# Q3 2020 Financial Results

October 21, 2020

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

**Non-GAAP Financial Measures**

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

**Constant Currency**

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

**Organic Growth**

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

**Segment Financial Measures**

The primary measure of segment operating performance is Adjusted EBIT, which is a key metric that is used by management to evaluate business performance in comparison to budgets, forecasts and prior year financial results, providing a measure that management believes reflects Axalta's core operating performance. As we do not measure segment operating performance based on net income, a reconciliation of this non-GAAP financial measure with the most directly comparable financial measure calculated in accordance with GAAP is not available.

**Defined Terms**

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

**Rounding**

Due to rounding the tables presented may not foot.

# Introduction and Q3 Financial Highlights

## Third Quarter 2020 Highlights

- Record adjusted operating earnings with broad demand recovery
- Sequential recovery from all end-markets; Q3 2020 net sales 57.3% higher than Q2 2020
- Income from operations of $142 million versus $123 million in Q3 2019
- Record reported Adjusted EBIT of $210 million increased 10% YoY
- Adj. Diluted EPS of $0.59 versus $0.52 in Q3 2019
- Cash from operations of $233 million; over $1.7 billion in total liquidity available at September 30, 2020

## Business Conditions and Cost Structure

- Sales recovery aided by ongoing vehicle traffic improvement, industrial production recovery, strength in North American home building and remodeling, and global auto production recovery
- Achieved $50 million in Q3 cost savings from COVID mitigation actions; expect to deliver over $130 million in total temporary cost savings and ~$140 million in incremental cash in 2020
- Structural cost savings, including Axalta Way incremental savings, are on track to meet 2020 goals
- Implementation of new $50 million two-year restructuring announced in July 2020

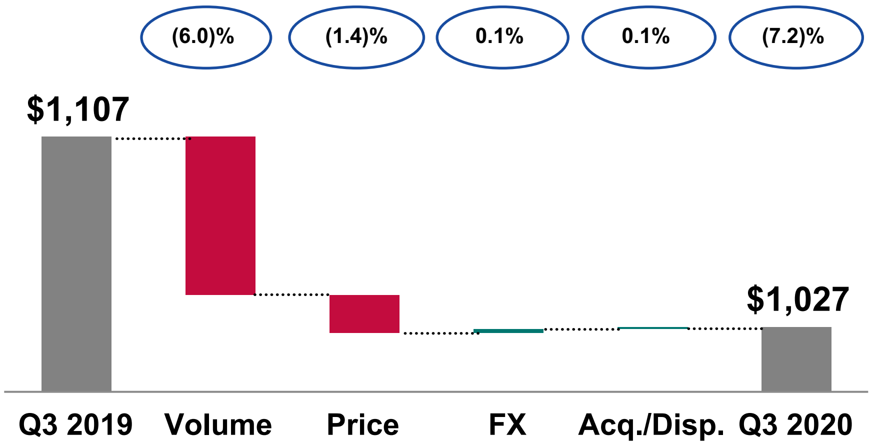



# Q3 Consolidated Results

## Financial Performance

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

## Net Sales Variance




## Commentary

**Net sales showed continued recovery across all end markets during Q3**

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

**Record Adjusted EBIT achieved**

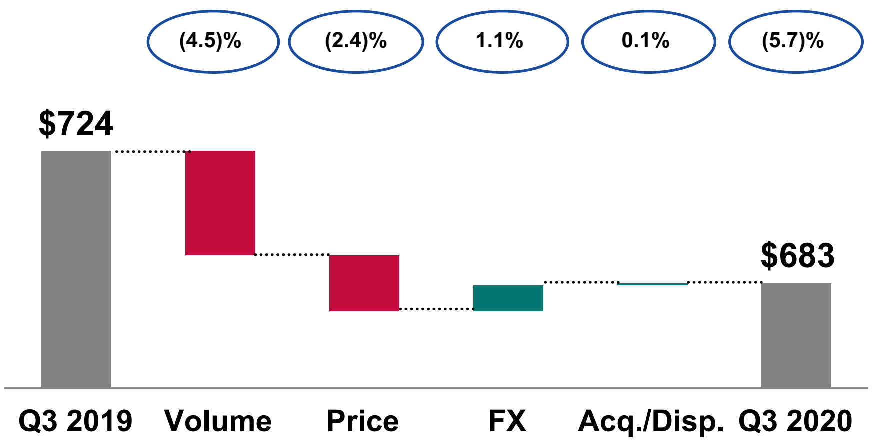
- Ongoing cost actions and variable cost tailwinds produced record Adjusted EBIT in Q3 2020

# Q3 Performance Coatings Results

## Financial Performance

| ($ in millions) | Q3 2020 | Q3 2019 | % Change Incl. F/X | % Change Excl. F/X |
|---|---|---|---|---|
| Refinish | 402 | 442 | (9.0)% | (10.0)% |
| Industrial | 281 | 282 | (0.4)% | (1.8)% |
| Net Sales | 683 | 724 | (5.7)% | (6.8)% |
| Adjusted EBIT | 134 | 125 | 7.2 % | |
| *% margin* | *19.6 %* | *17.3 %* | | |

## Net Sales Variance




## Commentary

**Ongoing COVID-19 impact on net sales but recovery continued through Q3**

- Volume declines moderated through Q3 as Refinish saw vehicle miles driven recover versus Q2 lows; Industrial volumes largely flat versus prior year on solid macro recovery
- Modest price-product mix headwinds across both end-markets primarily due to mix effect differences from prior year; Refinish price remained positive
- 1.1% FX tailwind driven by the Euro, partly offset by certain LatAm currencies

**Record Adjusted EBIT despite ongoing volume pressure**

- Positive earnings comparisons aided by ongoing cost actions and variable cost tailwinds to offset volume pressures; Adjusted EBIT margin up 230 bps to record levels

# Performance Demand Environment

**Refinish**

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

**Industrial**

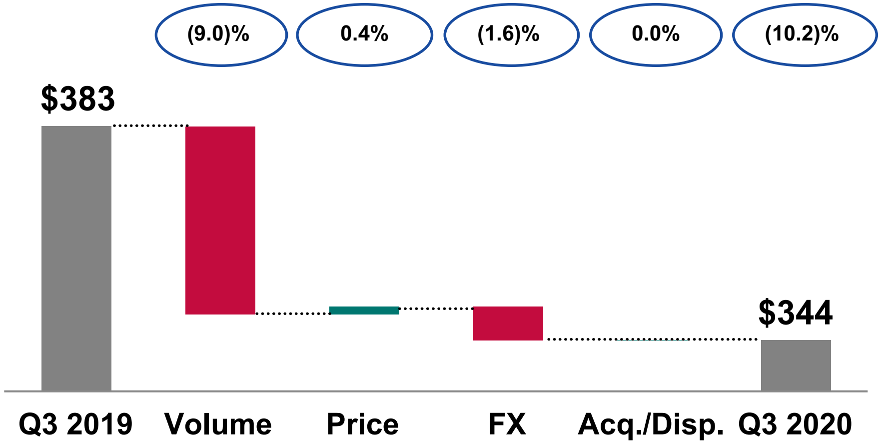
- Industrial demand and market recovery continues across all end-markets served; some end businesses including Wood, Coil, and Energy Solutions closed the gap from prior year during Q3
- U.S. home building and remodeling activity remains robust, aiding Axalta's Industrial Wood and Coil volumes
- In September,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

# Q3 Transportation Coatings Results

## Financial Performance

| ($ in millions) | Q3 2020 | Q3 2019 | % Change Incl. F/X | % Change Excl. F/X |
|---|---|---|---|---|
| Light Vehicle | 276 | 296 | (6.6)% | (5.0)% |
| Commercial Vehicle | 68 | 88 | (22.5)% | (20.8)% |
| Net Sales | 344 | 383 | (10.2)% | (8.6)% |
| Adjusted EBIT | 49 | 37 | 30.4 % | |
| *% margin* | *14.1 %* | *9.7 %* | | |

## Net Sales Variance




## Commentary

**Strong improvement from Q2 2020 net sales led by LV production recovery and including better than expected CV volumes**

- Volume recovery from Q2 2020 in LV led by North America and China boosted by low dealer inventories after spring shut downs
- Positive price-mix contribution driven by mix differences from prior year
- Negative FX impact driven primarily by Latin America currencies, partly offset by Euro

**Adjusted EBIT margin increased year-over-year despite volume pressure**

- Positive Adjusted EBIT comparison and substantial margin lift, driven by cost actions and moderate variable cost tailwinds to offset volume declines

# Transportation Demand Environment

**Light Vehicle**

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

**Commercial Vehicle**

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

# Debt and Liquidity Summary

## Capitalization

| ($ in millions) | Interest | @ 9/30/2020 | Maturity |
|---|---|---|---|
| Cash and Cash Equivalents | | $ 1,341 | |
| **Debt:** | | | |
| Revolver ($400 million capacity)(1) | Variable | — | 2024 |
| First Lien Term Loan (USD) | Variable | 2,054 | 2024 |
| **Total Senior Secured Debt** | | **$ 2,054** | |
| Senior Unsecured Notes (USD) | Fixed | 493 | 2024 |
| Senior Unsecured Notes (EUR) (2) | Fixed | 387 | 2024 |
| Senior Unsecured Notes (EUR) (2) | Fixed | 520 | 2025 |
| Senior Unsecured Notes (USD) | Fixed | 492 | 2027 |
| Finance Leases | | 65 | |
| Other Borrowings | | 50 | |
| **Total Debt** | | **$ 4,060** | |
| **Total Net Debt (3)** | | **$ 2,719** | |
| LTM Adjusted EBITDA | | 740 | |
| **Total Net Leverage (4)** | | **3.7x** | |
| **Interest Coverage Ratio (5)** | | **4.9x** | |

(1) $366 million available on our undrawn revolver net of letters of credit
(2) Assumes exchange rate of $1.168 USD/Euro
(3) Total Net Debt = Total Debt minus Cash and Cash Equivalents
(4) Total Net Leverage = Total Net Debt / LTM Adjusted EBITDA
(5) Interest Coverage Ratio = LTM Adjusted EBITDA / LTM Interest Expense

## Comments

- Over ~$1.7 billion in liquidity at September 30
- Net leverage improved to 3.7x in Q3 from Q2 2020 of 4.0x with increased cash and cash equivalents as well as increased LTM Adjusted EBITDA
- No maturities on outstanding long-term debt until 2024
- Long term debt interest rates are effectively 87% fixed
  - $250 million of term loan debt protected from rising interest rates with 3 month USD LIBOR capped at 1.50%
  - $1.375 billion of term loan debt fixed with interest rate swaps at weighted average of 1.84%

# Financial Guidance Update

AXALTA

**Full Year 2020 Guidance:**


- Net Sales: Expected to be down ~18% compared to FY 2019, including -2% FX and M&A impact
- Q4 Net Sales: Expected to be down ~6-8% compared to Q4 2019
- Adjusted EBIT: $495-515 million
- Adjusted Diluted EPS: $1.15-1.20
- Interest Expense: ~$155 million
- Diluted Shares: ~236 million
- Free Cash Flow: $280-310 million; including $90 million capex
- Tax Rate: ~20-21%

# Appendix

# Full Year 2020 Assumptions

## Macroeconomic Assumptions

- Global GDP decline of approximately ~(4.5%)
- Global industrial production decline of approximately ~(6.0%)
- Global auto build decline of approximately ~(17.9%)
- Both oil and related feedstock have seen increased prices as they recover from demand destruction driven by COVID-19; improved demand for coatings input raw materials

## Currency Assumptions

| Currency | 2019 % Axalta Net Sales | 2019 Average Rate | 2020 Average Rate Assumption | USD % Impact of FX Rate Change |
|---|---|---|---|---|
| US$ per Euro | ~28% | 1.12 | 1.14 | 1.8% |
| Chinese Yuan per US$ | ~9% | 6.91 | 6.96 | (0.7%) |
| Brazilian Real per US$ | ~3% | 3.94 | 5.13 | (23.2%) |
| US$ per British Pound | ~3% | 1.28 | 1.28 | 0.0% |
| Mexican Peso per US$ | ~2% | 19.25 | 21.83 | (11.8%) |
| Canadian Dollar per US$ | ~2% | 0.75 | 0.74 | 1.4% |
| Indian Rupee per US$ | ~2% | 70.41 | 74.18 | (5.1%) |
| Other | ~52% | N/A | N/A | (0.6%) |

# Adjusted EBIT Reconciliation

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

# Adjusted EBIT Reconciliation (cont'd)

**A** Represents expenses and associated changes to estimates related to the prepayment, restructuring, and refinancing of our indebtedness, which are not considered indicative of our ongoing operating performance.

**B** Represents expenses and associated changes to estimates related to employee termination benefits and other employee-related costs. Employee termination benefits are primarily associated with Axalta Way initiatives. These amounts are not considered indicative of our ongoing operating performance.

**C** Represents costs for legal, tax and other advisory fees pertaining to our review of strategic alternatives that was concluded in March 2020, as well as retention awards for certain employees which will be earned over a period of 18-24 months. These amounts are not considered indicative of our ongoing operating performance.

**D** Represents acquisition and divestiture-related expenses, all of which are not considered indicative of our ongoing operating performance.

**E** Represents expenses and associated changes to estimates related to the sale of our interest in a joint venture business and other impairments, which are not considered indicative of our ongoing operating performance.

**F** Represents certain defined benefit pension costs associated with special events, including pension curtailments, settlements and special termination benefits, which we do not consider indicative of our ongoing operating performance.

**G** Represents incremental depreciation expense resulting from truncated useful lives of the assets impacted by our manufacturing footprint assessments, which we do not consider indicative of our ongoing operating performance.

**H** Represents indemnity income (loss) associated with the acquisition by Axalta of the DuPont Performance Coatings business, which we do not consider indicative of our ongoing operating performance.

**I** Represents the incremental step-up depreciation and amortization expense associated with the acquisition of DuPont Performance Coatings by Axalta. We believe this will assist investors in performing meaningful comparisons of past, present and future operating results and better highlight the results of our ongoing operating performance.

# Adjusted Net Income Reconciliation

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

# Adjusted Net Income Reconciliation (cont'd)

**A** Represents expenses and associated changes to estimates related to the prepayment, restructuring, and refinancing of our indebtedness, which are not considered indicative of our ongoing operating performance.

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**J** The income tax impacts are determined using the applicable rates in the taxing jurisdictions in which expense or income occurred and includes both current and deferred income tax expense (benefit) based on the nature of the non-GAAP performance measure. Additionally, the income tax impact includes the removal of discrete income tax impacts within our effective tax rate which were expenses of $3.6 million, and benefits of $26.8 million, $1.0 million, and $5.1 million for the three months and nine months ended September 30, 2020 and 2019, respectively. The tax benefits for the nine months ended September 30, 2020 include the removal of a significant one-time benefit associated with the recognition of a deferred tax asset related to an intra-entity transfer of certain intellectual property rights. The deferred tax benefit will be ratably amortized into our adjusted income tax rate as the tax attribute is realized.

# Free Cash Flow Reconciliation

| ($ in millions) | Q3 2020 | Q2 2020 | Q1 2020 | YTD 2020 | Q3 2019 | Q2 2019 | Q1 2019 | YTD 2019 |
|---|---|---|---|---|---|---|---|---|
| Cash provided by (used for) operating activities | $ 233 | $ (2) | $ (1) | $ 231 | $ 221 | $ 127 | $ (58) | $ 290 |
| Purchase of property, plant and equipment | (14) | (20) | (23) | (56) | (27) | (27) | (21) | (74) |
| Interest proceeds on swaps designated as net investment hedges | 4 | 4 | 4 | 11 | 4 | 4 | 4 | 11 |
| Free cash flow | $ 223 | $ (18) | $ (20) | $ 186 | $ 198 | $ 104 | $ (75) | $ 227 |

# Adjusted EBITDA Reconciliation

| ($ in millions) | | LTM 9/30/2020 | Q3 2020 | Q2 2020 | Q1 2020 | Q3 2019 | Q2 2019 | Q1 2019 | FY 2019 |
|---|---|---|---|---|---|---|---|---|---|
| | Net income | $ 94 | $ 83 | $ (83) | $ 52 | $ 66 | $ 100 | $ 44 | $ 253 |
| | Interest expense, net | 153 | 40 | 36 | 37 | 40 | 41 | 41 | 163 |
| | Provision (benefit) for income taxes | 4 | 17 | (15) | (25) | 18 | 18 | 14 | 77 |
| | Depreciation and amortization | 329 | 80 | 77 | 87 | 87 | 89 | 92 | 353 |
| | **EBITDA** | **$ 580** | **$ 220** | **$ 14** | **$ 151** | **$ 212** | **$ 248** | **$ 191** | **$ 846** |
| A | Debt extinguishment and refinancing related costs | 2 | — | — | 2 | — | — | — | — |
| B | Termination benefits and other employee related costs | 72 | 36 | 15 | 20 | 29 | 3 | 1 | 35 |
| C | Strategic review and retention costs | 35 | 7 | 7 | 12 | 3 | 1 | — | 13 |
| D | Offering and transactional costs | — | — | — | — | — | — | 1 | 1 |
| E | Loss (gain) on divestiture and impairment | 21 | — | 3 | 1 | (1) | (1) | 5 | 21 |
| F | Foreign exchange remeasurement losses | 11 | 6 | — | 2 | 1 | 2 | 2 | 8 |
| G | Long-term employee benefit plan adjustments | (3) | (1) | (1) | (1) | — | — | — | — |
| H | Stock-based compensation | 22 | 5 | 6 | 5 | 4 | (1) | 7 | 16 |
| I | Dividends in respect of noncontrolling interest | (1) | — | — | (1) | — | — | (1) | (2) |
| J | Other adjustments | — | — | — | — | — | — | — | — |
| | Total Adjustments | 160 | $ 53 | 30 | 40 | $ 37 | $ 4 | $ 15 | $ 93 |
| | **Adjusted EBITDA** | **$ 740** | **$ 273** | **$ 44** | **$ 191** | **$ 249** | **$ 251** | **$ 207** | **$ 939** |

# 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. These amounts are not considered indicative of our ongoing operating performance.
- **D** Represents acquisition and divestiture-related expenses, all of which are not considered indicative of our ongoing operating performance.
- **E** Represents expenses and associated changes to estimates related to the sale of our interest in a joint venture business and other impairments, which are not considered indicative of our ongoing operating performance.
- **F** 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.

AXALTA

**Thank you**

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