



Q4 & FY 2019 Financial Results

January 30, 2020

Legal Notices



Forward-Looking Statements

This presentation and the oral remarks made in connection herewith may contain "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including those relating to our 2020 financial guidance, which include net sales, net sales excluding FX, Adjusted EBIT, depreciation and amortization, Adjusted EBITDA, interest expense, tax rate, as adjusted, Adjusted diluted EPS, free cash flow, capital expenditures, diluted shares outstanding, impacts from acquisitions and divestitures, FX impacts, pricing actions and related assumptions. Any forward-looking statements involve risks, uncertainties and assumptions. These statements often include words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "target," "project," "forecast," "seek," "will," "may," "should," "could," "would," or similar expressions. These statements are based on certain assumptions that we have made in light of our experience in the industry and our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances as of the date hereof. Although we believe that the assumptions and analysis underlying these statements are reasonable as of the date hereof, investors are cautioned not to place undue reliance on these statements. We do not have any obligation to and do not intend to update any forward-looking statements included herein, which speak only as of the date hereof. You should understand that these statements are not guarantees of future performance or results. Actual results could differ materially from those described in any forward-looking statements contained herein or the oral remarks made in connection herewith as a result of a variety of factors, including known and unknown risks and uncertainties, many of which are beyond our control including, but not limited to, our previously announced review of strategic alternatives, the risks and uncertainties described in "Non-GAAP Financial Measures," and "Forward-Looking Statements" as well as "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2018 and in our Quarterly Report on Form 10-Q for the quarters ended March 31, 2019, June 30, 2019, and September 30, 2019.

Non-GAAP Financial Measures

The historical financial information included in this presentation includes financial information that is not presented in accordance with generally accepted accounting principles in the United States ("GAAP"), including net sales excluding FX, Adjusted Net Income, Adjusted diluted EPS, EBITDA, Adjusted EBITDA, EBIT, Adjusted EBIT, tax rate, as adjusted, and Net Debt. Management uses these non-GAAP financial measures in the analysis of our financial and operating performance because they assist in the evaluation of underlying trends in our business. Adjusted EBITDA, Adjusted EBIT and Adjusted 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 attributable to controlling interests after removing the items that are determined by management to be items that we do not consider indicative of our ongoing operating performance unusual or nonrecurring in nature. Our use of the terms net sales excluding FX, Adjusted Net Income, Adjusted diluted EPS, EBITDA, Adjusted EBITDA, EBIT, Adjusted EBIT, tax rate, as adjusted, and Net Debt may differ from that of others in our industry. Net sales excluding FX, Adjusted Net Income, Adjusted diluted EPS, EBITDA, Adjusted EBITDA, EBIT, and Adjusted EBIT should not be considered as alternatives to net sales, net income, operating income or any other performance measures derived in accordance with GAAP as measures of operating performance or operating cash flows or as measures of liquidity. Net sales excluding FX, Adjusted Net Income, Adjusted EPS, EBITDA, Adjusted EBITDA, EBIT, Adjusted EBIT, tax rate, as adjusted, and Net Debt have important limitations as analytical tools and should be considered in conjunction with, and not as substitutes for, our results as reported under GAAP. This presentation includes a reconciliation of certain non-GAAP financial measures with the most directly comparable financial measures calculated in accordance with GAAP. Axalta does not provide a reconciliation for non-GAAP estimates for net sales excluding FX, Adjusted diluted EPS, Adjusted EBITDA, Adjusted EBIT, or tax rate, as adjusted, on a forward-looking basis because the information necessary to calculate a meaningful or accurate estimation of reconciling items is not available without unreasonable effort. For example, such reconciling items include the impact of foreign currency exchange gains or losses, gains or losses that are unusual or nonrecurring in nature, as well as discrete taxable events. We cannot estimate or project those items and they may have a substantial and unpredictable impact on our GAAP results.

Constant Currency

Constant currency or ex-FX percentages are calculated by excluding the change in average exchange rates between the current and comparable period by currency denomination exposure of the comparable period amount.

Organic Growth

Organic growth or ex-M&A percentages are calculated by excluding the impact of recent acquisitions and divestitures.

Segment Financial Measures

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

Defined Terms

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

Rounding

Due to rounding the tables presented may not foot.

Q4 & Full Year 2019 Highlights



Q4 2019 financial results

- Net sales of \$1,098 million decreased 5.8%; decreased 2.5% ex-FX and excluding a 2.0% impact from a JV interest sale in Q2 2019
 - Performance Coatings: Net sales increased 0.3% ex-FX and before JV sale impact
 - Transportation Coatings: Net sales decreased 7.7% ex-FX from volume decrease
- Income from operations of \$109 million versus \$128 million in Q4 2018; Adjusted EBIT of \$174 million increased 1.6% from Q4 2018
- Diluted EPS of \$0.18 versus \$0.32 in Q4 2018; Adjusted diluted EPS of \$0.42 versus \$0.44 in Q4 2018
- Cash flow from operations was \$283 million in Q4 2019 compared to \$251 million in Q4 2018; free cash flow of \$248 million increased 13% from prior year

FY 2019 financial results

- Net sales of \$4,482 million decreased 4.6%; decreased 0.5% ex-currency and excluding a 1.1% impact from a JV interest sale
- Income from operations of \$488 million versus \$442 million in 2018; Adjusted EBIT of \$706 million increased 4.7% from 2018
- Diluted EPS of \$1.06 versus \$0.85 in 2018; Adjusted diluted EPS of \$1.80 increased from \$1.70 in 2018
- Cash flow from operations was \$573 million compared to \$496 million in 2018

Q4 & Full Year 2019 Highlights (cont'd)



Quarterly end-market observations

- **Refinish:** Strong continued price-mix realization, positive volumes in North America
- **Industrial:** Strong price-mix partially offset lower volumes from weaker demand trends globally
- **Light Vehicle:** Continued price/mix recovery; pressure ongoing from global production slowdown and customer strike impact in North America
- **Commercial Vehicle:** Truck production (Class 4-8) down 10% globally in Q4 (per January IHS data), other non-truck vehicle demand also decreased in Q4

Balance sheet & cash flows

- Cash flows from operations of \$573 million in 2019 versus \$496 million in 2018
- Free cash flow of \$475 million in 2019 up 31% versus \$362 million in 2018
- Net leverage ratio down to 3.0x in Q4 2019 from 3.4x in Q4 2018
- Strong cash flows resulting in cash balance of \$1,018 million at year end versus \$694 million at December 31, 2018
- \$105 million of share repurchases (average price of \$25.47) completed in first half of 2019

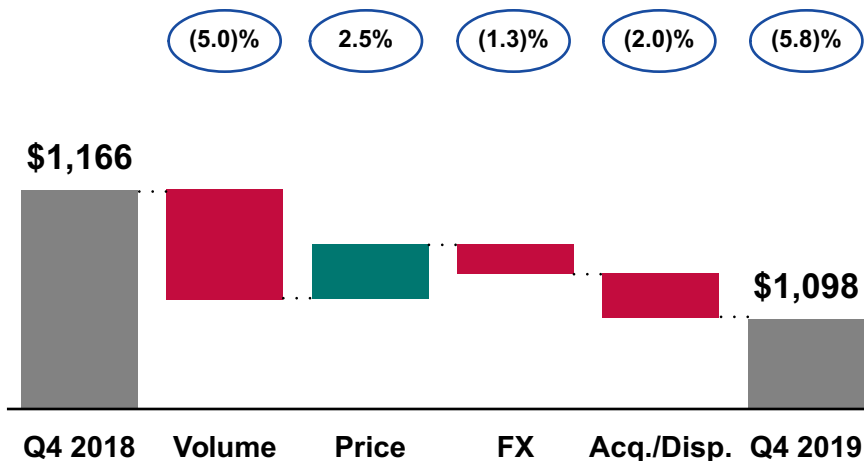
Q4 Consolidated Results



Financial Performance

(\$ in millions, except per share data)	Q4		% Change	
	2019	2018	Incl. FX	Excl. FX
Performance	730	760	(4.0)%	(2.8)%
Transportation	369	406	(9.2)%	(7.7)%
Net sales	1,098	1,166	(5.8)%	(4.5)%
Income from ops	109	128	(14.8)%	
Adj. EBIT	174	171	1.6 %	
Diluted EPS	0.18	0.32	(43.8)%	
Adj. diluted EPS	0.42	0.44	(4.5)%	

Net Sales Variance



Commentary

Net sales down modestly ex-FX and China JV sale on global demand weakness; continued strong price-mix

- Volume declines across most end-markets driven by global macro demand pressures, lower vehicle builds in the period, and slower industrial production trends globally
- Continued price momentum across most end-markets partially offset volume decreases
- Unfavorable currency impact driven by the Euro, Brazilian Real, Renminbi, and Argentine Peso
- China JV disposition in Q2 2019 reduced net sales by 2.0%

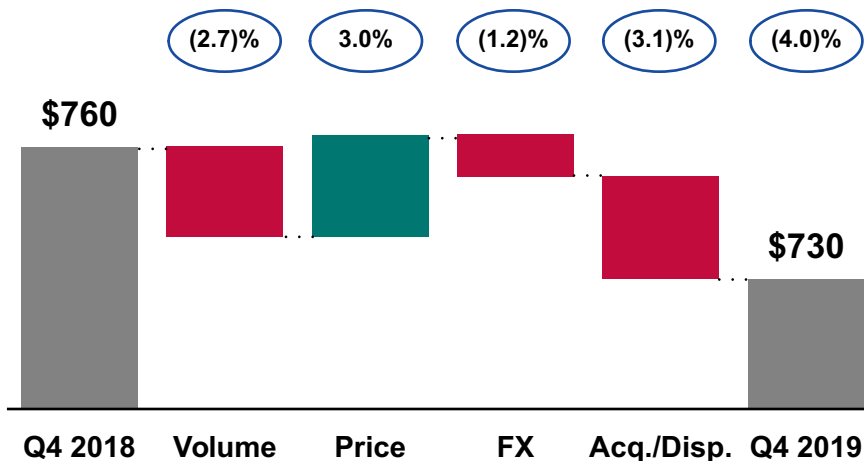
Q4 Performance Coatings Results



Financial Performance

(\$ in millions)	Q4		% Change	
	2019	2018	Incl. FX	Excl. FX
Refinish	466	456	2.3 %	3.5 %
Industrial	264	304	(13.3)%	(12.2)%
Net sales	730	760	(4.0)%	(2.8)%
Adj. EBIT	118	111	6.8 %	
% margin	16.2%	14.5%		

Net Sales Variance



Commentary

Low single digit organic net sales growth ex-FX driven by strong price-mix contribution

- Refinish volumes flat globally and increased in North America; Industrial volume decreased mid-single digits due to weak global industrial production trends
- Continued strong price-product mix across both end-markets and all regions
- Currency headwinds from the Euro, Renminbi, and Argentine Peso
- Negative 3.1% M&A impact from China JV sale in Q2 2019

Adjusted EBIT margin up 170 bps

- Strong margin improvement driven by positive price/mix and raw material tailwinds

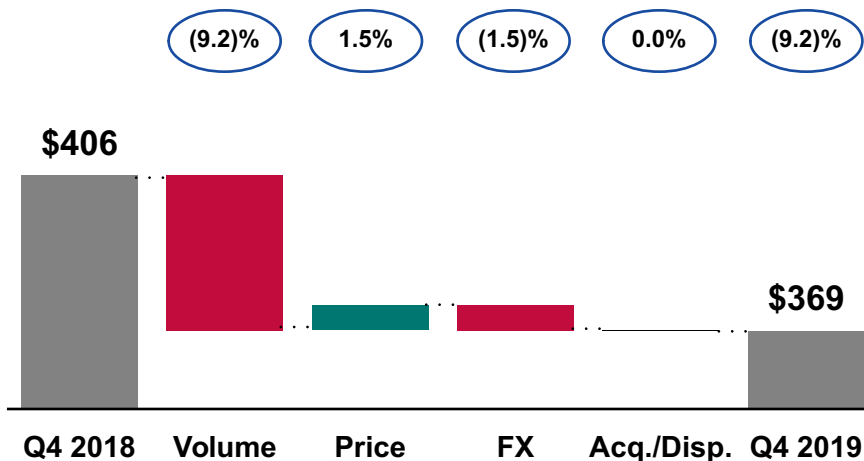
Q4 Transportation Coatings Results



Financial Performance

(\$ in millions)	Q4		% Change	
	2019	2018	Incl. FX	Excl. FX
Light Vehicle	291	317	(8.3)%	(6.7)%
Commercial Vehicle	78	89	(12.3)%	(11.2)%
Net sales	369	406	(9.2)%	(7.7)%
Adj. EBIT	26	26	(1.5)%	
% margin	6.9%	6.4%		

Net Sales Variance



Commentary

Net sales ex-FX driven by volume decline, partially offset by Light Vehicle price-mix improvement

- Light Vehicle volume pressure from lower global production rates and customer strike impact in North America; Commercial Vehicle volumes down from ongoing global truck production decline
- Continued positive Light Vehicle price recapture; flat price-mix impact for Commercial Vehicle
- Currency headwind driven by the Euro, Brazilian Real, and Renminbi

Adjusted EBIT margin up 50 bps

- Margin improvement driven by lower fixed costs, raw material tailwinds, and positive price-mix benefits

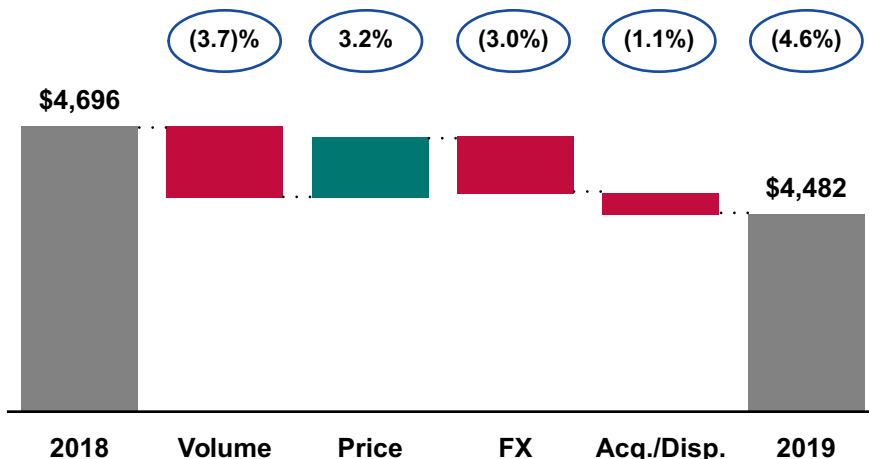
FY Consolidated Results



Financial Performance

(\$ in millions, except per share data)	FY		% Change	
	2019	2018	Incl. FX	Excl. FX
Performance	2,923	3,033	(3.6)%	(0.7)%
Transportation	1,559	1,663	(6.3)%	(3.3)%
Net sales	4,482	4,696	(4.6)%	(1.6)%
Income from ops	488	442	10.4 %	
Adj. EBIT	706	675	4.7 %	
Diluted EPS	1.06	0.85	24.7 %	
Adj. diluted EPS	1.80	1.70	5.9 %	

Net Sales Variance



Commentary

Net sales declined modestly ex-FX and M&A impact; volume pressure largely offset by price-mix improvement

- Volume decline as a result of lower Light Vehicle production, weaker industrial production trends, and continued Refinish mix shift
- Continued strong price-mix across both segments
- Unfavorable currency impact driven by the Euro, Renminbi, Brazilian Real, and Argentine Peso
- Net negative M&A impact of 1.1% largely from China Powder JV sale

Debt and Liquidity Summary



Capitalization

(\$ in millions)	Interest	@ 12/31/2019	Maturity
Cash and Cash Equivalents		\$ 1,018	
Debt:			
Revolver (\$400 million capacity)	Variable	—	2021
First Lien Term Loan (USD)	Variable	2,366	2024
Total Senior Secured Debt		\$ 2,366	
Senior Unsecured Notes (USD)	Fixed	492	2024
Senior Unsecured Notes (EUR) ⁽¹⁾	Fixed	370	2024
Senior Unsecured Notes (EUR) ⁽¹⁾	Fixed	497	2025
Finance Leases ⁽⁴⁾		65	
Other Borrowings		44	
Total Debt		\$ 3,834	
Total Net Debt ⁽²⁾		\$ 2,816	
Full Year Adjusted EBITDA		\$ 939	
Total Net Leverage ⁽³⁾		3.0x	

(1) Assumes Exchange rate of \$1.1200 USD/Euro

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

(3) Total Net Leverage = Total Net Debt / Full Year Adjusted EBITDA

(4) Includes impacts of new leasing standard resulting in net increase of \$10 million upon adoption of 1/1/19

Comments

- **Net leverage lower vs. Q3 2019 due to:**
 - Higher cash position driven by stronger free cash flow
 - Partially offset by stronger Euro
- **Long term debt interest is 82% effectively fixed**
 - \$250 million of term loan debt protected from rising interest rates with 3 month USD LIBOR capped at 1.5%
 - \$1.175 billion of term loan debt fixed with interest rate swaps at weighted average rate of 1.96%
- **Term Loan debt prepayment**
 - Subsequent to year end we prepaid \$300 million of our USD Term Loan debt

Comments on 2020 Guidance



(\$ in millions, except per share data) 2019A 2020E

Net Sales	(4.6)%	~0-1%
Net Sales, ex FX, ex M&A	(0.5)%	~1-2%
Adjusted EBIT	\$706	\$710-750
Adjusted Diluted EPS	\$1.80	\$1.85-2.00
D&A	\$353	~\$330
Tax Rate, As Adjusted	21%	~22%
Diluted Shares (millions)	236	~237
Capex	\$113	~\$160
Free Cash Flow	\$475	\$450-490

Comments on 2020 Guidance

- Net sales growth expected primarily in Performance Coatings offset partly by weaker Commercial Vehicle market demand; coronavirus effect not included in guidance given unknown magnitude of impact
- 2020 net sales include a 1% net divestiture impact
- Step-up depreciation of \$105 million and accelerated depreciation of ~\$7 million from Belgian plant closure removed from Adjusted EBIT
- Adjusted EBIT and Adjusted diluted EPS growth from moderate net sales growth, stable raw material input cost, and productivity actions net of growth investments planned
- No share repurchases assumed in 2020 diluted share guidance
- Free cash flow improvement due to earnings growth, and working capital improvement, partly offset by higher severance payments and capex driven by ERP project investment



Appendix

Full Year 2020 Assumptions



Macroeconomic Assumptions

- Macro backdrop improvement expected in 2H of 2020
- Global GDP growth of ~2.5%
- Global industrial production growth of ~1.4%
- Global auto builds down ~0.5%; CV down 8.5%
- Declines in a few key oil based feedstocks to push pricing down for Solvents and Monomers
- Certain categories including Pigments remain impacted by tight structural and supply dynamics
- IMO 2020 impacting raw materials pricing, but overall flat to down variable cost trend seen 2020

Currency Assumptions

Currency	2019 % Axalta Net Sales	2019 Average Rate	2020 Average Rate Assumption	USD % Impact of FX Rate Change
US\$ per Euro	~29%	1.12	1.14	1.8%
Chinese Yuan per US\$	~9%	6.91	6.99	(1.1%)
Brazilian Real per US\$	~3%	3.94	3.98	(1.0%)
US\$ per British Pound	~3%	1.28	1.34	4.7%
Mexican Peso per US\$	~2%	19.27	19.22	0.3%
Canadian Dollar per US\$	~2%	0.75	0.76	(1.3%)
Indian Rupee per US\$	~1%	70.43	71.64	(1.7%)
Other	~52%	N/A	N/A	N/A

Adjusted EBIT Reconciliation



(\$ in millions)	FY 2019	FY 2018	Q4 2019	Q4 2018
Income from operations	\$ 488	\$ 442	\$ 109	\$ 128
Other (income) expense, net	(4)	15	(1)	4
EBIT	\$ 492	\$ 427	\$ 110	\$ 124
A Debt extinguishment and refinancing related costs	—	10	—	1
B Termination benefits and other employee related costs	35	82	2	2
C Strategic review and retention costs	13	—	10	—
D Offering and transactional costs	1	1	—	—
E Divestiture and impairment charges	21	—	18	—
F Pension special events	(1)	—	(1)	—
G Accelerated depreciation	24	10	6	6
H Indemnity losses	—	4	—	3
I Change in fair value of equity investments	—	1	—	—
J Step-up depreciation and amortization	120	140	30	34
Adjusted EBIT	\$ 706	\$ 675	\$ 174	\$ 171
Segment Adjusted EBIT:				
Performance Coatings	\$ 449	\$ 400	\$ 118	\$ 111
Transportation Coatings	137	135	26	26
Total	\$ 586	\$ 534	\$ 144	\$ 137
J Step-up depreciation and amortization	120	140	30	34
Adjusted EBIT	\$ 706	\$ 675	\$ 174	\$ 171

Adjusted EBIT Reconciliation (cont'd)



- A** Represents expenses related to the 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 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 previously announced comprehensive review of strategic alternatives, as well as retention awards for certain employees. 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 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.
- 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) losses associated with the acquisition by Axalta of the DuPont Performance Coatings business, which we do not consider indicative of our ongoing operating performance.
- I** Represents mark to market impacts of our equity investments, which we do not consider to be indicative of our ongoing operating performance.
- J** Represents the incremental step-up depreciation and amortization expense associated with the acquisition of DuPont Performance Coatings by Axalta. We believe this will assist investors in performing meaningful comparisons of past, present and future operating results and better highlight the results of our ongoing operating performance.

Adjusted Net Income Reconciliation



(\$ in millions, except per share data)		FY 2019	FY 2018	Q4 2019	Q4 2018
Net Income	\$	253	\$ 213	\$ 42	\$ 77
Less: Net income attributable to noncontrolling interests		4	6	1	1
Net income attributable to controlling interests	\$	249	\$ 207	\$ 42	\$ 76
A Debt extinguishment and refinancing related costs		—	10	—	1
B Termination benefits and other employee related costs		35	82	2	2
C Strategic review and retention costs		13	—	10	—
D Offering and transactional costs		1	1	—	—
E Divestiture and impairment charges		21	—	18	—
F Pension special events		(1)	—	(1)	—
G Accelerated depreciation		24	10	6	6
H Indemnity losses		—	4	—	3
I Change in fair value of equity investments		—	1	—	—
J Step-up depreciation and amortization		120	140	30	34
Total adjustments	\$	213	\$ 247	\$ 64	\$ 47
K Income tax provision impacts		38	42	8	16
Adjusted net income	\$	424	\$ 413	\$ 98	\$ 106
Adjusted diluted earnings per share	\$	1.80	\$ 1.70	\$ 0.42	\$ 0.44
Diluted weighted average shares outstanding		236	243	236	239

Adjusted Net Income Reconciliation (cont'd)



- A** Represents expenses related to the restructuring and refinancing of our indebtedness, which are not considered indicative of our ongoing operating performance.
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- 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 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.
- K** 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. The income tax impact includes the removal of discrete items for the three months and years ended December 31, 2019 and 2018 which were expense of \$0.5 million and benefit of \$4.6 million, and benefits of \$9.7 million and \$2.0 million, respectively. 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.

Free Cash Flow Reconciliation



(\$ in millions)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
Cash provided by (used in) operating activities	\$ (58)	\$ 127	\$ 221	\$ 283	\$ 573	\$ (21)	\$ 142	\$ 125	\$ 251	\$ 496
Purchase of property, plant and equipment	(21)	(27)	(27)	(39)	(113)	(40)	(35)	(35)	(34)	(143)
Interest proceeds on swaps designated as net investment hedges	4	4	4	4	15	—	—	6	4	9
Free cash flow	\$ (75)	\$ 104	\$ 198	\$ 248	\$ 475	\$ (61)	\$ 107	\$ 96	\$ 220	\$ 362

Adjusted EBITDA Reconciliation



(\$ in millions)	FY 2019	FY 2018	Q4 2019	Q4 2018
Net income	\$ 253	\$ 213	\$ 42	\$ 77
Interest expense, net	163	160	40	41
Provision for income taxes	77	54	27	6
Depreciation and amortization	353	369	86	94
Reported EBITDA	\$ 846	\$ 796	\$ 195	\$ 218
A Debt extinguishment and refinancing related costs	—	10	—	1
B Termination benefits and other employee related costs	35	82	2	2
C Strategic review and retention costs	13	—	10	—
D Offering and transactional costs	1	1	—	—
E Divestiture and impairment charges	21	—	18	—
F Foreign exchange remeasurement losses	8	9	3	1
G Long-term employee benefit plan adjustments	—	(2)	(1)	(1)
H Stock-based compensation	16	37	6	10
I Dividends in respect of noncontrolling interest	(2)	(1)	—	—
J Other adjustments	—	5	—	4
Total Adjustments	\$ 93	\$ 141	\$ 38	\$ 17
Adjusted EBITDA	\$ 939	\$ 937	\$ 233	\$ 235

Adjusted EBITDA Reconciliation (cont'd)



- A** Represents expenses related to the restructuring and refinancing of our indebtedness, which are not considered indicative of our ongoing operating performance.
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- C** Represents costs for legal, tax and other advisory fees pertaining to our previously announced comprehensive review of strategic alternatives, as well as retention awards for certain employees. 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 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.
- F** 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.
- G** Eliminates the non-cash, non-service cost components of long-term employee benefit costs.
- H** Represents non-cash impacts associated with stock-based compensation.
- I** 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.
- J** 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.



Thank you

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