UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) February 6, 2018

AXALTA COATING SYSTEMS LTD.

(Exact name of registrant as specified in its charter)

Bermuda	001-36733	98-1073028
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

Two Commerce Square, 2001 Market Street, Suite 3600, Philadelphia, Pennsylvania 19103
(Address of principal executive offices) (Zip Code)

(855) 547-1461
Registrant's telephone number, including area code

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

¨ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

¨ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

¨ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

¨ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ¨

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

Item 2.02. Results of Operations and Financial Condition.

On February 6, 2018, Axalta Coating Systems Ltd. ("Axalta") issued a press release and posted an earnings call presentation to its website reporting its financial results for the fourth quarter and year ended December 31, 2017. Copies of the press release and the earnings call presentation are furnished as Exhibit 99.1 and Exhibit 99.2, respectively, to this Current Report on Form 8-K and are incorporated herein by reference. The information furnished with this Item 2.02, including Exhibits 99.1 and 99.2, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any other filing under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such a filing.

In the press release, the earnings call presentation and the conference call to discuss its financial results for the fourth quarter and year ended December 31, 2017, scheduled to be webcast at 8:00 A.M. on February 6, 2018, Axalta presents, and will present, certain non-GAAP financial measures. Axalta management believes that presenting these non-GAAP financial measures provides meaningful information to investors in understanding operating results and may enhance investors' ability to analyze financial and business trends. In addition, Axalta management believes that these non-GAAP financial measures allow investors to compare period to period results more easily by excluding items that could have a disproportionately negative or positive impact on results in any particular period. Non-GAAP measures are not a substitute for GAAP measures and should be considered together with the GAAP financial measures. Our non-GAAP financial measures may not be comparable to other similarly titled measures of other companies.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Press Release dated February 6, 2018
99.2	Fourth Quarter and Year Ended December 31, 2017 Earnings Call Presentation

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AXALTA COATING SYSTEMS LTD.

Date:	February 6, 2018	By:	/s/ Robert W. Bryant
			Robert W. Bryant
			Executive Vice President & Chief Financial Officer

Exhibit 99.1

News Release

Axalta Coating Systems
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USA

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For Immediate Release

Axalta Releases Fourth Quarter and Full Year 2017 Results

Fourth Quarter 2017 Highlights:

- Net sales of $1,164.8 million, up 13.4% as-reported and 9.9% on a constant currency basis versus Q4 2016, including 8.6% from acquisition contribution
- Net loss driven by U.S. tax reform impacts, severance charges and acquisition-related costs
- Adjusted EBITDA growth largely driven by acquisition contribution and incremental productivity savings, offset partly by higher raw material prices
- Operating cash flow of $233.6 million in Q4 versus $228.0 million in Q4 2016; free cash flow of $195.8 million in Q4 versus $187.1 million in Q4 2016

Full Year 2017 Highlights:

- Net sales of $4,352.9 million, up 7.0% versus 2016, largely driven by acquisition contribution
- Net income muted by impacts of U.S. tax reform, Venezuela deconsolidation, severance charges and acquisition-related costs
- Slightly lower Adjusted EBITDA due to moderate pricing pressure in Transportation Coatings, lower volumes in Performance Coatings, raw material inflation and natural disasters
- Operating cash flow of $540.0 million in 2017 versus $559.3 million in 2016; free cash flow of $415.0 million versus $423.1 million in 2016

PHILADELPHIA, PA, February 6, 2018 - Axalta Coating Systems Ltd. (NYSE:AXTA) ("Axalta"), a leading global coatings company, announced its financial results for the fourth quarter and full year ended December 31, 2017.

Fourth Quarter Consolidated Financial Results

Net sales of $1,164.8 million for the fourth quarter of 2017 increased 13.4%, including 3.5% favorable foreign currency translation contribution. Constant currency net sales increased 9.9% in the period, driven by 8.6% in acquisition contribution, coupled with 0.7% volume growth and 0.6% higher average selling prices. Modest organic net sales growth included growth from Industrial and Commercial Vehicle end-markets globally, but was offset somewhat by the completion of distributor working capital adjustments in North America Performance Coatings as well as slightly lower Light Vehicle net sales.

Net loss attributable to Axalta for the fourth quarter was $61.5 million compared with $37.2 million in Q4 2016, primarily driven by after-tax charges of $24.4 million in severance, $10.5 million in acquisition-related costs and the impact of the U.S. Tax Cuts and Jobs Act legislation. This tax reform resulted in a provisional net tax charge of $112.5 million primarily from the write-down of net deferred tax assets to the lower enacted U.S. corporate tax rate of 21%. The provisionally estimated net tax charge reflects Axalta's current estimate of the new legislation's impact, which may differ with further regulatory guidance, changes in Axalta's current interpretations and assumptions. Fourth quarter adjusted net income of $90.2 million increased versus $70.5 million in Q4 2016 due to the contribution of recent acquisitions, benefit from productivity initiatives and moderate improved average pricing, offset partially by higher raw material costs.

Adjusted EBITDA of $245.4 million for the fourth quarter compared with $224.5 million in Q4 2016. This result was driven by the contribution of recent acquisitions, savings from our operating improvement initiatives, and by moderate foreign exchange and pricing tailwinds. These were offset partly by low teens raw material inflation impacts.

“Axalta's fourth quarter demonstrated a return to solid growth following our more challenged third quarter result, with net sales and Adjusted EBITDA performance both at or above our revised guidance ranges,” said Charles W. Shaver, Axalta’s Chairman and Chief Executive Officer. “Our stated expectation of improved financial performance beginning in the fourth quarter was met and was supported by broad based market strength and sound execution by our business teams,” Mr. Shaver said.

Mr. Shaver continued, “For the full year 2017, we are pleased to have met many of our key objectives, with highlights including significant cash deployment to M&A, substantial organic growth in our Industrial coatings end-market, ongoing share gains in our Refinish end-market, continued innovation investment resulting in more than 250 new product launches, and key completed investments in new R&D and training centers globally.”

“Looking ahead at 2018, we anticipate generally stable market conditions in each segment, and are encouraged by recent and anticipated core volume growth across most end-markets we serve. Overall, we continue to expect Axalta to outgrow our end-markets on the basis of strong technology and innovation and careful execution on our global growth strategy,” Mr. Shaver noted. “Although we continue to face notable headwinds from raw material inflation, we have plans in place to mitigate this through a combination of price increases and substantial productivity savings which we have already initiated for the current year.”

Performance Coatings Results

Performance Coatings net sales were $732.3 million in Q4 2017, an increase of 20.7% year-over-year including 4.2% favorable foreign currency contribution. Constant currency net sales increased 16.5%, driven by a 14.5% acquisition contribution and 2.5% higher average selling prices.

Net sales in our Refinish end-market increased 4.7% in Q4 2017 (increased 0.6% excluding foreign currency translation), driven by price increases from all regions which were partially offset by lower volumes from distributor working capital adjustments earlier in the quarter in North America. Industrial end-market net sales increased 56.8% in the fourth quarter (increased 52.8% excluding foreign currency translation) as volume grew high single digits before acquisition contribution and price increased low single digits.

The Performance Coatings segment generated Adjusted EBITDA of $165.4 million in the fourth quarter, a 21.2% year-over-year increase. This strong increase was driven by substantial acquisition contribution as well as significant benefit from ongoing productivity initiatives and positive pricing contribution. These were offset in part by increased variable cost headwinds. Segment Adjusted EBITDA margin of 22.6% in Q4 2017 reflected a 10 basis point increase compared to the corresponding prior year quarter.

Transportation Coatings Results

The Transportation Coatings segment produced net sales of $432.5 million in Q4 2017, an increase of 2.8% versus fourth quarter 2016. Constant currency net sales increased 0.2% year-over-year, driven by a 2.4% increase in volumes, largely offset by 2.2% lower average selling prices.

Light Vehicle net sales decreased 1.2% year-over-year (decreased 3.8% excluding foreign currency translation), largely impacted by lower sales in North America similar to last quarter, partially offset by solid growth notably in EMEA. Commercial Vehicle net sales increased 20.4% versus last year (increased 17.4% excluding foreign currency translation), driven by ongoing strength in North America heavy duty truck production as well as broad based global growth with both truck and non-truck customers.

The Transportation Coatings segment generated Adjusted EBITDA of $80.0 million in Q4 2017, a decrease of 9.1% compared to the fourth quarter of 2016, with increased variable cost pressure and reduced average selling prices offset partly by ramping benefits from lower operating expense. Segment Adjusted EBITDA margin of 18.5% in Q4 2017 decreased compared to 20.9% in the prior year quarter.

Balance Sheet and Cash Flow Highlights

We ended the year with cash and cash equivalents of $769.8 million. Our net debt was $3.1 billion as of year end, compared to $3.3 billion as of September 30, 2017, driven by higher cash balances. We made no open market purchases of our common stock in the fourth quarter.

Fourth quarter operating cash flow was $233.6 million versus $228.0 million in the corresponding quarter of 2016, reflecting stronger Adjusted EBITDA performance and slightly improved working capital, offset partly by several one-time cash expenses noted in our exhibits. Free cash flow, calculated as operating cash flow less capital expenditures, totaled $195.8 million including capital expenditures of $37.8 million, an improvement versus $187.1 million in the prior year quarter.

"We are pleased that the business overall returned to a more normal operating profile in the fourth quarter, with broad based strength seen in net sales including modest positive pricing and largely stable margins in spite of raw material cost headwinds," said Robert W. Bryant, Axalta's Executive Vice President and Chief Financial Officer. "We further observe that our financial profile remains sound, and our cash flow metrics underscore our strong business model. For 2018, we continue to project solid top and bottom line growth, as well as strong free cash flow, including the assumption of significant net raw material inflation offset by a combination of positive net price and aggressive action to continue to rationalize Axalta's cost structure. Our pre-tax charge taken in Q4 2017 of $28.7 million for severance reflects a key component of this effort."

2018 Guidance Update

We are updating our outlook for the full year 2018 as follows:

- Net sales growth of 8-9% as reported, or 6-7% excluding FX tailwinds
- Adjusted EBITDA of $940-980 million
- Interest expense of ~$165 million
- Income tax rate, as adjusted, of 19-21% reflecting the anticipated benefit of the enactment of the U.S. Tax Cuts and Jobs Act legislation
- Free cash flow of $420-460 million
- Capital expenditures of ~$160 million
- Depreciation and amortization of ~$365 million
- Diluted shares outstanding of ~249 million

Revision of Prior Year Financial Statements

During the three months ended June 30, 2017, as part of Axalta's efforts to analyze the impact of the 2018 U.S. GAAP accounting adoption of ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)", Axalta identified and corrected errors that affected previously-issued consolidated financial statements. Axalta determined that these corrections were immaterial to the previously-issued financial statements; however, Axalta has revised certain amounts in the previously issued condensed consolidated financial statements to reflect those errors, including revisions to the condensed consolidated statement of operations for the three months and full year ended December 31, 2016, as discussed further below.

Axalta has corrected the errors in the timing of revenue recognition by estimating the additional rebates and pricing concessions at the time of sale to distribution customers and reducing net sales by $2.0 million ($0.7 million after tax) and $4.7 million ($3.0 million after tax) for the three months and full year ended December 31, 2016, respectively, as a result. These corrections did not have a material impact on the 2017 consolidated financial statements.

Conference Call Information

As previously announced, Axalta will hold a conference call to discuss its fourth quarter and full year 2017 financial results on Tuesday, February 6th, at 8:00 a.m. ET. The U.S. dial-in phone number for the conference call is 877-407-0784 and the international dial-in number is +1-201-689-8560. A live webcast of the conference call will also be available online at www.axalta.com/investorcall. For those unable to participate in the conference call, a replay will be available through February 13, 2018. The U.S. replay dial-in phone number is 844-512-2921 and the international replay dial-in number is +1-412-317-6671. The replay passcode is 13675328.

Cautionary Statement Concerning Forward-Looking Statements

This release may contain certain forward-looking statements regarding Axalta and its subsidiaries including those relating to the impact of external factors including market conditions, raw material price inflation and U.S. tax reform, and the impact of our pricing, cost structure and productivity initiatives, as well as our full year 2018 outlook, including net sales growth, Adjusted EBITDA, interest expense, income tax rate, as adjusted, free cash flow, capital expenditures, depreciation and amortization, and diluted shares outstanding. 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 that may cause its business, industry, strategy, financing activities or actual results to differ materially. More information on potential factors that could affect Axalta's financial results is available in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" section 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, EBITDA, Adjusted EBITDA, free cash flow, net debt and Adjusted net income. 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 consists of EBITDA adjusted for (i) non-cash items included within net income, (ii) items the Company does not believe are indicative of ongoing operating performance or (iii) nonrecurring, unusual or infrequent items that the Company 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 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 unusual or nonrecurring in nature. Our use of the terms constant currency net sales growth, income tax rate, as adjusted, EBITDA, Adjusted EBITDA, free cash flow, net debt and Adjusted net income may differ from that of others in our industry. Constant currency net sales growth, income tax rate, as adjusted, EBITDA, Adjusted EBITDA, free cash flow, net debt and Adjusted net income 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, EBITDA, Adjusted EBITDA, free cash flow, net debt and Adjusted net income 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 EBITDA, 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.

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 13,100 people of Axalta continue to find ways to serve our more than 100,000 customers in 130 countries better every day with the finest coatings, application systems and technology. For more information visit axaltacoatingsystems.com and follow us @axalta on Twitter.

Financial Statement Tables

AXALTA COATING SYSTEMS LTD.

Condensed Consolidated Statements of Operations (Unaudited)

(In millions, except per share data)

	Three Months Ended December 31,		Years Ended December 31,	
	2017	2016	2017	2016
Net sales	$ 1,164.8	$ 1,027.4	$ 4,352.9	$ 4,068.8
Other revenue	7.6	5.2	24.1	23.9
Total revenue	1,172.4	1,032.6	4,377.0	4,092.7
Cost of goods sold	746.0	641.8	2,779.6	2,527.6
Selling, general and administrative expenses	279.9	263.4	997.7	962.5
Venezuela asset impairment and deconsolidation charge	—	57.9	70.9	57.9
Research and development expenses	16.7	16.1	65.3	57.7
Amortization of acquired intangibles	28.9	21.6	101.2	83.4
Income from operations	100.9	31.8	362.3	403.6
Interest expense, net	37.9	37.4	147.0	178.2
Other (income) expense, net	(1.8)	14.5	25.7	142.7
Income (loss) before income taxes	64.8	(20.1)	189.6	82.7
Provision for income taxes	120.4	15.0	141.9	38.1
Net income (loss)	(55.6)	(35.1)	47.7	44.6
Less: Net income attributable to noncontrolling interests	5.9	2.1	11.0	5.8
Net income (loss) attributable to controlling interests	$ (61.5)	$ (37.2)	$ 36.7	$ 38.8
Basic net income (loss) per share	$ (0.26)	$ (0.16)	$ 0.15	$ 0.16
Diluted net income (loss) per share	$ (0.26)	$ (0.16)	$ 0.15	$ 0.16
Basic weighted average shares outstanding	240.3	239.3	240.4	238.1
Diluted weighted average shares outstanding	240.3	239.3	246.1	244.4

AXALTA COATING SYSTEMS LTD.

Condensed Consolidated Balance Sheets (Unaudited)

(In millions, except per share data)

	December 31, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 769.8	$ 535.4
Restricted cash	3.1	2.7
Accounts and notes receivable, net	870.2	801.9
Inventories	608.6	529.7
Prepaid expenses and other	63.9	50.3
Total current assets	2,315.6	1,920.0
Property, plant and equipment, net	1,388.6	1,315.7
Goodwill	1,271.2	964.1
Identifiable intangibles, net	1,428.2	1,130.3
Other assets	428.6	536.1
Total assets	$ 6,832.2	$ 5,866.2
Liabilities, Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 554.9	$ 474.2
Current portion of borrowings	37.7	27.9
Other accrued liabilities	489.6	440.0
Total current liabilities	1,082.2	942.1
Long-term borrowings	3,877.9	3,236.0
Accrued pensions	279.1	249.1
Deferred income taxes	152.9	160.2
Other liabilities	32.3	32.2
Total liabilities	5,424.4	4,619.6
Commitments and contingent liabilities		
Shareholders' equity		
Common shares, $1.00 par, 1,000.0 shares authorized, 243.9 and 240.5 shares issued and outstanding at December 31, 2017 and 2016, respectively	242.4	239.3
Capital in excess of par	1,354.5	1,294.3
Accumulated deficit	(21.4)	(58.1)
Treasury shares, at cost	(58.4)	—
Accumulated other comprehensive loss	(241.0)	(350.4)
Total Axalta shareholders' equity	1,276.1	1,125.1
Noncontrolling interests	131.7	121.5
Total shareholders' equity	1,407.8	1,246.6
Total liabilities and shareholders' equity	$ 6,832.2	$ 5,866.2

AXALTA COATING SYSTEMS LTD.

Condensed Consolidated Statements of Cash Flows (Unaudited)

(In millions)

	Years Ended December 31,	
	2017	**2016**
Operating activities:		
Net income	$ 47.7	$ 44.6
Adjustment to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	347.5	322.1
Amortization of financing costs and original issue discount	8.0	17.8
Debt extinguishment and refinancing related costs	13.4	97.6
Deferred income taxes	91.7	(15.9)
Realized and unrealized foreign exchange (gains) losses, net	(3.6)	35.5
Stock-based compensation	38.5	41.1
Asset impairments	7.6	68.4
Venezuela deconsolidation charge	70.9	—
Other non-cash, net	4.4	(1.9)
Changes in operating assets and liabilities:		
Trade accounts and notes receivable	(15.2)	(67.8)
Inventories	(19.9)	(1.7)
Prepaid expenses and other	(84.9)	(64.5)
Accounts payable	39.8	32.3
Other accrued liabilities	6.7	58.7
Other liabilities	(12.6)	(7.0)
Cash provided by operating activities	540.0	559.3
Investing activities:		
Business acquisitions (net of cash acquired)	(564.4)	(114.8)
Purchase of property, plant and equipment	(125.0)	(136.2)
Reduction of cash due to Venezuela deconsolidation	(4.3)	—
Other investing activities, net	4.1	(6.0)
Cash used for investing activities	(689.6)	(257.0)
Financing activities:		
Proceeds from short-term borrowings	—	0.2
Proceeds from long-term borrowings	483.6	1,604.3
Payments on short-term borrowings	(14.1)	(8.6)
Payments on long-term borrowings	(50.0)	(1,755.7)
Financing-related costs	(10.4)	(86.3)
Dividends paid to noncontrolling interests	(3.0)	(3.0)
Purchase of treasury stock	(58.4)	—
Proceeds from option exercises	24.8	16.7
Deferred acquisition-related consideration	(5.2)	—
Other financing activities	—	(0.2)
Cash provided by (used for) financing activities	367.3	(232.6)
Increase in cash and cash equivalents	217.7	69.7
Effect of exchange rate changes on cash	17.1	(19.3)
Cash at beginning of period	538.1	487.7
Cash at end of period	$ 772.9	$ 538.1
Cash at end of period reconciliation:		
Cash and cash equivalents	$ 769.8	$ 535.4
Restricted cash	3.1	2.7
Cash at end of period	$ 772.9	$ 538.1

The following table reconciles net income (loss) to EBITDA and Adjusted EBITDA for the periods presented (in millions):

	Three Months Ended December 31,		Years Ended December 31,	
	2017	2016	2017	2016
Net income (loss)	$ (55.6)	$ (35.1)	$ 47.7	$ 44.6
Interest expense, net	37.9	37.4	147.0	178.2
Provision for income taxes	120.4	15.0	141.9	38.1
Depreciation and amortization	91.6	86.3	347.5	322.1
EBITDA	194.3	103.6	684.1	583.0
Debt extinguishment and refinancing related costs (a)	0.4	13.4	13.4	97.6
Foreign exchange remeasurement losses (gains) (b)	(0.9)	0.6	7.4	30.6
Long-term employee benefit plan adjustments (c)	1.0	(0.6)	1.4	1.5
Termination benefits and other employee related costs (d)	28.7	36.6	35.3	61.8
Consulting and advisory fees (e)	—	2.1	(0.1)	10.4
Transition-related costs (f)	1.9	—	7.7	—
Offering and transactional costs (g)	12.3	1.6	18.4	6.0
Stock-based compensation (h)	8.0	9.5	38.5	41.1
Other adjustments (i)	—	(0.2)	3.6	5.0
Dividends in respect of noncontrolling interest (j)	(0.3)	—	(3.0)	(3.0)
Deconsolidation impacts and impairments (k)	—	57.9	78.5	68.4
Adjusted EBITDA	$ 245.4	$ 224.5	$ 885.2	$ 902.4

(a) During the year ended December 31, 2017 and the three months and year ended December 31, 2016 we refinanced our indebtedness, resulting in losses of $13.0 million, $10.4 million and $88.0 million, respectively. During the three months and years ended December 31, 2017 and 2016 we prepaid outstanding principal on our term loans, resulting in non-cash extinguishment losses of $0.4 million, $0.4 million, $3.0 million and $9.6 million, respectively. We do not consider these items to be indicative of our ongoing operating performance.

(b) Eliminates foreign exchange gains and 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. Exchange effects attributable to the remeasurement of our Venezuelan subsidiary represented losses of zero and $1.8 million for the three months and year ended December 31, 2017, respectively, and gains of $0.4 million and losses of $23.5 million for the three months and year ended December 31, 2016, respectively.

(c) Eliminates the non-cash, non-service components of long-term employee benefit costs.

(d) Represents expenses primarily related to employee termination benefits and other employee-related costs associated with our Axalta Way initiatives, which are not considered indicative of our ongoing operating performance.

(e) Represents fees paid to consultants, and associated true-ups to estimates, for professional services primarily related to our Axalta Way initiatives, which are not considered indicative of our ongoing operating performance.

(f) Represents integration costs related to the 2017 acquisition of the Industrial Wood business that was a carve-out business from Valspar, which are not considered indicative of our ongoing operating performance.

(g) Represents acquisition-related expenses, including changes in the fair value of contingent consideration, as well as $10.0 million of costs associated with contemplated merger activities during the three months ended December 31, 2017 and costs associated with the 2016 secondary offerings of our common shares by Carlyle, all of which are not considered indicative of our ongoing operating performance.

(h) Represents non-cash costs associated with stock-based compensation.

(i) Represents costs for certain non-operational or non-cash (gains) and losses unrelated to our core business and which we do not consider indicative of our ongoing operations, including equity investee dividends, indemnity losses (gains) associated with the Acquisition, losses (gains) on sale and disposal of property, plant and equipment, losses (gains) on the remaining foreign currency derivative instruments, and non-cash fair value inventory adjustments associated with our business combinations.

(j) 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.

(k) During the year ended December 31, 2017, we recorded a loss in conjunction with the deconsolidation of our Venezuelan subsidiary of $70.9 million. During the three months and year ended December 31, 2016, we recorded non-cash impairments at our Venezuela subsidiary of $57.9 million and $68.4 million, respectively, associated with our operational long-lived assets and a real estate investment. Additionally, during the year ended December 31, 2017, we recorded non-cash impairment charges related to certain manufacturing facilities previously announced for closure of $7.6 million. We do not consider these to be indicative of our ongoing operating performance.

The following table reconciles net income (loss) to adjusted net income for the periods presented (in millions):

	Three Months Ended December 31,		Years Ended December 31,	
	2017	2016	2017	2016
Net income (loss)	$ (55.6)	$ (35.1)	$ 47.7	$ 44.6
Less: Net income attributable to noncontrolling interests	5.9	2.1	11.0	5.8
Net income (loss) attributable to controlling interests	(61.5)	(37.2)	36.7	38.8
Debt extinguishment and refinancing related costs (a)	0.4	13.4	13.4	97.6
Foreign exchange remeasurement losses (gains) (b)	(0.9)	0.6	7.4	30.6
Termination benefits and other employee related costs (c)	28.7	36.6	35.3	61.8
Consulting and advisory fees (d)	—	2.1	(0.1)	10.4
Transition-related costs (e)	1.9	—	7.7	—
Offering and transactional costs (f)	12.3	1.6	18.4	6.0
Deconsolidation impacts and impairments (g)	1.2	57.9	84.5	68.4
Other (h)	0.2	—	4.0	0.8
Total adjustments	43.8	112.2	170.6	275.6
Income tax (benefit) provision impacts (i)	(107.9)	4.5	(86.4)	34.6
Adjusted net income	$ 90.2	$ 70.5	$ 293.7	$ 279.8
Diluted adjusted net income per share	$ 0.37	$ 0.29	$ 1.19	$ 1.14
Diluted weighted average shares outstanding (1)	245.5	245.0	246.1	244.4

(1) For the three months ended December 31, 2017 and 2016, represents what diluted shares would have been compared to the 240.3 million and 239.3 million diluted shares, respectively, as reported, if the period had been in a net income position versus the reported loss.

(a) During the year ended December 31, 2017 and the three months and year ended December 31, 2016 we refinanced our indebtedness, resulting in losses of $13.0 million, $10.4 million and $88.0 million, respectively. During the three months and years ended December 31, 2017 and 2016 we prepaid outstanding principal on our term loans, resulting in non-cash extinguishment losses of $0.4 million, $0.4 million, $3.0 million and $9.6 million, respectively. We do not consider these items to be indicative of our ongoing operating performance.

(b) Eliminates foreign exchange gains and 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. Exchange effects attributable to the remeasurement of our Venezuelan subsidiary represented losses of zero and $1.8 million for the three months and year ended December 31, 2017, respectively, and gains of $0.4 million and losses of $23.5 million for the three months and year ended December 31, 2016, respectively.

(c) Represents expenses primarily related to employee termination benefits and other employee-related costs associated with our Axalta Way initiatives, which are not considered indicative of our ongoing operating performance.

(d) Represents fees paid to consultants, and associated true-ups to estimates, for professional services primarily related to our Axalta Way initiatives, which are not considered indicative of our ongoing operating performance.

(e) Represents integration costs related to the 2017 acquisition of the Industrial Wood business that was a carve-out business from Valspar, which are not considered indicative of our ongoing operating performance.

(f) Represents acquisition-related expenses, including changes in the fair value of contingent consideration, as well as $10.0 million of costs associated with contemplated merger activities during the three months ended December 31, 2017 and costs associated with the 2016 secondary offerings of our common shares by Carlyle, all of which are not considered indicative of our ongoing operating performance.

(g) During the year ended December 31, 2017, we recorded a loss in conjunction with the deconsolidation of our Venezuelan subsidiary of $70.9 million. During the three months and year ended December 31, 2016, we recorded non-cash impairments at our Venezuela subsidiary of $57.9 million and $68.4 million, respectively, associated with our operational long-lived assets and a real estate investment. Additionally, during the three months and year ended December 31, 2017, we recorded non-cash impairment charges related to abandoned in-process research and development assets and certain manufacturing facilities previously announced for closure of $1.2 million and $9.3 million, respectively. In connection with the manufacturing facilities announced for closure, we recorded accelerated depreciation of $4.3 million for the year ended December 31, 2017. We do not consider these to be indicative of our ongoing operating performance.

(h) Represents costs for non-cash fair value inventory adjustments associated with our business combinations, which we do not consider indicative of ongoing operations.

(i) 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. Net income (loss) and adjusted net income for the three months and years ended December 31, 2017 and 2016 includes $1.4 million, $13.1 million, $2.6 million and $13.4 million, respectively, of tax windfall benefits related to stock compensation. Additionally, the income tax impact includes the removal of discrete items for the three months and year ended December 31, 2017 which were expenses of $108.8 million. Of the $108.8 million of discrete income tax impacts, $112.5 million is related to the impact of the U.S. Tax Cuts and Jobs Act legislation. Our income tax expense for the three months and year ended December 31, 2016 includes the removal of discrete income tax impacts within our effective tax rate which were expenses of $7.6 million and $11.8 million, respectively.

Exhibit 99.2

AXALTA

Q4 & Full Year 2017 Financial Results

February 6, 2018

Legal Notices

Forward-Looking Statements

This presentation and the oral remarks made in connection herewith may contain "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including those relating to 2018 financial projections, including net sales, net sales excluding FX, Adjusted EBITDA, interest expense, tax rate, as adjusted, free cash flow, capital expenditures, depreciation and amortization, diluted shares outstanding, cost savings, contributions from acquisitions, raw material cost increases, and related assumptions. Any forward-looking statements involve risks, uncertainties and assumptions. These statements often include words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "target," "project," "forecast," "seek," "will," "may," "should," "could," "would," or similar expressions. These statements are based on certain assumptions that we have made in light of our experience in the industry and our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances as of the date hereof. Although we believe that the assumptions and analysis underlying these statements are reasonable as of the date hereof, investors are cautioned not to place undue reliance on these statements. We do not have any obligation to and do not intend to update any forward-looking statements included herein, which speak only as of the date hereof. You should understand that these statements are not guarantees of future performance or results. Actual results could differ materially from those described in any forward-looking statements contained herein or the oral remarks made in connection herewith as a result of a variety of factors, including known and unknown risks and uncertainties, many of which are beyond our control including, but not limited to, the risks and uncertainties described in "Non-GAAP Financial Measures," and "Forward-Looking Statements" as well as "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2016 and our Quarterly Report on Form 10-Q for the quarters ended March 31, 2017, June 30, 2017 and September 30, 2017.

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 net sales excluding FX, Adjusted Net Income, EBITDA, Adjusted EBITDA, Free Cash Flow, tax rate, as adjusted, and Net Debt. 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 consists of EBITDA adjusted for (i) non-cash items included within net income, (ii) items Axalta does not believe are indicative of ongoing operating performance or (iii) nonrecurring, unusual or infrequent items that have not occurred within the last two years or Axalta believes 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 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 unusual or nonrecurring in nature. Our use of the terms net sales excluding FX, Adjusted Net Income, EBITDA, Adjusted EBITDA, Free Cash Flow, tax rate, as adjusted, and Net Debt may differ from that of others in our industry. Net sales excluding FX, Adjusted Net Income, EBITDA, Adjusted EBITDA and Free Cash Flow should not be considered as alternatives to net sales, net income, operating income or any other performance measures derived in accordance with GAAP as measures of operating performance or operating cash flows or as measures of liquidity. Net sales excluding FX, Adjusted Net Income, EBITDA, Adjusted EBITDA, Free Cash Flow, tax rate, as adjusted, and Net Debt 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 net sales excluding FX, Adjusted Net Income, EBITDA, Adjusted EBITDA, Free Cash Flow or tax rate, as adjusted, as-reported 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 those items and they may have a substantial and unpredictable impact on our US GAAP results.

Segment Financial Measures

The primary measure of segment operating performance is Adjusted EBITDA, 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.

Q4 & Full Year 2017 Highlights

- **Q4 2017 financial results**
  - ✓ Net sales of $1,164.8 million up 13.4%, driven by acquisition growth of 8.6% year-over-year
  - ✓ Net loss (attributable to Axalta) of $61.5 million versus $37.2 million net loss in Q4 2016
  - ✓ Adjusted net income of $90.2 million versus $70.5 million in Q4 2016
  - ✓ Adjusted EBITDA of $245.4 million versus $224.5 million in Q4 2016
- **FY 2017 financial results**
  - ✓ Net sales of $4,352.9 million up 7.0% driven by acquisition growth of 7.4% offset by 1.0% negative price/mix
  - ✓ Net income (attributable to Axalta) of $36.7 million versus $38.8 million in 2016
  - ✓ Adjusted net income of $293.7 million versus $279.8 million in 2016
  - ✓ Adjusted EBITDA of $885.2 million versus $902.4 million in 2016
- **End-market observations**
  - ✓ Refinish: Positive underlying growth with ongoing market share gain at body shop end customer level, positive price-mix effect in Q4 2017 and full year
  - ✓ Industrial: Significant acquisition driven growth, coupled with high single digit organic growth in Q4 2017 and full year
  - ✓ Light Vehicle: Pricing inflection from bottom in Q2 2017; supportive demand in Q4 and Q1 2018 to date
  - ✓ Commercial Vehicle: Accelerating sales growth of 20.4% in Q4 2017, supported by all regions

Q4 & Full Year 2017 Highlights (cont.)

- **Balance sheet & cash flow highlights**
  - ✓ Operating cash flow of $540.0 million in 2017 versus $559.3 million in 2016
  - ✓ Free cash flow of $415.0 million in 2017 versus $423.1 million in 2016
  - ✓ Net leverage ratio reduced 0.2x in Q4 2017 to 3.6x from Q3 2017, primarily from strong cash generation
- **Capital deployment update**
  - ✓ Allocated $564.4 million of capital to acquisitions during the year; closed eight acquisitions
  - ✓ Wood coatings integration largely completed; others well on track or complete
  - ✓ Repurchased $58.4 million in shares at $29.31 average price during 2017
- **Operating highlights**
  - ✓ Significant Axalta Way savings met short and longer-term targets; more to come in 2018 from complexity reduction and other operating and overhead sources of productivity savings
  - ✓ Over 250 new product introductions in 2017; multiple product line launches continued in Q4
  - ✓ Opened Asia Pacific Technology Center in Shanghai and 9 total new R&D and training centers globally in 2017

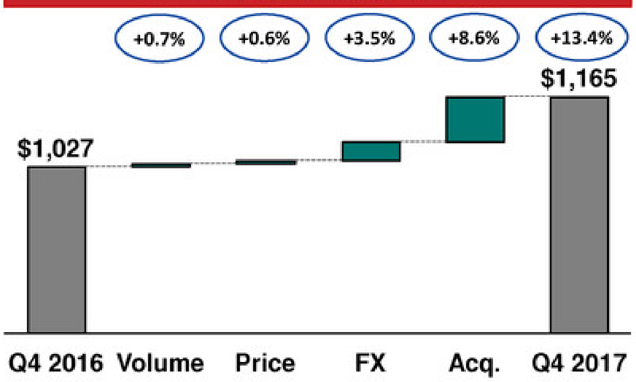
Q4 Consolidated Results

Financial Performance

($ in millions)	Q4 2017	Q4 2016	% Change Incl. F/X	% Change Excl. F/X
Performance	732	607	20.7%	16.5%
Transportation	433	421	2.8%	0.2%
Net Sales	1,165	1,027	13.4%	9.9%
Net Loss (1)	(62)	(37)		
Adjusted EBITDA	245	225	9.3%	

(1) Represents Net Loss attributable to controlling interests

Net Sales Variance



Commentary

Net sales growth driven by acquisitions, positive organic volumes across most regional end-markets

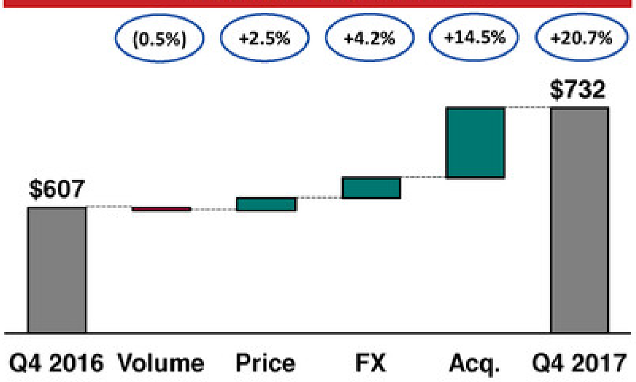
- Acquisitions provided +8.6% growth in Performance Coatings, mainly in North America and EMEA
- Strong volume growth in Commercial Vehicle and Industrial, partially offset by Refinish distribution-focused volume pressure in North America and stable Light Vehicle
- Refinish and Industrial increasing average prices; Light Vehicle average price is less negative in Q4 sequentially
- 3.5% favorable currency impact driven by stronger Euro

Q4 Performance Coatings Results

Financial Performance

($ in millions)	Q4 2017	Q4 2016	% Change Incl. F/X	% Change Excl. F/X
Refinish	440	420	4.7%	0.6%
Industrial	292	186	56.8%	52.8%
Net Sales	732	607	20.7%	16.5%
Adjusted EBITDA	165	137	21.2%	
% margin	22.6%	22.5%		

Net Sales Variance



Commentary

Strong net sales growth led by acquisition contribution and positive price contribution, Industrial organic growth

- 14.5% growth from acquisitions
- Refinish volumes marginally impacted by North America headwinds, offset by strong Industrial organic volume growth of high single digits across all regions
- Positive price contribution across both Refinish and Industrial
- 4.2% currency tailwind mainly from the Euro

Adjusted EBITDA margin steady

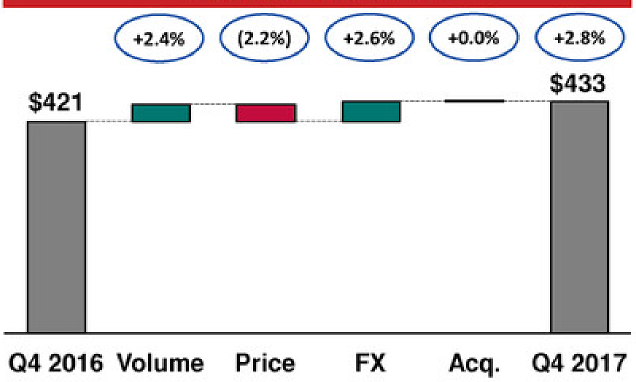
- Margin remained steady with positive pricing, lower operating costs, and acquisition contribution, offset by lower Refinish volumes and raw material inflation

Q4 Transportation Coatings Results

Financial Performance

($ in millions)	Q4 2017	Q4 2016	% Change Incl. F/X	% Change Excl. F/X
Light Vehicle	339	343	(1.2%)	(3.8%)
Commercial Vehicle	94	78	20.4%	17.4%
Net Sales	433	421	2.8%	0.2%
Adjusted EBITDA	80	88	(9.1%)	
% margin	18.5%	20.9%		

Net Sales Variance



Commentary

Net sales led by robust Commercial Vehicle growth

- Commercial Vehicle strong growth across all regions; solid Light Vehicle volume growth in EMEA and Latin America, while lower North America volume continued
- Lower average pricing in Light Vehicle reflecting earlier concessions, but less negative sequentially
- 2.6% currency tailwind mainly from the Euro

Adjusted EBITDA margin lower

- Margin impact from lower average selling prices and raw material headwinds, partially offset by reduction in operating costs and volume growth

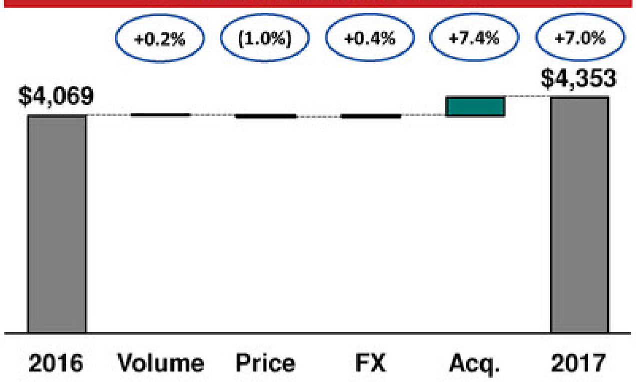
FY Consolidated Results

Financial Performance

($ in millions)	FY 2017	FY 2016	% Change Incl. F/X	% Change Excl. F/X
Performance	2,675	2,399	11.5%	11.2%
Transportation	1,678	1,670	0.4%	(0.1%)
Net Sales	4,353	4,069	7.0%	6.6%
Net Income (1)	37	39		
Adjusted EBITDA	885	902	(1.9%)	

(1) Represents Net Income attributable to Axalta

Net Sales Variance



Commentary

Solid net sales growth from Industrial and Commercial Vehicle markets

- Strong net sales growth in Industrial across all regions; lower Refinish volumes due to distributor working capital adjustments in North America
- Solid volume growth in Commercial Vehicle across all regions; Light Vehicle volume growth in Asia Pacific and Latin America, offset by pricing concessions and lower North America volumes
- Acquisitions contributed 7.4% to net sales growth
- Currency tailwind driven by strengthening Euro in 2H 2017

Adjusted EBITDA margin down 190 bps

- Adjusted EBITDA margin impacted by lower average pricing in Transportation and raw material inflation, partially offset by incremental productivity savings

Debt and Liquidity Summary

Capitalization

($ in millions)	@ 12/31/2017	Maturity
Cash and Cash Equivalents	$770	
Debt:		
Revolver ($400 million capacity)	-	2021
First Lien Term Loan (USD)	1,939	2024
First Lien Term Loan (EUR)[1]	469	2023
Total Senior Secured Debt	**$2,408**	
Senior Unsecured Notes (USD)	491	2024
Senior Unsecured Notes (EUR)[1]	394	2024
Senior Unsecured Notes (EUR)[1]	529	2025
Capital Leases	54	
Other Borrowings	41	
Total Debt	**$3,916**	
Total Net Debt[2]	**$3,146**	
2017 Adjusted EBITDA	$885	
Total Net Leverage [3]	**3.6x**	

(1) Assumes exchange rate of $1.193 USD/Euro
(2) Total Net Debt = Total Debt minus Cash and Cash Equivalents
(3) Total Net Leverage = Total Net Debt / 2017 Adjusted EBITDA

Comments

- **Leverage ratio improvement compared to Q3 2017 due to…**
  - ✓ Cash build in the quarter
  - ✓ Improved LTM EBITDA

…Partially offset by

  - ✓ Higher Euro debt balances due to stronger Euro

Full Year 2018 Guidance

($ millions)	2017A	2018E
Net Sales	+7.0%	~8-9%
Net Sales, ex FX	+6.6%	~6-7%
Adjusted EBITDA	$885	$940-980
Interest Expense	$147	~$165
Tax Rate, As Adjusted	16.2%	19-21%
Free Cash Flow Cash flow from operations less capex	$415	$420-460
Capex	$125	~$160
D&A	$348	~$365
Diluted Shares (millions)	246	~249

Comments

- Net sales growth includes incremental M&A contribution of ~3% from completed transactions in 2017
- Adjusted EBITDA contribution driven by volume, price, acquisition contribution, and net productivity
- Margin headwind from input cost inflation, offset largely by price and cost actions
- 2018 tax rate, as adjusted, benefits slightly from U.S. Tax Reform; 2017 Tax rate benefited from 4.1% on stock comp windfall benefits not forecasted for 2018
- Free cash flow growth primarily from Adjusted EBITDA growth offset slightly from Capex, severance, and Euro and variable interest headwinds
- Capex predominately for growth and high-IRR productivity projects

AXALTA

Appendix

AXALTA COATING SYSTEMS

Full Year 2018 Assumptions

Macroeconomic Assumptions

- Global GDP growth of approximately 3.2%
- Global industrial production growth of approximately 3.1%
- Global auto build growth of approximately 1-2%
- Higher crude oil prices coupled with supply side constrictions due to natural disasters and China environmental policy, continue to impact raw material pricing

Currency Assumptions

Currency	2017 % Axalta Net Sales	2017 Average Rate	2018 Average Rate Assumption	USD % Impact of F/X Rate Change
US$ per Euro	~28%	1.13	1.20	6.2%
Chinese Yuan per US$	~12%	6.76	6.58	2.7%
Mexican Peso per US$	~5%	18.92	18.96	(0.2%)
Brazilian Real per US$	~3%	3.19	3.30	(3.1%)
US$ per British Pound	~2%	1.29	1.34	3.8%
Russian Ruble per US$	~1%	58.32	57.59	1.3%
Turkish Lira per US$	~1%	3.65	3.95	(7.6%)
Other	~48%	N/A	N/A	0.3%

Adjusted EBITDA Reconciliation

	($ in millions)	FY 2017	FY 2016	Q4 2017	Q4 2016
	Net Income (loss)	$48	$45	(56)	(35)
	Interest Expense, net	147	178	38	37
	Provision for Income Taxes	142	38	120	15
	Depreciation & Amortization	347	322	92	87
	Reported EBITDA	**$684**	**$583**	**$194**	**$104**
A	Debt extinguishment and refinancing related costs	14	98	1	13
B	Foreign exchange remeasurement (gains) losses	7	31	(1)	1
C	Long-term employee benefit plan adjustments	1	2	1	(1)
D	Termination benefits and other employee related costs	35	62	29	37
E	Consulting and advisory fees	(1)	10	-	2
F	Transition-related costs	8	-	2	-
G	Offering and transactional costs	18	6	12	2
H	Stock-based compensation	39	41	8	10
I	Other adjustments	4	5	-	(1)
J	Dividends in respect of noncontrolling interest	(3)	(3)	(1)	-
K	Deconsolidation impacts and impairments	79	68	-	58
	Total Adjustments	$201	$319	$51	$121
	Adjusted EBITDA	**$885**	**$902**	**$245**	**$225**

Note: Numbers might not foot due to rounding.

Adjusted EBITDA Reconciliation (cont'd)

A. During FY 2017, Q4 2016 and FY 2016 we refinanced our indebtedness, resulting in losses of $13 million, $10 million and $88 million, respectively. During Q4 2017, FY 2017, Q4 2016 and FY 2016 we prepaid outstanding principal on our term loans, resulting in non-cash extinguishment losses of $1 million, $1 million, $3 million and $10 million, respectively. We do not consider these items to be indicative of our ongoing operative performance.

B. Eliminates foreign exchange gains and losses resulting from the remeasurement of assets and liabilities denominated in foreign currencies, net of impacts of our foreign currency instruments used to hedge our balance sheet exposures. Exchange effects attributable to the remeasurement of our Venezuelan subsidiary represented losses of zero and $2 million for Q4 2017 and FY 2017, respectively, and gains of $1 million and losses of $24 million for Q4 2016 and FY 2016, respectively.

C. Eliminates the non-cash, non-service components of long-term employee benefit costs.

D. Represents expenses primarily related to employee termination benefits and other employee-related costs associated with our Axalta Way initiatives, which are not considered indicative of our ongoing operating performance.

E. Represents fees paid to consultants, and associated true-ups to estimates, for professional services primarily related to our Axalta Way initiatives, which are not considered indicative of our ongoing operating performance.

F. Represents integration costs related to the acquisition of the Industrial Wood business that was a carve-out business from Valspar, which are not considered indicative of our ongoing operating performance.

G. Represents acquisition-related expenses, including changes in the fair value of contingent consideration, as well as $10 million of costs associated with contemplated merger activities during the Q4 2017 and costs associated with the 2016 secondary offerings of our common shares by Carlyle, all of which are not considered indicative of our ongoing operating performance.

H. Represents non-cash costs associated with stock-based compensation.

I. Represents costs for 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 equity investee dividends, indemnity losses (gains) associated with the Acquisition, losses (gains) on sale and disposal of property, plant and equipment, losses (gains) on the remaining foreign currency derivative instruments and non-cash fair value inventory adjustments associated with our business combinations.

J. Represents the payment of dividends to our joint venture partners by our consolidated entities that are not wholly owned, which are reflected to show cash operating performance of these entities on Axalta's financial statements.

K. During FY 2017, we recorded a loss in conjunction with the deconsolidation of our Venezuelan subsidiary of $71 million. During Q4 2016 and FY 2016, we recorded non-cash impairments at our Venezuela subsidiary of $58 million and $68 million, respectively, associated with our operational long-lived assets and a real estate investment. Additionally, during FY 2017, we recorded non-cash impairment charges related to certain manufacturing facilities previously announced for closure of $8 million. We do not consider these to be indicative of our ongoing operating performance.

Adjusted Net Income Reconciliation

	($ in millions)	FY 2017	FY 2016	Q4 2017	Q4 2016
	Net Income (loss)	$48	$45	(56)	(35)
	Less: Net income attributable to noncontrolling interests	11	6	6	2
	Net income (loss) attributable to controlling interests	37	39	(62)	(37)
A	Debt extinguishment and refinancing related costs	14	98	1	13
B	Foreign exchange remeasurement (gains) losses	7	31	(1)	1
C	Termination benefits and other employee related costs	35	62	29	37
D	Consulting and advisory fees	(1)	10	-	2
E	Transition-related costs	8	-	2	-
F	Offering and transactional costs	18	6	12	2
G	Deconsolidation impacts and impairments	85	68	1	58
H	Other	5	-	-	($1)
	Total adjustments	$171	$275	$44	$112
I	Income tax (benefit) provision impacts	($86)	$34	($108)	$4
	Adjusted net income	**$294**	**$280**	**$90**	**$71**

Note: Numbers might not foot due to rounding.

Adjusted Net Income Reconciliation (cont'd)

A. During FY 2017 and Q4 2016 and FY 2016 we refinanced our indebtedness, resulting in losses of $13 million, $10 million and $88 million, respectively. During Q4 2017, FY 2017, Q4 2016 and FY 2016 we prepaid outstanding principal on our term loans, resulting in non-cash extinguishment losses of $1 million, $1 million, $3 million and $10 million, respectively. We do not consider these items to be indicative of our ongoing operative performance.
B. Eliminates foreign exchange gains and losses resulting from the remeasurement of assets and liabilities denominated in foreign currencies, net of impacts of our foreign currency instruments used to hedge our balance sheet exposures. Exchange effects attributable to the remeasurement of our Venezuelan subsidiary represented losses of zero and $2 million for Q4 2017 and FY 2017, respectively, and gains of $1 million and losses of $24 million for Q4 2016 and FY 2016, respectively.
C. Represents expenses primarily related to employee termination benefits and other employee-related costs associated with our Axalta Way initiatives, which are not considered indicative of our ongoing operating performance.
D. Represents fees paid to consultants, and associated true-ups to estimates, for professional services primarily related to our Axalta Way initiatives, which are not considered indicative of our ongoing operating performance.
E. Represents integration costs related to the acquisition of the Industrial Wood business that was a carve-out business from Valspar, which are not considered indicative of our ongoing operating performance.
F. Represents acquisition-related expenses, including changes in the fair value of contingent consideration, as well as $10 million of costs associated with contemplated merger activities during Q4 2017 and costs associated with the 2016 secondary offerings of our common shares by Carlyle, all of which are not considered indicative of our ongoing operating performance.
G. During FY 2017, we recorded a loss in conjunction with the deconsolidation of our Venezuelan subsidiary of $71 million. During Q4 2016 and FY 2016, we recorded non-cash impairments at our Venezuela subsidiary of $58 million and $68 million, respectively, associated with our operational long-lived assets and a real estate investment. Additionally, during Q4 2017 and FY 2017, we recorded non-cash impairment charges related to abandoned in-process research and development assets and certain manufacturing facilities previously announced for closure of $1 million and $9 million, respectively. In connection with the manufacturing facilities announced for closure, we recorded accelerated depreciation of $5 million for FY 2017. We do not consider these to be indicative of our ongoing operating performance.
H. Represents costs for non-cash fair value inventory adjustments associated with our business combinations, which we do not consider indicative of ongoing operations.
I. 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. Net income (loss) and adjusted net income for Q4 2017, FY 2017, Q4 2016 and FY 2016 includes $1 million, $13 million, $3 million and $13 million, respectively, of tax windfall benefits related to stock compensation. Additionally, the income tax impact includes the removal of discrete items for Q4 2017 and FY 2017 which were expenses of $109 million. Of the $109 million of discrete income tax impacts, $113 million is related to the impact of the U.S. Tax Cuts and Jobs Act legislation. Our income tax expense for Q4 2016 and FY 2016 includes the removal of discrete income tax impacts within our effective tax rate which were expenses of $8 million and $12 million, respectively.

Thank you

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AXALTA COATING SYSTEMS