



Q4 & FY 2020 Financial Results

February 17, 2021

Forward-Looking Statements

This presentation and the oral remarks made in connection herewith may contain certain forward-looking statements regarding Axalta and its subsidiaries within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including our 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, and diluted shares outstanding, and the effects of COVID-19 on Axalta's business and financial results. Axalta has identified some of these forward-looking statements with words such as "anticipates," "believes," "expects," "estimates," "is likely," "outlook," "guidance," "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 for the year ended December 31, 2019 and in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2020, June 30, 2020, and September 30, 2020, 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 or discussed in connection herewith, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

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

Constant Currency

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

Organic Growth

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

Segment Financial Measures

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

Defined Terms

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

Rounding

Due to rounding the tables presented may not foot.

Q4 & Full Year 2020 Highlights

Fourth Quarter 2020

- Strong earnings and cash flow driven by continued demand recovery and execution on cash and cost actions
- Q4 2020 net sales 4.6% higher than Q3 2020; decreased 2.2% year-over-year to \$1,075 million
- Income from operations of \$163 million versus \$109 million in Q4 2019; Adjusted EBIT substantially increased 18.4% YOY to \$205 million
- Adj. Diluted EPS of \$0.58 increased 38.1% versus \$0.42 in Q4 2019
- Cash flow from operations of \$278 million; free cash flow quarterly record of \$256 million in Q4 2020 versus \$248 million in Q4 2019; over \$1.7 billion in total liquidity available at year end
- Net leverage ratio of 3.3x at December 31, 2020 versus 3.7x at September 30, 2020; ~\$200 million debt pay-down as part of November debt refinancing

Full Year 2020

- Strong 2H recovery following Q2 bottom driven by volume rebound coupled with focused cost and cash flow actions
- Net sales of \$3,738 million decreased 16.6%; decreased 15.2% ex-FX and M&A
- Income from operations of \$306 million versus \$488 million in 2019; Adjusted EBIT of \$537 million decreased 24.0% from 2019
- Adj. Diluted EPS of \$1.33 versus \$1.80 in 2019
- Cash flow from operations of \$509 million compared to \$573 million in 2019
- Free cash flow of \$442 million in 2020 versus \$475 million in 2019 despite full year volume headwinds

Business Conditions and Cost Structure Actions



Business Conditions

- Refinish recovery temporarily interrupted by incremental pandemic restrictions within EMEA and North America for November and December
- Industrial return remained solid, with higher year-over-year net sales in Q4 driven by strong industrial production rebound and ongoing strength in U.S. housing markets
- Light Vehicle production continued a strong recovery globally as lean inventories and solid demand recovery fueled strong production rates
- Commercial Vehicle production demonstrated sequential improvement post Q2 lows though still impacted by an anticipated downturn year - 2H new orders improvement for heavy trucks still ahead of expectations

Cost Structure Actions

- Exceeded targets with \$215 million in total cost savings and \$155 million in incremental cash actions in 2020
- Ongoing temporary cost savings expected in Q1 2021 approaching similar levels seen in Q4 2020



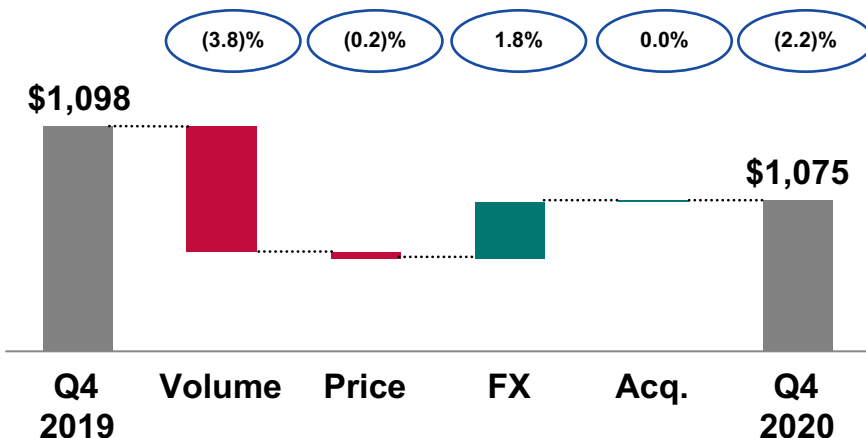
Q4 Consolidated Results



Financial Performance

(\$ in million, except per share data)	Q4		% Change	
	2020	2019	Incl. FX	Excl. FX
Performance	704	730	(3.5)%	(6.0)%
Transportation	371	369	0.5 %	0.4 %
Net Sales	1,075	1,098	(2.2)%	(4.0)%
Income from ops	163	109	49.5 %	
Adjusted EBIT	205	174	18.4 %	
<i>% margin</i>	19.1 %	15.8 %		
Diluted EPS	\$ 0.30	\$ 0.18	66.7 %	
Adjusted EPS	\$ 0.58	\$ 0.42	38.1 %	

Net Sales Variance



Commentary

Continued Q4 net sales recovery across most end-markets

- Q4 2020 net sales included sequential quarterly growth versus Q3 2020 across all end-markets; Industrial and Light Vehicle also increased versus prior year
- Refinish demand impacted starting mid-Q4 by incremental pandemic-driven restrictions primarily in EMEA and North America
- FX tailwinds driven by the Euro and Chinese Renminbi, partly offset by the Brazilian Real

Strong Adjusted EBIT

- Ongoing cost actions and variable cost tailwinds produced substantial YOY Adjusted EBIT growth in Q4 2020 despite lingering effects from pandemic on volumes

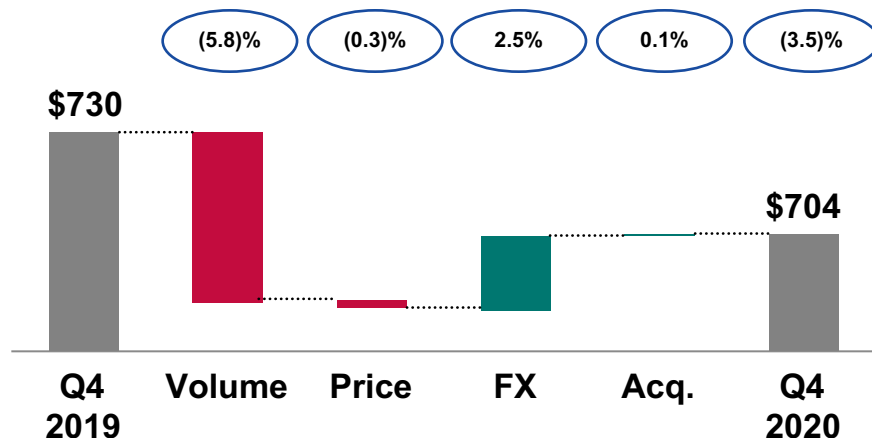
Q4 Performance Coatings Results



Financial Performance

(\$ in million)	Q4		% Change	
	2020	2019	Incl. FX	Excl. FX
Refinish	418	466	(10.4)%	(13.0)%
Industrial	286	264	8.6 %	6.2 %
Net Sales	704	730	(3.5)%	(6.0)%
Adjusted EBIT	130	118	9.7 %	
% margin	18.4 %	16.2 %		

Net Sales Variance



Commentary

Net sales continue to improve each quarter sequentially since Q2 low

- November and December restrictions impact on miles driven providing headwind to Refinish volume recovery
- Industrial volumes improved versus prior year on enhanced market conditions globally; Q4 2020 net sales increased YOY across all Industrial businesses
- FX tailwinds driven by the Euro and Chinese Renminbi, partly offset by the Brazilian Real

Improved Adjusted EBIT and margins despite ongoing volume pressure

- Positive earnings comparisons aided by ongoing cost actions and variable cost tailwinds to offset volume pressures; Adjusted EBIT margin up 220 bps

Performance Demand Environment



Refinish

- Refinish Q4 net sales posted modest sequential quarterly improvement compared to Q3 despite mid-Q4 impact of restrictions on miles driven
- Traffic indicators showing improvement; some negative reversion in North America and EMEA later in period:
 - U.S. miles driven declined 15% YoY in December versus down 9% in November as a result of new restrictions; U.S. collision claims were down 19% in Q4 versus 20% in Q3; Axalta customer body shop activity remained down 12% during Q4
 - In Europe, mid-Q4 restrictions drove weaker miles driven and Axalta customer activity late in the quarter
 - For Latin America, miles driven were above pre-COVID levels in Brazil; however, remained below in Mexico
 - In Asia, most countries saw traffic above pre-COVID traffic levels as of Q4



Industrial

- In Q4, all Industrial businesses saw YoY net sales increases
- Industrial Production continued to improve; Energy Solutions and Powder businesses showed strong volume growth
- U.S. home building and remodeling activity remains robust, aiding Axalta's Industrial Wood and Coil volumes
- Global auto production improvement providing meaningful benefit in E-Coat business



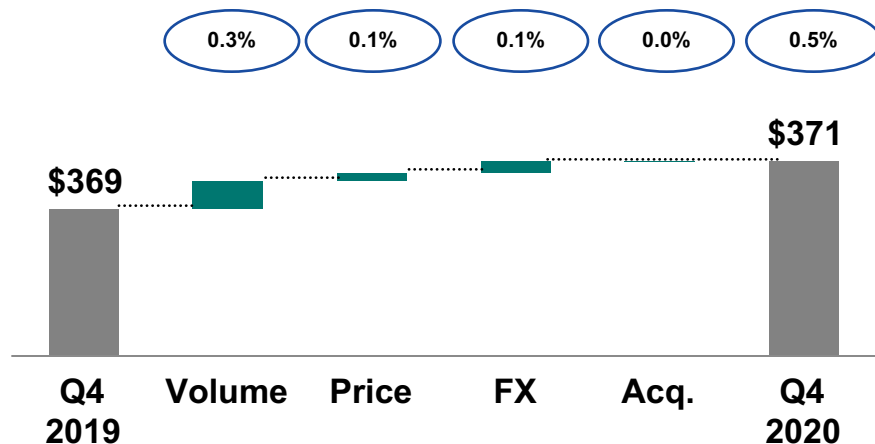
Q4 Transportation Coatings Results



Financial Performance

(\$ in million)	Q4		% Change	
	2020	2019	Incl. FX	Excl. FX
Light Vehicle	298	291	2.4 %	2.1 %
Commercial Vehicle	73	78	(6.7)%	(6.0)%
Net Sales	371	369	0.5 %	0.4 %
Adjusted EBIT	48	26	87.1 %	
% margin	12.9 %	6.9 %		

Net Sales Variance



Commentary

Light Vehicle production recovery drove YoY net sales growth in Q4

- Light Vehicle net sales led by EMEA, North America, and China, driven by low dealer inventories and increased demand
- Commercial Vehicle below prior year, but improved sequentially versus Q3 2020 with stronger truck market order trends continuing
- Modest FX tailwinds driven by the Euro and Chinese Renminbi, partly offset by the Brazilian Real

Adjusted EBIT margin increased year-over-year aided by cost actions

- Positive Adjusted EBIT comparison and substantial margin lift driven by cost actions, variable cost tailwinds, and modest net sales improvement, Adjusted EBIT margin up fully 600 bps

Transportation Demand Environment



Light Vehicle

- Repeated positive industry production forecast revisions since June driven by "V" shaped demand recovery and tight dealer inventories
- Global Light Vehicle production increased 3.2% YoY in Q4, declined 16.1% for the full year (revised from a decline of 21.9% expected in July)
- Axalta Q4 net sales growth led by the Americas and EMEA; China remained strong after earlier 2020 recovery; net sales largely aligned with the global production rate



Commercial Vehicle

- Recovery continued steadily across truck plants with production increases witnessed through fall
- Global Commercial Vehicle production increased 11.3% YoY in Q4 and declined 2.7% for the full year (revised from a decline of 25.0% expected in July); Axalta below market due to minimal presence in China
- Non-truck CV markets include solid demand recovery in North America with recreational vehicles, sports equipment, and truck body builders, offset partly by slower bus production globally



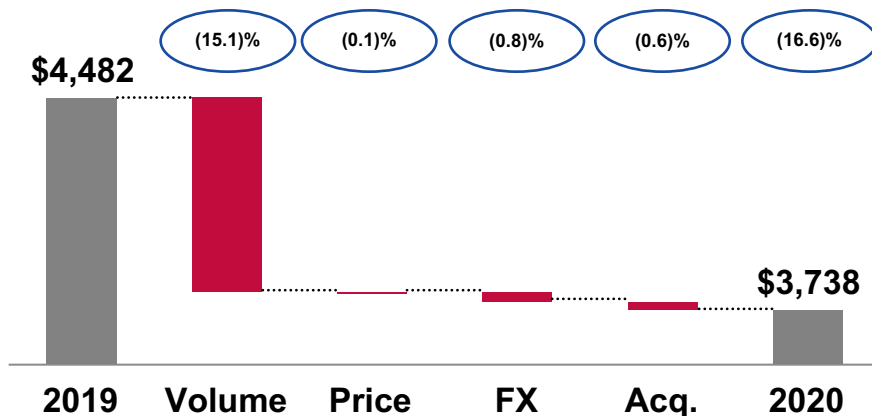
FY Consolidated Results



Financial Performance

(\$ in million)	FY		% Change	
	2020	2019	Incl. FX	Excl. FX
Performance	2,516	2,923	(13.9)%	(13.7)%
Transportation	1,221	1,559	(21.7)%	(19.7)%
Net Sales	3,738	4,482	(16.6)%	(15.8)%
Income from ops	306	488	(37.4)%	
Adj. EBIT	537	706	(24.0)%	
% margin	14.4 %	15.8 %		
Diluted EPS	\$ 0.52	\$ 1.06	(50.9)%	
Adj. diluted EPS	\$ 1.33	\$ 1.80	(26.1)%	

Net Sales Variance



Commentary

Net sales dramatically impacted by pandemic effects, but strong recovery after Q2 moderated full year impact

- Volume decline driven by negative impact from restrictions on miles driven, Q2 production shutdowns at OEMs, and depressed Industrial Production levels
- Price-mix nearly flat driven largely by negative mix effects in Refinish
- FX headwinds driven by the Brazilian Real, Mexican Peso, and Turkish Lira, partly offset by improved Euro
- Net negative M&A impact largely from China Powder JV sale in mid 2019

Adjusted EBIT impacted hard in Q2, partly offset by strong 2H recovery

- Earnings impact from sales decline offset primarily by cost actions and raw material benefits

Debt and Liquidity Summary



Capitalization

(\$ in millions)	Interest	@ 12/31/2020	Maturity
Cash and Cash Equivalents	\$	1,361	
Debt:			
Revolver (\$400 million capacity) ⁽¹⁾	Variable	0	2024
First Lien Term Loan (USD)	Variable	2,047	2024
Total Senior Secured Debt	\$	2,047	
Senior Unsecured Notes (EUR) ⁽²⁾	Fixed	546	2025
Senior Unsecured Notes (USD)	Fixed	492	2027
Senior Unsecured Notes (USD)	Fixed	689	2029
Finance Leases		64	
Other Borrowings		54	
Total Debt	\$	3,893	
Total Net Debt ⁽³⁾	\$	2,532	
Full Year Adjusted EBITDA	\$	760	
Total Net Leverage ⁽⁴⁾		3.3x	
Interest Coverage ⁽⁵⁾		5.1x	

(1) \$366 million available on our undrawn revolver net of letters of credit

(2) Assumes exchange rate of \$1.227 USD/Euro

(3) Total Net Debt = Total Debt minus Cash and Cash Equivalents

(4) Total Net Leverage = Total Net Debt / Full Year Adjusted EBITDA

(5) Interest Coverage Ratio = LTM Adjusted EBITDA / LTM Interest Expense

Commentary

- Over \$1.7 billion in available liquidity at December 31, 2020
- Paid down ~\$200 million of debt balance with Q4 2020 debt refinancing
- Called 2024 EUR & USD Notes (~\$900 million USD equivalent) and issued 8.25 year \$700 million USD Notes at 3.375% in November; executed €335 million Swaps at 2.15%
- November refinancing will yield \$22 million of cash interest savings annually
- Weighted average cost of debt improved to 3.1% at December 31, 2020 from 3.5% at September 30, 2020
- Net leverage 3.3x at December 31, 2020 versus 3.7x at September 30, 2020

Q1 2021 Guidance:

- Net Sales: Increase of ~3-5% YOY including favorable impacts of currency
- All end-markets seeing positive net sales trends up low- to mid-single digits
- Adjusted EBIT: \$155-165 million
- D&A: ~\$76 million, inclusive of ~\$26 million of step-up D&A
- Adjusted Diluted EPS: \$0.40-0.45
- Interest Expense: ~\$35 million
- Diluted Shares: ~236 million
- Tax Rate: ~21-22%

Market Outlook:

- **Refinish:** Expect Q1 net sales to be impacted by increased restrictions; expect recovery through year to follow
- **Industrial:** Solid fundamental underpinnings; Industrial Production +6.3% in current 2021 forecast; also benefits from strength in automotive and U.S. housing markets
- **Light Vehicle:** Industry forecasts call for +13.4% vehicle production growth for 2021; Q1 impacted by semiconductor shortages
- **Commercial Vehicle:** Industry forecasts call for strong Class 4-8 truck production growth for 2021 excluding China of +18.7%

Operational Matter Update

In January we became aware of an operational matter at certain North America Transportation Coatings customer manufacturing sites. The matter occurred over a discrete period during the fourth quarter of 2020, and we believe that it is not ongoing in nature. At this time, we do not believe that any potential liability is probable and therefore have not recorded any charge for the three months ended December 31, 2020. Any losses that may arise from this matter could materially affect our financial and operational results, including with respect to the financial guidance provided herein. Additional information will be provided in our Annual Report filed on Form 10-K.



Appendix

Full Year 2021 Assumptions



Macroeconomic Assumptions

- Global GDP growth of ~3.0% in Q1 2021 and ~5.0% in FY 2021
- Global industrial production growth of ~4.3% in Q1 2021 and ~6.3% in FY 2021
- Global auto build growth of ~12.2% in Q1 2021 and ~13.4% in FY 2021
- Significant price increases from Q2 lows in oil and derivatives
- Higher demand likely to drive supply chain issues leading to feedstock tightness, raw material disruptions, 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	29.9%	1.14	1.23	7.9%
Chinese Yuan per US\$	8.7%	6.90	6.42	7.5%
Brazilian Real per US\$	2.4%	5.15	5.15	0.0%
US\$ per British Pound	2.1%	1.28	1.38	7.8%
Mexican Peso per US\$	1.9%	21.46	19.87	8.0%
Canadian Dollar per US\$	1.7%	0.75	0.79	(5.1%)
Indian Rupee per US\$	1.0%	74.13	72.70	2.0%
Other	52.2%	N/A	N/A	(3.7%)

Adjusted EBIT Reconciliation



(\$ in millions)	FY 2020	FY 2019	Q4 2020	Q4 2019
Income from operations	\$ 305.5	\$ 488.2	\$ 163.2	\$ 108.7
Other expense (income), net	33.4	(4.4)	32.5	(0.6)
Total	\$ 272.1	\$ 492.6	\$ 130.7	\$ 109.3
A Debt extinguishment and refinancing related costs	34.4	0.2	32.0	—
B Termination benefits and other employee related costs	74.9	35.2	4.5	1.9
C Strategic review and retention costs	30.7	13.4	5.6	9.6
D Offering and transactional costs	0.3	1.0	—	0.1
E Divestiture and impairment charges	5.7	21.1	2.2	17.7
F Pension special events	(0.4)	(0.9)	2.1	(0.9)
G Accelerated depreciation	9.2	24.3	0.3	6.1
H Indemnity (income) loss	0.3	(0.4)	—	(0.2)
I Step-up depreciation and amortization	109.7	119.5	28.0	29.9
Adjusted EBIT	\$ 536.9	\$ 706.0	\$ 205.4	\$ 173.5
Segment Adjusted EBIT:				
Performance Coatings	\$ 344.3	\$ 449.1	\$ 129.5	\$ 118.0
Transportation Coatings	82.9	137.4	47.9	25.6
Total	\$ 427.2	\$ 586.5	\$ 177.4	\$ 143.6
I Step-up depreciation and amortization	109.7	119.5	28.0	29.9
Adjusted EBIT	\$ 536.9	\$ 706.0	\$ 205.4	\$ 173.5

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, which include recent incremental restructuring actions. 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 operating performance.
- D** Represents acquisition and divestiture-related expenses, all of which are not considered indicative of our ongoing operating performance.
- E** Represents expenses and associated changes to estimates related to the sale of our joint venture business during 2019 and other impairments, 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 indemnity loss (income) associated with the acquisition by Axalta of the DuPont Performance Coatings business, which we do not consider indicative of our ongoing operating performance.
- I** Represents the incremental step-up depreciation and amortization expense associated with the acquisition of DuPont Performance Coatings by Axalta. We believe this will assist investors in performing meaningful comparisons of past, present and future operating results and better highlight the results of our ongoing operating performance.

Adjusted Net Income Reconciliation



(\$ in millions)	FY 2020	FY 2019	Q4 2020	Q4 2019
Net Income	\$ 122.0	\$ 252.6	\$ 70.3	\$ 42.2
Less: Net income attributable to noncontrolling interests	0.4	3.6	0.6	0.5
Net income attributable to controlling interests	121.6	249.0	69.7	41.7
A Debt extinguishment and refinancing related costs	34.4	0.2	32.0	—
B Termination benefits and other employee related costs	74.9	35.2	4.5	1.9
C Strategic review and retention costs	30.7	13.4	5.6	9.6
D Offering and transactional costs	0.3	1.0	—	0.1
E Divestiture and impairment charges	5.7	21.1	2.2	17.7
F Pension special events	(0.4)	(0.9)	2.1	(0.9)
G Accelerated depreciation	9.2	24.3	0.3	6.1
H Indemnity (income) loss	0.3	(0.4)	—	(0.2)
I Step-up depreciation and amortization	109.7	119.5	28.0	29.9
Total adjustments	\$ 264.8	\$ 213.4	\$ 74.7	\$ 64.2
J Income tax provision impacts	71.4	38.0	8.0	7.9
Adjusted net income	\$ 315.0	\$ 424.4	\$ 136.4	\$ 98.0
Adjusted diluted net income per share	\$ 1.33	\$ 1.80	\$ 0.58	\$ 0.42
Diluted weighted average shares outstanding	236.0	235.8	236.2	235.7

Adjusted Net Income Reconciliation (cont'd)



- A** Represents expenses and associated changes to estimates related to the prepayment, restructuring, and refinancing of our indebtedness, which are not considered indicative of our ongoing operating performance.
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- 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 \$4.4 million and \$0.5 million for the three months ended December 31, 2020 and 2019, respectively, and benefits of \$22.4 million and \$4.6 million for the years ended December 31, 2020 and 2019, 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 deferred tax benefit will be ratably amortized into our adjusted income tax rate as the tax attribute is realized.

Free Cash Flow Reconciliation



(\$ in millions)	Q4 2020	Q3 2020	Q2 2020	Q1 2020	FY 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	YTD 2019
Cash provided by (used in) operating activities	\$ 278.4	\$ 233.4	\$ (1.7)	\$ (0.8)	\$ 509.3	\$ 283.3	\$ 221.0	\$ 126.7	\$ (57.9)	\$ 573.1
Purchase of property, plant and equipment	(25.9)	(13.8)	(19.7)	(22.7)	(82.1)	(38.6)	(26.7)	(26.7)	(20.5)	(112.5)
Interest proceeds on swaps designated as net investment hedges	3.5	3.7	3.6	3.7	14.5	3.7	3.8	3.7	3.5	14.7
Free cash flow	\$ 256.0	\$ 223.3	\$ (17.8)	\$ (19.8)	\$ 441.7	\$ 248.4	\$ 198.1	\$ 103.7	\$ (74.9)	\$ 475.3

Adjusted EBITDA Reconciliation



(\$ in millions)	FY 2020	FY 2019	Q4 2020	Q4 2019
Net Income	\$ 122.0	\$ 252.6	\$ 70.3	\$ 42.2
Interest Expense, net	149.9	162.6	37.5	40.1
Provision for Income Taxes	0.2	77.4	22.9	27.0
Depreciation & Amortization	320.3	353.0	76.7	85.7
Reported EBITDA	\$ 592.4	\$ 845.6	\$ 207.4	\$ 195.0
A Debt extinguishment and refinancing related costs	34.4	0.2	32.0	—
B Termination benefits and other employee related costs	74.9	35.2	4.5	1.9
C Strategic review and retention costs	30.7	13.4	5.6	9.6
D Offering and transactional costs	0.3	1.0	—	0.1
E Divestiture and impairment charges	5.7	21.1	2.2	17.7
F Foreign exchange remeasurement losses	7.2	8.3	(0.3)	3.0
G Long-term employee benefit plan adjustments	(0.1)	0.1	2.2	(0.7)
H Stock-based compensation	15.1	15.7	(0.8)	6.2
I Dividends in respect of noncontrolling interest	(0.9)	(1.5)	(0.4)	—
J Other adjustments	0.4	(0.2)	0.1	(0.3)
Total Adjustments	\$ 167.7	\$ 93.3	\$ 45.1	\$ 37.5
Adjusted EBITDA	\$ 760.1	\$ 938.9	\$ 252.5	\$ 232.5

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, which include recent incremental restructuring actions. 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 operating performance.
- D** Represents acquisition and divestiture-related expenses, all of which are not considered indicative of our ongoing operating performance.
- E** Represents expenses and associated changes to estimates related to the sale of our joint venture business during 2019 and other impairments, 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 certain non-operational or non-cash gains and losses unrelated to our core business and which we do not consider indicative of ongoing operations, including indemnity (income) losses associated with the acquisition by Axalta of the DuPont Performance Coatings business, gains and losses from the sale and disposal of property, plant and equipment, gains and losses from the remaining foreign currency derivative instruments and from non-cash fair value inventory adjustments associated with our business combinations.



Thank you

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