Axalta Coating Systems (AXTA)
First Quarter 2021 Financial Results
April 26, 2021

Slide 3: Introduction and Q1 Financial Highlights

Net Sales: Axalta saw continued net sales recovery across most end-markets served during the first quarter, including the third straight sequential increase in net sales in Industrial. Consolidated Q1 net sales increased 8.1% year-over-year (including a 3.2% FX tailwind). This result included a 4.6% overall volume increase (the first overall volume increase since the onset of the pandemic) and a 0.3% positive price-mix contribution. Broad-based recovery continued from most coatings end-markets globally, with Refinish remaining stable though still below pre-pandemic levels of accident rates and collision shop activity due to ongoing COVID-driven lockdowns in key countries served. Demand from Refinish appears to be recovering as certain lockdowns have eased and vaccination rates are increasing. Beyond Refinish, there were moderate headwinds in the quarter including the automotive semiconductor chip shortage and the severe winter weather in the U.S. impacting the coatings raw material supply chain, but which collectively had a moderate impact on overall volumes.

Adjusted EBIT: Adjusted EBIT for the quarter, which excludes the impact of the $94 million operating charges associated with the Mobility Coatings operational matter, was reported at $183 million (versus $205 million in fourth quarter), a record level for first quarter and an increase of 37.8% year-over-year despite ongoing Refinish volume and other headwinds for the period. This result reflected strong continued cost savings benefits, fairly neutral variable cost contribution, and modest benefit from price-mix in the quarter.

Balance Sheet & Cash Flows: Axalta reported strong cash flow in Q1, with cash flow from operations of $40 million and record first quarter free cash flow of $11 million compared with a use of $20 million in Q1 2020. First quarter free cash flow is historically the weakest of the year due to substantial annual outflows related to incentive compensation, tax payments as well as payments on bond interest and other factors. Strong operating results and improved year-over-year working capital drove the beat in Q1 year-over-year, while net debt at quarter end also ticked lower to 3.2x from 3.3x at year-end, which still includes the impact of the weak Q2 2020 earnings results in the trailing twelve month calculation on

Adjusted EBITDA. Axalta closed the quarter with total liquidity of over $1.6 billion. During first quarter, Axalta repurchased $64 million of common shares under its share repurchase program at an average price of $27.94.

Subsequent to the end of the quarter, Axalta announced the acquisition of Anhui Shengran Insulating Materials Co. Ltd., a Chinese producer of wire enamels used in electric motors. The deal is a substantial bolt-on boost to the Energy Solutions business within Industrial.

Business Conditions: First quarter 2021 continued to see overall improvement across most industrial coatings markets given the solid recovering pace of the global economy from the pandemic. Recovering demand was evident in most businesses served, and volumes increased in all end-markets year-over-year. In Refinish, demand was largely stable despite pandemic-related restrictions beginning in late November and continuing through the quarter. Some ongoing pressure in western markets was offset by recovery from China which saw some Refinish impact due to COVID during Q1 2020. Industrial end-market demand remained intact, with nearly all end-businesses showing year-over-year growth and increases even excluding estimated impacts from COVID in the prior year period. Light Vehicle demand conditions also continued to improve, though the impact of the semiconductor chip shortage weighed on total production in the period. Commercial Vehicle demand also remained robust through the quarter, with notable strength in North America production and demand and heavy truck orders nearing record levels in the last few months.

Cost Structure: Axalta continued to benefit from a combination of structural and temporary cost savings through first quarter, including temporary cost savings in the period above our initial guidance in addition to building Axalta Way structural savings as anticipated. The company continues to expect to see benefit from carry-over savings from 2020 classified as temporary as Axalta maintains cost discipline and overall activities including travel remain subdued relative to pre-pandemic levels. It is expected, however, that the majority of costs held out during 2020 will flow back in along with resumption of normal volume and business activity during the course of the next year plus.

Regarding cost inflation, the impact of variable cost pressures was fairly neutral during first quarter, but Axalta expects to see the impact of ramping input costs during second quarter, and for such cost inflation to further ramp through the balance of the year. In aggregate, Axalta expects to see high single digit inflation during 2021 versus the prior year and is working diligently to offset such inflation via both passing through pricing in channels served as well as through ongoing cost measures as required.

Q1 Consolidated Results

Financial Performance

($ in millions, except per share data)	Q1 2021	Q1 2020	% Change Incl. F/X	% Change Excl. F/X
Performance Coatings	707	648	9.2 %	5.0 %
Mobility Coatings	356	336	6.1 %	4.6 %
Net Sales	1,064	984	8.1 %	4.9 %
Income from ops	53	65	(19.2)%	
Adjusted EBIT	183	133	37.8 %	
% margin	*17.2 %*	*13.5 %*		
Diluted EPS	0.06	0.22	(72.7)%	
Adjusted EPS	0.50	0.31	61.3 %	

Net Sales Variance

Commentary

Net sales increased YOY from continued volume recovery; China lapping Q1 2020 COVID impacts

- Q1 net sales growth YOY across all end-markets; sequential growth versus Q4 2020 in Industrial and Commercial Vehicle despite seasonal headwinds
- YOY volume growth despite continued Refinish headwinds from COVID restrictions, semiconductor chip shortage, and U.S. severe weather supply chain effects
- Modest YOY product price-mix benefit driven by Light Vehicle; mix headwinds in Refinish and Industrial
- FX tailwinds driven by the Euro and Chinese Renminbi, partly offset by Brazilian Real

Impressive Adjusted EBIT for the first quarter

- Margin expansion of 370 bps driven by operating leverage from ongoing cost and productivity progress, improved sales volumes, and modest price-mix benefits

4 AXALTA

Slide 4: Q1 Consolidated Results

Net sales of $1.1 billion increased 8.1% year-over-year for the first quarter. Organic constant currency net sales increased 4.9% overall during the period, with continued sequential volume recovery across most end-markets Axalta serves despite ongoing pandemic-driven impacts seen in Refinish. Notable continued strength was seen across most of Industrial, while commercial vehicle demand particularly in North America truck markets also remained strong. Automotive demand at the retail sales level was also solid, though production and Axalta's net sales volumes were impacted by the supply chain shortages for semiconductor chips.

The 4.9% growth in first quarter organic net sales, before FX impacts, included a 5.0% increase from Performance Coatings and 4.6% contribution from Mobility Coatings.

The volume increase of 4.6% for the quarter was driven by rebounding net sales in China against the prior year pandemic-impacted quarter, as well as by Industrial growth globally and further supported by growth in North America in Commercial Vehicle. This was offset partially by continued Refinish headwinds including in North America, and by pressure in Light Vehicle from the supply chain-driven production cutbacks.

Price-mix contribution was slightly positive in the aggregate (up 0.3%) principally driven by Light Vehicle which saw an increase in mid-single digits, offset by modestly negative price-mix in other end-markets. As with prior recent quarters, the principal driver for other end-markets has been product mix differences, largely within Performance Coatings, as pricing has remained positive.

FX translation was a tailwind of 3.2%, driven by the stronger Euro and Chinese Renminbi, offset by weakness notably for the Brazilian Real – the same currency drivers as the fourth quarter.

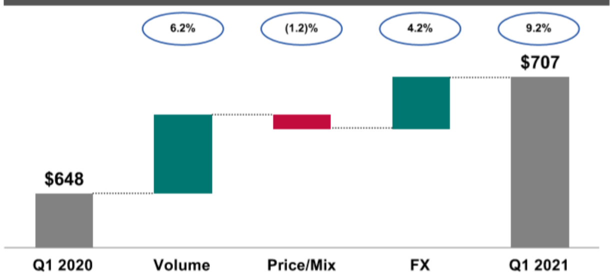
First quarter Adjusted EBIT was $183 million versus $133 million in the prior year quarter, an exceptionally strong result given ongoing Refinish volume headwinds in many markets. The substantial earnings growth was driven principally by operating cost reductions, coupled with volume drop-through benefit, as well as neutral income statement impact from variable input costs and by moderate FX tailwinds. First quarter Adjusted EBIT excludes the impact of the $94 million operating charges associated with the Mobility Coatings operational matter.

Q1 Performance Coatings Results

Financial Performance

($ in millions)	Q1 2021	Q1 2020	% Change Incl. F/X	% Change Excl. F/X
Refinish	399	368	8.5 %	3.7 %
Industrial	308	280	10.1 %	6.7 %
Net Sales	707	648	9.2 %	5.0 %
Adjusted EBIT	117	79	47.6 %	
% margin	*16.6 %*	*12.3 %*		

Net Sales Variance



Commentary

Stronger net sales driven by both Refinish and Industrial volume improvement

- YOY volume growth driven by continued Industrial strength across most global markets, recovery in Refinish notably in China versus prior year pandemic effects, partly tempered by U.S. severe weather supply chain impacts and ongoing pandemic restrictions
- Modest price-mix headwinds in select Industrial businesses and mix in Refinish
- FX tailwinds driven by the Euro and Chinese Renminbi, partly offset by Brazilian Real

Improved Adjusted EBIT and margins

- Continued cost productivity benefits and volume recovery drove impressive 430 bps Adjusted EBIT margin improvement with solid contribution from both end-markets

5

Slide 5: Q1 Performance Coatings Results

Performance Coatings Q1 net sales increased 9.2% year-over-year (increased 5.0% excluding a 4.2% FX tailwind). The result was driven principally by 6.2% higher volumes offset partly by a 1.2% decrease in average price-mix.

Refinish reported an 8.5% net sales increase (3.7% ex-FX), driven by improved volume primarily from China which saw pandemic impacts in the prior year quarter. While overall volumes in EMEA were stable, year-over-year volumes for Refinish coatings remained a headwind in western countries due to the continued impact on vehicle miles travelled from COVID-19 related restrictions and lockdowns. Price-mix in the period was a modest drag, including mix headwinds from geography, customer and product differences, offset partly by positive price versus the year ago period.

Axalta continued to drive new product innovation in Refinish in the first quarter, continuing the launch of industry leading product systems. In Europe, Axalta launched two new Nason clearcoats for the value segment, while the rollout of Axalta’s premium “fast cure” clearcoat also continued across the region. In Asia Pacific, growth of Axalta’s new Spies Hecker waterborne clearcoat continued, showcasing the first premium Refinish clearcoat based on waterborne technology.

Industrial net sales increased 10.1% year-over-year (6.7% ex-FX), driven largely by strong mid-single digit volume growth, with average price-mix a modest offsetting headwind. Demand trends in the end businesses served by Industrial remained supportive, with ongoing recovery seen for the third straight quarter for industrial coatings globally. All regions and end-businesses in Industrial saw positive volume and net sales comparisons in the quarter, with particular strength in Energy Solutions, powder coatings and Wood coatings. Axalta has also seen ongoing tailwinds in markets linked to North American housing and remodeling, including Wood and Coil. In Europe, Axalta’s business has also recovered well across most markets, while in China all Industrial businesses appear to have recovered from earlier pandemic restriction effects, with notable strength continuing in Energy Solutions tied to wind energy customers.

New product launches in Industrial Coatings also continued this quarter. The Energy Solutions business expanded its position in electronic transformer and small motor applications with the launch of a low VOC waterborne impregnating resin, Voltahyd 2251. The Wood business launched its newest range of waterborne UV curing primer/color systems designed for surfaces used in the construction of interior cabinets. In General Industrial, Imron 2100 HG-C; a high gloss, high solids, low 2.1 VOC clearcoat was introduced, featuring exceptional appearance, premium outdoor weatherability, and excellent ease of application. In Axalta's Powder business, we expanded the Alesta® product line with the introduction of the "Alesta ID Degassing" powder coating, offering premium performance on challenging anticorrosion treated metal (hot dipped galvanized) used across the fencing market.

The Performance Coatings segment reported Q1 Adjusted EBIT of $117 million, a 47.6% increase versus $79 million in Q1 2020, driven by lower operating expenses, stronger volumes and associated drop-through to earnings, offset slightly by lower price-mix effects. The Adjusted EBIT margin for the segment increased from 12.3% in Q1 2020 to 16.6% in the first quarter, again highlighting the success in cost containment through the period while volumes have continued to rebound.

Performance Coatings Demand Environment

Refinish

- The refinish market in Q1 was variable but improved later in the period, particularly in North America
- Traffic indicators improving from bottom in January:
  - U.S. miles driven down ~7%, body shop activity down ~12%; insurance claims continue to lag
  - U.S. data showed solid sequential monthly recovery into April which may be first month of near-normal traffic since Q1 2020
  - Europe miles driven down ~15% in March, recovering in sequential months after a dip in January; body shop activity also recovered through March but dipping in April aligned with extended COVID restrictions
  - Latin America miles driven in Brazil slipped in Q1 with higher case count and restrictions; Mexico still ~10% below normal
  - For Asia, most countries have seen traffic above pre-COVID traffic levels since Q4 and stable during Q1

Industrial

- Broad-based global industrial demand recovery; notable growth from Energy Solutions, Powder, and General Industrial
- Strong market backdrop with support from U.S. home building and remodeling, global automotive demand, and broader industrial recovery across sectors

6

Slide 6: Performance Demand Environment

Regarding the Performance Coatings demand environment, Axalta benefited from continued sequential recovery during first quarter, notably across broader industrial coatings markets while Refinish demand was largely stable sequentially.

In **Refinish**, U.S. vehicle traffic was approximately 7% below prior year levels in the quarter, with a stronger exit rate in March. U.S. collision claims were fairly consistent with the third and fourth quarter, down ~24% suggesting that accidents have not translated to claims at a coincident rate. Gauged by body shop activity, Axalta saw approximately 12% declines across customer shops served, which is also consistent with the overall levels seen during the fourth quarter.

In Europe, pandemic-related restrictions intensified in December and remained in effect for much of the first quarter, impacting vehicle miles driven and therefore Refinish demand, which was generally consistent with fourth quarter levels. Certain countries such as Germany extended restrictions a month further than initially planned, with easing expected to begin late April, though very country specific in terms of timelines with easing.

In Latin America, Mexico miles driven remain around 10% below normal, while Brazil was around even with pre-COVID levels in Q1, perhaps weaker than the rate entering the quarter as case count for COVID increased and restrictions in Brazil have come back.

In China and Asia Pacific, most countries continue to see traffic levels above pre-COVID levels through the first quarter, as was the case in fourth quarter. In China, after a slower fourth quarter, and increased activity starting in January, overall refinish volumes ended the quarter up fairly substantially for Axalta.

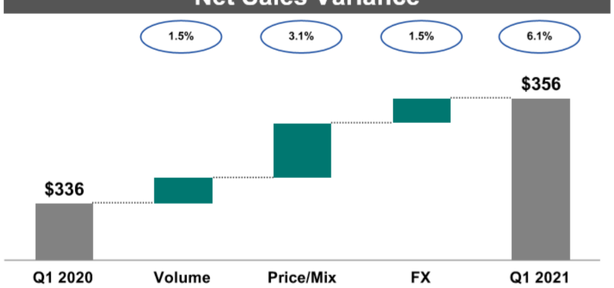
In the **Industrial** end-market, Axalta's first quarter results indicated broad based demand strength through the period. All end-businesses as well as regions were either stable or increased over the prior year in the period, with Energy Solutions and General Industrial coatings including powder coatings both showing particular strength. Strength in U.S. home building and remodeling as well as global automotive demand both served as continued tailwinds for Axalta's Industrial business.

Q1 Mobility Coatings Results

Financial Performance

	Q1		% Change	
($ in millions)	2021	2020	Incl. F/X	Excl. F/X
Light Vehicle	279	260	7.2 %	5.4 %
Commercial Vehicle	77	76	2.2 %	2.1 %
Net Sales	356	336	6.1 %	4.6 %
Adjusted EBIT	39	26	51.9 %	
% margin	*11.0 %*	*7.7 %*		

Net Sales Variance



Commentary

Net sales growth driven by improved price-mix, low single digit volume growth, and FX benefit

- Volume improvement driven by recovery in China Light Vehicle and growth in North America Commercial Vehicle; semiconductor chip shortage hindered further upside for net sales
- Positive price-mix contribution principally from Light Vehicle
- Modest FX tailwinds driven by the Euro and Chinese Renminbi, partly offset by the Brazilian Real

Adjusted EBIT and margin expansion

- Margin improvement of 330 bps, which excludes impacts of the operational matter, driven by solid net sales improvement inclusive of positive price-mix benefit, coupled with ongoing structural cost and productivity progress

7 AXALTA

Slide 7: Q1 Mobility Coatings Results

In April, Axalta rebranded its former Transportation Coatings segment as Mobility Coatings. This change is to align our overall branding with a shift in strategic focus towards the broader mobility space, which is rapidly transforming in fundamental ways and may look quite different over the coming decade as shifts take place, such as adoption of new drive train technology and other new technology that this migration enables for vehicles. Axalta is leading the way in the coatings space in terms of positioning the company for shifting customer needs, and our new Mobility branding reflects this new alignment.

Mobility Coatings net sales increased 6.1% year-over-year in the quarter including a 1.5% currency tailwind driven by the Euro and Chinese Renminbi, partly offset by the Brazilian Real. Net sales were driven by 3.1% higher average price-mix and a 1.5% increase in volume.

Light Vehicle first quarter net sales increased 7.2% (5.4% ex-FX). Volume increased low single digits, which was somewhat behind the global rate of production in the period due to specific customer and geographic exposures for Axalta. Average selling prices increased mid-single digits in the period, largely reflecting mix effects as opposed to pricing in the quarter.

Commercial Vehicle first quarter net sales increased 2.2% before FX headwinds of 0.1%. This increase was driven by stronger but still uneven global truck production as well as solid production of certain other vehicle types served. Axalta saw volume increases in North America truck around in-line with industry pacing, while EMEA remained lower year-over-year aligned with the broader regional truck market. Price-mix for Commercial Vehicle was essentially neutral in the quarter versus the prior year period.

Axalta's Mobility Coatings business continued to innovate during Q1. In the area of Core Mobility, Axalta continued the launch of its Lumeera 5220 clearcoat, providing best-in-class appearance and performance. The rollout also continued for the next generation Hydrotopcoat formulated for premium appearance and workability. In support of Advanced Mobility, Axalta expanded partnerships with both customers and applicator suppliers to drive the development of Digital Paint Application which we believe will offer improved productivity for unique color combinations and customization. Finally, Axalta scientists and engineers continued the optimization of Axalta's Radar Transmission Simulator (ARTS); an exclusive radar modeling software. With this capability, Axalta is leading the industry in support of Automotive Radar/LIDAR and Advanced Driver Assistance Systems (ADAS).

Mobility Coatings reported first quarter Adjusted EBIT of $39 million, well above the $26 million profit reported in Q1 2020, excluding the impact of the operational matter and associated charges in the quarter. The Adjusted EBIT margin for the segment increased markedly from 7.7% in Q1 2020 to 11.0% in the first quarter, driven largely by strong price-mix contribution and ongoing cost reduction progress.

Mobility Coatings Demand Environment

Light Vehicle

- LV market recovery continued in Q1 globally with solid retail demand, though the semiconductor chip shortage has delayed ~2 million production units globally from 1H 2021 with much expected to be made up in 2H 2021
- U.S. auto retail sales of 17.7 million units in March showed acceleration in demand and the strongest month since pre-pandemic period
- Global LV production increased 14.0% YOY in Q1; forecasts call for 57.8% growth for Q2 and a 11.9% increase for FY 2021 (revised down from 13.4% in February due to the chip shortage)
- Axalta net sales largely aligned to Q1 production trends, outpacing the market in EMEA, Latin America, and Asia Pacific, but slightly lower in North America

Commercial Vehicle

- The global truck market continues to recover with strong demand most notably in North America
- Global CV production excluding China increased 5.6% YOY in Q1; forecasts call for continued recovery with 79.5% and 22.6% increases for Q2 and FY 2021, respectively
- Non-truck CV markets remain strong led by North America including recreational vehicles, power sports, and truck body builders. Global bus production remains weak

8

Slide 8: Mobility Demand Environment

Axalta's **Mobility Coatings** segment is directly 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.

In the first quarter, the Light Vehicle market recovery continued globally via solid retail sales demand, but the market was impacted fairly notably by the ongoing shortage of semiconductor chips which has caused line shutdowns and curtailments particularly since late January. This issue, linked to pandemic effects in the supply chain for these chips, has led to a forecast that suggests a loss of around 2 million vehicle production slots during the first half of 2020. Though much of this is expected to be made up during the second half, the magnitude of the impact has now clearly led to full year negative revisions as well as 1H effects.

Despite near-term production constraints, retail sales demand remains firm. In the U.S., March auto sales (SAAR) were 17.7 million, topping all months since the start of the pandemic and approaching prior "peak" levels of monthly demand. This bodes well for the automotive outlook certainly in the U.S. and underscores the need to restock inventory at the dealer level, which is at historic lows due to the lost production in the period.

In China, passenger car retail sales surged 69% to 5.1 million for the first quarter against the prior year pandemic-impacted period. First quarter sales were comparable to the first quarter of 2019, suggesting the market has rebounded from the pandemic, though the level remained substantially below 2018 when 5.7 million vehicles were sold in first quarter.

In EMEA, first quarter retail sales of 4.9 million were up 3.6% from the prior year quarter, also suggesting a stable market overall in the region, which was not dramatically impacted by COVID-19 in first quarter last year.

For the quarter, global light vehicle production increased 14.0% year-over-year, including a 32.6% increase in Asia Pacific and a 78.2% increase in China. North American production decreased 2.0% after a similar result in Q4 and driven largely by lower Canadian production (U.S. down 0.1%). Current industry forecasts call for a 11.9% increase in global builds for the full year 2021, down from 13.4% expected as of year-end, driven primarily by the first half comparison against dramatic production curtailments during 2020. Second quarter production is anticipated to increase 57.8% accordingly, though with some risk from further production impacts from chip shortages.

For the Commercial Vehicle end-market, overall global Class 4-8 truck production increased 44.6% in the first quarter. This included a 4.1% increase in North America, and a 4.6% decrease in EMEA, offset by a 76.1% increase in Asia Pacific (94.0% increase in China) as the country continued to recover from a truck demand downcycle in the prior several years.

Industry forecasters are calling for a 2.1% increase in 2021 production (Class 4-8) globally. This includes 25.8% and 16.7% increases in North America and Europe, respectively. China is expected to decrease 12.8% in 2021 after the strong rebound witnessed in 2020. Axalta's Commercial Vehicle business is not substantially exposed to the China market currently and is primarily geared to the North America and EMEA markets.

Debt and Liquidity Summary

Capitalization

($ in millions)	Interest	@ 3/31/2021	Maturity
Cash and Cash Equivalents		$ 1,267	
Debt:			
Revolver ($400 million capacity)(1)	Variable	—	2024
First Lien Term Loan (USD)	Variable	2,042	2024
Total Senior Secured Debt		**$ 2,042**	
Senior Unsecured Notes (EUR) (2)	Fixed	523	2025
Senior Unsecured Notes (USD)	Fixed	493	2027
Senior Unsecured Notes (USD)	Fixed	689	2029
Finance Leases		64	
Other Borrowings		49	
Total Debt		**$ 3,860**	
Total Net Debt (3)		**$ 2,593**	
LTM Adjusted EBITDA		806	
Total Net Leverage (4)		**3.2x**	
Interest Coverage Ratio (5)		**5.5x**	

(1) $366 million available on our undrawn revolver net of letters of credit
(2) Assumes exchange rate of $1.1747 USD/Euro
(3) Total Net Debt = Total Debt minus Cash and Cash Equivalents
(4) Total Net Leverage = Total Net Debt / LTM Adjusted EBITDA
(5) Interest Coverage Ratio = LTM Adjusted EBITDA / LTM Interest Expense

Commentary

- Net leverage of 3.2x at March 31, 2021 improved from 3.3x at December 31, 2020 driven by increased LTM Adjusted EBITDA
- Over $1.6 billion in available liquidity at March 31, 2021
- Weighted average cost of debt of 3.08% at March 31, 2021

9 AXALTA

Slide 9: Debt and Liquidity Summary

Axalta continues to maintain and improve its balance sheet and liquidity profile. Axalta ended the quarter with $1.3 billion of cash on the balance sheet, and $366 million of available capacity in our undrawn revolver, to bring total liquidity available at year end to over $1.6 billion.

Axalta's net leverage ratio at March 31, 2021 was 3.2x versus 3.3x at December 31, 2020, driven by improved operating earnings and free cash flow in the period, and despite solid share repurchase activity in the quarter. Still, the leverage ratio remains impacted by the reduced denominator of trailing twelve months Adjusted EBITDA due to COVID-related impacts particularly during Q2 2020. There are no affirmative financial covenants on current outstanding indebtedness and the nearest debt maturities are for Term Loans in 2024.

Free cash flow for the quarter totaled $11 million versus a use of $20 million in Q1 2020, an impressive level considering normal cash usage during the first quarter period due to seasonal cash usage patterns. The result was driven by improved operating profit, solid working capital management, and despite $9 million higher capital expenditures year-over-year. Finally, during Q1, Axalta used $64 million to repurchase common shares at an average price of $27.94 under our share repurchase program. Axalta's Board also further increased the company's share buyback authorization by an incremental $625 million in April, bringing total current available authorization to approximately $800 million.

Financial Guidance Update

Full Year 2021 Guidance:

- Net Sales: ~+20-22%, including ~3% FX and ~1% M&A benefit
- Adjusted EBIT: $715-755 million
- Adjusted Diluted EPS: $1.95 - 2.10
- Interest Expense: ~$136 million
- Tax Rate: ~21-22%
- Diluted Shares: ~234 million; assumes no additional share repurchases
- Free Cash Flow: $455-495 million; including $180 million capex; excludes impact from operational matter
- D&A: ~$315 million; including $103 million step-up D&A

Q2 2021 Guidance:

- Adjusted EBIT: ~23% of FY expected for Q2
- Raw material inflation expected to ramp up beginning in Q2
- Headwind from year-over-year lapping of temporary savings from 2020
- Semiconductor chip shortage impact on Light Vehicle to continue throughout Q2
- Constrained supply chain impact persists in early Q2 on Industrial volumes

10 AXALTA

Full Year 2021 Assumptions

Macroeconomic Assumptions

- Global GDP growth of ~10.2% for Q2 2021 and ~5.3% for FY 2021
- Global industrial production growth of ~16.2% for Q2 2021 and ~6.8% for FY 2021
- Global auto build growth of ~57.8% for Q2 2021 and ~11.9% for FY 2021
- Global truck production increase of ~79.5% for Q2 and ~22.6 for FY 2021, excluding China
- Significant inflation for raw materials since December, though some easing possible beginning 2H 2021
- Higher raw material prices driven by increased downstream demand, strained global chemical supply chains, and winter storm Uri driven supply tightness and logistical bottlenecks

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	1.21	6.1%
Chinese Yuan per US$	~9%	6.90	6.43	6.8%
US$ per British Pound	~3%	1.28	1.39	8.6%
Brazilian Real per US$	~3%	5.15	5.32	(3.3%)
Mexican Peso per US$	~2%	21.46	20.20	5.9%
US$ per Canadian Dollar	~2%	0.75	0.79	5.3%
Indian Rupee per US$	~1%	74.13	72.65	2.0%
Other	~53%	NA	NA	0.6%

Adjusted EBIT Reconciliation

	($ in millions)		Q1 2021		Q1 2020
	Income from operations	$	52.6	$	65.1
	Other (income) expense, net		(0.4)		0.8
	Total	$	53.0	$	64.3
A	Debt extinguishment and refinancing related costs		—		2.4
B	Termination benefits and other employee related costs		2.8		19.5
C	Strategic review and retention costs		5.4		11.5
D	Offering and transactional costs		0.2		0.1
E	Impairment charges		—		0.5
F	Pension special events		—		(1.2)
G	Accelerated depreciation		0.6		8.1
H	Operational matter		94.4		—
I	Step-up depreciation and amortization		26.4		27.5
	Adjusted EBIT	$	182.8	$	132.7
	Segment Adjusted EBIT:				
	Performance Coatings	$	117.2	$	79.4
	Mobility Coatings		39.2		25.8
	Total	$	156.4	$	105.2
I	Step-up depreciation and amortization		26.4		27.5
	Adjusted EBIT	$	182.8	$	132.7

Adjusted EBIT Reconciliation (cont'd)

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

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

C Represents costs for legal, tax and other advisory fees pertaining to our review of strategic alternatives that was concluded in March 2020, as well as retention awards for certain employees which will be earned over a period of 18-24 months, ending September 2021. These amounts are not considered indicative of our ongoing performance.

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

E Represents impairment charges, which are not considered indicative of our ongoing performance.

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

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

H Represents expenses and probable liabilities associated with estimates related to an operational matter in the Mobility Coatings segment, which is not indicative to our ongoing operating performance.

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

Adjusted Net Income Reconciliation

	($ in millions, except per share data)		Q1 2021		Q1 2020
	Net income	$	15.7	$	52.4
	Less: Net income attributable to noncontrolling interests		0.5		0.2
	Net income attributable to controlling interests	$	15.2	$	52.2
A	Debt extinguishment and refinancing related costs		—		2.4
B	Termination benefits and other employee related costs		2.8		19.5
C	Strategic review and retention costs		5.4		11.5
D	Offering and transactional costs		0.2		0.1
E	Impairment charges		—		0.5
F	Pension special events		—		(1.2)
G	Accelerated depreciation		0.6		8.1
H	Operational matter		94.4		—
I	Step-up depreciation and amortization		26.4		27.5
	Total adjustments	$	129.8	$	68.4
J	Income tax provision impacts		27.6		46.8
	Adjusted net income		117.4	$	73.8
	Diluted adjusted net income per share	$	0.50	$	0.31
	Diluted weighted average shares outstanding		234.7		235.9

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 will be earned over a period of 18-24 months, ending September 2021. These amounts are not considered indicative of our ongoing performance.

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

E Represents impairment charges, which are not considered indicative of our ongoing performance.

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

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

H Represents expenses and probable liabilities associated with estimates related to an operational matter in the Mobility Coatings segment, which is not indicative to our ongoing operating performance.

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

J The income tax impacts are determined using the applicable rates in the taxing jurisdictions in which expense or income occurred and includes both current and deferred income tax expense (benefit) based on the nature of the non-GAAP performance measure. Additionally, the income tax impact includes the removal of discrete income tax impacts within our effective tax rate which were expenses of $1.7 million and benefits of $33.9 million for the three months ended March 31, 2021 and 2020, respectively. The tax benefits for the three months ended March 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 expenses for the three months ended March 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)		Q1 2021	Q1 2020
Cash provided by (used for) operating activities	$	39.6	(0.8)
Purchase of property, plant and equipment		(31.8)	(22.7)
Interest proceeds on swaps designated as net investment hedges		3.5	3.7
Free cash flow	$	11.3	(19.8)

AXALTA

Adjusted EBITDA Reconciliation

	($ in millions)		LTM 3/31/2021		Q1 2021		Q1 2020		FY 2020
	Net income	$	85.3	$	15.7	$	52.4	$	122.0
	Interest expense, net		146.9		33.5		36.5		149.9
	Provision (benefit) for income taxes		28.6		3.8		(24.6)		0.2
	Depreciation and amortization		310.1		76.4		86.6		320.3
	EBITDA	**$**	**570.9**	**$**	**129.4**	**$**	**150.9**	**$**	**592.4**
A	Debt extinguishment and refinancing related costs		32.0		—		2.4		34.4
B	Termination benefits and other employee related costs		58.2		2.8		19.5		74.9
C	Strategic review and retention costs		24.6		5.4		11.5		30.7
D	Offering and transactional costs		0.4		0.2		0.1		0.3
E	Impairment charges		5.2		—		0.5		5.7
F	Foreign exchange remeasurement losses		6.7		1.8		2.3		7.2
G	Long-term employee benefit plan adjustments		0.8		(0.2)		(1.1)		(0.1)
H	Stock-based compensation		13.6		3.6		5.1		15.1
I	Dividends in respect of noncontrolling interest		(1.1)		(0.7)		(0.5)		(0.9)
J	Operational matter		94.4		94.4		—		—
K	Other adjustments		0.2		—		0.2		0.4
	Total Adjustments	$	235.0	$	107.3	$	40.0	$	167.7
	Adjusted EBITDA	**$**	**805.9**		**236.7**		**190.9**	**$**	**760.1**

AXALTA

Adjusted EBITDA Reconciliation (cont'd)

- **A** Represents expenses and associated changes to estimates related to the prepayment, restructuring, and refinancing of our indebtedness, which are not considered indicative of our ongoing operating performance.
- **B** Represents expenses and associated changes to estimates related to employee termination benefits and other employee-related costs. Employee termination benefits are primarily associated with Axalta Way initiatives. These amounts are not considered indicative of our ongoing operating performance.
- **C** Represents costs for legal, tax and other advisory fees pertaining to our review of strategic alternatives that was concluded in March 2020, as well as retention awards for certain employees which will be earned over a period of 18-24 months, ending September 2021. These amounts are not considered indicative of our ongoing performance.
- **D** Represents acquisition and divestiture-related expenses, all of which are not considered indicative of our ongoing operating performance.
- **E** Represents impairment charges, which are not considered indicative of our ongoing performance.
- **F** Eliminates foreign exchange losses resulting from the remeasurement of assets and liabilities denominated in foreign currencies, net of the impacts of our foreign currency instruments used to hedge our balance sheet exposures.
- **G** Eliminates the non-cash, non-service cost components of long-term employee benefit costs.
- **H** Represents non-cash impacts associated with stock-based compensation.
- **I** Represents the payment of dividends to our joint venture partners by our consolidated entities that are not 100% owned, which are reflected to show the cash operating performance of these entities on Axalta's financial statements.
- **J** Represents expenses and probable liabilities associated with estimates related to an operational matter in the Mobility Coatings segment, which is not indicative to our ongoing operating performance.
- **K** 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.

19 AXALTA

AXALTA COATING SYSTEMS

Cautionary Statement Concerning Forward-Looking Statements

This release 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, Adjusted EBITDA, interest expense, income tax rate, as adjusted, free cash flow, capital expenditures, depreciation and amortization and diluted shares outstanding and the effects of COVID-19 on Axalta's business and financial results and the timing and amount of any future share repurchases. Axalta has identified some of these forward-looking statements with words such as "anticipates," "believes," "expects," "estimates," "is likely," "outlook", "projects," "forecasts," "may," "will," "should," "plans" and "intends" and the negative of these words or other comparable or similar terminology. All of these statements are based on management's expectations as well as estimates and assumptions prepared by management that, although they believe to be reasonable, are inherently uncertain. These statements involve risks and uncertainties, including, but not limited to, economic, competitive, governmental and technological factors outside of Axalta's control, including the effects of COVID-19, that may cause its business, industry, strategy, financing activities or actual results to differ materially. The 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. Axalta undertakes no obligation to update or revise any of the forward-looking statements contained herein, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

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

Constant Currency

Constant currency or ex-FX percentages are calculated by excluding the impact of 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.

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 130 countries better every day with the finest coatings, application systems and technology. For more information, visit axalta.com and follow us @axalta on Twitter.