



Q3 2021 Financial Results

October 25, 2021



Legal Notices

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 net sales growth, currency effects, acquisition or divestment impacts, Adjusted EBIT, Adjusted diluted EPS, interest expense, income tax rate, as adjusted, free cash flow, capital expenditures, depreciation and amortization, diluted shares outstanding and various assumptions noted in the presentation, 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 the timing or amount of any future share repurchases. Axalta has identified some of these forward-looking statements with words "believes," "expects," "assumes," "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, including our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2021 and June 30, 2021. 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, income 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 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 impact 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 2021 Highlights

- Q3 2021 net sales increased 6.0% year-over-year to \$1,089 million with substantial growth from three of four end-markets; Light Vehicle continued to be impacted by auto OEM production constraints
 - Performance Coatings price-mix increased 5.0%, including mid-single digits increase in both Refinish and Industrial
 - Mobility Coatings price-mix improved 3.6% inclusive of indexing benefits within the Light Vehicle business
- Income from operations of \$125 million versus \$142 million in Q3 2020; Adjusted EBIT of \$146 million compared with \$210 million in Q3 2020; Q3 results exceeded July earnings guidance
- Diluted EPS of \$0.30 versus \$0.35 in Q3 2020; Adjusted diluted EPS of \$0.39 versus \$0.59 in Q3 2020
- Strong cash flow from operations of \$143 million; liquidity of over \$1.1 billion
- Repurchased 3.1 million shares of common stock (\$90 million spend) at \$29.04 average price per share in Q3 2021; \$214 million share repurchases year-to-date
- Closed acquisition of U-POL, a leading manufacturer of automotive repair and refinish products, on September 15, 2021



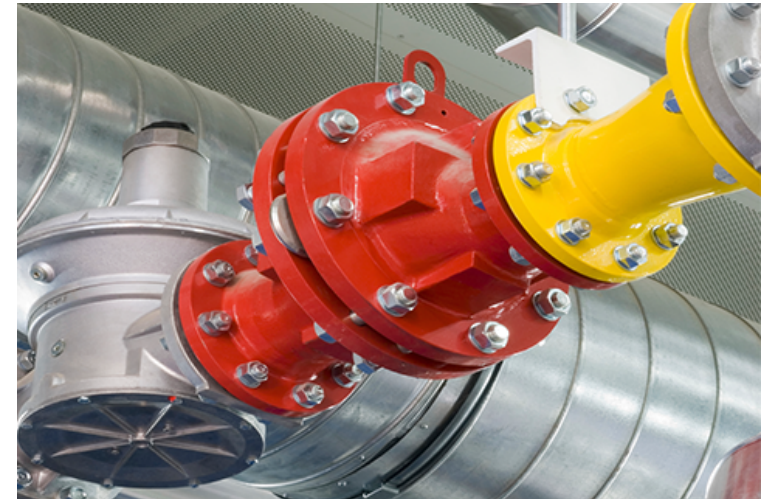
Business Conditions and Cost Actions

Q3 Business Conditions Summary

- Continued global recovery in Refinish demand drivers, including traffic and body shop activity following pandemic-driven mobility slowdown; net sales volumes remain mid-single digits below 2019 levels
- Strong continued growth in Industrial, despite headwinds from raw material supply constraints during Q3; overall demand strong across all Industrial end businesses
- Mobility Coatings seeing strong underlying market demand, but volume has been negatively impacted from ongoing semiconductor shortages (\$70 million impact during Q3)

Continued Inflation Response and Cost Structure Actions

- Raw material inflation intensified in Q3; now expect mid-teens variable cost inflation for the full year
- Offsets via ongoing and incremental pricing actions taken year-to-date and expected during Q4
 - Performance Coatings largely offset inflation with price-mix in Q3 YTD; Mobility Coatings price-cost gap opened in Q3 – actions underway to address the gap
- Focus on implementing structural cost control; anticipate at least \$50 million in full-year cost savings from existing restructuring and Axalta Way productivity savings



Q3 2021 ESG Highlights

Environment



- Broke ground on construction of state-of-the-art facility in Jilin City, Northern China to support growing Chinese market for sustainable waterborne mobility coatings
- Began using Axalta's total cost-to-coat and CO₂ modeling tool with Mobility customers to identify cost, emissions, and energy savings in their paint shops
- Showcased Axalta's coatings solutions for electric vehicle batteries and motors at Novi Battery Show

Social



- Awarded 19 students studying STEM and vocational fields the first annual Axalta Bright Futures Scholarships
- Donations to local communities impacted by the COVID-19 pandemic and natural disasters in Brazil, Germany, India and Turkey

Governance



- ESG Steering Committee completed materiality assessment; ESG goal setting nearly complete
- Annual employee Code of Business Conduct training completed
- Maintaining excellent ESG scores from MSCI (AA) and ISS: E: 2 / S: 3 / G: 1 (best in industry)

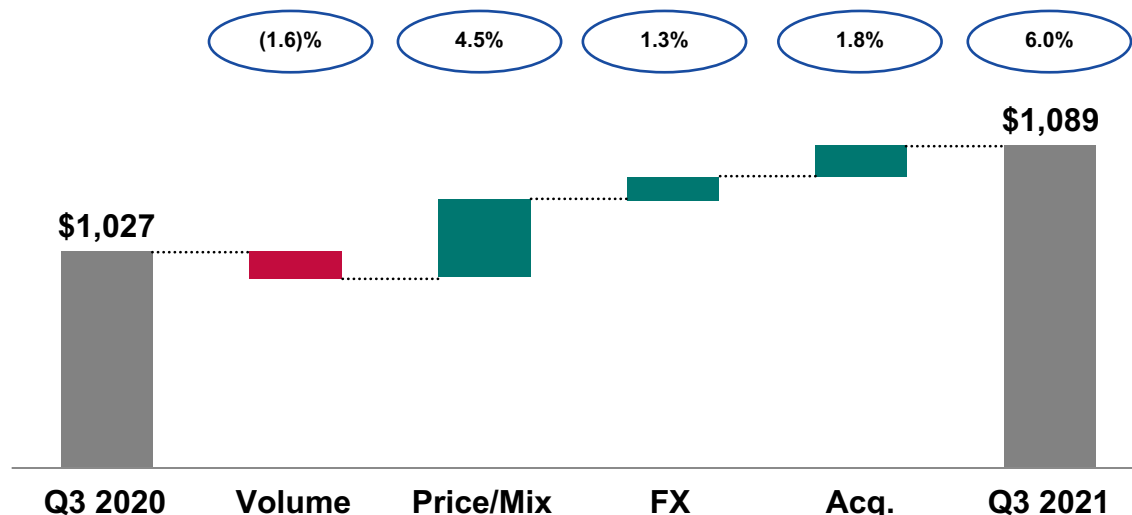
Axalta's Sustainability Report available at sustainability.axalta.com

Q3 Consolidated Results

Financial Performance

(\$ in millions, except per share data)	Q3		% Change	
	2021	2020	Incl. F/X	Excl. F/X
Performance Coatings	779	683	14.1 %	12.9 %
Mobility Coatings	309	344	(10.1)%	(11.6)%
Net Sales	1,089	1,027	6.0 %	4.7 %
Income (loss) from ops	125	142	(12.0)%	
Adjusted EBIT	146	210	(30.6)%	
% margin	13.4 %	20.4 %		
Diluted EPS	0.30	0.35	(14.3)%	
Adjusted EPS	0.39	0.59	(33.9)%	

Net Sales Variance



Commentary

Net sales increased from price-mix tailwinds and M&A contribution; strong volume outside of Light Vehicle

- Q3 net sales YOY growth across all end-markets except Light Vehicle
- Three of four end-markets show volume growth; Light Vehicle impacted by supply chain shortages
- Pricing actions benefited all end-markets
- Initial M&A contribution from recently closed acquisitions
- FX tailwind driven by the Renminbi, Euro, and Pound

YOY Adjusted EBIT reduction for the third quarter

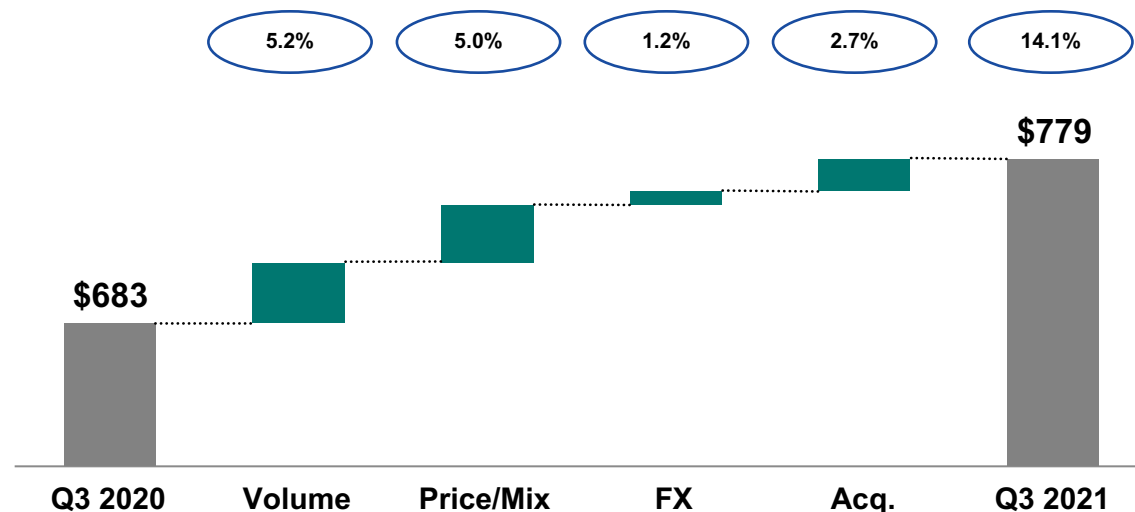
- Headwinds from lower Mobility volumes, raw material inflation, absence of temporary savings, and higher logistics costs, offset partly by pricing actions

Q3 Performance Coatings Results

Financial Performance

(\$ in millions)	Q3		% Change	
	2021	2020	Incl. F/X	Excl. F/X
Refinish	443	402	10.4 %	9.1 %
Industrial	336	281	19.5 %	18.3 %
Net Sales	779	683	14.1 %	12.9 %
Adjusted EBIT	123	134	(8.3)%	
% margin	15.8 %	19.6 %		

Net Sales Variance



Commentary

Despite ongoing supply chain constraints, net sales growth driven by volume recovery, pricing realization, M&A and FX tailwinds

- Increased volumes from both Refinish and Industrial despite moderate supply chain constraints
- Positive contribution from price-mix across both end-markets as pricing actions continue; mix a modest headwind
- Initial M&A contribution from recently closed acquisitions
- FX tailwind driven by the Renminbi, Mexican Peso, Euro, and Pound

Adjusted EBIT saw a YOY reduction from raw material pressure and absence of temporary savings

- Headwinds from raw material inflation, absence of temporary savings, and higher logistics costs, offset partly by pricing actions and volume recovery

Performance Coatings Demand Environment

Refinish

- The global refinish market showed modest sequential improvement in Q3 traffic indicators
 - U.S. miles driven have returned to near normal levels as of September; body shop activity down ~12% versus 2019 levels
 - Europe miles driven continued to improve markedly in Q3 with traffic surpassing 2019 levels; body shop activity has recovered to around 7% below 2019 levels at the end of Q3
 - Latin America Q3 miles driven showed sequential improvement with Brazil well above pre-COVID levels and Mexico recovering to ~4% below pre-COVID levels
 - For Asia, all countries served have substantially recovered from pandemic impacts to miles driven though Thailand and India lag somewhat and Australia slowed mid-summer

Industrial

- Broad-based global industrial demand recovery; continued growth from all end businesses, including Energy Solutions, Building Products, and General Industrial
- U.S. housing and remodeling market remains strong
- Raw material supply constraints hindered further sales upside in Q3 in Building Products and General Industrial

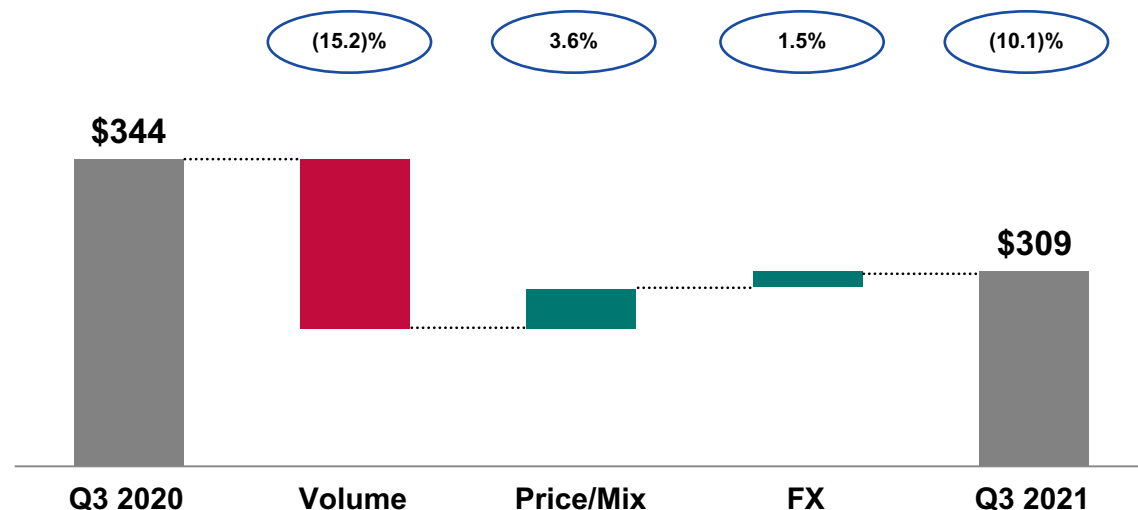


Q3 Mobility Coatings Results

Financial Performance

(\$ in millions)	Q3		% Change	
	2021	2020	Incl. F/X	Excl. F/X
Light Vehicle	235	276	(14.8)%	(16.5)%
Commercial Vehicle	74	68	9.0 %	8.2 %
Net Sales	309	344	(10.1)%	(11.6)%
Adjusted EBIT	(3)	49	(105.6)%	
% margin	(0.9)%	14.1 %		

Net Sales Variance



Commentary

Net sales reduction despite pricing actions as volumes were hindered by supply shortages

- Axalta volumes largely aligned with reductions in Light Vehicle global builds, offset partly by modest increases in Commercial Vehicle volumes
- Price-mix improvement driven largely by indexing and price increases in Light Vehicle and Commercial Vehicle
- FX tailwind driven by the Renminbi, Euro, and Real

Supply shortages and raw material inflation drove YOY reduction in Adjusted EBIT, offset partly by pricing actions

- Adjusted EBIT reduction from supply shortages, raw material inflation, and absence of temporary savings, offset partly by pricing actions

Mobility Coatings Demand Environment

Light Vehicle

- The LV market recovery continues to be hindered by the semiconductor chip shortage with an estimated impact of ~11 million deferred builds in 2021
- Global LV production decreased 19.7% YOY in Q3; Axalta expects a 27.4% decline for Q4 and a 2.1% decrease for 2021 (revised down from an original expectation of 13.4% growth in February)
- Axalta net sales slightly outpaced the market in Q3 driven by specific customer and model exposures in regions served
- Based on semiconductor sector forecasts and customer input, current semiconductor shortage expected to remain challenged through 2022



Commercial Vehicle

- The global truck market continues to recover with strong order intake in North America and EMEA relative to historic averages
- Global CV production, excluding China, increased 8.0% YOY in Q3; forecasts call for continued recovery with 0.9% and 21.1% increases for Q4 and FY 2021, respectively
- Supply chain shortages have been more limited within CV versus LV



Debt and Liquidity Summary

Capitalization

(\$ in millions)	Interest	@ 9/30/2021	Maturity
Cash and Cash Equivalents		\$ 628	
Debt:			
Revolver (\$550 million capacity) ⁽¹⁾	Variable	—	2026 ⁽²⁾
First Lien Term Loan (USD)	Variable	2,032	2024
Total Senior Secured Debt		\$ 2,032	
Senior Unsecured Notes (EUR) ⁽³⁾	Fixed	520	2025
Senior Unsecured Notes (USD)	Fixed	493	2027
Senior Unsecured Notes (USD)	Fixed	690	2029
Finance Leases		64	
Other Borrowings		44	
Total Debt		\$ 3,843	
Total Net Debt ⁽⁴⁾		\$ 3,215	
LTM Adjusted EBITDA		920	
Total Net Leverage ⁽⁵⁾		3.5x	
Interest Coverage Ratio ⁽⁶⁾		6.7x	

(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 \$1.1671 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 3.5x at September 30, 2021 increased from 2.6x at June 30, 2021, reflecting U-POL acquisition cash funding, share repurchases, and decline in LTM EBITDA
- Over \$1.1 billion in available liquidity at September 30, 2021
- Weighted average cost of debt of 3.07% at September 30, 2021
- Long-term debt interest rates are effectively 89% 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

Full Year 2021 Guidance:

- Net Sales: ~+19%, including ~+2% FX and ~+2% M&A benefit
- Adjusted EBIT: \$645-665 million
 - Q4 ~24% of full year
- Adjusted Diluted EPS: \$1.70-1.80
- Interest Expense: ~\$135 million
- Tax Rate: ~21-22%
- Diluted Shares: ~232 million
- Free Cash Flow: \$410-430 million; including \$155 million capex
- D&A: ~\$320 million; including \$106 million step-up D&A

Key Assumptions

- Raw material inflation expected at mid-teens growth YoY; Q4 inflation at ~20% growth YoY
- Semiconductors: ~11 million assumed market level production shortfall in guidance construct; ~\$70 million estimated net sales impact to Mobility in Q4
- Gradual recovery in Refinish volumes from COVID impacts continues
- FCF still excludes impact from operational matter

The background image shows a car body on an assembly line being painted by several large, white robotic arms with yellow joints. The scene is brightly lit, likely from overhead industrial lights, creating a clean and professional atmosphere. The car body is white and appears to be in the final stages of painting.

Appendix

AXALTA COATING SYSTEMS

Full Year 2021 Assumptions

Macroeconomic Assumptions

- Global GDP growth of ~3.8% for Q4 2021 and ~5.5% for FY 2021
- Global industrial production growth of ~2.2% for Q4 2021 and ~6.7% for FY 2021
- Global auto build change expected to be at ~(-27.4%) for Q4 2021 and ~(-2.1%) for FY 2021
- Global truck production increase of ~0.9% for Q4 2021 and ~21.1% for FY 2021, excluding China
- Significant raw material inflation since December 2020 as downstream chemicals demand surged with supply imbalances as well as a global microchip shortage and other logistical bottlenecks
- Rising energy costs globally and energy mandates in China are also contributing to raw material inflation and supply constraints
- Expect the inflationary raw material trend to persist

Currency Assumptions

Currency	2020 % Axalta Net Sales	2020 Average Rate	2021 Average Rate Assumption	USD % Impact of FX Rate Change
US\$ per Euro	~28%	1.14	1.19	4.4%
Chinese Yuan per US\$	~9%	6.90	6.46	6.4%
US\$ per British Pound	~3%	1.28	1.39	8.6%
Brazilian Real per US\$	~3%	5.15	5.30	(2.9%)
Mexican Peso per US\$	~2%	21.46	20.09	6.4%
US\$ per Canadian Dollar	~2%	0.75	0.80	6.7%
Indian Rupee per US\$	~1%	74.13	73.64	0.7%
Other	~53%	NA	NA	0.0%

Adjusted EBIT Reconciliation

(\$ in millions)		Q3 2021	Q3 2020
	Income from operations	\$ 124.7	\$ 141.7
	Other (income) expense, net	(2.4)	2.3
	Total	\$ 127.1	\$ 139.4
A	Debt extinguishment and refinancing related costs	—	—
B	Termination benefits and other employee related costs	9.6	35.7
C	Strategic review and retention costs	2.1	6.9
D	Acquisition and divestiture-related costs	9.2	0.1
E	Impairment (benefits) charges	(0.8)	0.3
F	Pension special events	—	(0.7)
G	Accelerated depreciation	0.6	0.4
H	Indemnity (income) loss	(0.1)	0.3
I	Operational matter	(18.7)	—
J	Brazil indirect tax	—	—
K	Gain on sale of facility	(8.9)	—
L	Step-up depreciation and amortization	25.9	28.0
	Adjusted EBIT	\$ 146.0	\$ 210.4
	Segment Adjusted EBIT:		
	Performance Coatings	\$ 122.8	\$ 133.9
	Mobility Coatings	(2.7)	48.5
	Total	\$ 120.1	\$ 182.4
L	Step-up depreciation and amortization	25.9	28.0
	Adjusted EBIT	\$ 146.0	\$ 210.4

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 that were earned over a period of 18-24 months, which ended during September 2021. These amounts are not considered indicative of our ongoing performance.
- D** Represents acquisition and divestiture-related expenses and non-cash fair value inventory adjustments associated with our business combinations, all of which are not considered indicative of our ongoing operating performance.
- E** Represents impairment (benefits) charges, which are not considered indicative of our ongoing performance. The current year benefit primarily reflects a recovered gain on a previously impaired asset.
- 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) expense, net.
- K** Represents non-recurring income related to the sale of a previously closed manufacturing facility.
- 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.

Adjusted Net Income Reconciliation

(\$ in millions, except per share data)		Q3 2021		Q3 2020	
	Net income	\$	68.9	\$	82.5
	Less: Net income attributable to noncontrolling interests		(0.2)		—
	Net income attributable to controlling interests	\$	69.1	\$	82.5
A	Debt extinguishment and refinancing related costs		—		—
B	Termination benefits and other employee related costs		9.6		35.7
C	Strategic review and retention costs		2.1		6.9
D	Acquisition and divestiture-related costs		9.2		0.1
E	Impairment (benefits) charges		(0.8)		0.3
F	Pension special events		—		(0.7)
G	Accelerated depreciation		0.6		0.4
H	Indemnity (income) loss		(0.1)		0.3
I	Operational matter		(18.7)		—
J	Brazil indirect tax		—		—
K	Gain on sale of facility		(8.9)		—
L	Step-up depreciation and amortization		25.9		28.0
	Total adjustments	\$	18.9	\$	71.0
M	Income tax provision impacts		(1.3)		13.8
	Adjusted net income	\$	89.3	\$	139.7
	Diluted adjusted net income per share	\$	0.39	\$	0.59
	Diluted weighted average shares outstanding		230.7		236.0

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.
- 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 that were earned over a period of 18-24 months, which ended during September 2021. These amounts are not considered indicative of our ongoing performance.
- D** Represents acquisition and divestiture-related expenses and non-cash fair value inventory adjustments associated with our business combinations, all of which are not considered indicative of our ongoing operating performance.
- E** Represents impairment (benefits) charges, which are not considered indicative of our ongoing performance. The current year benefit primarily reflects a recovered gain on a previously impaired asset.
- 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) expense, net.
- K** Represents non-recurring income related to the sale of a previously closed manufacturing facility.
- 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 expenses of \$3.1 million, \$6.9 million, \$3.6 million and benefits of \$26.8 million for the three month and nine months ended September 30, 2021 and 2020, 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 tax expenses for the nine months ended September 30, 2021 include the deferred tax benefit ratably amortized into our adjusted income tax rate as the tax attribute is realized.

Free Cash Flow Reconciliation

(\$ in millions)	Q3 2021	Q2 2021	Q1 2021	YTD 2021	Q3 2020	Q2 2020	Q1 2020	YTD 2020
Cash provided by (used for) operating activities	\$ 142.9	\$ 107.5	\$ 39.6	\$ 290.0	\$ 233.4	\$ (1.7)	\$ (0.8)	\$ 230.9
Purchase of property, plant and equipment	(38.4)	(28.5)	(31.8)	(98.7)	(13.8)	(19.7)	(22.7)	(56.2)
Interest proceeds on swaps designated as net investment hedges	7.2	3.6	3.5	14.3	3.7	3.6	3.7	11.0
Free cash flow	\$ 111.7	\$ 82.6	\$ 11.3	\$ 205.6	\$ 223.3	\$ (17.8)	\$ (19.8)	\$ 185.7

Adjusted EBITDA Reconciliation

(\$ in millions)	LTM 9/30/2021	Q3 2021	Q2 2021	Q1 2021	Q3 2020	Q2 2020	Q1 2020	FY 2020
Net income (loss)	\$ 281.3	\$ 68.9	\$ 126.4	\$ 15.7	\$ 82.5	\$ (83.2)	\$ 52.4	\$ 122.0
Interest expense, net	138.2	33.8	33.4	33.5	39.8	36.1	36.5	149.9
Provision (benefit) for income taxes	89.8	24.4	38.7	3.8	17.1	(15.2)	(24.6)	0.2
Depreciation and amortization	311.4	79.3	79.0	76.4	80.4	76.6	86.6	320.3
EBITDA	\$ 820.7	\$ 206.4	\$ 277.5	\$ 129.4	\$ 219.8	\$ 14.3	\$ 150.9	\$ 592.4
A Debt extinguishment and refinancing	32.2	—	0.2	—	—	—	2.4	34.4
B Termination benefits and other employee	39.6	9.6	22.7	2.8	35.7	15.2	19.5	74.9
C Strategic review and retention costs	15.3	2.1	2.2	5.4	6.9	6.7	11.5	30.7
D Acquisition and divestiture-related costs	10.8	9.2	1.4	0.2	0.1	0.1	0.1	0.3
E Impairment charges (benefits)	1.4	(0.8)	—	—	0.3	2.7	0.5	5.7
F Foreign exchange remeasurement losses	2.0	(1.3)	1.8	1.8	5.5	(0.3)	2.3	7.2
G Long-term employee benefit plan	1.4	(0.3)	(0.3)	(0.2)	(0.6)	(0.6)	(1.1)	(0.1)
H Stock-based compensation	10.9	3.9	4.2	3.6	4.7	6.1	5.1	15.1
I Dividends in respect of noncontrolling	(1.1)	—	—	(0.7)	—	—	(0.5)	(0.9)
J Operational matter	3.9	(18.7)	(71.8)	94.4	—	—	—	—
K Brazil indirect tax	(8.3)	—	(8.3)	—	—	—	—	—
L Gain on sale of facility	(8.9)	(8.9)	—	—	—	—	—	—
M Other adjustments	—	(0.2)	0.1	—	0.2	(0.1)	0.2	0.4
Total adjustments	\$ 99.2	\$ (5.4)	\$ (47.8)	\$ 107.3	\$ 52.8	\$ 29.8	\$ 40.0	\$ 167.7
Adjusted EBITDA	\$ 919.9	\$ 201.0	\$ 229.7	\$ 236.7	\$ 272.6	\$ 44.1	\$ 190.9	\$ 760.1

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 that were earned over a period of 18-24 months, which ended during September 2021. These amounts are not considered indicative of our ongoing performance.
- D** Represents acquisition and divestiture-related expenses and non-cash fair value inventory adjustments associated with our business combinations, all of which are not considered indicative of our ongoing operating performance.
- E** Represents impairment (benefits) charges, which are not considered indicative of our ongoing performance. The current year benefit primarily reflects a recovered gain on a previously impaired asset.
- 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 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) expense, net.
- L** Represents non-recurring income related to the sale of a previously closed manufacturing facility.
- 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.

Thank you

**Investor Relations Contact:
Chris Mecray
Christopher.Mecray@axalta.com
215-255-7970**



AXALTA COATING SYSTEMS