

# NOTICE REGARDING 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 outlook, which includes Adjusted EBIT, raw material inflation, the effects of COVID-19 on Axalta's business and financial results, our and our customers' supply chain constraints and our ability to offset the impacts of such constraints and various assumptions noted in the presentation, Axalta has identified some of these forward-looking statements with words such as "potential," "expected," "plan," "goal," "strategies," "opportunity," "will," "to" and "towards" 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, geopolitical 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 ("SEC"). Axalta undertakes no obligation to update or revise any of the forward-looking statements contained herein, whether as a result of new information, future events or otherwise.

# **AXALTA SPEAKERS AND ATTENDEES**







**SEAN LANNON**SVP, CHIEF FINANCIAL OFFICER



TROY WEAVER SVP, GLOBAL REFINISH



CHRIS EVANS
VP, INVESTOR RELATIONS



# REFINISH INVESTOR DAY AGENDA

PREPARED REMARKS Chris E. Welcome Introductory Remarks Rakesh S. The Axalta Refinish Difference Troy W. Q&A REFINISH EXPERIENCE Single Visit Application Patricia M. Color Match Automation Matt B. Color Mix Automation Jim M. Data Automation Seth W. Consumption Efficiency Patricia M. **SPRAY BOOTH TIME** Lunch

Waterborne Basecoat Application





# **AXALTA REFINISH AT A GLANCE**



## WE ARE THE LEADER IN THE REFINISH MARKET



# **AXALTA REFINISH SPEAKERS AND ATTENDEES**







JIM MUSE

VP OF SALES
GLOBAL REFINISH



SETH WILCOX

VP OF SALES

REFINISH NA



MATT BOLAND

VP OF TECHNOLOGY

GLOBAL REFINISH



# TOPICS FOR TODAY







01

## **REFINISH 101**

- Collision Industry Breakdown
- Key Players in the Value Chain
- Mega Trends impacting the Industry

02

## SOLID TRACK RECORD

- Current Market Position
- Recent Wins and Reasons We Win
- Solid Financial Performance

03

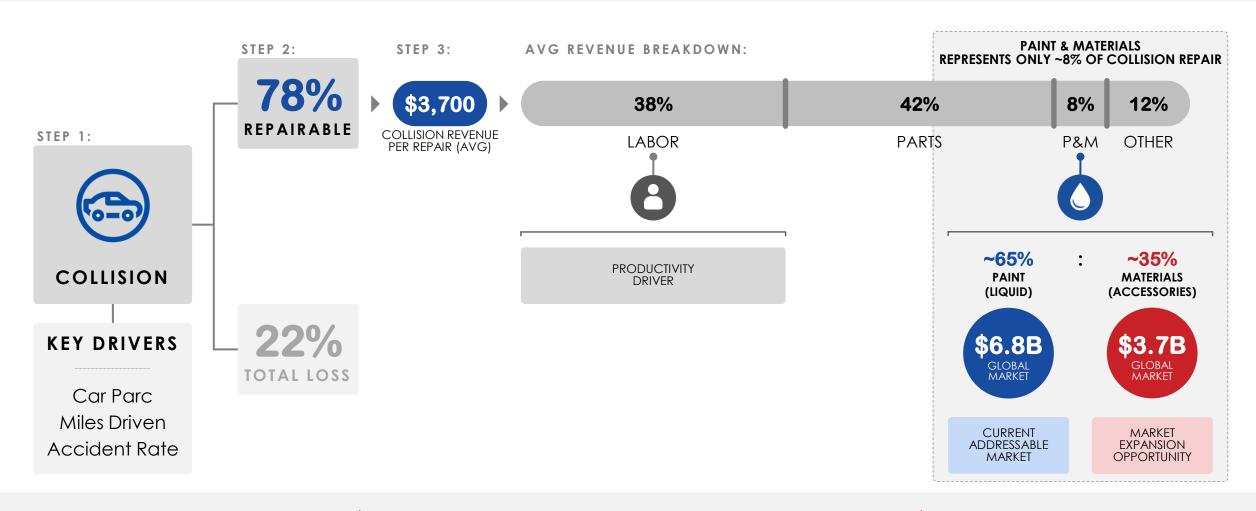
## **GROWTH POTENTIAL**

- Market Recovery / Growth
- Share Gain
- Market Expansion





# GLOBAL COLLISION REPAIR INDUSTRY BREAKDOWN



WE CURRENTLY PLAY IN THE \$6.8B PAINT MARKET AND ARE EXPANDING INTO \$3.7B MATERIALS MARKET



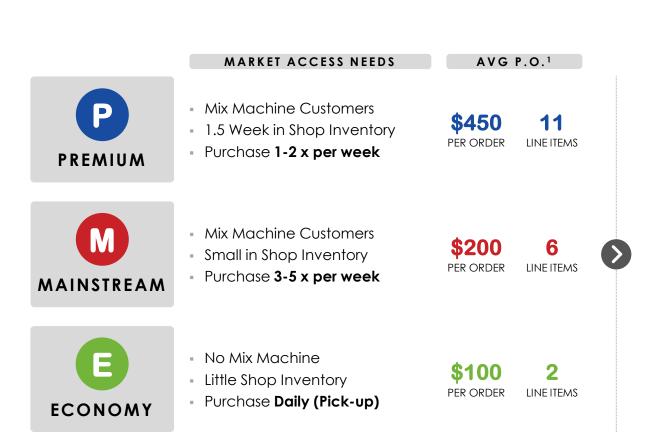
# GLOBAL REFINISH CUSTOMER SEGMENTATION

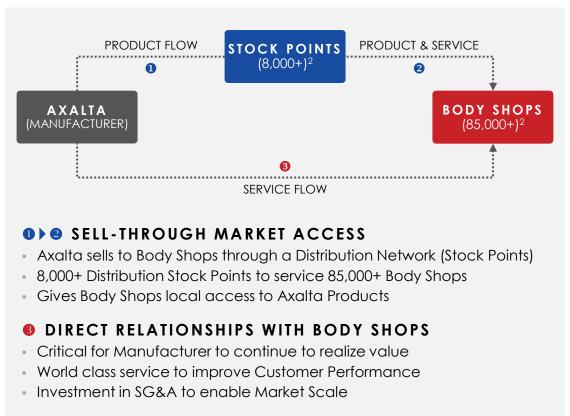


## CUSTOMER NEEDS ARE CONSISTENT GLOBALLY WHAT VARIES IS SEGMENT SIZE BY REGION



# GLOBAL FOOTPRINT FOR LOCAL MARKET ACCESS

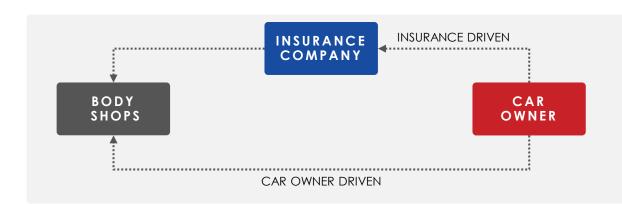




# FRAGMENTED CUSTOMER BASE REQUIRES SCALE TO EFFECTIVELY SERVICE



# INSURANCE COMPANIES DRIVE WORKFLOW ALLOCATION



### THIRD PARTY PAID INDUSTRY

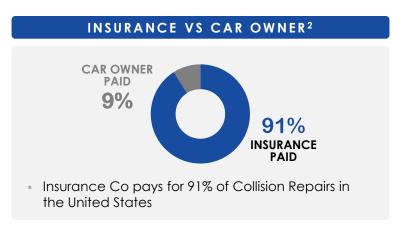
Insurance Co pays for 91% of repairs

#### DOWNTURN RESILIENT INDUSTRY

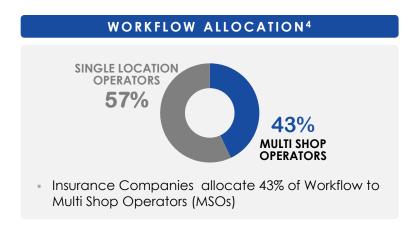
Cars can be repaired for cost of deductibles

### INSURANCE COS DRIVE COLLISION REPAIR SHOPS NEEDS

Insurance KPIs<sup>1</sup> drive how repairs are allocated to shops







## KPI BASED WORKFLOW ALLOCATION ADVANTAGES MULTI SHOP OPERATORS



# MEGA TRENDS - INDUSTRY CONSOLIDATION

### DRIVERS



**KPIs**<sup>1</sup>
Driven Allocation

**'BIG 3'2**Acquisition Growth

### CHALLENGE

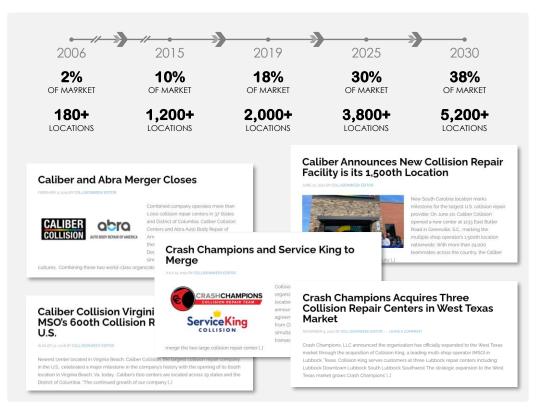


To drive Operational Consistency across a growing number of locations

## IMPACT ON CUSTOMER NEEDS

- Push for Performance especially Productivity to reduce Cycle Time
- Increase P&M Profitability through Cost Savings in Process and Materials
- Digital Business Models supported by Data Transparency (Industry 4.0)

#### 'BIG 3' GROWTH TRAJECTORY:



# ALL INDUSTRY PLAYERS BEING CHALLENGED TO RETHINK BUSINESS MODELS



# MEGA TRENDS - LABOR SHORTAGE

### DRIVERS

# **FEWER**

Paint / Body Techs

# MANUAL Processes



### CHALLENGE

To attract and retain Paint & Body Technicians to support growth

### IMPACT ON CUSTOMER NEEDS

- Highly Productive Refinish Systems to maximize Labor Utilization
- Automated / less people dependent process to shorten Learning Curve
- Re-Imagine Refinish Process to attract new talent to Industry

### LABOR SHORTAGE IN THE NEWS:



## INVESTMENT IN TECHNOLOGY AND PROCESS INNOVATION TO MAXIMIZE LABOR UTILIZATION



# MEGA TRENDS - SUSTAINABILITY

### DRIVERS







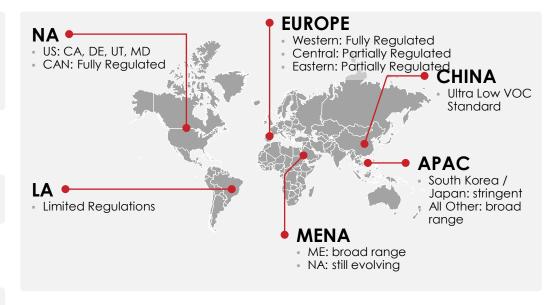
### CHALLENGE

To achieve lower GHG<sup>2</sup> Footprint

### IMPACT ON CUSTOMER NEEDS

- Full Waterborne System to minimize VOC Emissions
- Energy Efficient Products (Low Bake) to minimize Energy Consumption
- End-to-End Color Automation to minimize waste / carbon footprint

#### **VOC REGULATIONS AROUND THE WORLD:**



### FOR A BODY SHOP THE PAINT SHOP REPRESENTS 3:







~75%

OF NATURAL
GAS USAGE

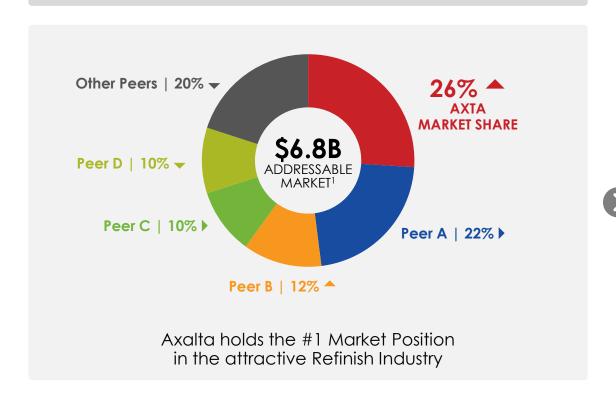
# INVESTMENT IN TECHNOLOGY TO DELIVER ENVIRONMENTALLY FRIENDLY COATINGS SOLUTIONS





# **AXALTA MARKET POSITION**

### GLOBAL REFINISH COATINGS MARKET<sup>1</sup>



## BREAKDOWN BY CUSTOMER SEGMENT<sup>1</sup>



\$2.8B MARKET SIZE

40%
AXTA
MARKET SHARE

65% AXTA NET SALES



\$2.2B MARKET SIZE

19%
AXTA
MARKET SHARE

25% AXTA NET SALES



\$1.8B MARKET SIZE

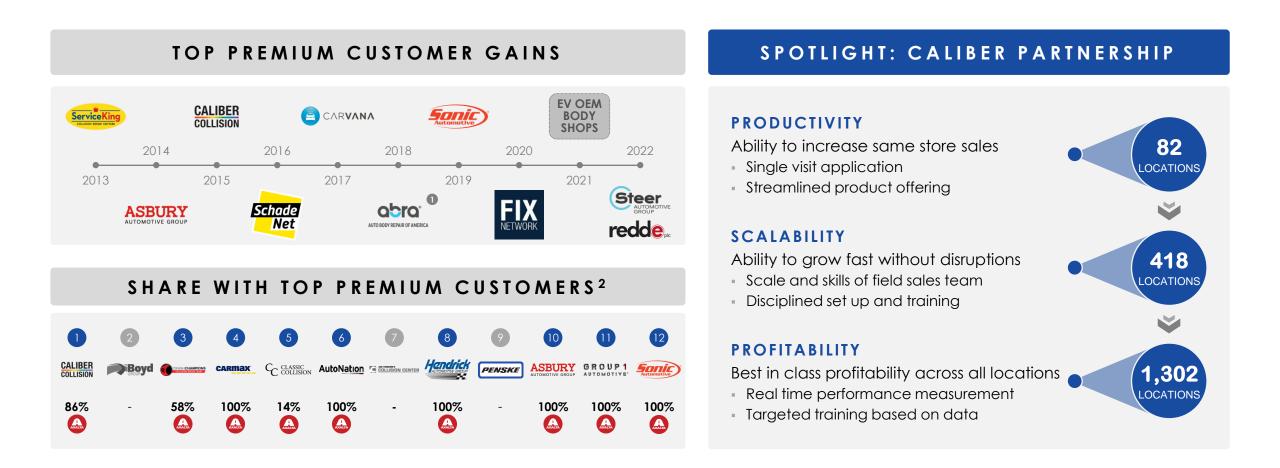
9%
AXTA
MARKET SHARE

10% AXTA NET SALES

# THE LEADER IN PREMIUM WITH OPPORTUNITIES IN MAINSTREAM / ECONOMY



# GROWTH TRAJECTORY IN PREMIUM SEGMENT



## LEVERAGING INDUSTRY LEADING VALUE PROPOSITION TO EXPAND PREMIUM LEADERSHIP



# REASONS WE WIN IN THE PREMIUM SEGMENT

### SINGLE VISIT APPLICATION WATERBORNE SYSTEM



- Single visit to the spray booth is 55% faster than competition
- 1.5 coat application results in 30% less consumption than competition
- No flash time between coats minimizes down time and maximizes labor utilization
- Full Waterborne System results in 50% less VOC emissions than a Solventborne System

### **END-TO-END FULLY AUTOMATED COLOR MATCH**



- Digital Color Technology and Automation for Color Match is 50% faster than competition
- Digital Color Match eliminates the need for a sample sprayout which reduces consumption
- Fully Automated Mixing maximizes labor utilization and increases accuracy by 25% vs manual
- No sample sprayout reduces VOC emissions and carbon footprint

### DATA INTEGRATION TO MAXIMIZE P&M PROFITABILITY



- Data analytics enables real-time profitability metrics and improved decision-making
- Real-time Repair Order Data enables consumption optimization of repair area
- Resources are proactively deployed to support underperforming painters
- Axalta's Paint Profitability is scalable location-tolocation

# RESHAPING THE INDUSTRY THROUGH INNOVATION FOR 'A BETTER WAY OF DOING BUSINESS'



# GROWTH TRAJECTORY IN THE ECONOMY SEGMENT

### REASONS WE WIN IN THE ECONOMY SEGMENT

## COLOR CAPABLE REFINISH SYSTEM



- Easy and precise color match at the **right price point**
- Available in Solvent, Low VOC and Waterborne Technology

### LOCAL ACCESS TO PRODUCT



- Leverage our extensive **Distribution Network**
- **Branding** Strategy to manage channel conflicts



# **NEW STOCK POINTS FOR ECONOMY**

MARKET ACCESS EXPANSION



### ON DEMAND SUPPORT



- Axalta Nimbus delivers real time support access
- Guided Troubleshooting, Online Training, Virtual Tech

## COST PER REPAIR (BUDGET)



- Package Size design to enable purchase for each repair
- Innovation to maximize margin at a Market Competitive Price

### SPOTLIGHT: LOYALTY PROGRAM

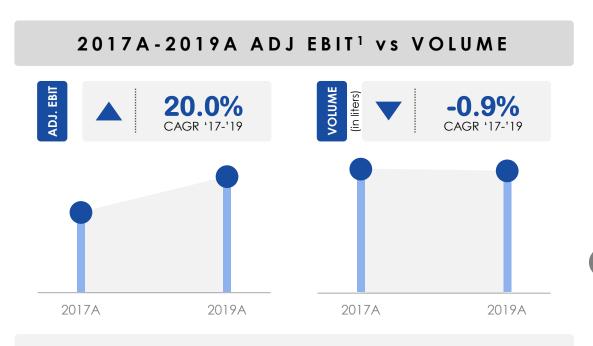


- Loyalty or repeat purchase is key for "Free to Choose" Segment
- Rewards for Body Shops and Distribution Partner for Loyalty

## 'A BETTER WAY OF DOING BUSINESS' IS GAINING TRACTION IN THE ECONOMY SEGMENT

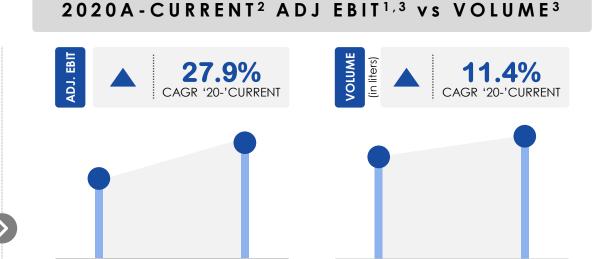


# ADJ. EBIT VS VOLUME PERFORMANCE



### **VOLUME DOES NOT ALWAYS TELLS THE WHOLE STORY:**

- Growth Plan highly focused on Premium Customers (MSOs)
- Single Visit Application WB Offering reduces consumption by 30%
- Pricing to capture value and New Service Model to increase EBIT



2020A

### **OUTPERFORMING THE MARKET RECOVERY:**

**CURRENT** 

- Market recovered at 6.1% CAGR '20-'CURRENT
- Growth Plan focused on Mainstream / Economy
- Record EBIT Performance despite less favorable Mix / Price

## DISCIPLINED EXECUTION OF STRATEGIC INITIATIVES DELIVERING RECORD EBIT PERFORMANCE

2020A

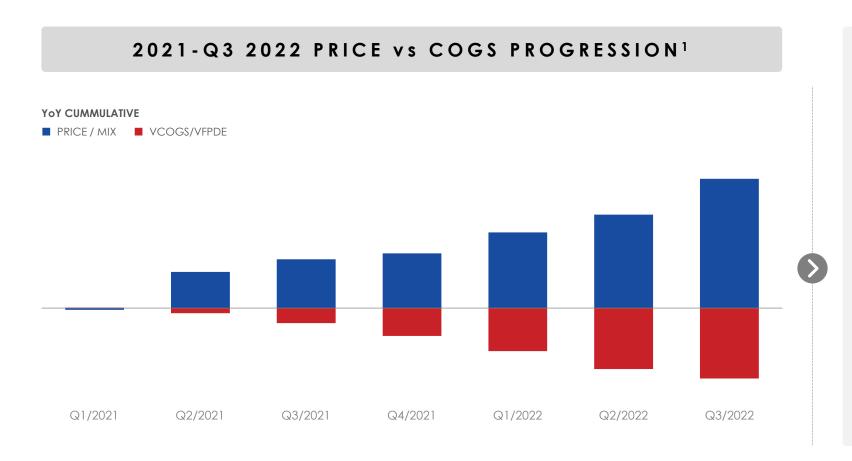
<sup>1 –</sup> Refinish Adjusted EBIT, as used to calculate the CAGRs referenced in this slide, is a non-GAAP financial measure and is determined in the same manner by which Axalta determines Segment Adjusted EBIT, as set forth in our filings made with the SEC, including most recently in our Quarterly Report on Form 10-Q filed on October 25, 2022.





**CURRENT** 

# PRICE VS INFLATION PERFORMANCE



Disciplined execution of Price Actions has fully offset VCOGS / VFPDE Inflation.

Key factors enabling strong performance:

### **1** HIGH VARIABLE MARGIN

 High Variable Margin minimizes impact of VCGOS inflation

### PRICE FOR VALUE

 High Efficiency Paint Systems gives us the ability to command a Price Premium

### **3** ABILITY TO EXECUTE PRICE

 P&M represents only 2-5% of a Collision Repair increasing ability to raise price

### **4** DISTRIBUTION MODEL

 Sell through Distribution Model maximizes price realization

# PRICE ACTIONS ARE DRIVEN BY OUR ABILITY TO ADD SUPERIOR VALUE

# PERFORMANCE IN A RECESSION

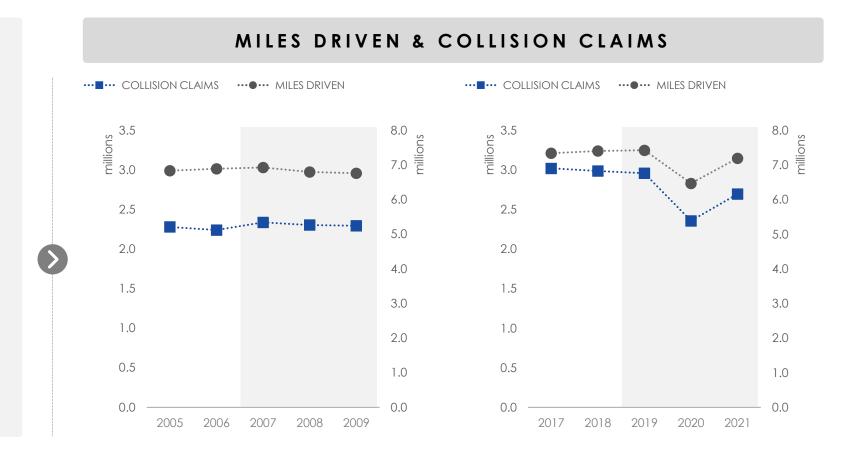
Third-Party Payor Dynamics makes Collision Repair Industry downturn resilient.

#### 2008-2009 DOWNTURN:

- Miles Driven in 2008 / 2009 were down ~1.9% and ~2.4% vs 2007 respectively
- Collision Claims in 2008 / 2009 were down
   ~1.4% and ~1.8% vs 2007 respectively
- Bottom Line: no material impact since people continue to drive and repair their vehicles

### 2020-2021 PANDEMIC:

- Miles Driven in 2020 / 2021 were down ~12.9% and ~3.1% vs 2019 respectively
- Collision Claims in 2020 / 2021 were down ~20.3% and ~8.9% vs 2019 respectively
- Bottom Line: COVID lockdowns and virtual working negatively impacted collisions claims

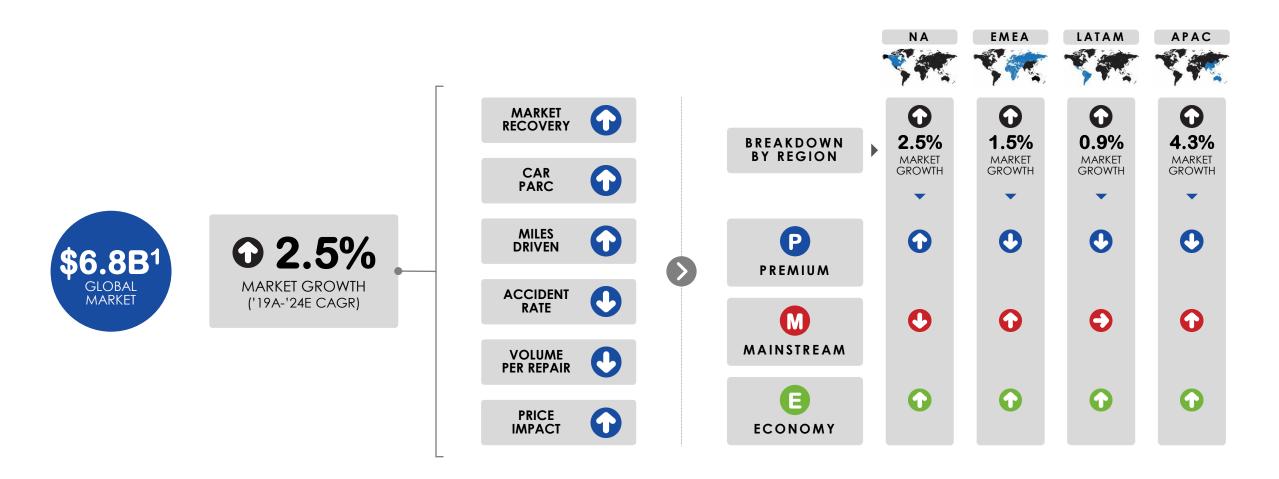


## **COLLISION INDUSTRY IS RESILIENT**





# MARKET RECOVERY / GROWTH



## REFINISH MARKET CONTINUES TO GROW AND WE ARE WELL POSITIONED TO BENEFIT



# OUR GROWTH VECTORS AT A GLANCE

# STRATEGIC GOAL

# INCREASE REVENUE / PROFIT PER VEHICLE



**GLOBAL TEAM** 



**OPTIMIZE PRICE** 



**REDUCE** COMPLEXITY



**PREMIUM LEADERSHIP** 



**SHARE GAIN** IN M/E



**ACCESSORIES** THROUGH COSs



**U-POL VALUE CREATION** 

Shift from a regionally focused to an alianed Global Team

Effectively raise price above raws and command a premium

Align Offerings and Processes globally to optimize value

Leverage Strong Value Proposition to expand leadership

Capitalize on Market Access and New Product Offerings to Gain Share

Leverage Company Owned Stores to sell Accessories

Integrate U-POL and Axalta Strengths to expand Addressable Market

**PEOPLE** 

MARGIN EXPANSION STRATEGIES

**SHARE GAIN STRATEGIES** 

**MARKET EXPANSION STRATEGIES** 

# DRIVING FOCUSED EXECUTION FOR PROFITABLE GROWTH



# **EXPAND PREMIUM LEADERSHIP**

## WHAT IS THE OPPORTUNITY



### HOW WE WILL ACHIEVE IT

- Leverage Industry Leading Product / Service Offering to expand Premium Leadership
- Disciplined Account Management of MSOs to grow with them as they increase Market Share
- Expand Data Automation (Digital) Capability to existing and new Premium Customers



## LEVERAGING OUR STRENGTHS IN WELL-ESTABLISHED MARKETS



# SHARE GAIN IN MAINSTREAM / ECONOMY

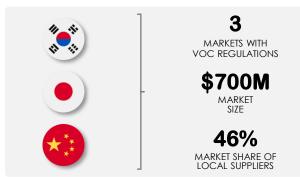
## WHAT IS THE OPPORTUNITY



### HOW WE WILL ACHIEVE IT

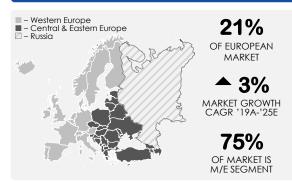
- Strong recently launched Product / Service Offering with competitive pricing across all geographies
- Existing Distribution Network and relationships in these regions (mainly for Premium Customers)
- Speed up market penetration of M/E offering by:
  - Focused Sales Team to sign New Stock Points
  - Focused Retail Team to create Pull-through Demand

## SPOTLIGHT: VOC REGULATIONS IN ASIA



- Leverage innovative VOC Coatings to capture share from local suppliers
- Easy to Use Waterborne Systems (Wonder Match or Syrox)

## SPOTLIGHT: GROW IN CENTRAL & EASTERN EUROPE



- CEE markets are growing at a faster pace mainly driven by M/E Segments
- Leverage distribution network to speed up growth of M/E Offering

GLOBAL MARKET IS EVOLVING TOWARDS AXALTA'S STRENGTHS



# ACCESSORIES MARKET OVERVIEW

		ACCESSORIES MARKET				
	LIQUID	PAINT ALLIED	BODY ALLIED	DETAILING	ST&E	SAFETY
Description	Paints and Coatings	Materials used by Paint Technician (Paint Process)	Materials used by Body Technician (Body Repair Process)	Materials used for Car Detailing	Small Tools and Miscellaneous Equipment	Personal Protection Equipment
Product examples	Primer Basecoat Clearcoat	PPS Cups Abrasives Masking Tape/Paper Aerosols	Abrasives Body Fillers Adhesives Sealants	Waxes / polish Polish Pads Cleaners	Clamps Brackets Miscellaneous Tools	Gloves Spray Suits Respirators
% of Total P&M Purchases <sup>1</sup>	~60-65%	~15%	~15%	~5%	~1-3%	~1-3%
Market Size <sup>1</sup>	\$6.8B	\$1.6B	\$1.8B	\$0.6B	\$0.3B	\$0.3B
Key Players	PPG	•	BRIVING SUPFACE PRIFECTION	3M	— NORTON —	•

# SIGNIFICANT OPPORTUNITY EXISTS IN ADJACENT ACCESSORIES MARKETS



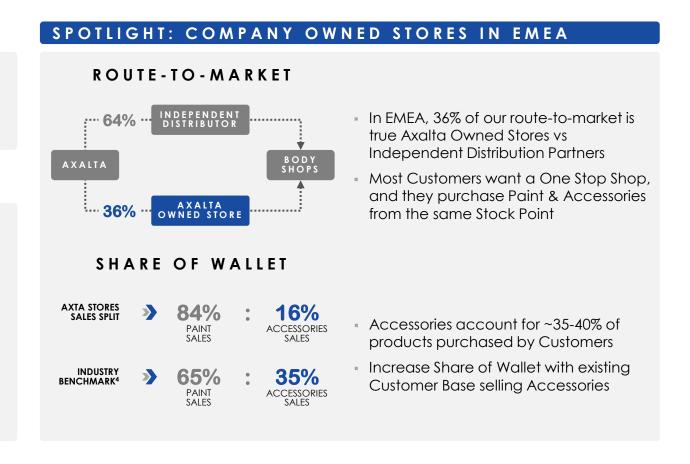
# ACCESSORIES THROUGH COMPANY OWNED STORES

## WHAT IS THE OPPORTUNITY



### HOW WE WILL ACHIEVE IT

- Shift Company-Owned Stores (COSs) from operating as Warehouses to operating as true PBE<sup>3</sup> Stores
- Carry Full Range of Third-Party Manufactured
   Accessories to address Customer Needs
- Increase Share of Wallet with Customer Base:
  - Focused COS Sales Team to sell Accessories



## LEVERAGE COSS CUSTOMER BASE TO EXPAND INTO ADJACENT ACCESSORIES MARKET



# U-POL VALUE CREATION

### WHAT IS THE OPPORTUNITY



Integrate U-POL and Axalta strengths to expand Addressable Market entering Body Fillers / Aerosols and Protection Coatings

### HOW WE WILL ACHIEVE IT

- Leverage EMEA and NA Customer Base to sell U-POL Accessories (Body Fillers, Putties and Glazes)
- Sell U-POL Accessories Products through AXTA
   Distribution Network to expand Market Access
- Leverage Axalta Size / Footprint to speed up Raptor
   Brand growth
- Expand U-POL Product Offering to increase Share of Wallet with National Retailers

## SPOTLIGHT: EXPANDING INTO ACCESSORIES



- Strong Body Filler, Putties and Glazes
   Offering expand Addressable Market
- Convert 100% of Axalta's Customer
   Base to U-POL Accessories Offering

## SPOTLIGHT: EXPANDING INTO RETAIL



- Expand Market beyond Collision Repair targeting DYI Retail Market
- Phase I: Raptor and Aerosols into large retails in NA (Walmart, AutoZone, etc)

# EXPAND MARKET AND CUSTOMER BASE WITH STRONG U-POL OFFERING



# KEY TAKEAWAYS

PROVEN FINANCIAL PERFORMANCE IN RESILIENT COLLISION MARKET MOMENTUM CONTINUING IN 2022 FOLLOWING RECORD 2021 PROFITABILITY

2 INVESTED IN THE CAPABILITIES TO SUPPORT EVOLVING CUSTOMER NEEDS WE ARE DRIVING INCREASED INTEGRATION WITH THE FASTEST GROWING AND MOST CAPABLE CUSTOMERS

CONTINUATION OF PROFITABLE GROWTH TRAJECTORY

MULTIPLE DRIVERS AND STRATEGIC INITIATIVES TO SUPPORT ATTRACTIVE LONG-TERM GROWTH

# **AXALTA IS THE LEADER IN THE REFINISH MARKET**



