Axalta Coating Systems (AXTA)
Third Quarter 2021 Financial Results
October 25, 2021

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




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Slide 3: Introduction and Q3 Financial Highlights

Net Sales: Axalta reported ongoing strong year-over-year growth from three of four end-markets against the prior year quarter, while Light Vehicle was notably impacted by ongoing customer production constraints in the third quarter.

Consolidated Q3 net sales increased 6.0% year-over-year (including a 1.3% FX tailwind). This result included a 1.6% decrease in volume and a 4.5% positive price-mix contribution, as well as 1.8% M&A contribution. Volume was positive in all end-markets other than Light Vehicle, and price-mix was positive in all four end-markets.

Drivers of performance in the quarter included continued broad-based demand recovery from all of Axalta's coatings end-markets globally, but raw material inflation and supply chain shortages and delays continued to impact both sales volumes and Axalta's cost structure, with Mobility facing unprecedented customer production impacts most notably from semiconductor chip shortages, which continued largely unabated through the third quarter and masked sound consumer-level auto demand.

Refinish demonstrated continued recovery from the 2020 pandemic impacts, with total net sales up 10.4% year-over-year, but also up 0.4% versus Q3 2019. Refinish underlying demand indicated modest ongoing recovery as well, linked to economic recovery as well as gradually improving vaccination rates, especially in Western economies. Refinish volumes remain below 2019 levels by mid-single digits, however, leaving further room for net sales upside once mobility patterns and auto repair claims return to pre-pandemic levels.

Industrial net sales also increased a solid 19.5%, still recording double-digit rates of improvement from 2019 as industrial markets globally have rebounded well from the 2020 bottom.

Mobility net sales declined 10.1% in the third quarter and 14.8% in Light Vehicle as the segment and end-market remains constrained by the ongoing semiconductor chip shortage for OEM customers. These impacts worsened somewhat versus second quarter levels with little-to-no easing in continuing supply chain issues during the third quarter, which was markedly different than the expected improvement that market forecasters had called for in July.

Adjusted EBIT: Adjusted EBIT for the third quarter, which excludes net adjustments for the benefit recorded for the Mobility Coatings operational matter relating to insurance coverage as well as restructuring and other one-time expenses, was reported at $146.0 million (versus $210.4 million reported in Q3 2020), as we experienced the impact of significantly higher variable cost inflation (approximately 21% year-over-year), constrained Mobility volumes due to supply chain shortages (~$52 million net sales impact) and headwinds from the absence of about half of the temporary Q3 2020 cost savings which totaled ~$50 million.

Adjusted EBITDA: Adjusted EBITDA was reported at $201.0 million versus $272.6 million in the prior year quarter, with a 18.5% margin compared with 26.5% in Q3 2020, with drivers consistent with those noted for Adjusted EBIT.

Balance Sheet & Cash Flows: Axalta reported solid cash flow in Q3, with cash flow from operations of $142.9 million and free cash flow of $111.7 million. The result was driven by somewhat lower LTM operating earnings coupled with working capital headwinds and higher capital expenditures and compared with record third quarter levels from the prior year of $233.4 million and $223.3 million, respectively. Prior year cash flow was aided by both strong operating earnings and the temporary cash flow actions taken during 2020.

Axalta also closed the third quarter with total liquidity of over $1.1 billion, including total cash and equivalents of $628 million and an undrawn capacity of $516 million under our revolving credit facility. Net debt to LTM Adjusted EBITDA, after drawing down cash of $596 million (net $24 million cash acquired) for the U-POL transaction and including $90 million of share repurchases, increased to 3.5x at September 30 from 2.6x at June 30.

During third quarter, Axalta repurchased $90 million of common shares under its share repurchase program at an average price of $29.04. Nine-month year-to-date share repurchases now total $214 million.

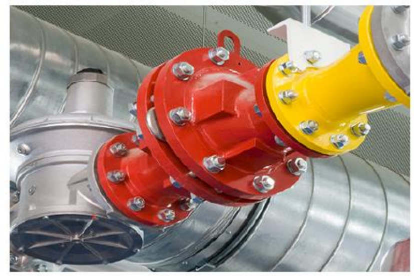
Business Conditions and Cost Actions

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 end customer market demand, but ongoing customer production impact from semiconductor chip and other supply chain shortages ($70 million volume 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



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Slide 4: Business Conditions and Cost Structure Update

Business Conditions: Third quarter demand conditions at the end consumer level across industrial coatings markets remained fairly robust and included moderate continued recovery within Refinish as anticipated.

Refinish demand benefited from ongoing improvement in overall mobility metrics across various countries where COVID-19 related restrictions have eased since spring, as well as the continued vaccination process globally. Refinish net sales dipped sequentially as expected against a strong second quarter 2021 comparison, but body shop activity in Axalta's network globally remained broadly consistent and shows signs of continued firming in EMEA. Net sales in the third quarter were consistent with levels seen in 2019, including tailwinds in pricing and foreign exchange translation, though volumes remain below 2019 by mid-single digits, suggesting continued room for improvement looking ahead.

Industrial end-market demand remained robust globally across virtually all end-businesses and geographies. The end-market saw net sales growth increase nearly 20% from an already solid prior year comparison (~14% on an organic constant currency basis), underscoring strong underlying demand coupled with ongoing organic growth initiatives playing out positively for the business. Net sales growth would have likely been even stronger absent the effects of supply chain constraints. Top line growth on a contribution basis was strongest in North America, followed by EMEA, with solid growth witnessed in both Building Products and General Industrial.

Light Vehicle demand conditions were mixed, with apparently solid retail sales level demand remaining unmet due to curbed OEM production rates from the ongoing semiconductor chip and other supply chain shortages. Forecasts of global vehicle production during the third quarter continued to be cut, and we now assume around 11 million vehicles removed from global production for the full year versus industry estimates (consistent with our updated guidance issued in September and within current industry forecast consensus range of 10.0-11.5 million) as shut-downs impact nearly all OEMs globally. This outcome essentially assumes little improvement in the supply shortages seen through year end.

Commercial Vehicle underlying demand remained robust through the quarter, with notable strength in North America, where truck orders have remained solid given strong order rates seen in 2020 and early 2021.

Current orders appear strong enough to keep production rates near record highs over coming months, given very strong backlogs at quarter end. In non-truck categories, Axalta has seen ongoing strong demand from recreational vehicles and sporting equipment. China CV demand remains the exception given lower production expectations, which does not materially impact Axalta given current business volumes in the China truck market.

Cost Structure: The third quarter witnessed substantial increases in cost inflation coming from a broad set of raw materials largely linked to oil and propylene benchmark prices, as well as inflation in packaging, freight, and logistics costs. Inflationary pressures have deepened during the quarter, and Axalta has increased its full year assumption of inflation headwinds versus our July guidance to now assume mid-teens inflation versus the prior year at the cost of goods sold level (~$190 million for the full year), and nearly 20% inflation year-over-year during the fourth quarter.

The company is working to offset this inflation via a combination of incremental pricing actions, as well as doubling down on cost and productivity actions. On the pricing side, Axalta has continued to implement increases in most businesses since last quarter. Incremental pricing actions are necessary to offset persistent inflation that has been witnessed since 2020 at the spot market price for goods integral to Axalta's products and services.

In addition to pricing actions, Axalta is focused on continuing to effect structural cost and productivity control in reaction to inflationary pressures. The company continues to benefit somewhat from temporary cost savings that have persisted this year, as well as ramping structural savings from actions announced over the last year. The $9.6 million restructuring charge taken in Q3 represents further steps taken to optimize Axalta's cost structure and re-engineer business processes to enhance efficiency.

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 CO_2 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

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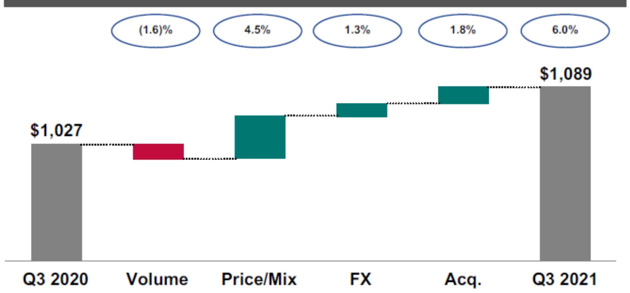
Q3 Consolidated Results

Financial Performance

($ in millions, except per share data)	Q3 2021	Q3 2020	% Change Incl. F/X	% Change 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

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Slide 6: Q3 Consolidated Results

Net sales of $1.1 billion represented an increase of 6.0% year-over-year for the third quarter. Organic constant currency net sales increased 2.9% for the period, driven by recovery from the prior year pandemic-impacted period.

Notable continued strength was seen within Axalta's Industrial end-market – all end-businesses served by Industrial showed solid top-line growth both year-over-year and versus 2019. Refinish demand also remained firm in the period, showing continued recovery in most regions served. Commercial Vehicle demand, particularly in Americas truck markets as well as recreational vehicles, also remained supportive. Automotive demand at the retail sales level (end consumers) was also solid and even strong when adjusted for limited inventory on hand, though not translating to increased volumes in Light Vehicle within Mobility due to the ongoing global semiconductor chip and other supply chain shortages that continue to hinder production for global auto OEMs.

The 2.9% year-over-year organic and constant currency net sales growth for Q3 included a 10.2% increase from Performance Coatings and an 11.6% decrease from Mobility Coatings (down 16.5% in Light Vehicle offset by 8.2% growth from Commercial Vehicle).

The volume decline of 1.6% for the quarter was driven by solid increases from three of four end-markets, more than offset by a significant pullback in Light Vehicle volumes from the prior year due to supply constraints previously mentioned.

Price-mix contribution was solidly positive (up 4.5% in aggregate) driven by improvement in both segments and all four end-markets (somewhat stronger in Performance Coatings vs Mobility Coatings). Mix was overall a modest headwind, which was a notable switch from Q2 where mix tailwinds were significant when compared to the prior year pandemic-impacted quarter from 2020.

FX translation was a tailwind of 1.3%, driven by the strength of the Chinese Renminbi, Euro and other currencies during the quarter.

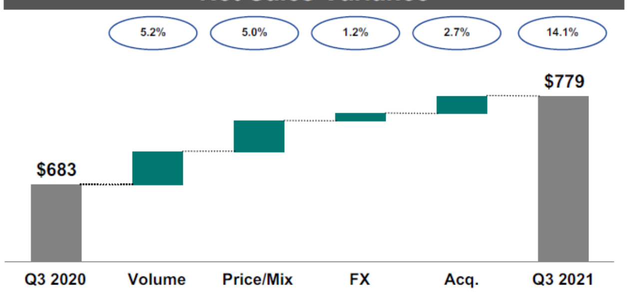
Third quarter Adjusted EBIT was $146 million versus $210 million in the prior year quarter, given strong demand and volume trends in Performance Coatings as well as Commercial Vehicle, offset partly by Light Vehicle volume headwinds, substantially increased variable input cost inflation and lower temporary cost savings versus Q3 2020. Third quarter Adjusted EBIT excludes the $18.7 million benefit associated with the Mobility Coatings operational matter as well as an $8.9 million gain on the sale of a facility, along with incremental restructuring charges of $9.6 million and certain other smaller adjustments noted in the reconciliation tables attached.

Q3 Performance Coatings Results

Financial Performance

($ in millions)	Q3 2021	Q3 2020	% Change Incl. F/X	% Change 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

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Slide 7: Q3 Performance Coatings Results

Performance Coatings Q3 net sales increased 14.1% year-over-year (increased 12.9% excluding a 1.2% FX tailwind). The result was driven by 5.2% higher volumes and a 5.0% increase in average price-mix as well as 2.7% M&A contribution.

Refinish reported a 10.4% net sales increase (9.1% ex-FX), driven by improved volume globally relative to the pandemic-impacted third quarter of 2020. We were pleased with Refinish volumes for the period, which underscore the reopening of Western economies as vaccination rollouts continued. Relative to 2019 Q3 levels, the business's volumes remained lower by approximately mid-single digits in volumes, indicating a remaining gap versus pre-COVID-19 levels, despite net sales slightly exceeding 2019 levels due to cumulative pricing as well as FX tailwinds. The gap versus 2019 levels did narrow slightly between second and third quarter, indicating modest but continued recovery in business volumes globally.

Refinish price-mix in the third quarter was up mid-single digits, which reflected solid price headway made in the business since last year as needed to offset inflation headwinds. Mix during the third quarter 2021 was a moderate headwind, reflecting increased volumes in various countries from mainstream and economy products.

Axalta continued to drive new product innovation in Refinish in the third quarter. In China, Axalta Refinish continues to lead in waterborne through the launch of Cromax® EZ Basecoat. This represents our latest waterborne formulation providing outstanding performance under easy and familiar application methods. In North America, we continued the roll-out of Cromax® XP Basecoat. Cromax® XP is Axalta's latest solventborne basecoat that delivers premium appearance, exceptional color match, and industry-leading coverage for increased productivity for our customers.

Industrial net sales increased 19.5% year-over-year (18.3% ex-FX), driven by high single digit volume improvement and strong mid-single digit increases in average price-mix, as well as a 3.9% M&A contribution. Demand trends in most of the end-businesses served by Industrial remained healthy during the period, with the exception of automotive and wind energy, witnessed in the fourth straight quarter of year-over-year double-digit net sales growth. Net sales also increased in double-digits relative to third quarter 2019.

Axalta benefited from strong demand across all end-businesses and regions in the quarter, with the exception of customers impacted by the auto sector semiconductor shortages and certain supply constraints which impeded further growth within Industrial. Particular strength continued in markets linked to North American housing and remodeling.

New product launches in Industrial Coatings also continued this quarter. Axalta's Building Products team introduced an environmentally friendly "one-coat" coating for kitchen cabinets to eliminate process steps at the customer. In Energy Solutions, a new high-performance electrical steel coating was launched with excellent high and low voltage capability as well as improved corrosion performance.

The Performance Coatings segment reported Q3 Adjusted EBIT of $122.8 million versus $133.9 million in Q3 2020, driven by ongoing volume growth and drop through benefits of stronger average price-mix, offset by headwinds from significantly higher variable costs and lack of temporary cost savings which benefited the prior year quarter. The Adjusted EBIT margin for the segment decreased to 15.8% from 19.6% in the prior year record-setting quarterly rate, given the drivers noted above.

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

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Slide 8: Performance Demand Environment

Axalta saw continued recovery in Refinish market level demand during third quarter, and Industrial coatings demand also remained solid globally across a diversity of end businesses served.

In **Refinish**, North America vehicle traffic is fairly close to pre-pandemic levels, as vaccination progress has led to reopening and reduced restrictions over the last two quarters. Overall miles driven are still 1-3% below pre-pandemic levels but include moderate shifts in driving habits such as less driving in urban road systems versus stronger levels seen in rural road systems. There appears to still be a gap versus pre-pandemic in rush hour congestion but offset to some extent by higher levels of traffic during off-peak hours including weekday midday hours.

Despite relatively normalized overall traffic levels, North American collision claims remain lower than pre-pandemic levels (~14-16% lower), lagging the miles driven recovery perhaps due to the shifting driving patterns noted previously. Comparing market level claims to Axalta's customer-level operating data, body shop activity is running around 12% below pre-pandemic levels, though modest improvement was seen during sequential months in the third quarter after an initial dip seen in July. There was some indication that labor and parts shortages at the body shop level may have had some impact on operating rates during the quarter, but September data indicated that body shop activity was running relatively in line with collision claims for the month.

In Europe, after initial traffic recovery lagged North America during the first quarter due to continued COVID-19-related lockdowns, the recovery has been strong and progressed through the third quarter. Miles driven in Europe recovered through each sequential month of the quarter and remained above 2019 levels throughout the period. At the body shop level, activity appeared to improve slightly in Q3 versus Q2, finishing the quarter around 7% below pre-pandemic levels, and running somewhat ahead of the North American levels of recovery. Early indications from October also suggest further sequential improvement will continue.

In Latin America, Mexico miles driven continued to recover on a sequential basis and versus pre-pandemic levels, running around 4% below baseline levels during Q3 compared with ~7% below those levels during Q2 and ~10% below the baseline during Q1. Brazil remained solid with traffic running above 2019 levels year-to-date. Traffic was around even with pre-COVID-19 levels in Q1, finished Q2 at levels 18-22% above normal, and then around 25-30% above normal during Q3. While this data may not be perfectly representative of actual traffic levels nationally (given sources are of a sample size nature), Axalta believes the directional trend may be of greatest importance.

In China and Asia Pacific, the third quarter saw traffic levels at fairly stable levels sequentially and the region largely recovered from pandemic traffic impacts earlier in the year. Thailand and India, however, continue to lag in traffic recovery, and Australia indicators dipped in mid-summer due to the Delta variant impacts there.

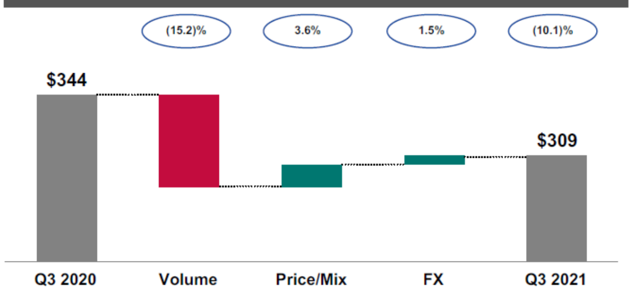
In the **Industrial** end-market, Axalta's third quarter results continued to indicate that global industrial demand remains broadly robust. All three end-businesses as well as all regions served increased top-line during the quarter versus the prior year period. Axalta witnessed double-digit growth across Industrial year-over-year, led by continued strength in North America home building and remodeling markets as well as general industrial markets globally. The sole apparent exceptions to strong demand appeared to be automotive, given the supply chain disruption occurring in that market, and weaker wind energy demand notably in China.

Q3 Mobility Coatings Results

Financial Performance

($ in millions)	Q3 2021	Q3 2020	% Change Incl. F/X	% Change 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

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Slide 9: Q3 Mobility Coatings Results

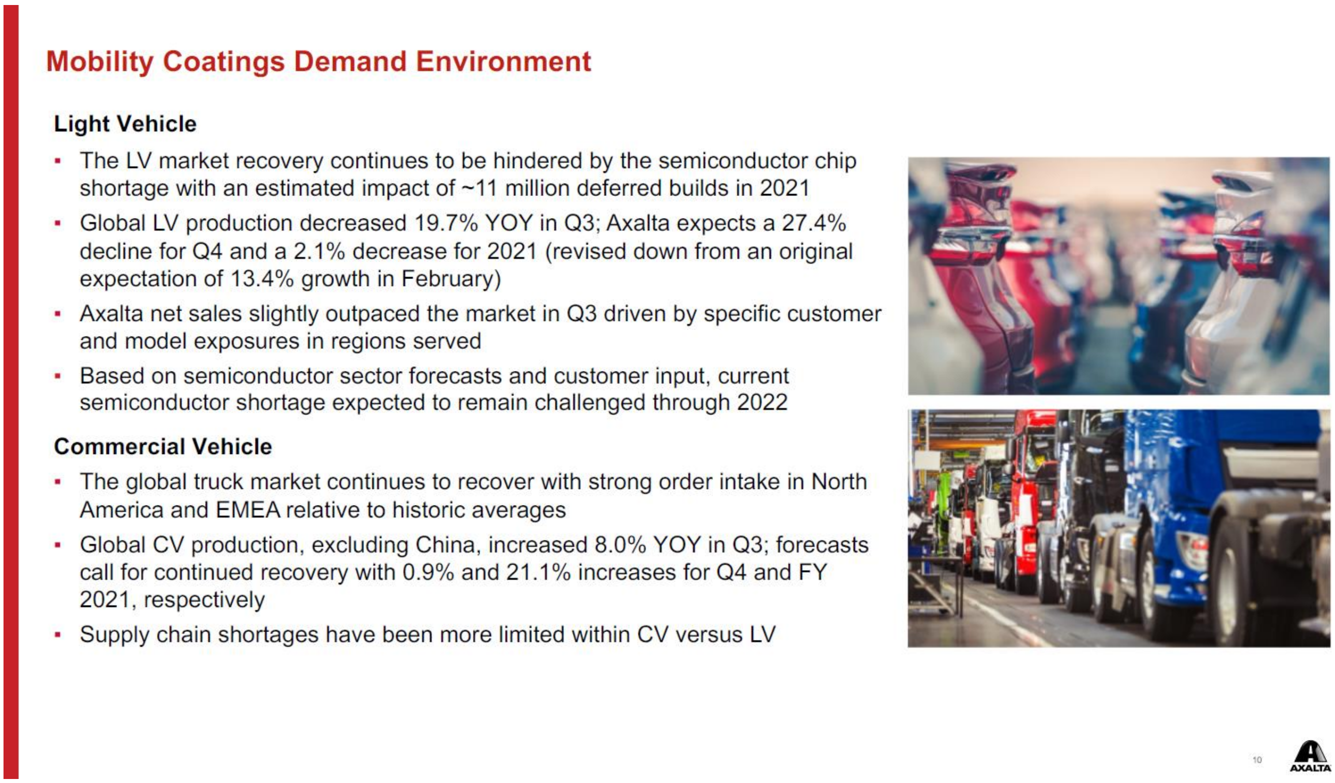
Mobility Coatings net sales decreased 10.1% year-over-year in the third quarter, including a 1.5% currency tailwind led by the Chinese Renminbi and Euro. Net sales included a 15.2% decrease in volume partially offset by a 3.6% tailwind from average price-mix.

Light Vehicle third quarter net sales decreased 14.8% (16.5% ex-FX). Volume decreased approximately 20%, in line with the global rate of production in the period. Average selling prices and mix increased mid-single digits in the quarter, which included a modest component of positive mix effects in the quarter associated with differences in customer mix and geography versus the prior year quarter. Pricing in Q3, as expected, flipped to positive in part due to indexing adjustments with many customers which are also expected to continue through year end and into next year.

Commercial Vehicle third quarter net sales increased 9.0%, including FX tailwinds of 0.8%. This increase was driven by strong truck production against the prior year quarter, which saw some impact from pandemic-related recovery timing, and current demand remains healthy across most global truck markets excluding China. Demand for non-truck vehicle types served also remains broadly solid, including recreational vehicles and sporting equipment. For the quarter, Axalta saw volume increases in Commercial Vehicle approximately in-line with industry pacing for Class 8 trucks in North America, while somewhat lagging production rates in EMEA due to specific customer exposures. Price-mix for Commercial Vehicle increased low single digits versus the prior year period, inclusive of positive pricing effects and slightly positive mix differences from the prior year.

Axalta's Mobility Coatings business continued to innovate during Q3. In Core Mobility the latest development of a waterborne system for Commercial Vehicle was launched in Europe, offering improved transfer efficiency while maintaining premium appearance. In support of Advanced Mobility, our new technology of Aqua Flex broad bake e-coat was launched in Europe, providing our customers with a more sustainable solution and offering a lower cure temperature that consumes less energy. This exciting new e-coat has also been launched in North America on an electric vehicle, offering product specifications that enable our customers to coat more complex body structures associated with electric vehicles.

Mobility Coatings reported a third quarter Adjusted EBIT loss of $2.7 million versus income of $48.5 million in the third quarter of 2020. Adjusted EBIT and associated margins in Q3 were impacted by the fairly severe volume loss during the quarter due to the semiconductor chip shortages, which dramatically impacted production at the customer level and net sales volumes for Axalta. Results were further impacted by significantly increased cost inflation, with only modest offsets in positive pricing which began to accrue during third quarter.



Slide 10: Mobility Demand Environment

Axalta's **Mobility Coatings** segment performance is closely linked to global automotive and commercial vehicle OEM global production rates for the customers and plants served globally. Axalta generally expects to track the recovery rate of the global vehicle markets, and this has been the case in recent periods, though adjusted for specific countries served and including a somewhat smaller footprint of customers in China versus other regions.

In the third quarter, the Light Vehicle market, despite strong underlying consumer demand for autos, remained severely impacted by the ongoing shortage of semiconductor chip supply as well as shortages of other materials, which has caused rolling line shutdowns and curtailments since early in the first quarter. The overall state of this supply chain disruption worsened somewhat during the third quarter, resulting in impacts that far exceeded earlier expectations of improved supply conditions.

Industry forecast reductions continued through third quarter and estimates of total cumulative vehicles impacted and not produced during 2021 relative to assumed levels at the start of the year now totals approximately 10.0-11.5 million units. Axalta is currently assuming a total production loss of approximately 11.0 million units relative to industry estimates and total global automotive production of 73 million units, which is relatively flat versus the 2020 level inclusive of severe production shutdowns experienced during the second quarter of last year.

Measuring the strength of retail level consumer demand has become complicated in the last two quarters by a clear deficit of inventory on dealer lots. In August, U.S. auto sales (SAAR) are expected to decline 13.7% from the year before, and fully 25.3% lower versus 2019 levels. These results appear to be impacted by low inventories, which are now at historic lows of around 942,000 units, down from 3.0 million two years ago. Such low inventory now makes it impossible to accurately portray underlying retail demand. Similar low inventories exist in many global auto markets, with retail level demand still unsatisfied and likely to persist for some time at least into 2022.

For the quarter, global light vehicle production decreased 19.7% year-over-year. Declines were led by EMEA (-26.6%) and North America (-25.4%), while Latin America (-18.8%) and Asia Pacific (-15.1%) were not far behind this pacing. Axalta Net Sales volumes were essentially in line with this global production picture.

Axalta's forecasts call for a 2.1% decrease in global builds for the full year 2021, inclusive of our 11 million assumed impact from supply shortages. This implies a 27% decrease in global production for the fourth quarter, which compares with a decrease of 20% implied by a leading industry forecaster.

For the Commercial Vehicle end-market, overall global Class 4-8 truck production decreased 26.2% in the third quarter, a notable shift after multiple quarters of solid growth. This included a modest 3.4% decrease in North America, and a 4.0% increase in EMEA, clearly offset by a 39.4% decrease in Asia Pacific (52.1% decrease in China) as a truck downcycle as well as supply shortages continues to hamper demand and production in China. Axalta Net Sales in Commercial Vehicle for the quarter easily exceeded global rates at 9.0% (8.2% ex-FX), underscoring the customer leaning to markets outside of China, and with a share emphasis skewed somewhat towards North America.

Industry forecasters are calling for a 21.2% increase in 2021 production (Class 4-8) globally, excluding China, which has been trimmed somewhat from a 26.4% growth forecast in July on supply constraint impacts. This includes 16.8% and 13.4% increases in North America and Europe, respectively. China is expected to decrease 15.8% in 2021 after the strong rebound witnessed in 2020. Axalta's Commercial Vehicle business is not substantially exposed to the China market currently.

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%

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Slide 11: Debt and Liquidity Summary

Axalta’s balance sheet and liquidity profile remained solid in the third quarter. The company ended the quarter with over $1.1 billion in total liquidity, including $628 million of cash on the balance sheet, and $516 million of available capacity in our undrawn revolver.

Axalta’s net leverage ratio ended the quarter at 3.5x versus 2.6x at June 30, driven by increased cash deployment for M&A and share repurchases as well as somewhat lower operating earnings. Axalta used $596 million in cash from the balance sheet (net cash acquired) to fund the acquisition of U-POL, which closed in September. The company also repurchased $90 million in total shares in third quarter for a year-to-date total of $214 million.

Free cash flow for the quarter totaled $111.7 million versus $223.3 million in Q3 2020, driven by somewhat lower operating profit, and inclusive of $24.6 million in higher capital expenditures versus the comparable prior year period.

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

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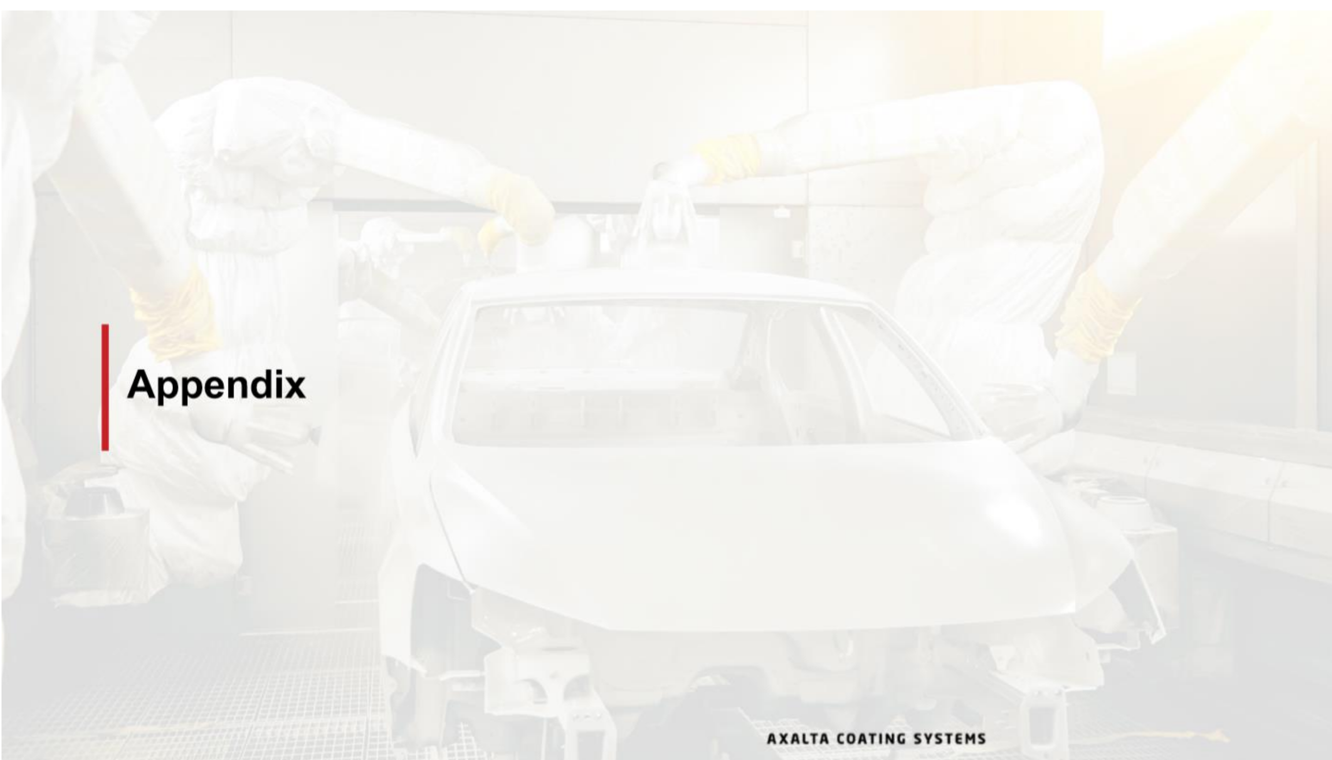

Full Year 2021 Assumptions

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%

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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

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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.

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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.

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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

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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.

AXALTA COATING SYSTEMS

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.

About Axalta Coating Systems

Axalta is a global leader in the coatings industry, providing customers with innovative, colorful, beautiful and sustainable coatings solutions. From light vehicles, commercial vehicles and refinish applications to electric motors, building facades and other industrial applications, our coatings are designed to prevent corrosion, increase productivity and enhance durability. With more than 150 years of experience in the coatings industry, the global team at Axalta continues to find ways to serve our more than 100,000 customers in over 140 countries better every day with the finest coatings, application systems and technology. For more information, visit axalta.com and follow us @axalta on Twitter.