



Q4 & FY 2021 Financial Results

January 31, 2022



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 and/or guidance, 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, the timing or amount of any future share repurchases, contributions from our prior acquisitions and our ability to make future acquisitions. Axalta has identified some of these forward-looking statements with words "believes," "expects," "assumes," "estimation," "likely," "outlook," "forecasts," "may," "will," "should," "plans," "planned," "guidance," "to be," "call for," "goal," "could," "anticipated," "assumptions," "looking ahead," "we look," "view," "assessment," and "we see" 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, June 30, 2021 and September 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, Adjusted EBITDA to interest expense coverage ratio, Adjusted EBIT margin and net leverage. 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, Adjusted EBITDA to interest expense coverage ratio, Adjusted EBIT margin and net leverage 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, Adjusted EBITDA to interest expense coverage ratio, Adjusted EBIT margin and net leverage 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, Adjusted EBITDA to interest expense coverage ratio, Adjusted EBIT margin and net leverage 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.

Q4 & Full Year 2021 Highlights

Fourth Quarter 2021

- Net sales increased 5.8% year-over-year to \$1,137 million with continued growth from three of four end-markets; ongoing Performance Coatings growth including fifth consecutive quarter of year-over-year Industrial end-market growth, partly offset by continued OEM production constraints from supply shortages in Mobility Coatings
 - Performance Coatings price-mix +4.6%; Mobility Coatings price-mix +1.7%
- Income from operations of \$95 million versus \$163 million in Q4 2020; Adjusted EBIT of \$121 million decreased 41.1% from Q4 2020 including substantial cost inflation impact in addition to Mobility volume headwinds
- Diluted EPS of \$0.23 versus \$0.30 in Q4 2020; Adjusted diluted EPS of \$0.30 versus \$0.58 in Q4 2020
- Strong cash flow from operations of \$269 million; Liquidity of ~\$1.4 billion at December 31, 2021
- Repurchased 1.0 million shares of common stock totaling \$30 million at \$30.94 average price per share

Full Year 2021

- Net sales of \$4,416 million increased 18.2%; increased 14.5% ex-FX and M&A with substantial growth across all end-markets though Mobility Coatings substantially impacted by OEM production constraints
- Income from operations of \$462 million versus \$306 million in 2020; Adjusted EBIT of \$623 million increased 16.1% from 2020 despite substantial cost inflation impacts year-over-year
- Diluted EPS of \$1.14 versus \$0.52 in 2020; Adjusted Diluted EPS of \$1.67 versus \$1.33 in 2020
- Cash flow from operations of \$559 million versus \$509 million in 2020
- Free cash flow of \$455 million in 2021 versus \$442 million in 2020
- Repurchased 8.2 million shares of common stock totaling \$244 million at \$29.58 average price per share
- Completed two M&A transactions for combined investment of \$649 million

Business Conditions, Inflation and Offsets

Business Conditions

- Continued global recovery in Refinish demand drivers, including traffic and body shop activity, but tempered by supply constraints; net sales volumes in Q4 remain below 2019 levels by high single digits
- Strong continued growth in Industrial, despite ongoing material supply constraints during Q4; 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

Inflation and Offsets

- Raw material inflation intensified in 2021; 15% variable cost inflation for full year, 24% in Q4
- Offsets via pricing actions taken: +3.6% price-mix in Q4 and +4.0% for full year 2021
 - Performance Coatings largely offset full year inflation with price actions; Mobility Coatings price-cost gap remains as of year end but ongoing price actions expected to continue to gain traction in 2022
- Focus on implementing structural cost control; achieved more than \$50 million in full-year Axalta Way cost savings to help offset inflation in 2021



Axalta's ESG Program



Progress To Date

- Initial Sustainability Report in 2013
- First set of sustainability goals developed in 2017
- ESG Steering Committee established and updated materiality assessment⁽¹⁾ conducted in 2021
- Solid ESG scores across key benchmarks, including ISS, MSCI, CDP, Sustainalytics
- Named one of America's Most Responsible Companies by Newsweek in 4Q 2021



Establishment of New Goals

- Materiality assessment conducted, incorporating key sustainability frameworks including SASB, GRI, and TCFD
- Internal and external stakeholders consulted, including customers, investors, suppliers, board members, community and local government leaders, and company executives



2030 Goals Highlights

- 2040 carbon neutral goal is one decade ahead of the deadline set by Paris Agreement
- Alignment of technology development and innovation investment to help customers accelerate their own sustainability initiatives and achievements
- Focus on our people via Diversity & Inclusion, safety, and employee development commitments

(1) Axalta's ESG materiality assessment was intended to discern the matters that our stakeholders believe are significant to Axalta; these matters may not be material from a financial perspective

2030 Sustainability Goals

Environmental

50% 

absolute reduction of Scope 1 and 2 GHG emissions, sourcing at least 50% of electricity from renewable sources

Carbon neutral by 2040



>20% 

increase in the percentage of net sales from products, services, and tools that offer sustainability benefits to our customers/markets/communities



10% 

reduction of process waste, VOC emissions, and water use from operations (normalized to production)



Social

100% 

of key suppliers assessed against a robust set of sustainability criteria, reflecting environmental, governance, and reputational risks, including human rights



\$5M 

donated to our communities through Axalta's Bright Futures Program



Conduct **employee engagement survey** annually, and achieve participation rates and employee confidence in company follow-up actions greater than the provider benchmark



30% 

of management positions to be filled by women

30% of management positions to be filled by under-represented racial/ethnic groups (in US/Canada)

Establish, track, and improve upon a favorable **Inclusion Index**



Global **top decile** recordable injury rates annually while continually striving towards zero injuries



Governance

80% 

of new technology and innovation developments will have a sustainability benefit



100% 

active global employees trained on Code of Business Conduct and Ethics



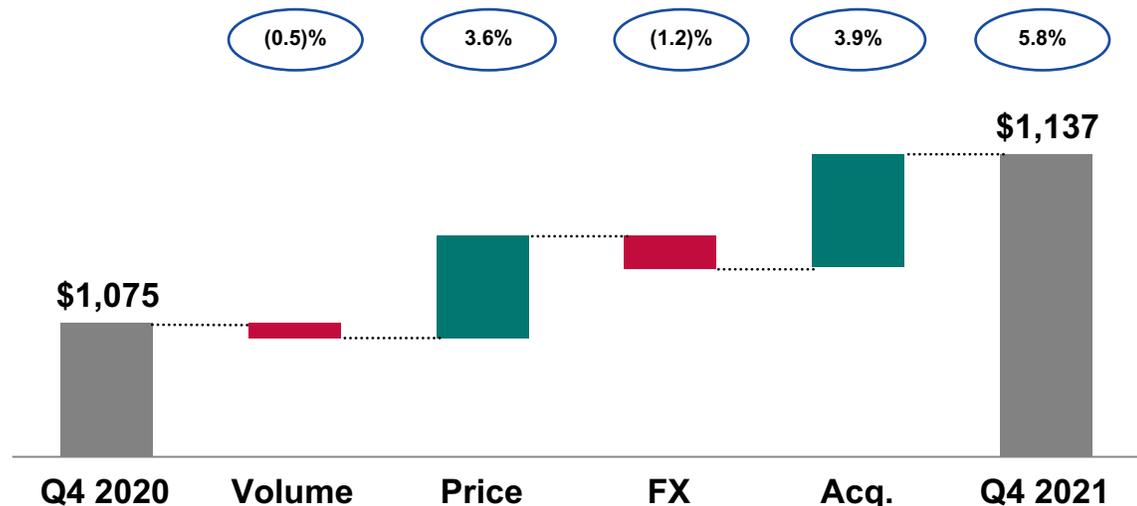
For more information, please visit axalta.com/sustainability

Q4 Consolidated Results

Financial Performance

(\$ in million), except per share data	Q4		% Change	
	2021	2020	Incl. FX	Excl. FX
Performance Coatings	804	704	14.2 %	15.6 %
Mobility Coatings	333	371	(10.1)%	(9.3)%
Net Sales	1,137	1,075	5.8 %	7.0 %
Income from operations	95	163	(42.0)%	
Adjusted EBIT	121	205	(41.1)%	
<i>% margin</i>	10.6 %	19.1 %		
Diluted EPS	\$ 0.23	\$ 0.30	(23.3)%	
Adjusted EPS	\$ 0.30	\$ 0.58	(48.3)%	

Net Sales Variance



Commentary

Net sales growth from M&A contribution and price realization as strong volume growth in Performance Coatings was offset by Mobility Coatings

- Volume growth across all end-markets except Light Vehicle which remains impacted by chip shortages
- Positive pricing contribution led by Performance Coatings; Mobility Coatings gaining traction through year-end with more progress expected for 2022
- M&A contribution from two acquisitions
- FX headwind driven by the Euro and Lira, offset partly by the Renminbi

Adjusted EBIT reduction for Q4 YoY including challenging profit comparison to Q4 2020

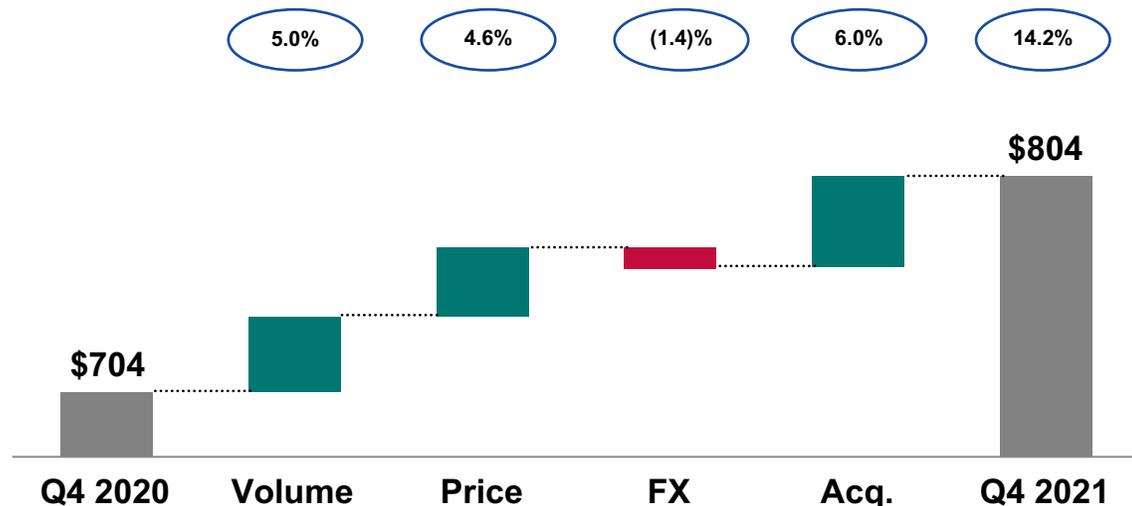
- Headwinds from raw material, logistics, labor and energy inflation, absence of 2020 temporary savings, and lower Mobility volumes
- Positive offsets from pricing actions and volume growth in Performance Coatings

Q4 Performance Coatings Results

Financial Performance

(\$ in million)	Q4		% Change	
	2021	2020	Incl. FX	Excl. FX
Refinish	471	418	12.8 %	14.7 %
Industrial	333	286	16.3 %	17.0 %
Net Sales	804	704	14.2 %	15.6 %
Adjusted EBIT	100	130	(23.0)%	
% margin	12.4 %	18.4 %		

Net Sales Variance



Commentary

Net sales growth driven by M&A contribution, volume recovery, and pricing realization

- Increased volumes from both Refinish and Industrial despite supply chain constraints; exited December with substantial unfilled orders across both end-markets
- Positive contribution from price-mix across both end-markets as pricing actions continue; mix ~2% headwind
- M&A contribution included first full quarter of U-POL acquisition
- FX headwind driven by the Euro and Lira, offset partly by the Renminbi

Adjusted EBIT reduction YoY from cost pressures

- Substantial raw material and logistics cost inflation as well as the absence of 2020 temporary savings, offset partly by pricing actions and volume recovery

Performance Coatings Demand Environment

Refinish

- The global refinish market showed overall stability in Q4 demand indicators
 - U.S. miles driven remained around normal levels through Q4; body shop activity, however, remained down ~12% versus 2019 levels
 - Europe miles driven appeared to soften slightly during Q4 though remaining well above 2019 levels; body shop activity remained around 6% below 2019 levels during the quarter
 - Latin America and Asia Pacific traffic indicators remained largely recovered from pandemic impacts during Q4 despite ongoing country-specific variation
 - Omicron variant causing moderate impact to traffic and office occupancy which could have some volume impact to Refinish during 1H 2022
- Raw material supply constraints hindered further sales upside in Q4 in Refinish

Industrial

- Broad-based global industrial demand strength continued; growth during Q4 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 Q4 in Building Products and General Industrial



Q4 Mobility Coatings Results

Financial Performance

(\$ in million)	Q4		% Change	
	2021	2020	Incl. FX	Excl. FX
Light Vehicle	255	298	(14.4)%	(13.7)%
Commercial Vehicle	78	73	7.6 %	8.4 %
Net Sales	333	371	(10.1)%	(9.3)%
Adjusted EBIT	(4)	48	(107.3)%	
% margin	(1.1)%	12.9 %		

Net Sales Variance



Commentary

Net sales reduction despite pricing actions as volumes remain constrained by supply shortages

- Axalta volumes largely aligned with reductions in Light Vehicle global builds, offset partly by high-single digit increases in Commercial Vehicle volumes
- Price-mix improvement driven largely by price increases in Light Vehicle and moderate contribution from Commercial Vehicle
- FX headwind driven by the Euro, Lira, and Real, offset partly by the Renminbi

Adjusted EBIT decrease from cost inflation, volume pressure

- Adjusted EBIT reduction from raw material cost inflation, substantial supply constraints impacting production at our customers, and fixed cost pressures, offset partly by pricing actions

Mobility Coatings Demand Environment

Light Vehicle

- The LV market was impacted during Q4 by the semiconductor chip shortage with an estimated reduction of ~2.1 million units, bringing the full year 2021 impact to ~9.6 million deferred builds (versus the Axalta assumption of ~11 million)
- Global LV production decreased 13.2% YoY in Q4 and increased 2.5% for the full year 2021; production during Q4 was moderately better than forecast as chip shortage impacts eased somewhat
- Axalta net sales were in line with the market in Q4 driven by specific customer and model exposures in regions served
- The chip shortage is expected to ease only moderately in 2022, with production forecasts now calling for up to ~8.5% growth, or still 6.8% below 2019 levels

Commercial Vehicle

- The North America and EMEA truck markets remain very healthy with strong order backlogs supporting production rates near 20 year highs
- Global truck production, excluding China, decreased 3.4% YoY in Q4 and increased 22.0% for 2021; forecasts call for continued strength globally during 2022 (+11.2%) excluding expected further China contraction (-17.1%)
- Notable ongoing strength in RV market
- Some impact from chip and supply shortages, though less than LV

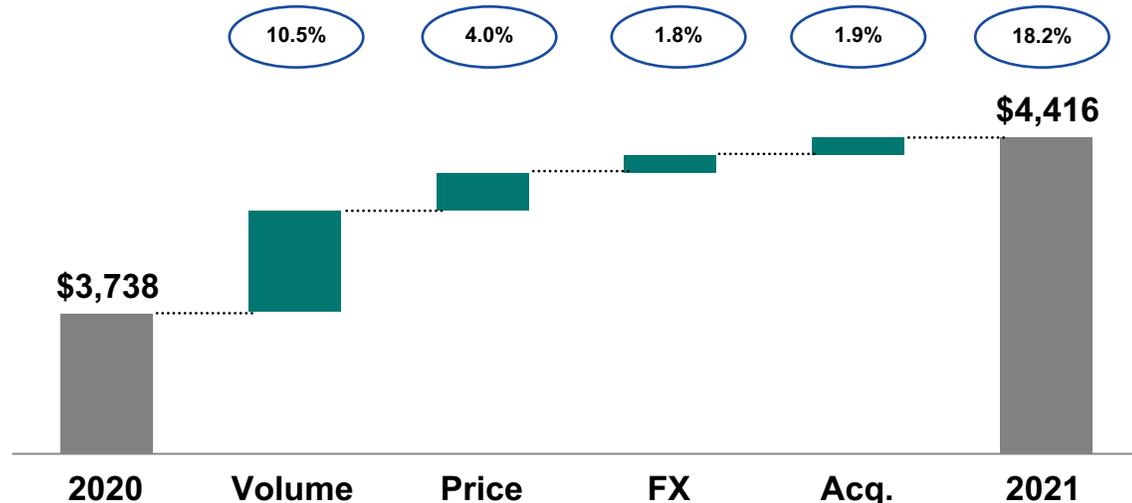


FY 2021 Consolidated Results

Financial Performance

(\$ in million), except per share data	FY		% Change	
	2021	2020	Incl. FX	Excl. FX
Performance Coatings	3,096	2,516	23.0 %	20.9 %
Mobility Coatings	1,320	1,221	8.1 %	6.8 %
Net Sales	4,416	3,738	18.2 %	16.4 %
Income from operations	462	306	51.4 %	
Adj. EBIT	623	537	16.1 %	
% margin	14.1 %	14.4 %		
Diluted EPS	\$ 1.14	\$ 0.52	119.2 %	
Adj. diluted EPS	\$ 1.67	\$ 1.33	25.6 %	

Net Sales Variance



Commentary

Net sales increase reflects recovery from COVID-19; customer supply shortages tempered growth for Mobility Coatings

- Volume growth from COVID-19 recovery in 2021; Mobility Coatings volumes impacted by semiconductor chip and both segments from other supply shortages
- Price-mix contribution driven largely by Performance; Mobility pricing actions picking up towards year-end with expected delays versus Performance
- FX tailwinds driven by the Euro, Renminbi, and Pound
- M&A contribution from two acquisitions

Adjusted EBIT increase YoY from volume recovery and pricing actions; cost inflation a material offset

- Profit drivers included volume recovery, pricing actions to offset inflation, and M&A contribution
- Raw material, logistics, labor, and energy inflation were partial offsets

Debt and Liquidity Summary

Capitalization

(\$ in millions)	Interest	@ 12/31/2021	Maturity
Cash and Cash Equivalents	\$	841	
Debt:			
Revolver (\$550 million capacity) ⁽¹⁾	Variable	0	2026 ⁽²⁾
First Lien Term Loan (USD)	Variable	2,028	2024
Total Senior Secured Debt	\$	2,028	
Senior Unsecured Notes (EUR) ⁽³⁾	Fixed	504	2025
Senior Unsecured Notes (USD)	Fixed	493	2027
Senior Unsecured Notes (USD)	Fixed	691	2029
Finance Leases		63	
Other Borrowings		51	
Total Debt	\$	3,830	
Total Net Debt ⁽⁴⁾	\$	2,989	
Full Year Adjusted EBITDA	\$	848	
Total Net Leverage ⁽⁵⁾		3.5x	
Interest Coverage ⁽⁶⁾		6.3x	

(1) \$527.9 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 1.1307 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

- ~\$1.4 billion in available liquidity at December 31, 2021
- Weighted average cost of debt of 3.1% at December 31, 2021
- Net leverage 3.5x at December 31 was flat versus September 30, reflecting higher year end cash balance despite ongoing share repurchases and lower LTM Adjusted EBITDA
- 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 at 1.50%
 - \$1.375 billion of term loan debt fixed with interest rate swaps at weighted average of 1.84%

Financial Guidance Update

Q1 2022 Guidance

- Net Sales: ~+5% including ~(3)% FX, ~4% M&A benefit; anticipated price of mid- to high-single digits
 - Performance Coatings: high single digits growth (ex-FX and M&A)
 - Mobility Coatings: high single digits contraction (ex-FX and M&A)
- Adjusted EBIT: \$100-120 million
- D&A: ~\$81 million; including ~\$24 million of step-up D&A
- Interest Expense: ~\$32 million
- Tax Rate: 22-24%
- Adjusted Diluted EPS: \$0.22-0.29; including \$0.02 FX headwind
- Expected raw material inflation of ~25-27% versus Q1 2021

FY 2022 Commentary

- Performance Coatings growth expected from continued Refinish recovery, continued robust organic growth within Industrial Coatings
- Global auto production expected to improve; Mobility Coatings growth solidly ahead of global production levels
- Modest FX headwinds expected driven largely by the Euro and Real
- Raw material inflation expected at low double digits, inclusive of oil price at \$85 per barrel (Brent); peak inflation is expected to occur in Q1 2022
- Price-mix anticipated to offset cumulative raw material inflation within 2022
- Adjusted EBIT expected to show strong growth versus 2021 on strong volumes and ramping of pricing, offset partially by continued inflationary pressure which is expected to moderate in 2H 2022

The background image shows a car body on an assembly line. Several robotic arms, covered in white protective sleeves with yellow accents at the joints, are positioned around the car. The scene is brightly lit, and the overall image has a light, semi-transparent overlay. A vertical red line is positioned to the left of the text.

Appendix

Q1 and Full Year 2022 Assumptions

Macroeconomic Assumptions

- Global GDP growth ~4.2% for Q1 2022 and ~4.2% for FY 2022
- Global industrial production growth of ~2.6% for Q1 2022 and ~4.1% for FY 2022
- Global auto builds expected to be ~(2.2%) for Q1 2022 and ~8.5% for FY 2022, according to industry forecasters
- Global truck production expected to be ~(5.4%) for Q1 2022 and ~11.2% for FY 2022, excluding China
- Overall inflation pressure continues to remain pervasive as robust demand, logistical bottlenecks, and elevated energy costs remain key drivers
- Supply has moderately improved for commodity raw materials compared to prior quarters while specialty chemicals, additives, and pigments continue to be a supply challenge
- Expect inflationary raw material to persist through 1H 2022 driven by further increases in pigments, isocyanates, and specialty materials

Q1 2022 Currency Assumptions

Currency	Q1 2021 % Axalta Net Sales	Q1 2021 Average Rate	Q1 2022 Average Rate Assumption	USD % Impact of FX Rate Change
US\$ per Euro	~29%	1.21	1.12	(7.4%)
Chinese Yuan per US\$	~9%	6.48	6.40	1.2%
US\$ per British Pound	~3%	1.38	1.35	(1.9%)
Brazilian Real per US\$	~3%	5.47	5.60	(2.4%)
Mexican Peso per US\$	~2%	20.32	20.76	(2.2%)
US\$ per Canadian Dollar	~2%	0.79	0.79	0.0%
Indian Rupee per US\$	~1%	72.92	75.00	(2.9%)
Other	~51%	NA	NA	(1.6%)

Adjusted EBIT Reconciliation

(\$ in millions)	FY 2021	FY 2020	Q4 2021	Q4 2020
Income from operations	\$ 462.4	\$ 305.5	\$ 94.7	\$ 163.2
Other (income) expense, net	(12.3)	33.4	(1.4)	32.5
Total	\$ 474.7	\$ 272.1	\$ 96.1	\$ 130.7
A Debt extinguishment and refinancing related costs	0.2	34.4	—	32.0
B Termination benefits and other employee related costs	36.9	74.9	1.8	4.5
C Strategic review and retention costs	9.7	30.7	—	5.6
D Acquisition and divestiture-related costs	16.9	0.3	6.1	—
E Impairment charges	0.8	5.7	1.6	2.2
F Pension special events	0.4	(0.4)	0.4	2.1
G Accelerated depreciation	2.5	9.2	0.7	0.3
H Indemnity (income) loss	(0.4)	0.3	(0.2)	—
I Operational matter	4.4	—	0.5	—
J Brazil indirect tax	(8.3)	—	—	—
K Gains on sales of facilities	(19.7)	—	(10.8)	—
L Step-up depreciation and amortization	105.1	109.7	24.8	28.0
Adjusted EBIT	\$ 623.2	\$ 536.9	\$ 121.0	\$ 205.4
Segment Adjusted EBIT:				
Performance Coatings	\$ 479.4	\$ 344.3	\$ 99.7	\$ 129.5
Mobility Coatings	38.7	82.9	(3.5)	47.9
Total	\$ 518.1	\$ 427.2	\$ 96.2	\$ 177.4
L Step-up depreciation and amortization	105.1	109.7	24.8	28.0
Adjusted EBIT	\$ 623.2	\$ 536.9	\$ 121.0	\$ 205.4

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, which were earned over a period of 18-24 months ending in 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. The amount for the year ended December 31, 2021 includes \$1.0 million of due diligence costs associated with an unconsummated M&A transaction.
- E** Represents impairment charges, which are not considered indicative of our ongoing performance. The amount for the year ended December 31, 2021 includes 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) loss 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 of 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 sales of previously closed manufacturing facilities and a customer training 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)		FY 2021	FY 2020	Q4 2021	Q4 2020
Net income	\$	264.4	\$ 122.0	\$ 53.4	\$ 70.3
Less: Net income attributable to noncontrolling interests		0.5	0.4	0.2	0.6
Net income attributable to controlling interests		263.9	121.6	53.2	69.7
A Debt extinguishment and refinancing related costs		0.2	34.4	—	32.0
B Termination benefits and other employee related costs		36.9	74.9	1.8	4.5
C Strategic review and retention costs		9.7	30.7	—	5.6
D Acquisition and divestiture-related costs		16.9	0.3	6.1	—
E Impairment charges		0.8	5.7	1.6	2.2
F Pension special events		0.4	(0.4)	0.4	2.1
G Accelerated depreciation		2.5	9.2	0.7	0.3
H Indemnity (income) loss		(0.4)	0.3	(0.2)	—
I Operational matter		4.4	—	0.5	—
J Brazil indirect tax		(8.3)	—	—	—
K Gains on sales of facilities		(19.7)	—	(10.8)	—
L Step-up depreciation and amortization		105.1	109.7	24.8	28.0
Total adjustments	\$	148.5	\$ 264.8	\$ 24.9	\$ 74.7
M Income tax provision impacts		25.4	71.4	9.9	8.0
Adjusted net income	\$	387.0	\$ 315.0	\$ 68.2	\$ 136.4
Adjusted diluted net income per share	\$	1.67	\$ 1.33	\$ 0.30	\$ 0.58
Diluted weighted average shares outstanding		231.9	236.0	228.9	236.2

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, which were earned over a period of 18-24 months ending in 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. The amount for the year ended December 31, 2021 includes \$1.0 million of due diligence costs associated with an unconsummated M&A transaction.
- E** Represents impairment charges, which are not considered indicative of our ongoing performance. The amount for the year ended December 31, 2021 includes 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) loss 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 of 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 sales of previously closed manufacturing facilities and a customer training 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 benefits of \$7.9 million and expenses of \$4.4 million for the three months ended December 31, 2021 and 2020, respectively, and benefits of \$1.0 million and \$22.4 million for the years ended December 31, 2021 and 2020, respectively. The tax benefits for the year ended December 31, 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 benefits for the year ended December 31, 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)	Q4 2021	Q3 2021	Q2 2021	Q1 2021	FY 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	YTD 2020
Cash provided by (used in) operating activities	\$ 268.6	\$ 142.9	\$ 107.5	\$ 39.6	\$ 558.6	\$ 278.4	\$ 233.4	\$ (1.7)	\$ (0.8)	\$ 509.3
Purchase of property, plant and equipment	(22.9)	(38.4)	(28.5)	(31.8)	(121.6)	(25.9)	(13.8)	(19.7)	(22.7)	(82.1)
Interest proceeds on swaps designated as net investment hedges	3.7	7.2	3.6	3.5	18.0	3.5	3.7	3.6	3.7	14.5
Free cash flow	\$ 249.4	\$ 111.7	\$ 82.6	\$ 11.3	\$ 455.0	\$ 256.0	\$ 223.3	\$ (17.8)	\$ (19.8)	\$ 441.7

Adjusted EBITDA Reconciliation

(\$ in millions)	FY 2021	FY 2020	Q4 2021	Q4 2020
Net income	\$ 264.4	\$ 122.0	\$ 53.4	70.3
Interest expense, net	134.2	149.9	33.5	37.5
Provision for income taxes	76.1	0.2	9.2	22.9
Depreciation and amortization	316.5	320.3	81.8	76.7
Reported EBITDA	\$ 791.2	\$ 592.4	\$ 177.9	207.4
A Debt extinguishment and refinancing related costs	0.2	34.4	—	32.0
B Termination benefits and other employee related costs	36.9	74.9	1.8	4.5
C Strategic review and retention costs	9.7	30.7	—	5.6
D Acquisition and divestiture-related costs	16.9	0.3	6.1	—
E Impairment charges	0.8	5.7	1.6	2.2
F Foreign exchange remeasurement (gains) losses	2.3	7.2	—	(0.3)
G Long-term employee benefit plan adjustments	(0.7)	(0.1)	0.1	2.2
H Stock-based compensation	14.9	15.1	3.2	(0.8)
I Dividends in respect of noncontrolling interest	(0.7)	(0.9)	—	(0.4)
J Operational matter	4.4	—	0.5	—
K Brazil indirect tax	(8.3)	—	—	—
L Gains on sales of facilities	(19.7)	—	(10.8)	—
M Other adjustments	(0.1)	0.4	—	0.1
Total adjustments	\$ 56.6	\$ 167.7	\$ 2.5	45.1
Adjusted EBITDA	\$ 847.8	\$ 760.1	\$ 180.4	252.5

Adjusted EBITDA Reconciliation (cont'd)

- A** Represents expenses and associated changes to estimates related to the prepayment, restructuring and refinancing of our indebtedness, which are not considered indicative of our ongoing operating performance.
- B** Represents expenses and associated changes to estimates related to employee termination benefits and other employee-related costs. Employee termination benefits are primarily associated with Axalta Way initiatives. These amounts are not considered indicative of our ongoing operating performance.
- C** Represents costs for legal, tax and other advisory fees pertaining to our review of strategic alternatives that was concluded in March 2020, as well as retention awards for certain employees, which were earned over a period of 18-24 months ending in 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. The amount for the year ended December 31, 2021 includes \$1.0 million of due diligence costs associated with an unconsummated M&A transaction.
- E** Represents impairment charges, which are not considered indicative of our ongoing performance. The amount for the year ended December 31, 2021 includes a recovered gain on a previously impaired asset.
- F** Eliminates foreign exchange (gains) 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 of 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 sales of previously closed manufacturing facilities and a customer training 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 and gains and losses from the remaining foreign currency derivative instruments.

Thank you

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

