehicle

- Broadest portfolio of harmonized coating technology
- Industry leading premium clearcoats
- E-coat that enables expanded list of substrates and EV platforms



## Commercial Vehicle

- Benchmark for appearance and productivity for truck and bus market
- Broadest custom color solutions
- Industry leading corrosion and chip resistance

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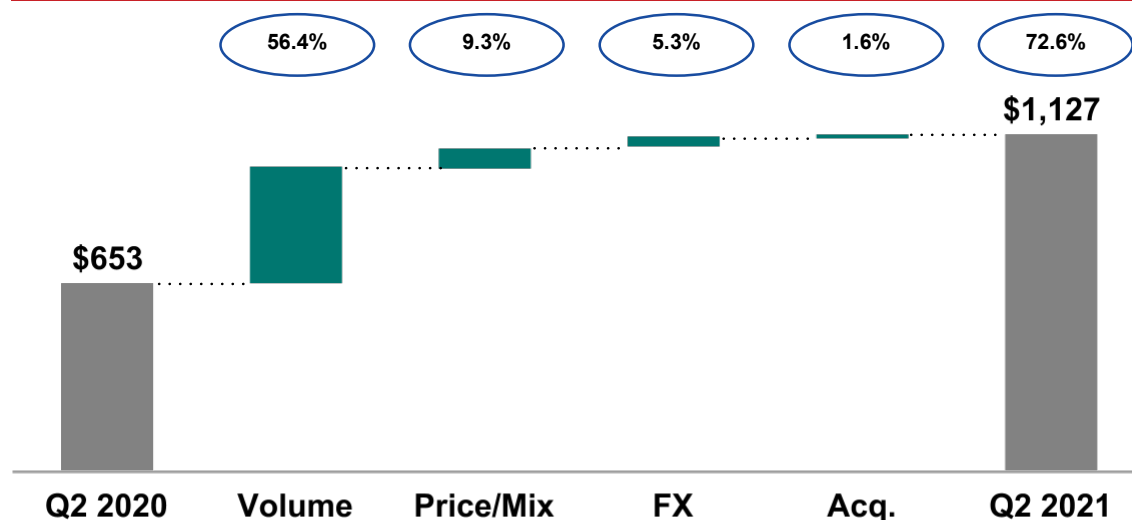
**Appendix**

# Q2 2021 Consolidated Results

## Financial Performance

(\$ in millions, except per share data)	Q2		% Change	
	2021	2020	Incl. F/X	Excl. F/X
Performance Coatings	806	482	67.1 %	61.6 %
Mobility Coatings	321	171	88.2 %	83.3 %
Net Sales	1,127	653	72.6 %	67.3 %
Income (loss) from ops	190	(65)	395.2 %	
Adjusted EBIT	173	(12)	1,594.8 %	
% margin	15.4 %	(1.8)%		
Diluted EPS	0.54	(0.35)	254.3 %	
Adjusted EPS	0.48	(0.15)	420.0 %	

## Net Sales Variance



## Commentary

### Net sales increased YOY from continued volume recovery, price-mix, and M&A

- Q2 net sales growth YOY across all end-markets, lapping prior year lows
- YOY volume growth despite semiconductor chip shortage and other supply constraints
- Strong YOY product price-mix benefit driven by Refinish and Industrial; modest mix headwinds within Light Vehicle and Commercial Vehicle
- Initial M&A contribution from Anhui Shengran
- FX tailwinds driven by the Euro and Chinese Renminbi

### Impressive Adjusted EBIT for the second quarter

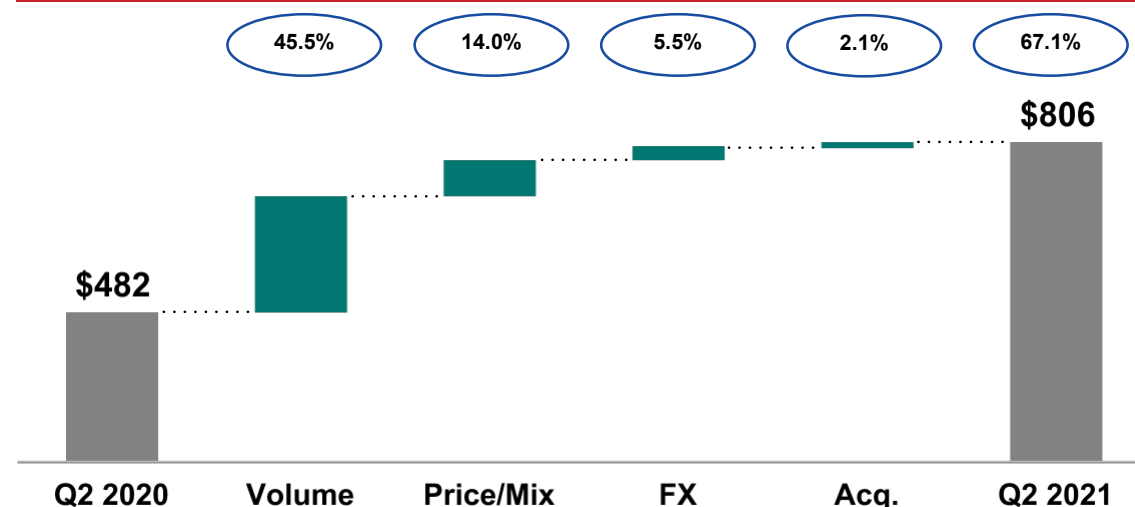
- YOY improvement driven by continued volume recovery and strong price-mix tempered by raw material headwinds

# Q2 2021 Performance Coatings Results

## Financial Performance

(\$ in millions)	Q2		% Change	
	2021	2020	Incl. F/X	Excl. F/X
Refinish	463	262	76.8 %	70.4 %
Industrial	343	220	55.6 %	51.1 %
Net Sales	806	482	67.1 %	61.6 %
Adjusted EBIT	140	2	N/M	
% margin	17.3 %	0.3 %		

## Net Sales Variance



## Commentary

**Net sales growth driven by Refinish recovery, continued Industrial demand strength, and solid segment price movement**

- Continued recovery in Refinish as miles driven improves globally; Industrial delivered strong sales volumes across all businesses, although modestly hindered by supply constraints
- Price-mix tailwinds driven largely by pricing actions across both end-markets as well as favorable product mix in Refinish as volumes rebound
- Initial M&A contribution from Anhui Shengran
- FX tailwinds driven by the Euro and Chinese Renminbi

**Improved Adjusted EBIT despite raw material headwinds**

- Continued volume recovery and price-mix benefit drove impressive Adjusted EBIT improvement, partly offset by raw material headwinds

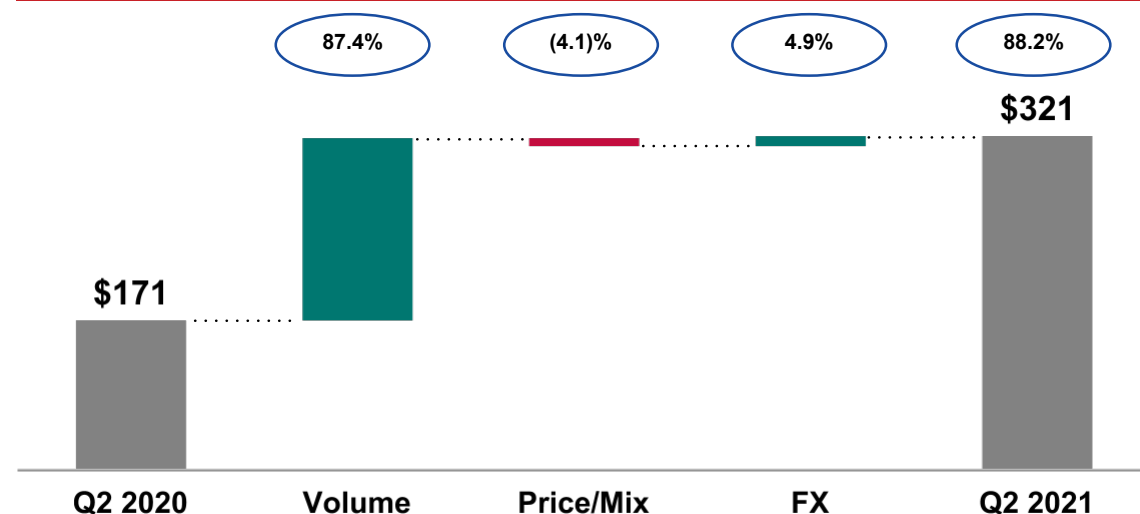


# Q2 2021 Mobility Coatings Results

## Financial Performance

(\$ in millions)	Q2		% Change	
	2021	2020	Incl. F/X	Excl. F/X
Light Vehicle	244	126	93.1 %	87.7 %
Commercial Vehicle	77	44	74.0 %	71.0 %
Net Sales	321	171	88.2 %	83.3 %
Adjusted EBIT	6	(39)	114.5 %	
% margin	1.8 %	(23.0)%		

## Net Sales Variance



## Commentary

**Net sales growth almost double from prior year lows, though hindered by customer supply constraints, largely in semiconductors**

- Axalta volumes outpacing global production build growth despite semiconductor chip shortage in Light Vehicle as well as parts shortages and customer strike in Commercial Vehicle
- Negative price-mix contribution across both end-businesses driven by unfavorable customer mix
- Modest FX tailwinds driven by the Euro and Chinese Renminbi

### Adjusted EBIT and margin expansion

- Adjusted EBIT improvement seen across both end-businesses as volumes continue to recover despite some impact from semiconductor chip shortage and modest tailwinds in operating expenses; raw material headwinds impacting profit in period



# Debt and Liquidity Summary

## Capitalization

(\$ in millions)	Interest	@ 6/30/2021	Maturity
Cash and Cash Equivalents		\$ 1,231	
<b>Debt:</b>			
Revolver (\$550 million capacity) <sup>(1)</sup>	Variable	—	2026 <sup>(2)</sup>
First Lien Term Loan (USD)	Variable	2,037	2024
<b>Total Senior Secured Debt</b>		<b>\$ 2,037</b>	
Senior Unsecured Notes (EUR) <sup>(3)</sup>	Fixed	531	2025
Senior Unsecured Notes (USD)	Fixed	493	2027
Senior Unsecured Notes (USD)	Fixed	690	2029
Finance Leases		63	
Other Borrowings		40	
<b>Total Debt</b>		<b>\$ 3,854</b>	
<b>Total Net Debt <sup>(4)</sup></b>		<b>\$ 2,623</b>	
LTM Adjusted EBITDA		992	
<b>Total Net Leverage <sup>(5)</sup></b>		<b>2.6x</b>	
<b>Interest Coverage Ratio <sup>(6)</sup></b>		<b>6.9x</b>	

(1) \$516 million available on our undrawn revolver net of letters of credit

(2) Maturity will be accelerated to 2024 in certain circumstances as set forth in Amendment No. 10

(3) Assumes exchange rate of \$1.1906 USD/Euro

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

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

(6) Interest Coverage Ratio = LTM Adjusted EBITDA / LTM Interest Expense

## Commentary

- Net leverage of 2.6x at June 30, 2021 improved from 3.2x at March 31, 2021
- Over \$1.7 billion in available liquidity at June 30, 2021
- Increased revolving credit facility capacity to \$550 million from \$400 million in May 2021
- Weighted average cost of debt of 3.08% at June 30, 2021

# Full Year 2021 Guidance

## Strong Sales Growth

- Includes ~3% FX and ~1% M&A benefit vs. 2020

## EBIT / EPS

- 2021 EBIT and EPS growth at mid-point about flat and up 7% over 2019 respectively

## Robust Cash Flow

- ~\$165M capex; FCF excludes impact from operational matter<sup>1</sup>

## Other Assumptions

- D&A includes \$106M step-up D&A
- Assumes no incremental share repurchases

## 2021 Targets

**Net Sales: up ~20-22%**

**Adj. EBIT: \$685-\$725M**

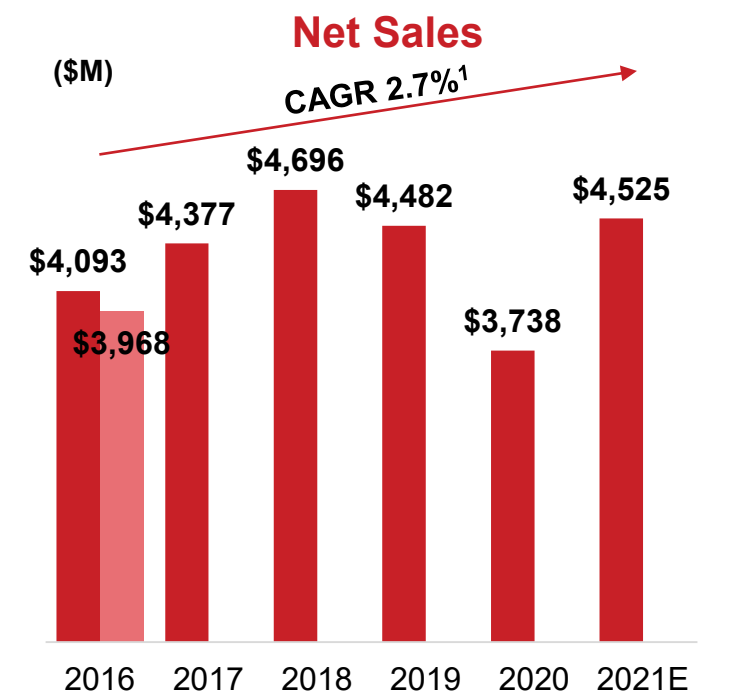
**Adj. EPS: \$1.85-\$2.00**

**FCF: \$445-\$485M**

**Tax Rate: ~21-22%**  
**Interest Expense: ~\$135M**  
**Diluted Shares: ~234M**  
**D&A: \$318M**

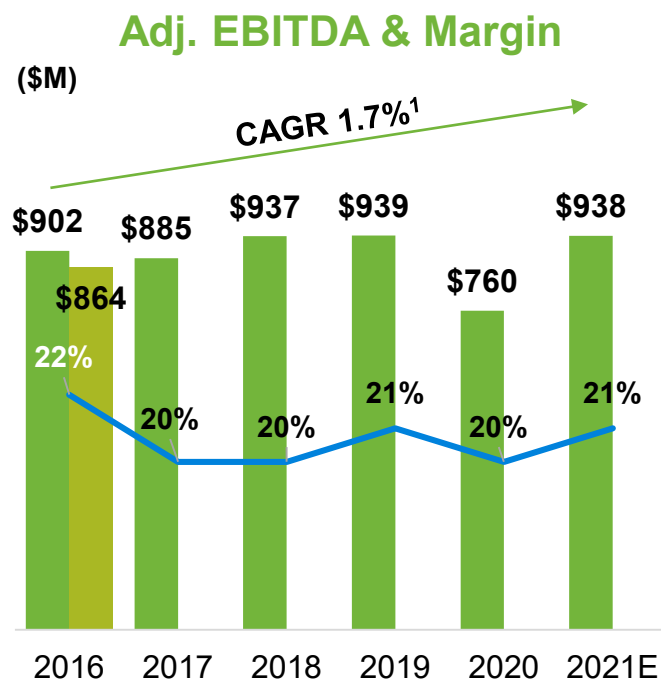
1. Detailed in 10-K and 10-Q filings with the SEC

# Resilient Financial Performance



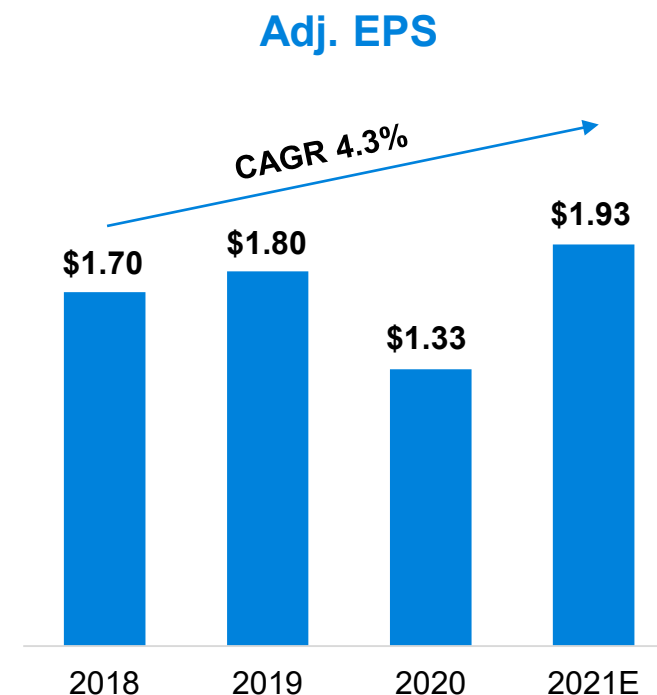
■ Represents Pro Forma Net Sales ex Venezuela and China Powder JV

- 2021E: Expected snap-back and economic recovery across all end-markets
- 2020: Pandemic impacts included 42% net sales reduction in Q2 YoY; 2H bounce-back was strong



■ Represents Pro Forma Adj. EBITDA ex Venezuela and China Powder JV

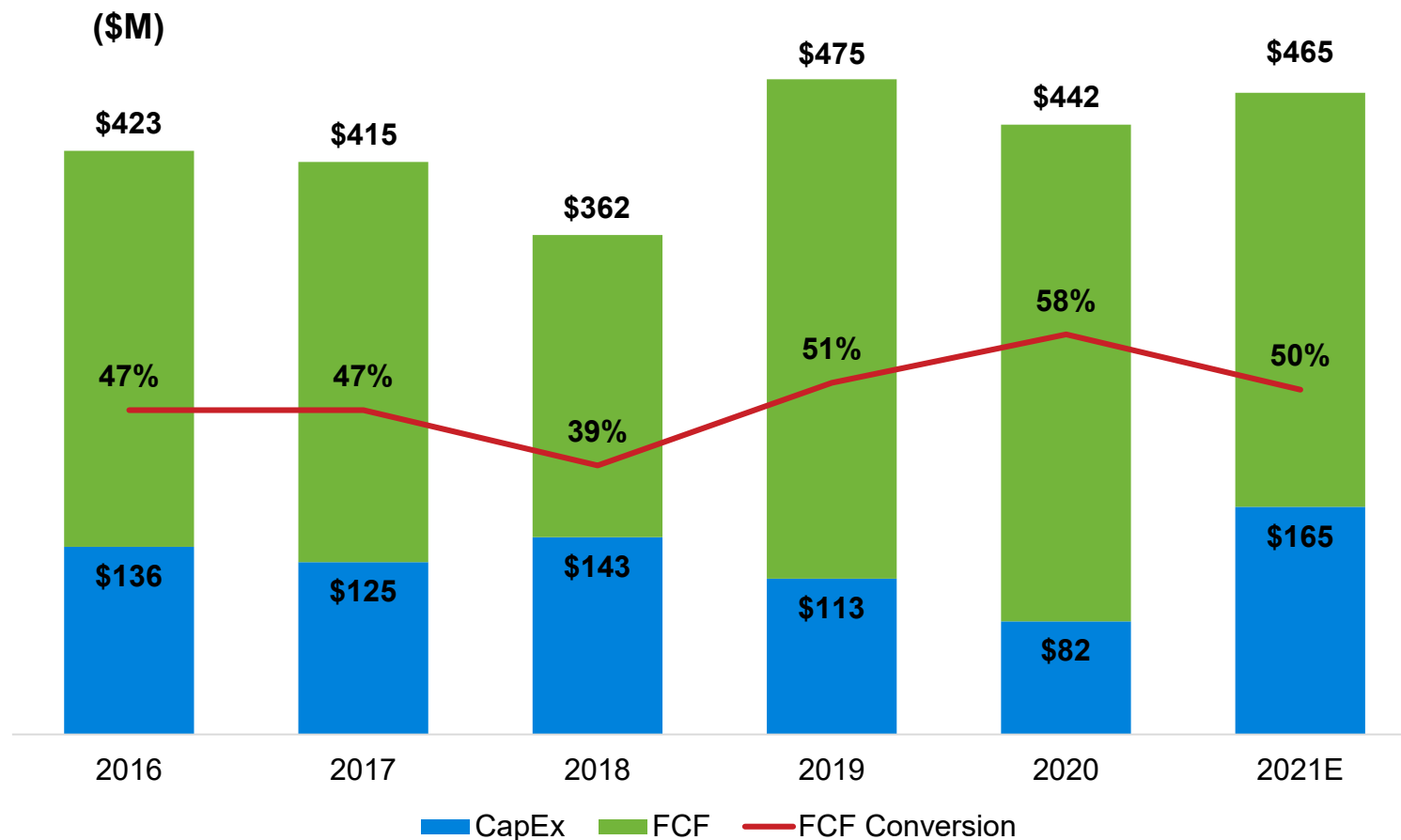
- Stable EBITDA margin driven by Axalta Way; culture of cost discipline
- 2021E: Volume, price and cost management expected to more than offset raw material inflation
- 2020: Pandemic impact primarily in 1H; 2H recovery driven by both volume rebound and aggressive cost management



- 2021E: Demonstration of earnings power with stronger volume and continued focus on cost structure
- 2020: EPS pressured in 1H due to pandemic; 2H results were stronger year-over-year and record levels aided by cost management actions

Note: 2021E reflects mid-point of guidance range for Net Sales, Adj. EBITDA and Adj. EPS  
 1. Calculated from 2016 Pro-Forma Net Sales baseline ex Venezuela and China Powder JV which was sold in 2019

# Strong Free Cash Flow Generation



## Key Points

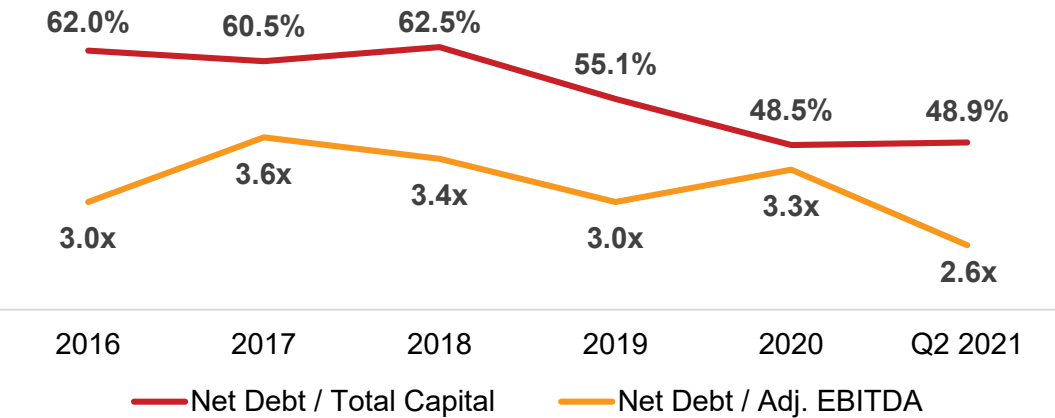
- Targeting FCF conversion of 45-50%
- Robust and consistent free cash flow bolstered by relatively low capital intensity
- Anticipate improving conversion medium term driven by continued working capital management focus
- 2021 FCF includes underlying EBITDA recovery, offset partly by:
  - Outsized CapEx of \$165M reflecting SAP implementation and 2020 catch-up
  - Severance of ~\$40M

**FREE CASH FLOW PROFILE SHOWS CONTINUED IMPROVEMENT AND RESILIENCY THROUGH CYCLES**

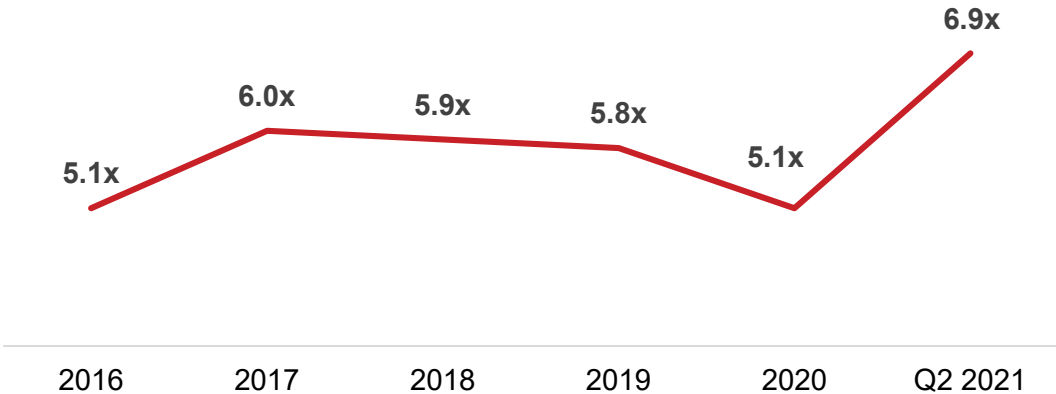
Note: Represents mid-point of FY 2021 guidance  
 FCF calculated as adj. EBITDA less changes in NWC less Capex; FCF Conversion calculated as FCF / Adj. EBITDA

# Continued Focus on Deleveraging

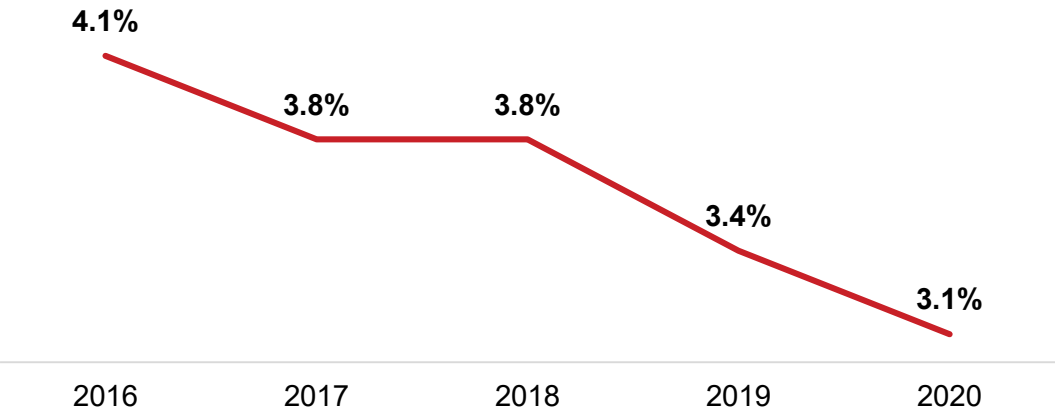
## Leverage Trends<sup>1</sup>



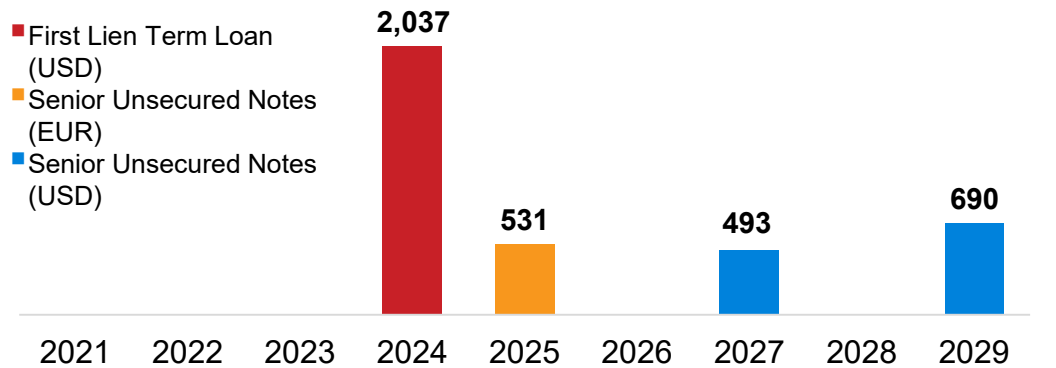
## Interest Coverage (Adj. EBITDA)<sup>2</sup>



## Cost of Debt<sup>3</sup>



## Debt Maturity Profile

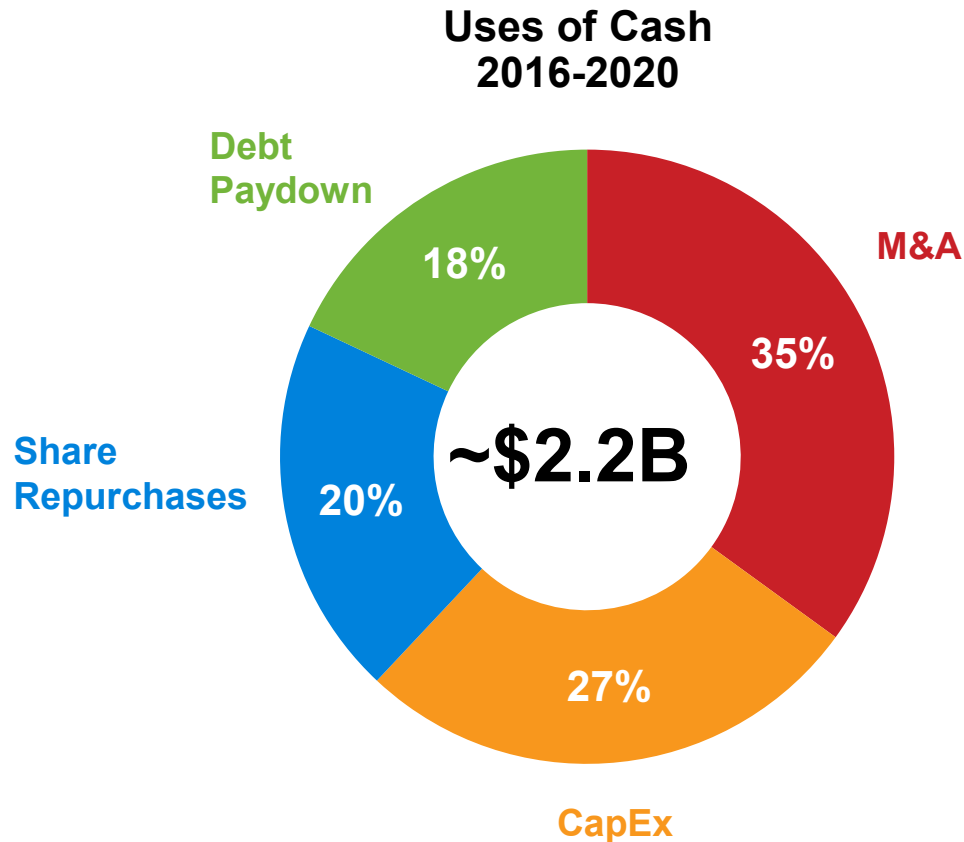


**LONG-TERM NET LEVERAGE TARGET OF ~2.5X**

1. Net debt / Total Capital = Total Debt - Cash / Total Capital & Net Debt / LTM Adj. EBITDA = Total Debt - Cash / LTM Adj. EBITDA 2. Interest Coverage = LTM Adj. EBITDA / LTM Interest Expense 3. Cost of Debt = LTM Total Interest Expense / Total Debt less Leases and Other Borrowings.



# Disciplined Capital Allocation Framework



## Capital Allocation Priorities

- **CapEx**
  - Maintenance CapEx of \$30-50M per annum
  - Ongoing productivity and footprint optimization
  - S/4HANA implementation
- **M&A**
  - Disciplined approach to strategic bolt-ons and high-growth adjacencies
- **Share Repurchases**
  - Multi-year program; ~\$700M remaining on authorized program
- **Debt Paydown**
  - Long-term leverage target of ~2.5x

ROBUST FRAMEWORK FOCUSED ON GROWTH AND SHAREHOLDER VALUE CREATION

# Contents



**Overview of Axalta**



**Q2 2021 Earnings**



**Financial Forecast through 2024**



**Appendix**

# Mid-Term Portfolio Focus through 2024

Targeting above market organic growth and a more diversified portfolio through strategic M&A

## Annual Targets

**4-5%+**

Organic  
Growth  
CAGR '19-'24

**9-10%**

Total Sales  
Growth  
(including M&A)

## Growth Drivers

- Market recovery tailwinds through 2023
- Innovation driven growth from new products
- Emerging market penetration with existing and new products
- Share of wallet opportunity with existing customers
- Disciplined approach
- Strategic bolt-ons and high-growth adjacencies

**SOLID ORGANIC GROWTH AND STRATEGIC CAPITAL DEPLOYMENT TO CREATE SHAREHOLDER VALUE**

# 4-Year Financial Outlook to 2024

		2024 TARGETS
<b>Net Sales</b>	<ul style="list-style-type: none"> <li>▪ Ongoing market recovery and share opportunities (~45%)</li> <li>▪ Increased revenue from new markets and products (~30%)</li> <li>▪ Increased revenue from emerging markets (~25%)</li> <li>▪ M&amp;A: strategic bolt-ons and high-growth adjacencies</li> </ul>	<b>4-5% Organic Growth</b> (CAGR '19-'24)
<b>Earnings Growth</b>	<ul style="list-style-type: none"> <li>▪ Modest margin improvement driven by overhead leverage</li> </ul>	<b>aEPS: \$2.90-3.10 in 2024</b>
<b>Robust Cash Flow</b>	<ul style="list-style-type: none"> <li>▪ Free cash flow conversion at least 45%<sup>1</sup></li> <li>▪ Strong focus on working capital management</li> </ul>	<b>\$2.4B cumulative 4-Year FCF<sup>2</sup></b>
<b>Efficient Capital Allocation</b>	<ul style="list-style-type: none"> <li>▪ ROIC focused investment decisions – mid-teens IRR minimum for new investment</li> <li>▪ More aggressive focus on M&amp;A and Share Repurchases</li> </ul>	<b>Majority of 4-Year FCF deployed in M&amp;A &amp; Repurchases</b>
<b>Strong Balance Sheet</b>	<ul style="list-style-type: none"> <li>▪ Expect to become an investment grade issuer over time</li> <li>▪ Maintain flexibility for opportunistic M&amp;A</li> </ul>	<b>~2.5x net leverage ratio</b>

1. FCF is Operating Cash Flow less Capex plus Cash Swaps; conversion is FCF/Adjusted EBITDA 2. Excludes potential cash outflow from "operational matter"; net of any insurance recoveries



# Well-Positioned for Growth Given Demand through 2024

## Industry Demand Trends

Net Sales  
(CAGR '19-'24)

Net Sales  
(CAGR '20-'24)



**REFINISH**  
\$1.7B<sup>1</sup>

Market recovery aligned with traffic normalization and GDP growth; 2-year tailwind expected

**~3.5%**

**~9.5%**



**INDUSTRIAL**  
\$1.3B<sup>1</sup>

Global industrial production recovering broadly; 6.8% IP growth 2021E

**~7.0%**

**~11.0%**



**LIGHT  
VEHICLE**  
\$1.2B<sup>1</sup>

Automotive market recovery tailwinds expected through at least 2024

**~3.0%**

**~10.0%**



**COMMERCIAL  
VEHICLE**  
\$0.3B<sup>1</sup>

Global truck production is recovering well; over 20% YoY growth in 2021E (ex China)

**~5.0%**

**~14.5%**

**A WEAKER DOLLAR WILL BENEFIT AXALTA GIVEN GLOBAL SALES BASE**



# Contents



**Overview of Axalta**



**Q2 2021 Earnings**



**Financial Forecast through 2024**



**Appendix**

# Adjusted EBIT Reconciliation

(\$ in millions)		Q2 2021		Q2 2020	
	Income (loss) from operations	\$	190.4	\$	(64.5)
	Other income, net		(8.1)		(2.2)
	Total	\$	198.5	\$	(62.3)
<b>A</b>	Debt extinguishment and refinancing related costs		0.2		—
<b>B</b>	Termination benefits and other employee related costs		22.7		15.2
<b>C</b>	Strategic review and retention costs		2.2		6.7
<b>D</b>	Offering and transactional costs		1.4		0.1
<b>E</b>	Impairment charges		—		2.7
<b>F</b>	Pension special events		—		(0.6)
<b>G</b>	Accelerated depreciation		0.6		0.4
<b>H</b>	Indemnity income		(0.1)		—
<b>I</b>	Operational matter		(71.8)		—
<b>J</b>	Brazil indirect tax		(8.3)		—
<b>K</b>	Step-up depreciation and amortization		28.0		26.2
	<b>Adjusted EBIT</b>	\$	173.4	\$	(11.6)
	Segment Adjusted EBIT:				
	Performance Coatings	\$	139.7	\$	1.5
	Mobility Coatings		5.7		(39.3)
	Total	\$	145.4	\$	(37.8)
<b>K</b>	Step-up depreciation and amortization		28.0		26.2
	<b>Adjusted EBIT</b>	\$	173.4	\$	(11.6)

# 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, ending September 2021. These amounts are not considered indicative of our ongoing performance.
- D** Represents acquisition and divestiture-related expenses, all of which are not considered indicative of our ongoing operating performance.
- E** Represents impairment charges, 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 income associated with acquisitions, which we do not consider indicative of our ongoing operating performance.
- I** Represents expenses, changes in estimates and insurance recoveries for probable liabilities related to an operational matter in the Mobility Coatings segment, which is not indicative to our ongoing operating performance.
- J** Represents non-recurring income related to a law change with respect to certain Brazilian indirect taxes which was recorded within other income, net.
- K** 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 (Loss) Reconciliation

(\$ in millions)		Year Ended December 31,			Q2 2020	Q2 2021
		2018	2019	2020		
	Net income (loss)	\$213.3	\$252.6	\$122.0	\$(83.2)	\$126.4
	Less: Net income (loss) attributable to noncontrolling interests	6.2	3.6	0.4	(0.4)	-
	Net income (loss) attributable to controlling interests	207.1	249.0	121.6	(82.8)	126.4
<b>A</b>	Debt extinguishment and refinancing related costs	9.5	0.2	34.4	-	0.2
<b>B</b>	Termination benefits and other employee related costs	81.7	35.2	74.9	15.2	22.7
<b>C</b>	Strategic review and retention costs	-	13.4	30.7	6.7	2.2
<b>D</b>	Offering and transactional costs	1.0	1.0	0.3	0.1	1.4
<b>E</b>	Divestiture and impairment charges	-	21.1	5.7	2.7	-
<b>F</b>	Pension special events	-	(0.9)	(0.4)	(0.6)	-
<b>G</b>	Accelerated depreciation	10.3	24.3	9.2	0.4	0.6
<b>H</b>	Indemnity loss (income)	4.3	(0.4)	0.3	-	(0.1)
<b>I</b>	Change in fair value of equity investments	0.5	-	-	-	-
<b>J</b>	Operational matter	-	-	-	-	(71.8)
<b>K</b>	Brazil indirect tax	-	-	-	-	(8.3)
<b>L</b>	Step-up depreciation and amortization	140.1	119.5	109.7	26.2	28.0
	Total adjustments	247.4	213.4	264.8	50.7	(25.1)
<b>M</b>	Income tax provision impacts	42.0	38.0	71.4	2.8	(10.8)
	Adjusted net income (loss)	\$412.5	\$424.4	\$315.0	\$(34.9)	\$112.1
	Diluted adjusted income (loss) per share	\$1.70	\$1.80	\$1.33	\$(0.15)	\$0.48
	Diluted weighted average shares outstanding	242.9	235.8	236.0	235.2	233.5

# Adjusted Net Income (Loss) 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, ending September 2021. These amounts are not considered indicative of our ongoing 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 acquisitions, which we do not consider indicative of our ongoing operating performance.
- I** Represents mark to market impacts of our equity investments, which we do not consider to be indicative of our ongoing operating performance.
- J** Represents expenses, changes in estimates and insurance recoveries for probable liabilities related to an operational matter in the Mobility Coatings segment, which is not indicative to our ongoing operating performance.
- K** Represents non-recurring income related to a law change with respect to certain Brazilian indirect taxes which was recorded within other income, net.
- L** 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.
- M** The income tax impacts are determined using the applicable rates in the taxing jurisdictions in which expense or income occurred and includes both current and deferred income tax expense (benefit) based on the nature of the non-GAAP performance measure. Additionally, the income tax impact includes the removal of discrete income tax impacts within our effective tax rate which were benefits of \$22.4 million, \$4.6 million and \$2.0 million for the years ended December 31, 2020, 2019 and 2018, respectively, and expenses of \$2.1 million and \$3.4 million for the three months ended June 30, 2021 and 2020, 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, which will be ratably amortized into our adjusted income tax rate as the tax attribute is realized. Of the \$2.0 million of discrete income tax benefits removed for the year ended December 31, 2018, \$12.5 million is related to the impact of the U.S. Tax Cuts and Jobs Act legislation. The tax expenses for the six months ended June 30, 2021 include the deferred tax benefit ratably amortized into our adjusted income tax rate as the tax attribute is realized. The tax benefits for the six months ended June 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.



# Adjusted EBITDA Reconciliation

		Year Ended December 31,					LTM 6/30/2021
(\$ in millions)		2016	2017	2018	2019	2020	
	Net income	\$44.6	\$47.7	\$213.3	\$252.6	\$122.0	\$294.9
	Interest expense, net	178.2	147.0	159.6	162.6	149.9	144.2
	Provision for income taxes	38.1	141.9	54.2	77.4	0.2	82.5
	Depreciation and amortization	322.1	347.5	369.1	353.0	320.3	312.5
	Net income attributable to controlling interests	583.0	684.1	796.2	845.6	592.4	834.1
<b>A</b>	Debt extinguishment and refinancing related costs	97.6	13.4	9.5	0.2	34.4	32.2
<b>B</b>	Termination benefits and other employee related costs	61.8	35.3	81.7	35.2	74.9	65.7
<b>C</b>	Strategic review and retention costs	-	-	-	13.4	30.7	20.1
<b>D</b>	Offering and transactional costs	6.0	26.1	1.0	1.0	0.3	1.7
<b>E</b>	Consulting and advisory	10.4	(0.1)	-	-	-	-
<b>F</b>	Loss on divestiture, impairment, and deconsolidation	68.4	78.5	-	21.1	5.7	2.5
<b>G</b>	Foreign exchange remeasurement losses	30.6	7.4	9.2	8.3	7.2	8.8
<b>H</b>	Long-term employee benefit plan adjustments	1.5	1.4	(1.9)	0.1	(0.1)	1.1
<b>I</b>	Stock-based compensation	41.1	38.5	37.3	15.7	15.1	11.7
<b>J</b>	Dividends in respect of noncontrolling interest	(3.0)	(3.0)	(1.0)	(1.5)	(0.9)	(1.1)
<b>K</b>	Operational matter	-	-	-	-	-	22.6
<b>L</b>	Brazil indirect tax	-	-	-	-	-	(8.3)
<b>M</b>	Other adjustments	5.0	3.6	5.2	(0.2)	0.4	0.4
	<b>Adjusted EBITDA</b>	<b>\$902.4</b>	<b>\$885.2</b>	<b>\$937.2</b>	<b>\$938.9</b>	<b>\$760.1</b>	<b>\$991.5</b>
	Adjusted EBITDA to interest expense coverage ratio	5.1x	6.0x	5.9x	5.8x	5.1x	6.9x

# Adjusted EBITDA Reconciliation (cont'd)

- A** Represents expenses and associated changes to estimates related to the prepayment, restructuring, and refinancing of our indebtedness, which are not considered indicative of our ongoing operating performance.
- B** Represents expenses and associated changes to estimates related to employee termination benefits 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, 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 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.
- F** Represents expenses and associated changes to estimates related to the sale of our joint venture business during 2019, deconsolidation of a subsidiary, and other impairments, which are not considered indicative of our ongoing performance.
- G** 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.
- H** Eliminates the non-cash, non-service cost components of long-term employee benefit costs.
- I** Represents non-cash impacts associated with stock-based compensation.
- J** 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.
- K** Represents expenses, changes in estimates and insurance recoveries for probable liabilities related to an operational matter in the Mobility Coatings segment, which is not indicative to our ongoing operating performance.
- L** Represents non-recurring income related to a law change with respect to certain Brazilian indirect taxes which was recorded within other income, net.
- M** 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.

# Free Cash Flow Reconciliation

(\$ in millions)	Year Ended December 31,				
	2016	2017	2018	2019	2020
Cash provided by operating activities	\$559.3	\$540.0	\$496.1	\$573.1	\$509.3
Purchase of property, plant and equipment	(136.2)	(125.0)	(143.4)	(112.5)	(82.1)
Interest proceeds on swaps designated as net investment hedges	-	-	9.4	14.7	14.5
Free cash flow	\$423.1	\$415.0	\$362.1	\$475.3	\$441.7