

---

---

**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) March 8, 2018

**AXALTA COATING SYSTEMS LTD.**

(Exact name of registrant as specified in its charter)

Bermuda  
(State or other jurisdiction  
of incorporation)

001-36733  
(Commission  
File Number)

98-1073028  
(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 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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 7.01 Regulation FD Disclosure.**

On March 8, 2018, Axalta Coating Systems Ltd. (“Axalta”) will host its 2018 Capital Markets Day. Axalta has posted the presentation slides to Axalta’s Investor Relations website (<http://ir.axaltacs.com>). A copy of the press release and presentation materials are furnished hereto as Exhibits 99.1 and 99.2.

The information contained herein and in the accompanying exhibits shall not be deemed filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

In the presentation slides and prepared remarks during Axalta's Capital Markets Day, 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 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. As calculated, 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	<a href="#">Press Release dated March 8, 2018</a>
99.2	<a href="#">2018 Capital Markets Day Presentation</a>

## 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: March 8, 2018

By: /s/ Robert W. Bryant

Robert W. Bryant

Executive Vice President & Chief Financial Officer

## News Release

**Axalta Coating Systems**  
2001 Market Street  
Suite 3600  
Philadelphia, PA 19103  
USA

**Contact**  
Christopher Mecray  
D +1 215 255 7970  
Christopher.Mecray@axaltacs.com



### For Immediate Release

## Axalta Capital Markets Day Focuses on Growth, Productivity, and Increasing Shareholder Returns

*Company's Track Record Shows Solid Performance Across Each Segment with More to Come*

PHILADELPHIA, PA, March 8, 2018 - Axalta Coating Systems Ltd. (NYSE: AXTA) ("Axalta" or the "Company"), a leading global coatings company, will host its Capital Markets Day today in New York City led by Charles W. Shaver, Chairman and Chief Executive Officer. At the event, Axalta will highlight its five-year performance track record as well as the Company's outlook for growth in 2018 and its plans to drive long-term shareholder value. Mr. Shaver will discuss business growth opportunities in each of the Company's major market segments, as well as key priorities including growth in China, a focus on Axalta Way productivity initiatives, the Company's M&A strategy, and plans to continue generating and allocating cash to drive growth and value.

"We're proud of our successful track record operating as Axalta, and we are even more excited about our future," said Mr. Shaver. "We hold the number one or two positions in most of the markets we serve, and still see across the board opportunities for growth. We expect to see sustainable mid-single digit organic growth and robust inorganic growth through strategic bolt-on acquisitions that will help expand our portfolio and footprint. Axalta is thinking bigger and bolder than ever before, entering new markets, expanding globally, continuing to drive new product launches, and serving our customers with terrific service and differentiated technologies. We will continue to be a leader in the global coatings segment and believe our strategic plan will deliver exceptional value to our customers and shareholders in 2018 and during the long-term."

The event will begin at 9:00 AM EST and will conclude at 12:30 PM EST. A live webcast of the event will be available at <http://axalta.com/investors>. Following the conclusion of the event, the audio webcast of the event and the slide presentations will be archived on Axalta's website. The in-person event is by invitation only.

### Axalta Capital Markets Day Schedule:

9:00 a.m. - Introduction & Agenda

9:05 a.m. - Charlie Shaver, Chairman and Chief Executive Officer

9:40 a.m. - Robert Bryant, Executive Vice President & Chief Financial Officer

10:05 a.m. - Joe McDougall, Executive Vice President & President, Global Refinish and EMEA

10:50 a.m. - Michael Cash, Senior Vice President and President, Industrial Coatings

11:15 a.m. - Steven Markevich, Executive Vice President and President, Transportation Coatings and Greater China

11:40 a.m. - Dan Key, Senior Vice President, Operations, Procurement & Supply Chain

12:05 p.m. - Q & A



### ***Cautionary Statement Concerning Forward-Looking Statements***

This release may contain certain forward-looking statements regarding Axalta and its subsidiaries including those relating to organic growth, acquisitions and other 2018 and longer-term expectations and goals. 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.

### **About Axalta**

Axalta is a leading global company focused solely on coatings and providing customers with innovative, colorful, beautiful and sustainable solutions. From light OEM vehicles, commercial vehicles and refinish applications to electric motors, buildings and pipelines, our coatings are designed to prevent corrosion, increase productivity, and enable the materials we coat to last longer. With more than 150 years of experience in the coatings industry, the approximately 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 [axalta.com](http://axalta.com) and follow us @Axalta on [Twitter](#) and on [LinkedIn](#).



**Axalta Coating Systems Ltd.**

2018 Capital Markets Day

March 8, 2018

### 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 and longer term financial projections and goals, including with respect to net sales, constant currency net sales, Adjusted EBITDA, Adjusted EBITDA margins, free cash flow, return on invested capital, capital expenditures, working capital, cost savings, pricing actions, product launches, acquisition opportunities, share repurchases, raw material cost increases, currency effects, 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, 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 constant currency net sales, EBITDA, Adjusted EBITDA, Free Cash Flow 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. Our use of the terms net constant currency net sales, EBITDA, Adjusted EBITDA, Free Cash Flow and Net Debt may differ from that of others in our industry. Constant currency net sales, 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. Constant currency net sales, EBITDA, Adjusted EBITDA, Free Cash Flow 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 constant currency net sales, EBITDA, Adjusted EBITDA 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 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.

## Capital Markets Day Agenda



<b>9:00 AM</b>	Introduction & Agenda	Chris Mecray, VP, Strategy & Investor Relations
<b>9:05 AM</b>	Axalta's Value Creation Model	Charlie Shaver, Chairman & CEO
<b>9:40 AM</b>	Axalta's Financial Progress & Outlook	Robert Bryant, EVP & CFO
<b>10:05 AM</b>	Performance Coatings: Refinish	Joe McDougall, EVP, President, Global Refinish & EMEA
<b>10:30 AM</b>	BREAK	
<b>10:50 AM</b>	Performance Coatings: Industrial	Mike Cash, SVP, President, Industrial
<b>11:15 AM</b>	Transportation Coatings	Steve Markevich, EVP, President, Transportation & China
<b>11:40 AM</b>	Operations, Procurement & Supply Chain	Dan Key, SVP, Operations, Procurement & Supply Chain
<b>12:05 PM</b>	Q&A	
<b>12:40 PM</b>	LUNCH	

### Additional Axalta Attendees:

- Dr. Barry Snyder (SVP, Chief Technology Officer)
- Dr. Robert Roop (VP, Global Refinish Technology)
- Dave Heflin (VP, Global Industrial Coatings Systems)
- Matt Boland (VP, Global Transportation Technology)

## Key Messages for the Day

---



- Axalta is a high-performing, world-class global coatings company
- Axalta has established a strong track record over five years; we are building on that
- Axalta's is focused on growth, improved productivity, and increased shareholder returns
- Effective capital deployment is central to our value creation model
- Axalta is a nimble, highly focused company committed to building value via organic and inorganic growth



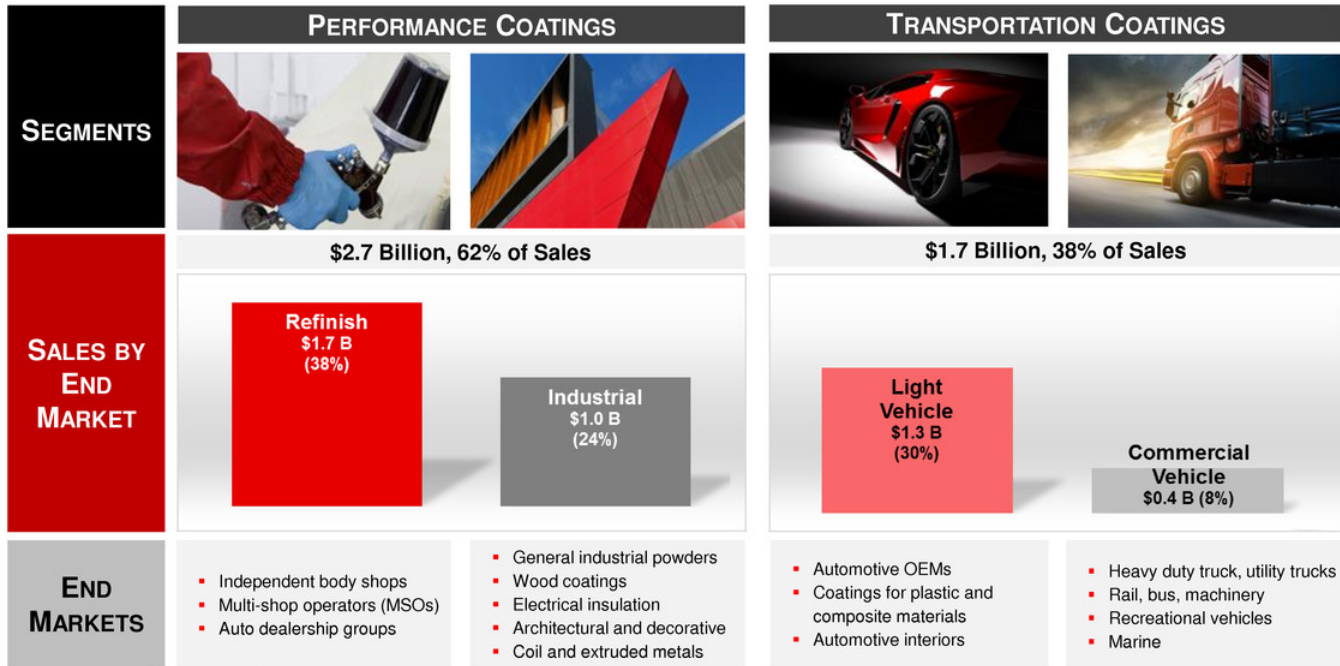
## **Axalta's Value Creation Model**

Charlie Shaver  
Chairman and CEO

AXALTA COATING SYSTEMS



## Axalta's Customer Focused Organization



1. Financials for FY 2017, all sales data refers to Net Sales

## Axalta is Focused on Shareholder Value Creation



Significant Progress...	...with More to Come
A Transformation Story	Axalta's Value Creation Model
<ul style="list-style-type: none"><li>▪ Cultural shift; incentive alignment<ul style="list-style-type: none"><li>✓ TSR based long-term compensation</li></ul></li><li>▪ Organizational restructuring tightens accountability<ul style="list-style-type: none"><li>✓ Matrix structure, Americas consolidation</li></ul></li><li>▪ Refining focus on growth<ul style="list-style-type: none"><li>✓ Net sales CAGR 3.5% 2013-17 ex-FX</li></ul></li><li>▪ Substantial ongoing productivity improvement<ul style="list-style-type: none"><li>✓ \$200 million Axalta Way savings</li></ul></li><li>▪ M&amp;A transactions change business mix<ul style="list-style-type: none"><li>✓ 17 deals to date; Industrial has doubled in scale</li></ul></li></ul>	<ul style="list-style-type: none"><li>▪ Drive profitable growth with innovation, customer focus and solid core market drivers<ul style="list-style-type: none"><li>✓ Mid-single digit organic net sales growth target</li></ul></li><li>▪ Operating excellence and cost structure refinement<ul style="list-style-type: none"><li>✓ \$200 million Axalta Way II target</li></ul></li><li>▪ Capital allocation with shareholder value focus<ul style="list-style-type: none"><li>✓ IRRs typically target 20% or better</li></ul></li><li>▪ Substantial coatings consolidation opportunity<ul style="list-style-type: none"><li>✓ Robust pipeline of bolt-on targets</li></ul></li></ul>
Axalta Continues to Evolve and Leverage Structurally Attractive Coatings Markets	



## We have Established a Track Record of Success

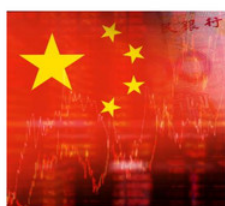


	2013	2014	2015	2016	2017
<b>Finance</b>	Carve-out	IPO	Bond rating upgrades	Carlyle exit, Debt refinancing	First share buyback
<b>M&amp;A</b> (Annualized sales)			3 deals +\$70 million	6 deals +\$125 million	8 deals +\$365 million
<b>Axalta Way</b> (Cumulative savings)		\$37 million	\$89 million	\$153 million	\$200 million
<b>Innovation</b>	2-Wet Monocoat Next Gen 3-Wet	AquaEC™ Electrocoat	Imron™ introduced in China	Syrox™ Mainstream	New Tech / Training Centers
<b>Operations</b>		Jiading expansion	4 major capacity expansions	Transformation of Ops leadership	Axalta Operating Excellence (AOE)
<b>CSR / Sustainability</b>	Axalta waterborne on SEMA EcoTrek truck	1 <sup>st</sup> Sustainability Report; Contributions Policy	Expanded STEM and environmental programs	1 <sup>st</sup> CSR Summit; Texas A&M Chair; Women's Network	Customer awards; Board governance

## Why Invest in Axalta Today?



**Focused End-Markets,  
Structural  
Volume Growth**



**Significant  
China Growth  
Opportunity**



**Axalta Way  
Driving  
Productivity**



**Consolidation  
Opportunity  
with Proven  
M&A Strategy**



**Strong Free  
Cash  
Generation and  
Allocation  
Process**



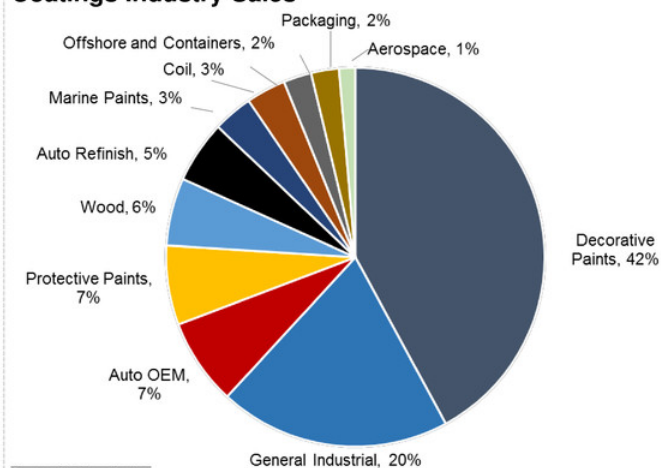
**ROIC Growth  
Focus,  
Shareholder  
Value Alignment**

## We are Focused on Structurally Attractive Coatings End-Markets



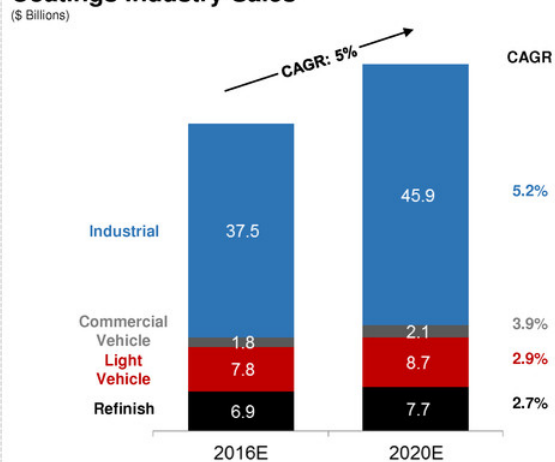
### A \$130 Billion Global Coatings Market

#### Coatings Industry Sales



### Axalta's Coatings Markets

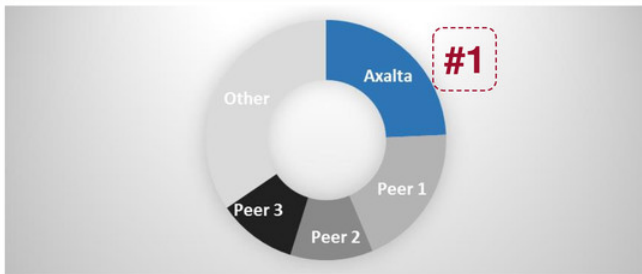
#### Coatings Industry Sales



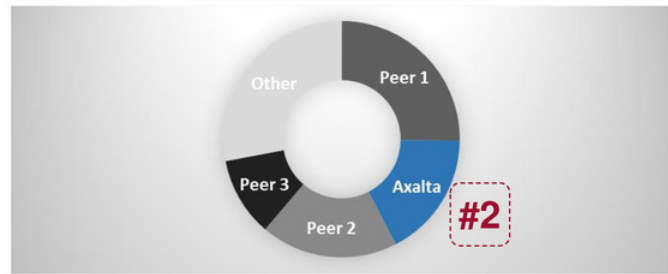
### Long Term Alignment With Global Growth

## Axalta is a Global Leader in Many of Our Markets...

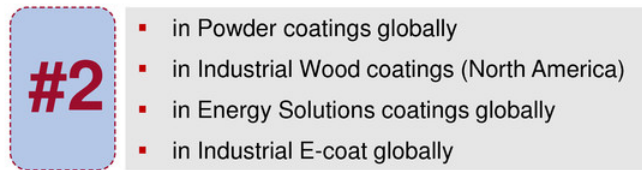
### Performance Coatings: Refinish



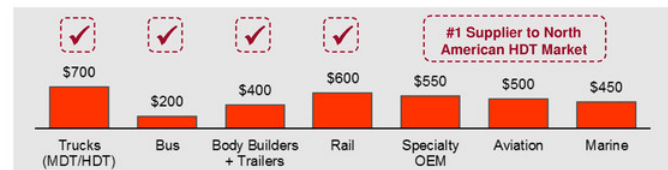
### Transportation Coatings: Light Vehicle



### Performance Coatings: Industrial



### Transportation Coatings: Commercial Vehicle

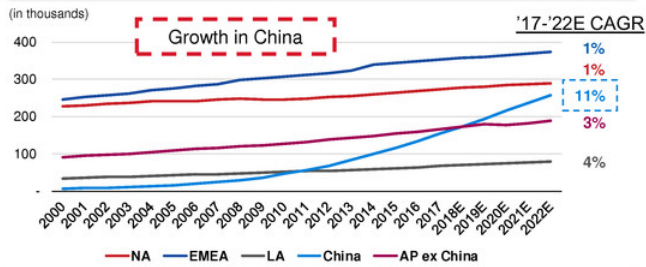


~90% of Sales from Markets Where Axalta Has #1 or #2 Global Share

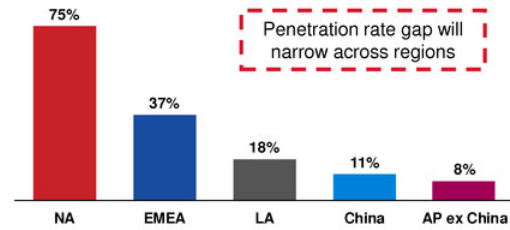
Source: Orr & Boss, Axalta estimates (2017)

## ...But We also have Substantial White Space Growth Opportunities

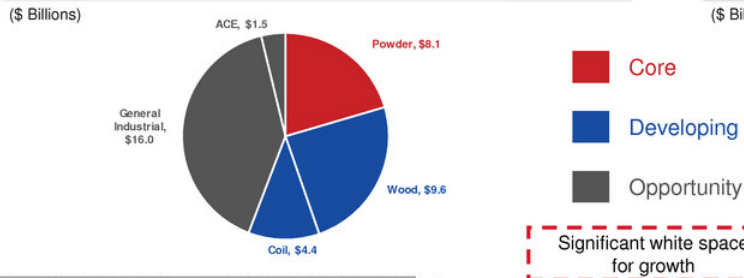
### Refinish – Regional Car Parc Growth



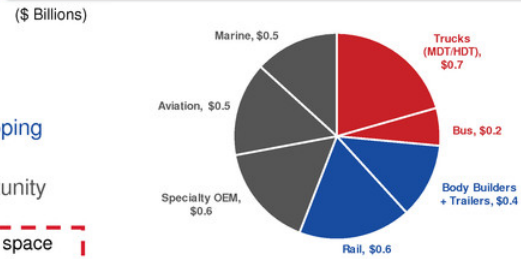
### Light Vehicle – Cars Per Capita



### Industrial – Market Opportunities



### Commercial Vehicle – Market Opportunities



Source: LMC, Orr & Boss (2017), IRFAB, Global Market Insights, Axalta Estimates

# Refinish Offers Both Demand Stability and Global Growth Opportunity

## Market Share



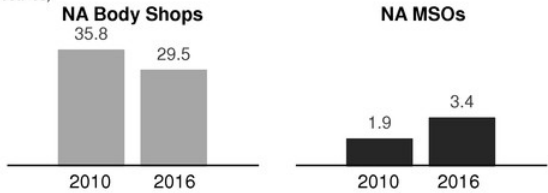
Source: Orr & Boss, Axalta estimates (2016)

## Product Breadth



## Customer Consolidation

(Thousands)



Source: Axalta estimates

## Axalta Is Growing Global Refinish

- We are the global leader, but there is white space for growth
- Our legacy is in premium systems, but we have launched mainstream systems to deepen our market presence
- Body shop consolidation remains a growth driver; our technology provides an advantage for high productivity customers

**Strong Momentum Driven by Customer-Centric Approach**

### Axalta Has Doubled Industrial Sales Over Five Years



Wood Coatings



Powder Coatings



Coil



Energy



Industrial Coating Systems

#### Organic Growth

- Significant infrastructure investment completed 2014-16
- Innovation drives 10%+ new customer adds 2015-17
- Mid-single digit net sales growth CAGR targeted

#### Inorganic Growth

- Targeting significant M&A growth
- Completed 6 transactions with \$420+ million in net sales
- Typical synergies: procurement, distribution and R&D

### Growth from Leveraging our Regional Product Portfolio Globally



## Our Commercial Vehicle Business is Growing and Diverse



### Market White Space

- Growth opportunities:
  - ✓ Underpenetrated geographies (China)
  - ✓ Adjacent markets (eg. Marine, Protective)

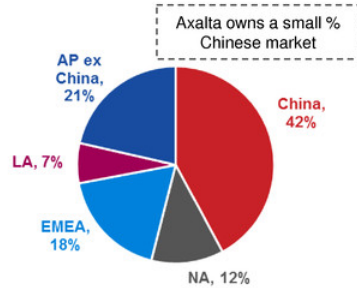
### Share Gain

- Share of wallet opportunity in existing markets
  - ✓ Vehicles per customer
  - ✓ Content per vehicle

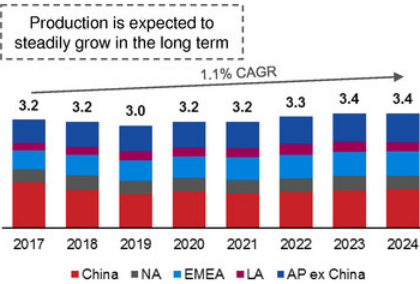
### Technology

- We have leading technology to expand our business
  - ✓ Bus    ✓ Aviation    ✓ Marine
  - ✓ Rail    ✓ Recreational Vehicles

### HDT & MDT Builds by Geography



### HDT & MDT Builds Growth



### Superior Products



**IMRON™**

Leveraging our highly productive technology from truck to other vehicle markets globally

## Strong Momentum Driven by Customer-Centric Approach

Source: LMC Automotive Q4, 2017 Estimates



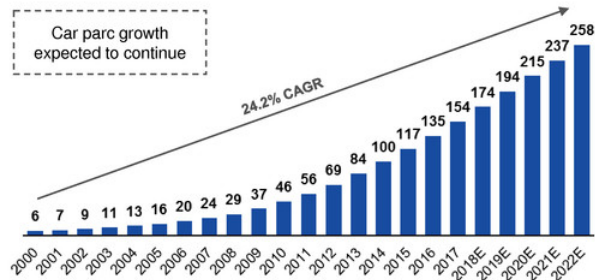
## China Represents a Huge Growth Opportunity



### Refinish

- Car parc growth
- Mainstream and economy segment growth
- Follow market to Tier 2-4 cities
- Growth through M&A

#### Car Parc Growth

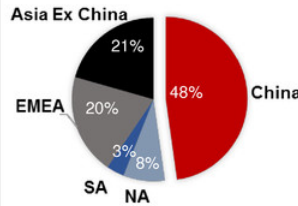


### Industrial

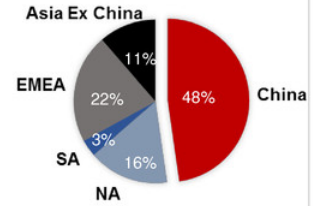
- China consumes >40% of global industrial coatings today
- Shift from export end users to domestic consumers
- Importance of local production and supply
- Enhanced portfolio - mainstream and acquired products

#### Global Coatings Consumption

##### Electrical Insulation \$1.5 billion



##### Powder \$8.1 billion



### Performance Coatings

Source: LMC Automotive, 2017e

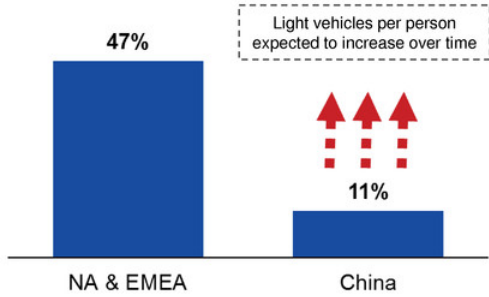
## China Represents a Huge Growth Opportunity, Cont'd



### Light Vehicle

- Adding business with domestic OEMs
- Automotive fleet penetration per capita drives market growth
- Target customer shift to interior cities requires new plants

### Penetration Gap



### Commercial Vehicle

- Huge truck market >1 million vehicles per year production
- Modernization of fleet drives demand for quality coatings
- Train and bus represent growth markets

### Growing and New Partners

DAIMLER

PACCAR

KENWORTH

MAN

SCANIA

VOLVO TRUCKS

### Transportation Coatings

Source: LMC Automotive Q4, 2017 Estimates

## Focus on Operating Excellence, Axalta Way Savings Continue with Phase II



<b>Axalta Way II</b>	<ul style="list-style-type: none"><li>▪ Achieved Phase I \$200 million target</li><li>▪ Axalta Way II target: \$200 million over next four years</li></ul>
<b>Axalta Operating Excellence (AOE)</b>	<ul style="list-style-type: none"><li>▪ Lean implementation in Wuppertal, Germany and Mt. Clemens, MI</li><li>▪ Global rollout to drive substantial productivity improvement over time</li></ul>
<b>Innovation Investment</b>	<ul style="list-style-type: none"><li>▪ ~\$180 million annual innovation investment (&gt;4% of net sales)</li><li>▪ &gt;250 new products per year drive our organic growth</li></ul>
<b>Salesforce Investment</b>	<ul style="list-style-type: none"><li>▪ New tools to manage customer relationships</li><li>▪ New leadership, aligned incentives key to results</li></ul>
<b>Enhanced IT Tools</b>	<ul style="list-style-type: none"><li>▪ New ERP upgrades phase in; Wood carve-out completed in 150 days</li><li>▪ 100% of our Enterprise Data is now stored in the cloud</li></ul>

### Axalta Continues to Focus on Organizational Optimization

## M&A: Leveraging a Consolidating Coatings Sector

### 2017 Key Acquisitions



Ellis Paint  
North America  
Refinish • Industrial



Century Industrial Coatings  
North America  
Industrial



Spencer Coatings  
EMEA – U.K.  
Industrial



Valspar Wood Coatings (N.A.)  
North America  
Industrial



Plascoat  
EMEA  
Industrial

### Benefits

- Provide access to new technologies, products, customers, and markets
- Leverage combined supply chains and distribution channels
- Develop process and marketing efficiencies and globalize products

### Key Data

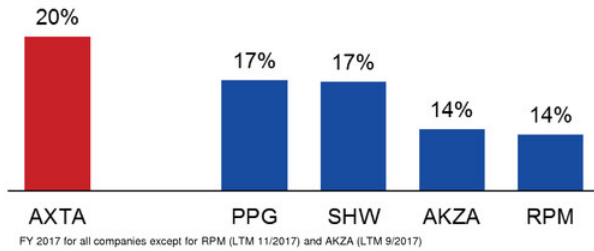
- 8 total transactions in 2017
- \$564 million capital deployed
- Annual run-rate of ~\$365 million in sales

**We Have a Robust Pipeline and Will Continue to Leverage Market Consolidation**

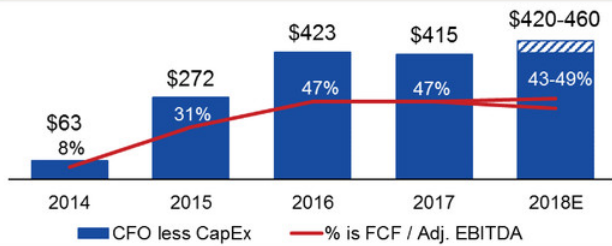
## Axalta Generates Strong Free Cash Flow; Disciplined Allocation



### Strong Adjusted EBITDA Margins



### Free Cash Flow Growth

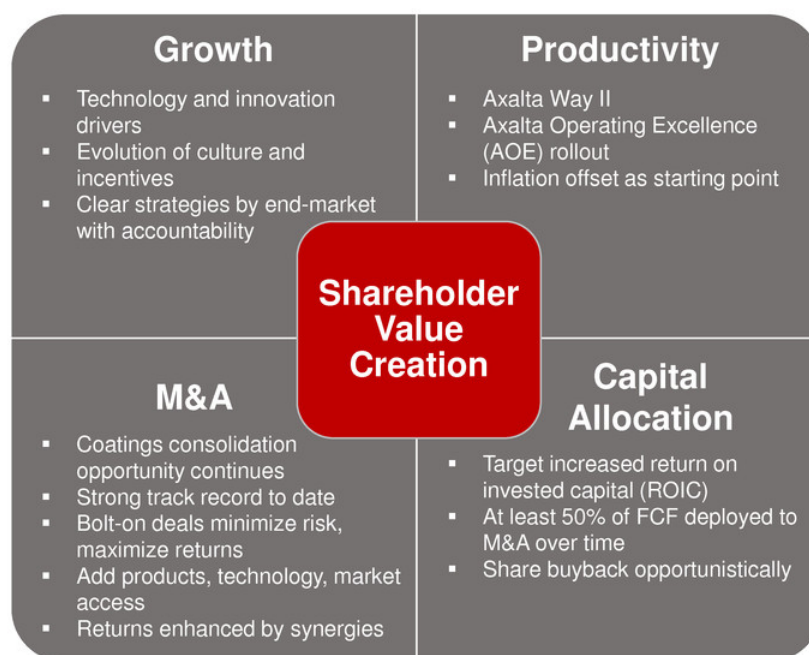


### A Sound Capital Allocation Process

- Axalta is the margin leader and generates substantial free cash flow
- We have organic and inorganic investment opportunities that we expect will enhance overall returns on capital
- We have completed 17 M&A transactions with total allocated capital of > \$700 million
- We repurchased \$58 million of our common shares in 2017
- We have invested nearly \$400 million in capex projects focused on growth and productivity with strong associated IRR targets

### Strong and Sustainable Cash Flows Drive Value

## Axalta is Squarely Focused on Shareholder Value Creation



### Key Objectives for Growth and Value Creation

Outgrow Our End-Markets

Axalta Way II Execution

Incremental Cost Actions

Drive Product Innovation

Disciplined Capital  
Allocation

- Mid-single digit organic net sales growth; higher with M&A
- Ongoing savings from optimizing our organization
- Closing any price-cost gap with focused actions
- Over 250 new product launches
- M&A, share buybacks, ongoing internal projects

**Axalta's  
Vision**

To maximize our customers' productivity and product functionality by offering them innovative coatings solutions and best-of-class service



### Key Objectives for Growth & Value Creation

Net Sales Growth

Adjusted EBITDA

Free Cash Flow

Working Capital

M&A

- Mid-single digit organic net sales growth
- Margin growth in core existing business
- Conversion of ~45-55% to Adjusted EBITDA
- High single digits working capital / net sales ratio
- Deploy at least 50% of FCF to M&A; share repurchase optionality

**Axalta's Strong Business Model Powers Shareholder Value**



- Axalta has developed a strong five year execution track record; we see significant upside in sales and profit growth, cash flow generation, and returns on capital
- We lead in growing, strong, and stable coatings segments and are actively entering new close adjacent markets
- Our technologies and service differentiate Axalta in the markets we serve
- Axalta has material growth opportunities in China, adjacent coatings markets and ongoing industry consolidation
- We are targeting \$200 million in incremental savings over four years with Axalta Way Phase II



**We Are 100% Focused on Shareholder Value Creation**



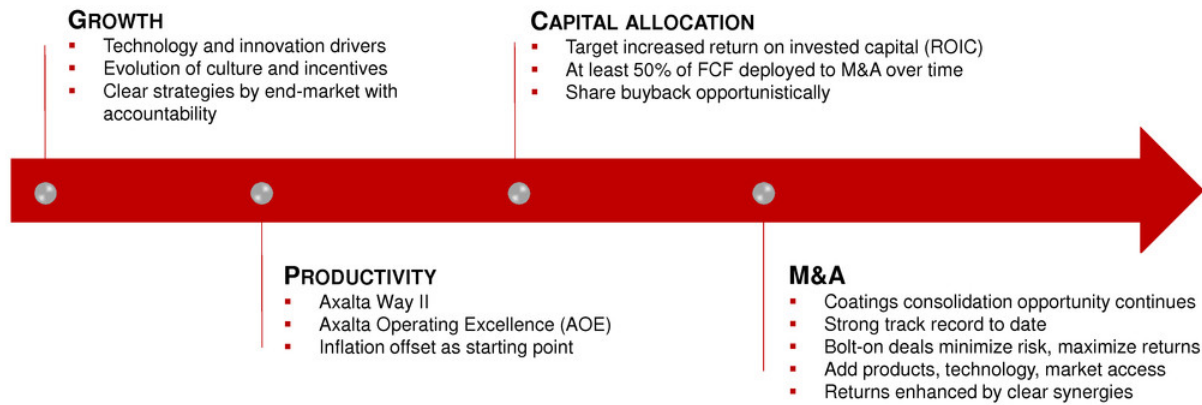
Thank You!



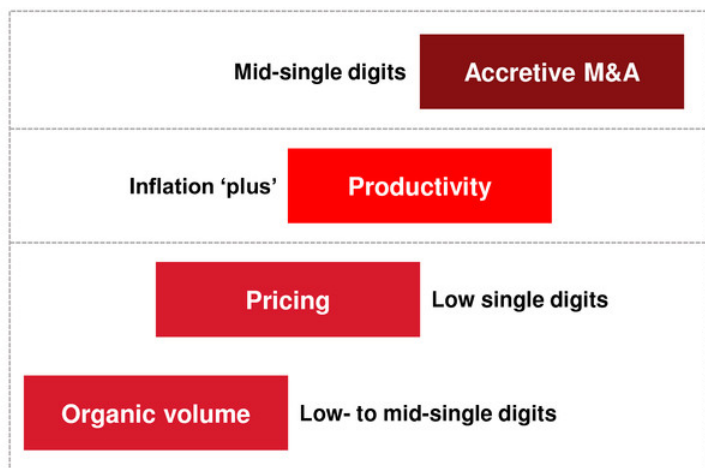
## Axalta's Financial Progress and Outlook

Robert Bryant  
EVP and CFO

AXALTA COATING SYSTEMS



## Multiple Steps Support Results



## Improving Returns Over Time

- Mid-single digit core growth includes market growth, modest share capture and incremental pricing in key businesses
- Free cash flow allocation is primarily directed to M&A and opportunistic share buybacks
- We expect to improve ROIC with strong capital allocation in internal investment, M&A and maximizing productivity
- M&A: Seek above market average returns from bolt-on deals

**Organic Growth + FCF Deployment = Strong Topline Growth**

### Value Creation From Multiple Sources and Disciplined Process

#### Growth Supported by Clear Strategies, Greater Resources

- Capex of ~\$160 million and R&D of ~\$180 million annually supports maintenance and strategic growth
- Growth strategies in place for each business and each region

#### Market Share Gains in Core Markets From Innovation, Service Execution

- Refinish market share increased by ~500 basis points 2013-2017
- Strong headway in multiple other coatings verticals

#### Emerging Markets Focus for Long Term Growth

- Axalta has substantially expanded in Asia Pacific ex-China, Middle East and Africa since inception
- We are levered to EM growth across most businesses

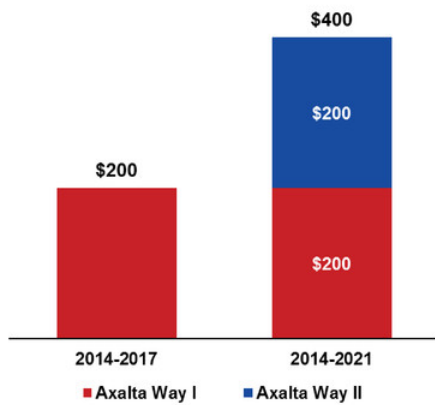
#### Globalizing Existing Products to Reach Underserved Markets

- Migrating industrial products from Europe to Asia; globalizing Syrox mainstream technology; leveraging Wood from N.A. to new regions; E-coat technology in EMEA marketed successfully to global OEM customers

## The Axalta Way: Driving Towards World Class Productivity



**Cumulative Savings**  
(\$ millions)



### Commercial

- Commercial process excellence
- Dynamic pricing / contract guardrails
- Salesforce training / tools

### Operations / Supply Chain / Technology

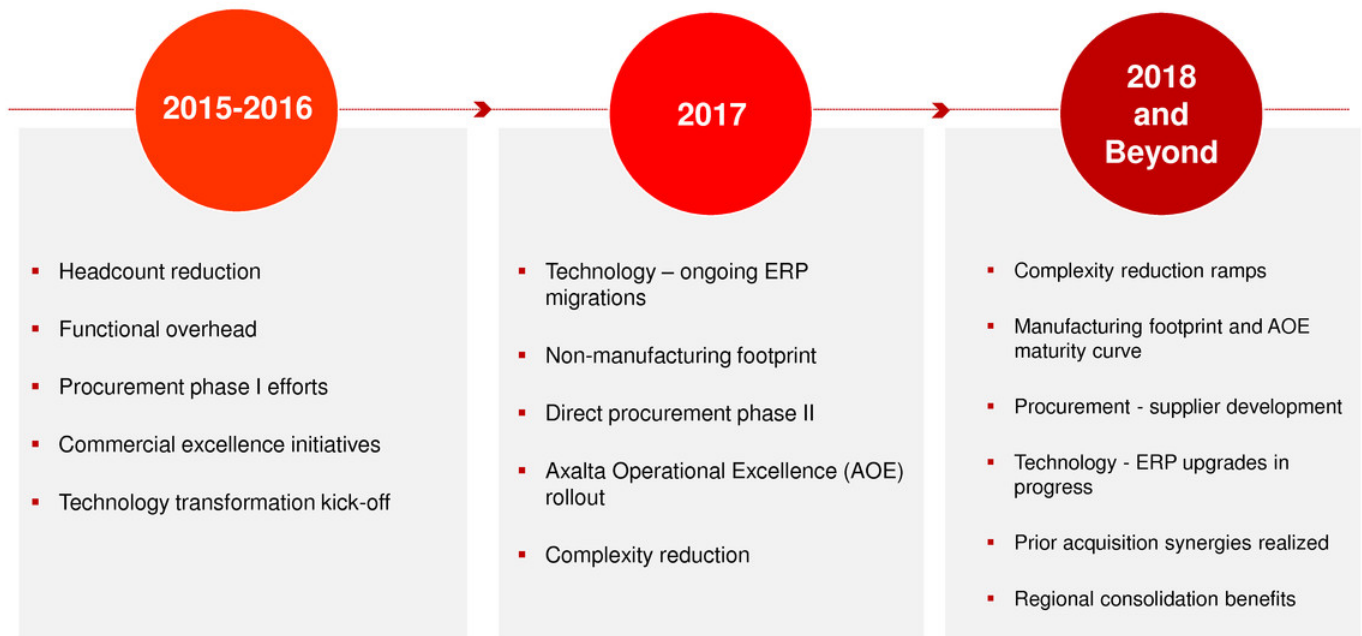
- Manufacturing strategy and footprint changes
- Procurement optimization / collaboration
- Complexity reduction

### SG&A

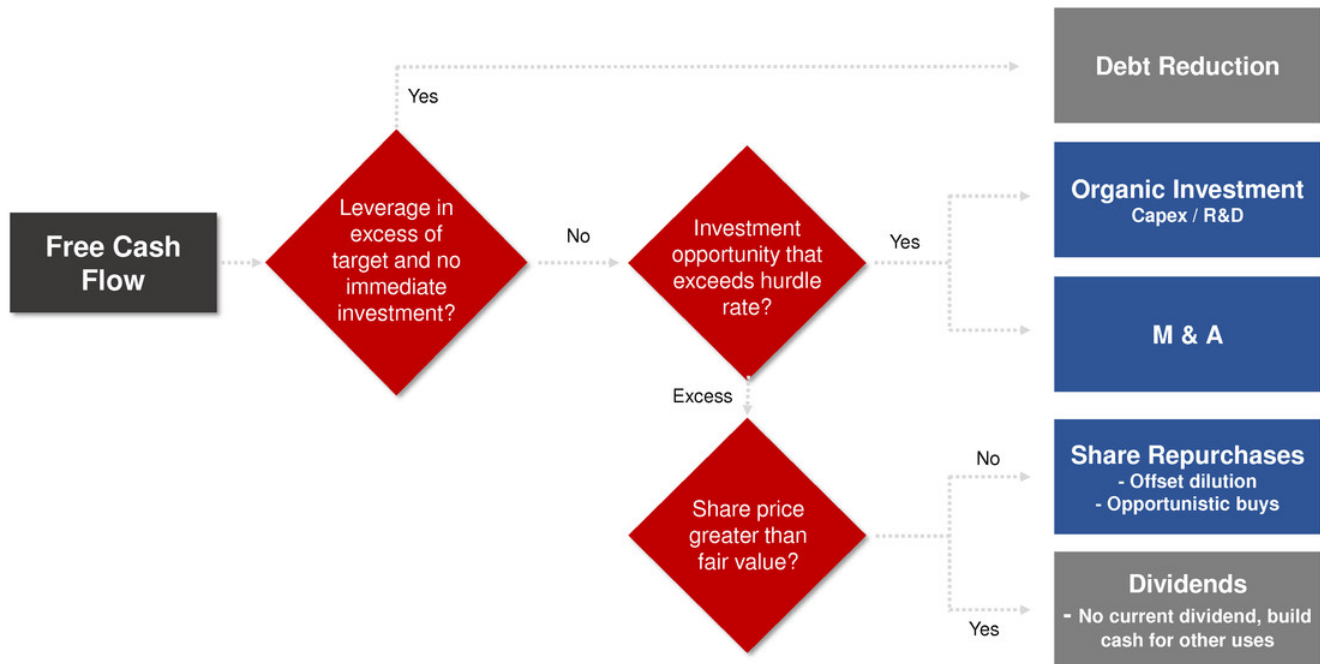
- Sales support optimization
- Functional overhead expense reduction
- R&D efficiency and returns

“A focused approach to doing business that drives profitability by improving our efficiency, productivity, and growth opportunities every day, wherever we do business”





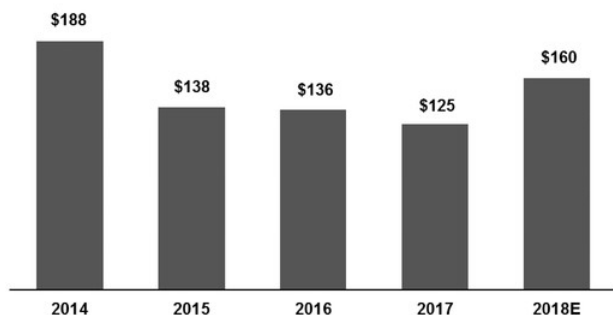




### Capital Expenditures

#### Capex by Year

(\$ millions)



### Project Details

- Major Capex projects in 2017
  - ✓ Nanjing, China – land and authorizations
  - ✓ Jiading, China – WB expansion
  - ✓ Savli, India – OEM manufacturing and laboratory
- Major Capex projects in 2018
  - ✓ Philadelphia, PA – Global Innovation Center
  - ✓ Nanjing, China – greenfield expansion
  - ✓ Prior acquisitions – integration and expansion projects

## M&A: Multiple Value Creation Levers for Axalta



### Acquisitions Offer Multiple Benefits

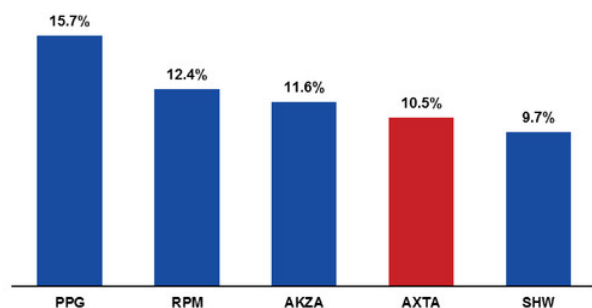
- **Synergies** from procurement & supply chain, R&D, and back office support
- **Globalization** of previously regional products by leveraging distribution channels
- **New market access** at appropriate cost structure
- **Additional production** capacity with fit-for-purpose cost structure
- **Acceleration** of new product introduction plans
- **Acquire** new skill sets and capabilities

## Effective Capital Allocation Should Drive Improved Returns



### Return on Invested Capital (ROIC)

#### NOPAT ROIC (LTM)

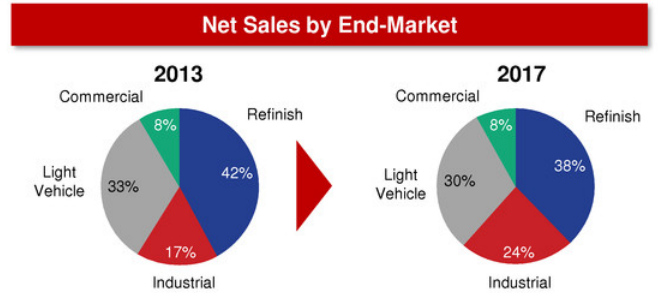
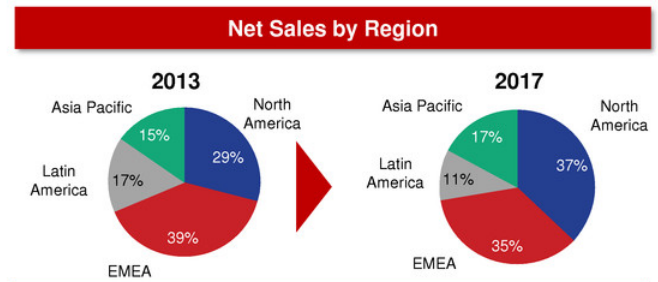
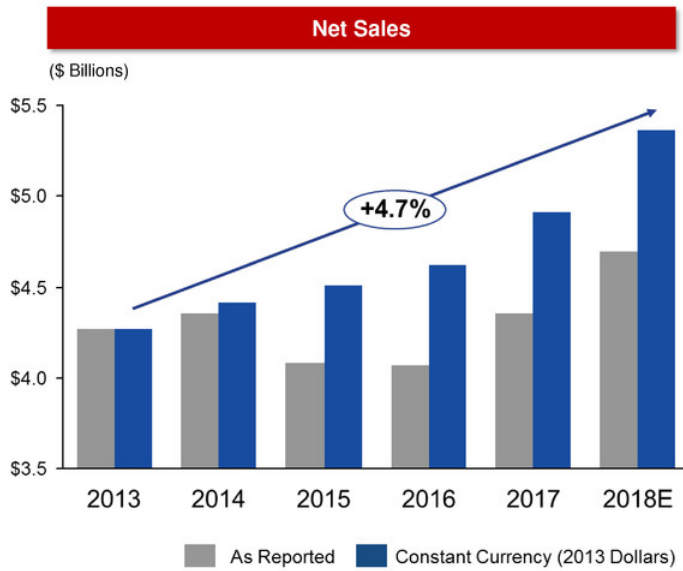


Notes: 1) ROIC = Net Operating Profit After Tax (NOPAT) / (Total Debt + Preferred Stock + Minority Interest + Equity); 2) AXTA total capital excludes identifiable intangible assets; 3) Data as of 12/2017 for all companies except RPM (11/2017) and AKZA (9/2017); 4) Book taxes have been adjusted to exclude impact from US Tax reform for AXTA, PPG, & SHW

### Commentary

- Axalta's ROIC includes ~\$3 billion asset "step up" from the 2013 LBO under purchase price accounting
- Drivers of ROIC upside:
  - ✓ NOPAT growth from ongoing business execution
  - ✓ Capital allocation: Organic investments, return-accretive M&A, and focus on asset efficiency
- Axalta remains committed to improving ROIC over time through consistent execution of our current strategy
- LTM NOPAT is impacted by multiple factors in 2017 that limited performance but held levels from 2016

## Net Sales to Date Show Solid Growth and Portfolio Diversification

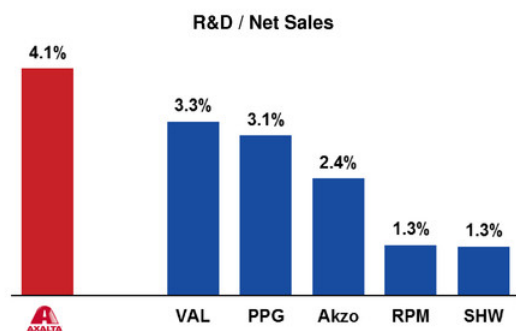


Constant Currency Sales Progression Has Been Strong

## Axalta's Future Rests on a Foundation of Technology Investment



### Significant Technology Investment



Note: All data as of 12/2017 except VAL (4/2017), Akzo (12/2016), RPM (5/2017), and SHW (12/2016). Axalta total includes technical selling expense.

### An Active Product Pipeline

- We introduced >250 products in 2017
- >800 new products to be introduced over the next 3 years

### Investing for Growth

- Philadelphia Global R&D Center – 2018
- New China production facility supports new technology launches
- Other capacity expansions globally

### Technology Drives Our Growth

- New refinish technology enhances body shop productivity
- OEM productivity gains from new technology offered
- Industrial growth with new product introductions
- Commercial Vehicle growth leverages leading Imron coatings system

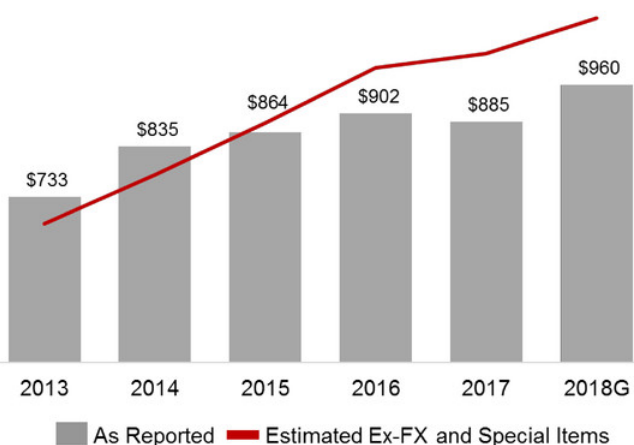
**Axalta Success is Driven by the Axis of Innovation and Customer Focus**

## Adjusted EBITDA Results to Date Show Strong Core Progress



### Adjusted EBITDA

(\$ in Millions)



### Growth Drivers

- Adjusted EBITDA margins increased from 15.6% in 2012 to 20.3% in 2017
- Pricing actions positively contributed to margin expansion
- Volume growth and share gain provided operating leverage over fixed costs
- Acquisition contribution mainly in Industrial complemented organic growth
- Axalta Way created culture of cost discipline
- Procurement strategies mitigated rising costs

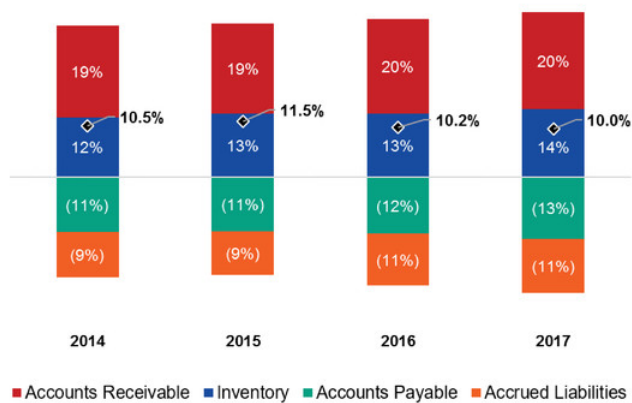
### Strong Margin Progress, Upside From Volume Growth and Productivity Expected Over Time

Note: Estimated Adjusted EBITDA Ex-FX and Special Items excludes the impact of FX, Venezuela results (deconsolidated 2017), North America Refinish distributor adjustments (2017), natural disaster impacts (2017)

## Net Working Capital to Date Demonstrates Early Improvement



### Net Working Capital / Net Sales



### Comments

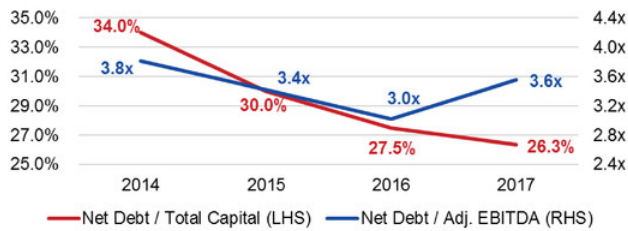
- Working capital improvement from multiple initiatives
- Short-term opportunities by forcing focus on capital efficiency
- Long-term opportunity to lower working capital intensity from inventory turns and connectivity through the supply chain
- Inventory targeted, decrease from manufacturing footprint and strategy changes
- Goal of working capital to net sales of high single digits

### Long Term Opportunity From Increased Working Capital Efficiency

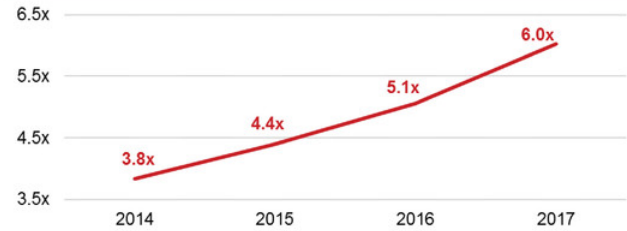


## Debt and Liquidity Summary

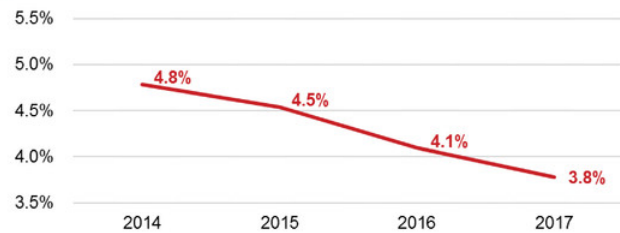
### Leverage Trends



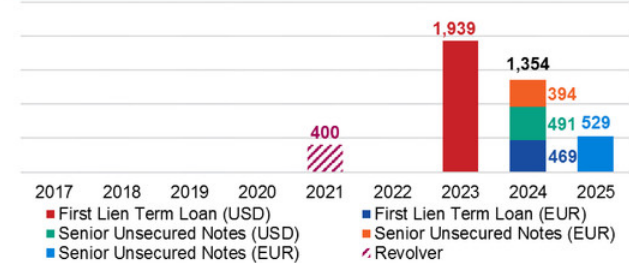
### Interest Coverage (Adj. EBITDA)



### Cost of Debt



### Debt Maturity Profile



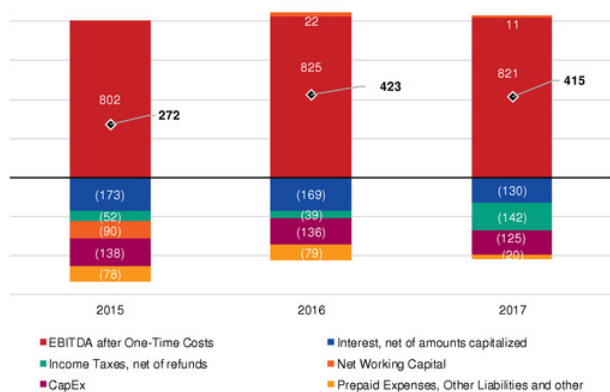
Note: Balances reported on a US GAAP basis as of 12/31/2017

## Free Cash Flow Strong and Improving; Deployment Accelerating



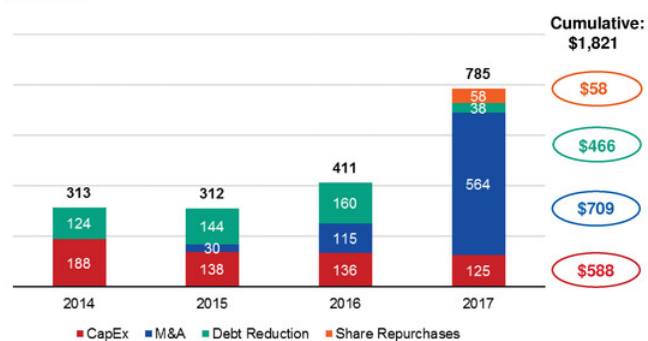
### Free Cash Flow

Cash Flow From Operations, less Capex  
(\$ millions)



### Capital Deployment

Capital Allocation since 2014  
(\$ millions)



Cash Flow is Supporting Increased Capital Deployment and Returns

## Our Financial Scorecard is Focused on Profitable Growth



Objective	Grow The Business	Grow Adjusted EBITDA
Results	2018E Net Sales: +8-9%	2018E Adjusted EBITDA: \$940-980 million
Highlights & Challenges	<ul style="list-style-type: none"> <li>▪ <b>Refinish:</b> Stable global market growth; continued core market share gains; mainstream segment penetration</li> <li>▪ <b>Industrial:</b> Strong growth via new products; execution on strategic growth plans; leveraging M&amp;A topline synergies</li> <li>▪ <b>Light Vehicle:</b> Organic market share from superior service and innovation; diversifying customer base; broadening product depth</li> <li>▪ <b>Commercial Vehicle:</b> Supportive truck demand; growth in other non-truck customer base</li> </ul>	<ul style="list-style-type: none"> <li>▪ Core growth drives incremental margin in most businesses</li> <li>▪ Price-cost gap narrowed by incremental cost actions</li> <li>▪ FX tailwind reflecting stronger emerging market economies and stronger Euro-dollar rate</li> <li>▪ Margins expected to be stable on current assumption of ~10% raw material cost inflation due to price actions and productivity offsets</li> </ul>
Guidance Maintained For 2018		

## Summary of our Investment Case



- Axalta operates a very strong core business model
- We target solid organic growth and market outgrowth in each of our businesses
- We seek enhanced productivity and core margin growth; Refinish provides a stable foundation
- We still have years of self-help to execute to optimize our business
- Solid incremental investments, including M&A, to drive shareholder returns
- Our cumulative efforts should drive steady improvement in ROIC





Thank you!



## **Performance Coatings: Refinish**

Joe McDougall

EVP, President, Global Refinish & EMEA

AXALTA COATING SYSTEMS

- **The global automotive refinish market is stable, consolidated and growing**
  - ✓ Refinish is highly stable, linked to global miles driven and accident rates
  - ✓ The top four Refinish players hold two-thirds of the global market
  - ✓ End-market growth ~3-4% per year expected
- **Axalta leads with the broadest and deepest technology and market reach**
  - ✓ We lead the global market with 25% share; higher share in developed regions
  - ✓ Our deep portfolio of next-generation technology addresses wide-ranging customer needs
  - ✓ Axalta has broad market reach across product and customer types globally
- **Axalta continues to grow through an aggressive and disciplined strategy**
  - ✓ Organic and inorganic product introductions to increase reach and competitiveness
  - ✓ Benefiting from consolidation and professionalization of body shop market
  - ✓ Tailwind from growing car parc, especially in emerging markets
  - ✓ Adding technology and services to solidify competitive moat and customer relationships





## Launched Innovative Products and Services to Address Customer Challenges



Ultra-Productive, Low-Energy Clearcoats



40,000th Spectrophotometer Shipped



Easy Application Waterborne Basecoat



Ultra-Productive Primer



New Training Center in Charlotte



MSO Growth Drives Axalta Market Share Gain



Motorsports Partnerships Drive Customer Engagement

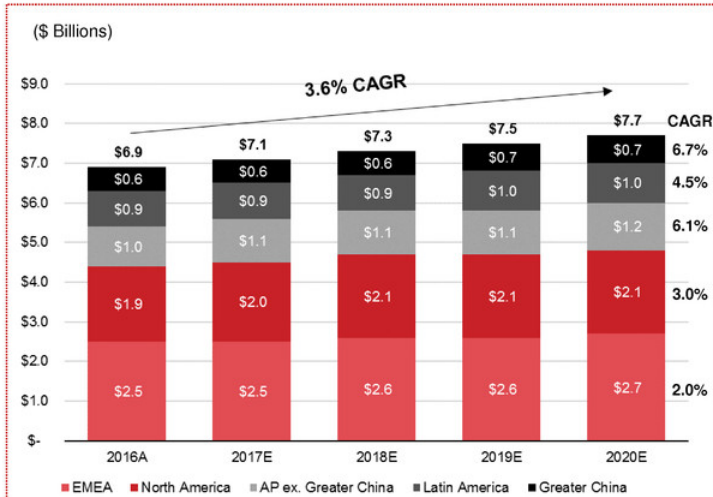




## The Global Refinish Market is Attractive and Dynamic



### Refinish Industry Sales by Region



### Industry Trends Align With Core Competencies

- Growing eco-regulations require innovations
- Performance needs drive technology improvements
- Consolidation trend supported by field sales model
- Distribution expertise allows for agility across regions

### Market Requires Innovation to Drive Growth

- Color requirements continue to increase
- Productivity demands innovation
- Targeted channel strategies aligned to market growth
- Field service addresses training challenges

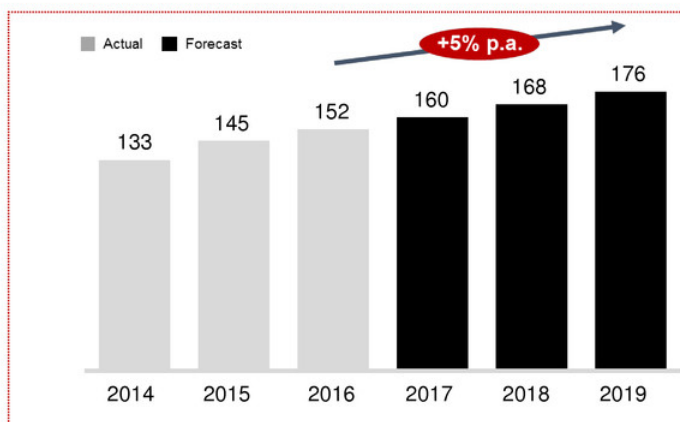
## Net Auto Claims and Severity Rates in the United States



### Change in Frequency and Severity 2016 vs. 2014

	Bodily injury	Property damage	Collision	Comprehensive
Severity	+7.0%	+11.0%	+8.2%	+8.3%
Frequency	+2.2%	+2.9%	+2.6%	+2.6%

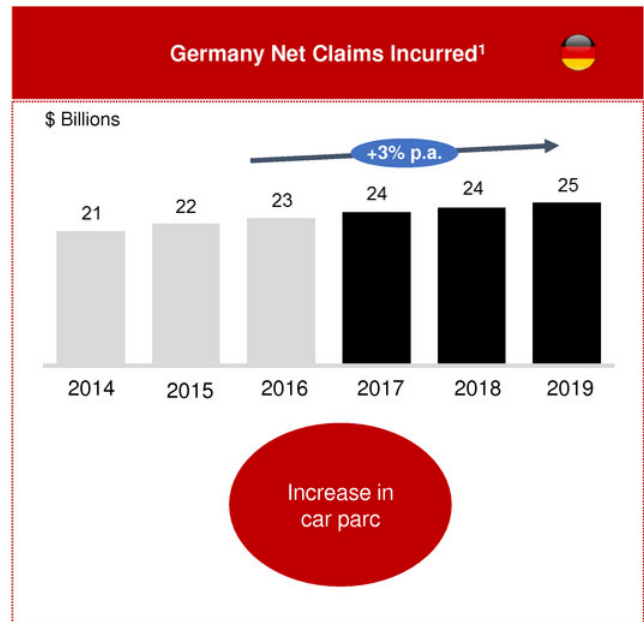
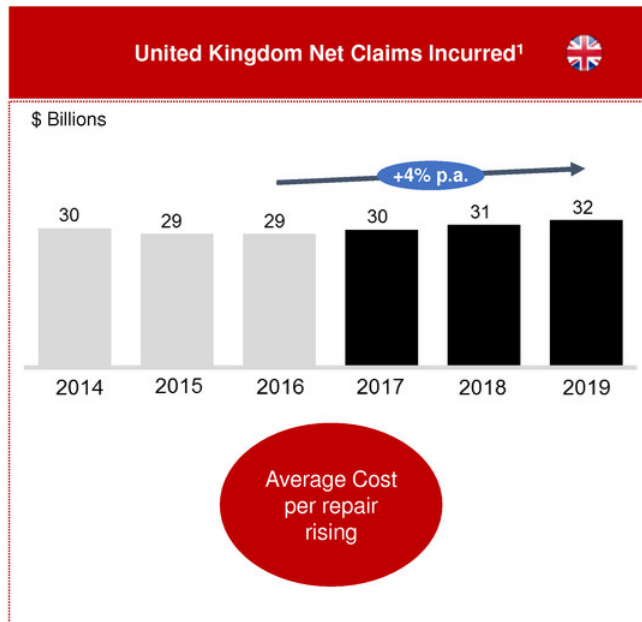
### U.S. Net Claims Incurred<sup>1</sup> \$ Billions



<sup>1</sup> Net claims incurred is estimated for private and commercial auto and is defined by claims for own account + change in net claims reserves + claims handling expenses

SOURCE: Conning forecast and analysis

## Net Claims Continue to Rise Globally



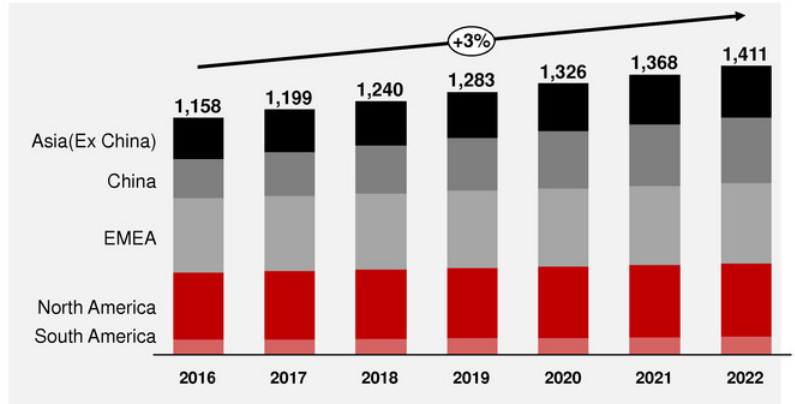
SOURCE : Global Insurance Pools for UK and German Insurance Association (GDV)

## Drivers and Influencers of Global Growth



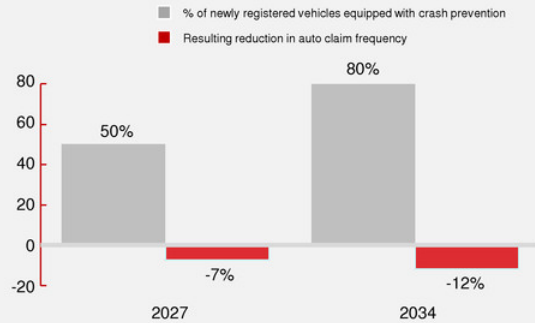
	Major inputs	Major trends that impact
Volume	Number of vehicles in use	Growth of the car parc
	% of damaged vehicles	Number of miles driven per vehicle Safety features and AD/AVAS Driver experience Safety Regulations
	% of damaged vehicles that receive refinish paint	Insurance regulations changes Consumer behavior, e.g., cash outs Vehicle aging, e.g., total loss Vehicle leasing Discretionary repairs Insurance coverage
	Coating needed per vehicle	Coating innovation Body shop process efficiency Application tech innovation
Net Price	Average list price	Mix changes (quality segments) Coating innovation
	Average discount	Value chain consolidation

## Global Car Parc



## ADAS<sup>1</sup> Impact on Safety is Slow and Muted

### Potential impact to auto claim frequency from ADAS



1. ADAS: Advanced driver assistance systems

Source: McKinsey, IHS, HLDI, CCC, [www.insurancejournal.com](http://www.insurancejournal.com), insurance information institute, AAA 2015, National Safety Council

## Connected Car Technology Increases Driver Distraction

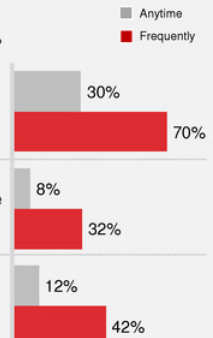
### Drivers admit to distracting behavior

In the past 30 days, how often have you ...?

Talked on a cell phone while you were driving (any type of phone)

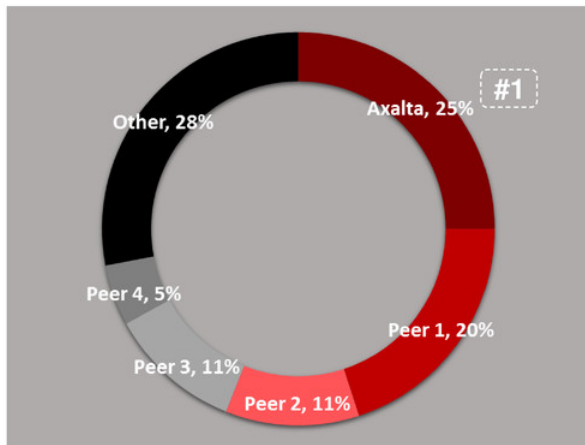
Typed or sent a text message or email while you were driving

Read a text message or email while you are driving



## Technology Will Continue To Be Offset by Human Behavior

**Refinish Market Share**  
\$6.9 Billion Total Sales







Source: Orr & Boss (2017)

**Leading a Growing Industry**

- Leading market share position; industry sales estimated to grow at ~3% CAGR through 2020
- We are the Refinish technology leader, driving productivity and value for our customers
- Broad and diverse brand presence that fits customer needs across the value spectrum
- Strong global presence drives diverse growth opportunities
- Segment, market and competitive forces support favorable profit dynamic

## Our Strength can be Measured in Each Region



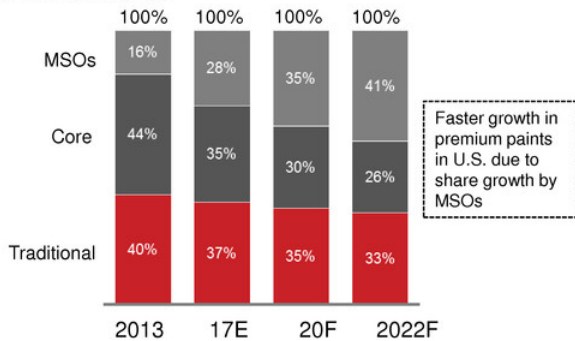
North America	EMEA	Asia Pacific	Latin America
<ul style="list-style-type: none"> <li>As the leading provider to <b>MSOs</b>, Axalta benefits from continued consolidation</li> <li>Opportunity for growth in <b>value</b> product lines provides additional potential for growth</li> <li>Leading <b>VOC-compliant</b> products meet environmental regulation shifts</li> </ul>	<ul style="list-style-type: none"> <li>Strong <b>market access</b> through leading brands and distributors</li> <li><b>Products</b> to support a diverse region with both mature and developing markets</li> <li><b>Underpenetrated</b> in select countries</li> <li>Environmental regulations driving <b>waterborne</b> adoption</li> </ul>	<ul style="list-style-type: none"> <li>Growth driven primarily by expansion of the <b>Chinese car parc</b></li> <li>Axalta's <b>broad presence in automotive</b> coatings assists with the significant OEM influence in collision repair and insurance industry</li> <li>Opportunity for growth in <b>value product</b> lines through recent and future acquisitions</li> </ul>	<ul style="list-style-type: none"> <li>Well positioned in <b>Mexico and Brazil</b> – the largest Latin America markets</li> <li>Agility in <b>price</b> increases help offset inflation and currency devaluation</li> <li>Opportunity for growth in <b>value product lines</b>, continued segmentation and focus on a cost to compete</li> </ul>
 <p><b>#1, 31% share</b></p>	 <p><b>#1, 27% share</b></p>	 <p><b>#2, 16% share</b></p>	 <p><b>#1, 17% share</b></p>

Source: Orr & Boss for share data

## Refinish Growth Drivers Globally

### U.S. Body Shop Consolidation

**Body shop paint sales**  
% of refinish market



### Europe Growth in CEE

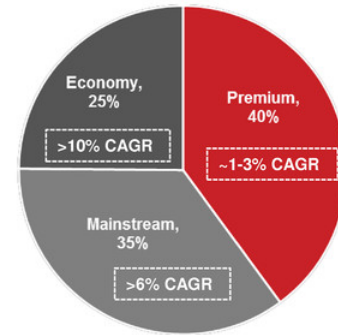


- 3% growth expected from 2017-2022
- ~2.2% car parc growth, faster than W Europe
- Higher GDP growth
- Highly fragmented body shop market

Source: Axalta, McKinsey

### China Growth in Mainstream & Tier Cities

Overall market expected to grow >5% 2015-2019

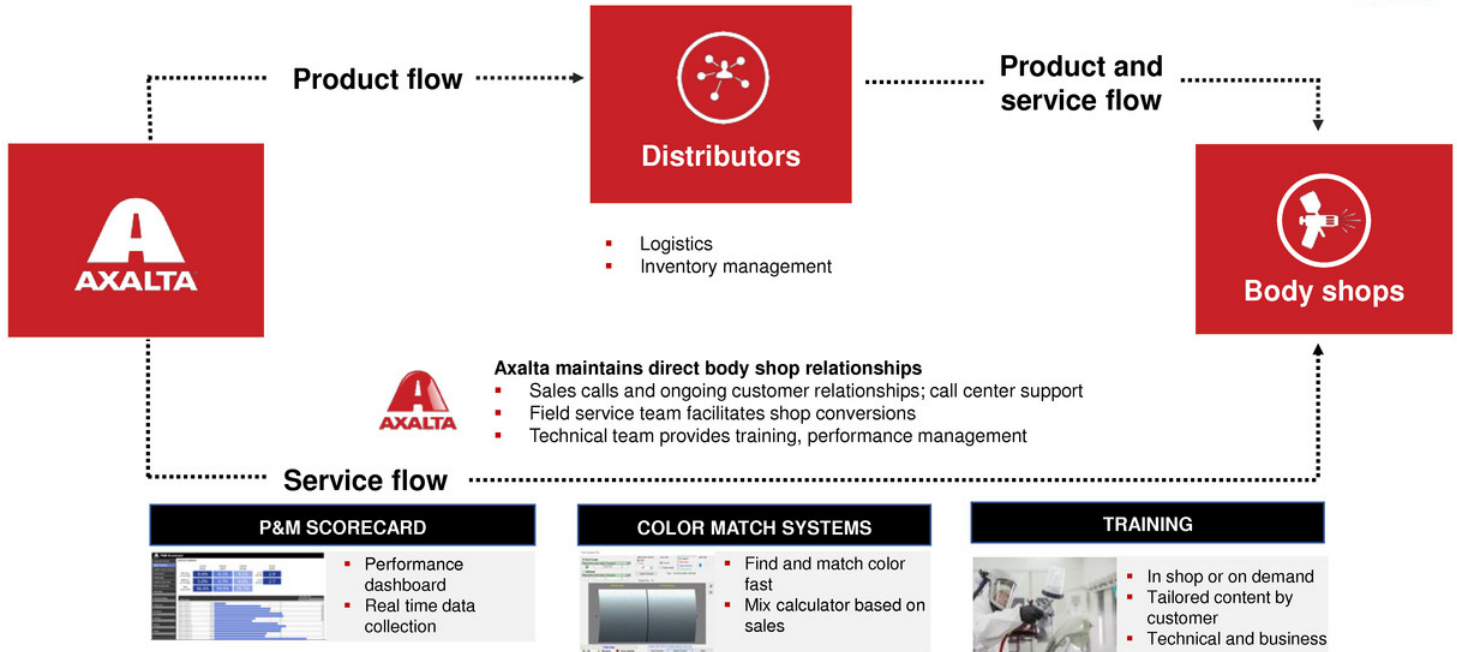


- Faster growth is expected in mainstream and economy
- Growth in Tier 3-4 cities is strong and expected to continue
- Tier 1 has been slowed by regulations
- Axalta is following the market to Tier 2-4 cities

Source: Axalta, McKinsey, CIRC (China Insurance Regulatory Commission)



## Axalta Often Uses a Sell-Through Model, Coupled with World Class Service



## Axalta's Product Technology Addresses Customer Challenges

### Customer Challenges

- Insurance KPI performance
- Cycle time for vehicle delivery
  - ✓ Labor productivity / facility utilization
- Organic growth in same store sales
- Quality & customer satisfaction
  - ✓ Color match / final appearance
- Labor shortage
  - ✓ Painter turnover / learning curve
- Environmental and regulatory compliance

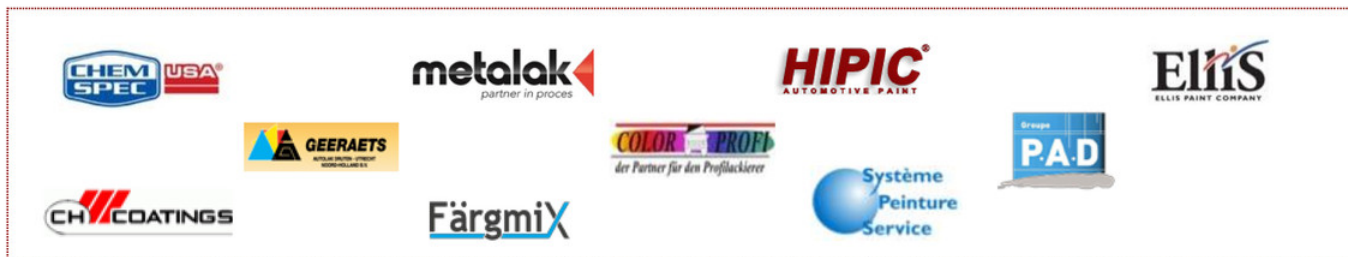
### Axalta's Product Innovation Response

- Industry leading productivity
- Color Match and OEM Approvals
- Environmental compliance

### Service & Digital Innovation



### Targeted M&A To Complement Organic Growth



- Global M&A is part of our growth strategy
- Target profile: Attractive, bolt-on businesses offering new technology, incremental channels and/or expanded market access
- Benefits: Immediate synergies, increased market access, broadened product line, fit-for-market cost structure

- 10 deals completed to date in three regions
- Total acquired net sales of >\$60 million
- M&A has low integration risk in Refinish
- Expected IRRs are excellent

- Axalta is the undisputed global leader in the growing refinish market
- Customer, technology and regulatory trends favor Axalta's products and services
- Axalta has the broadest and most productive product range in the industry
- Axalta leads the industry in refinish technology, including the world's most productive waterborne system.
- Axalta has a multitude of M&A opportunities to complement strong organic growth potential





Thank you!



## **Performance Coatings: Industrial**

Mike Cash

SVP, President, Industrial Coatings

AXALTA COATING SYSTEMS





**DURA COAT**  
PRODUCTS INC  
AN AXALTA COATING SYSTEMS COMPANY



**CENTURY**  
INDUSTRIAL COATINGS

**Ellis**  
ELLIS PAINT COMPANY  
**Plascoat.**

**2x**

since 2013

**voltatex**  **Imron**<sup>®</sup>  
EXCELLENCE IN ELECTRICAL INSULATIONS

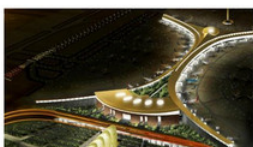
**Alesta®**  
The Global Color Collection  
Architectural Powder Coatings





### Wood Coatings

- Kitchen cabinets
- Building products
- Flooring
- Furniture



### Powder Coatings

- Auto metal parts
- Appliances
- Architectural extrusions
- Furniture
- General Industrial



### Coil Coatings

- Metal building products
- Architectural extrusions
- Lighting
- Appliances



### Energy Solutions

- Power tools
- E-mobility
- Wind turbines
- Power generation



### Industrial Coating Systems

- ACE
- Oil and gas
- Structural steel
- Storage tanks
- Helmets
- Fences

# 13K

Customers

# 27

Dedicated  
Manufacturing Plants

# 12

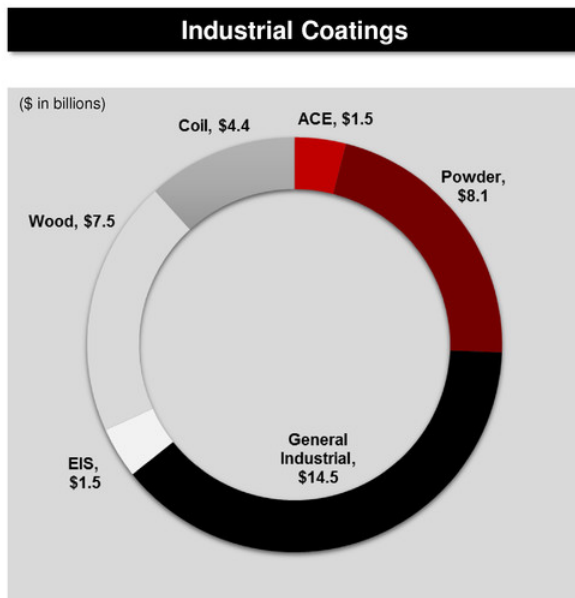
Shared  
Manufacturing Plants

# 60

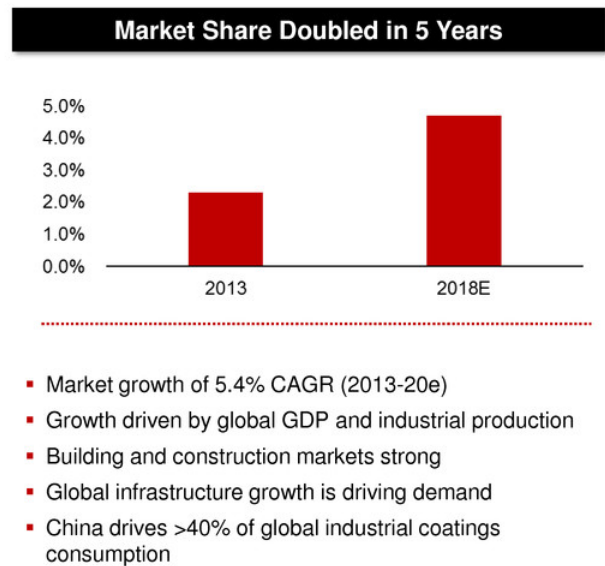
Countries

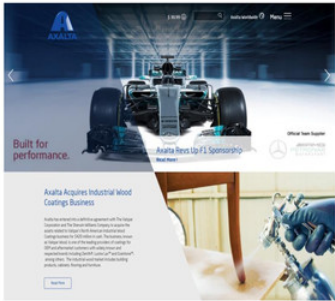


## Industrial Coatings: A \$38 Billion Market Opportunity for Axalta



Source: Coatings World, APA, Axalta estimates





Growth

43%

In Net Sales

Launched

160

New Products

Secured

919

New Accounts






Added

65

Sales and Tech  
Service Reps

## M&A – By the Numbers



	North America	Leading independent supplier of coil coatings in N.A.
	North America	Leading regional manufacturer of industrial and refinish coatings
	North America	Leading storage tank, structural steel, and OEM coatings manufacturer
valspar wood	NA / LA	Leading provider of coatings for the OEM and aftermarket Industrial Wood Markets
	EMEA / AP / NA	Leading manufacturer of machinery, general industrial, O&G and glass coatings
	EMEA	Leading global supplier of thermoplastic powder coatings, based in the U.K.

Added

**\$430**

Million in Annual Sales

On-boarded

**2,850**

New Customers via 6  
Acquisitions

Retained


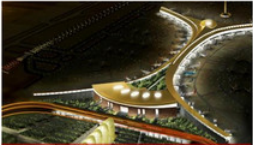













**99.8%**

Of Accounts Post Close

Integrated

**10**

Manufacturing  
Locations

 Wood Coatings	 Powder Coatings	 Coil Coatings	 Energy Solutions	 Industrial Coating Systems
<b>#2</b> North American Wood Coatings Supplier	<b>#2</b> Global Powder Coatings Supplier	<b>#4</b> North American Coil Coatings Supplier	<b>#2</b> Global Electrical Insulation Supplier	<b>#2</b> Global Industrial E-Coat Supplier
<b>251</b> customers	<b>10,531</b> customers	<b>87</b> customers	<b>548</b> customers	<b>1,602</b> customers
 ETHAN ALLEN	 JamesHardie	 weber.	 YAMAHA	 HunterDouglas®
		 VORTEQ	 TESLA	 SIEMENS
				 UNIVERSAL Orlando
				 schutt SPORTS



### Broader Portfolio

---

- Newly acquired assets and organically developed technologies to fill product portfolio gaps



### Global Reach

---

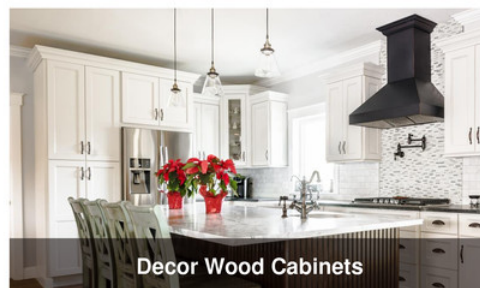
- Global segment approach
- Fit-for-purpose manufacturing capacity enables access to new markets



### Playing Offense

---

- Dedicated Industrial R&D team driving innovation and faster response to opportunities
- Aggressive commercial team focused on identifying opportunities and winning business



### Strategies for Growth

- Build on existing distribution; fill in "white spaces"
- Continue to grow in kitchen cabinet segment
- Execute on launches with new flooring customers
- Globalization strategy via organic and inorganic opportunities
- White space opportunity in furniture market

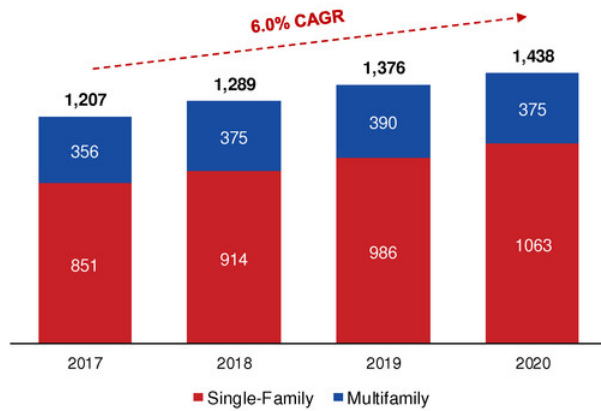
### Key Technology Additions

- UV-Cure clearcoat for luxury vinyl tile
- Zenith™ line of waterborne varnishes, lacquers and glass for wood distribution
- Ultra-Gard self seal conversion varnishes

## Housing Starts Expect Solid Growth

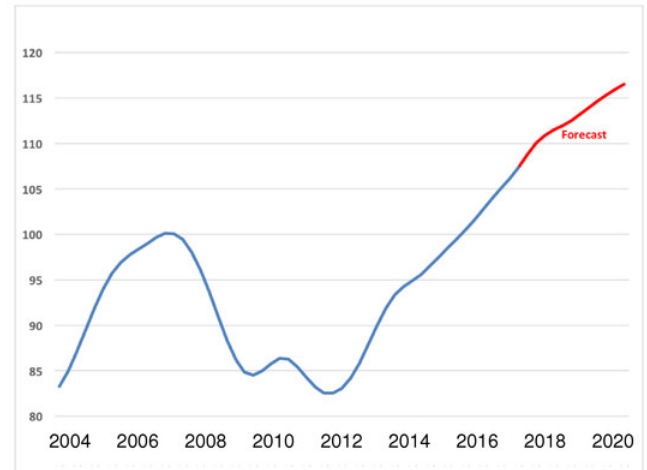
### U.S. Housing Starts

(SAAR, Thousands Units)



Source: Mortgage Bankers Association, Mortgage Finance Forecast, February 23, 2018

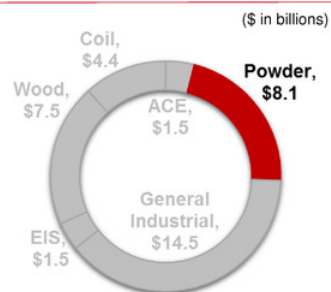
## Remodeling Stays Robust



Source: Metrostudy



## Powder Coatings: Innovation and Growth Strategy



### Strategies for Growth

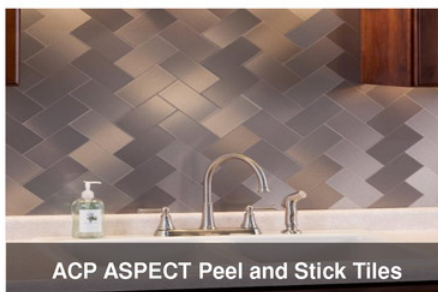
- Continue to penetrate higher margin segments
  - Architectural extrusions
  - ACE/Auto components
  - Thermoplastics
- Growth with job coaters in developed markets
- Global infrastructure growth in emerging markets
- Share-of-wallet opportunity with global customers
- Investment in sales excellence training programs

### Key Technology Additions

- New range of metallics - **ICONICA**
- Sprayable thermoplastic coatings
- Alesta® Cool to help lower energy consumption
- Alesta Speed to coat and cure at faster line speeds
- Alesta Lync Dry-on-Dry applications
- Matte and gloss versions of Alesta Anti-Graffiti coatings



## Coil Coatings: Innovation and Growth Strategy



### Strategies for Growth

- Focused growth in high end market segments (e.g. architectural extrusions and metal roofing)
- Execute on globalization opportunity
- Continue to build pipeline and promote product innovations

### Key Technology Additions

- Durapon 70 HS Spray PVDF coating
- Hydropon (waterborne) Spray PVDF coating
- Ceranamel XT 40S Super Durable
- Krypt-Stone wrinkle-textured polyester

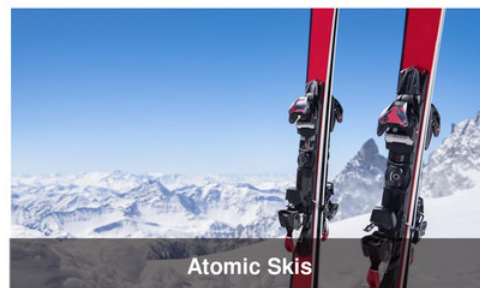


### Strategies for Growth

- Leverage growth in EV market with high performance impregnating resins
- Continue to build and launch mainstream impregnating resin range
- New product lines to increase share of wallet in lubricants, potting compounds, etc.
- "Developed in China, Made in China – For China"
- Cooperation with tape and metallic paper manufacturers

### Key Technology Additions

- Voltahyd 2250 waterborne series
- Voltabas high voltage impregnating resin for electric vehicles (EV)
- New wire lubricant and casting resin product lines
- Voltron corona-resistant wire enamels
- Anti-friction agent for wire enamel



## Strategies for Growth

- Push acquired products into all regions
- Leverage distribution to increase market flexibility
- Generate value from the Color Solution Center in EMEA
- Global connectivity – products and customers
- Use information technology to simplify customer experience
- Execute on progressively higher value wins in agriculture, construction and earthmoving (ACE)
- Leverage liquid, powder and thermoplastics products into oil and gas

## Key Technology Additions

- 1K waterborne direct to metal topcoat for ACE
- 2K waterborne epoxy for metal components
- Fast cure Nap-Gard rebar coating
- 13 new ACE approved products for the Big 5
- New range of epoxy primers (Ellis)
- New line of internal pipe coatings
- Patented anti-shatter glass coating (Spencer)

- Axalta is a global leader in the industrial coatings segments we serve, including the fast-growing electric motor market, the high-performance powder coatings market, and the industrial e-coat market
- We have leveraged M&A to create market leading positions in coil and industrial wood coatings and are targeting new segments
- We are actively globalizing acquired technologies and leveraging our global market access advantages
- We clearly differentiate with technology, service and speed to market
- Axalta has significant growth potential in Industrial given vast white space opportunities



Exchange 106 Tower in Malaysia



Thank you!



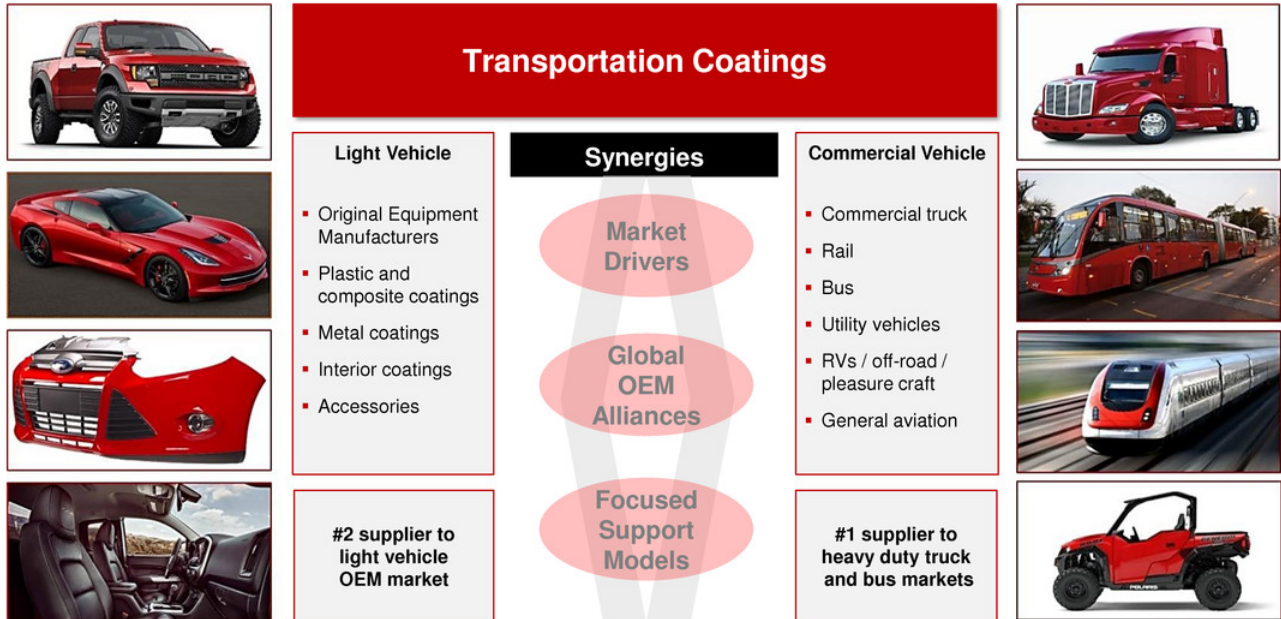


## Transportation Coatings

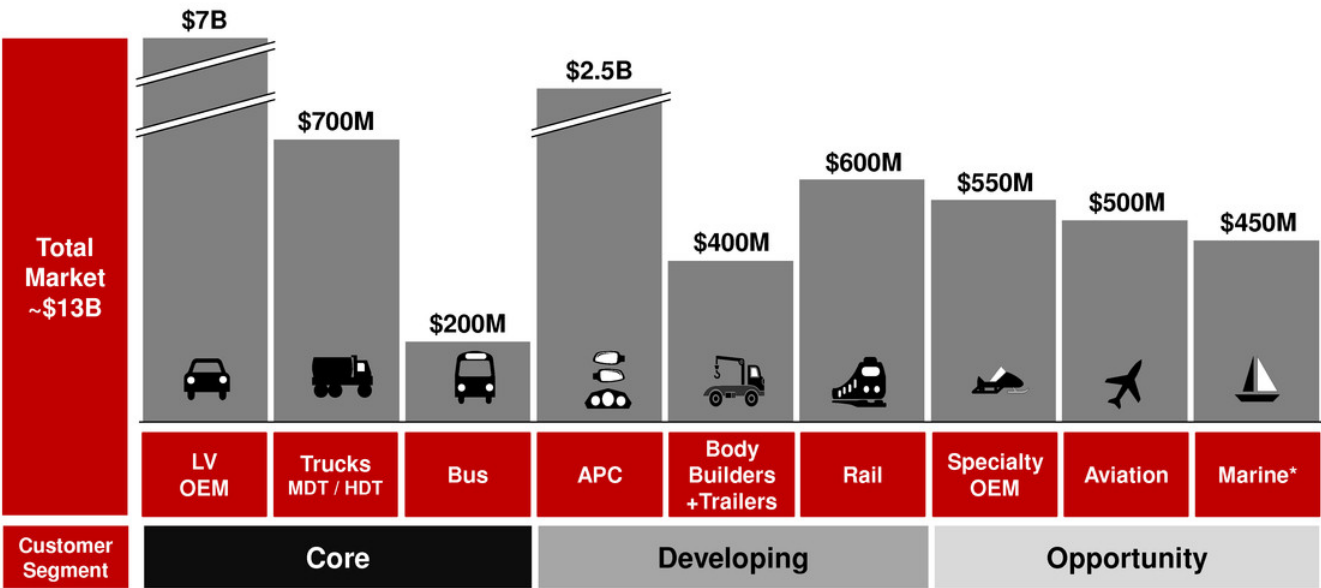
Steve Markevich

EVP, President, Transportation Coatings and Greater China

AXALTA COATING SYSTEMS







SOURCE: Orr & Boss, IRFAB, Global Market Insights, Axalta estimates

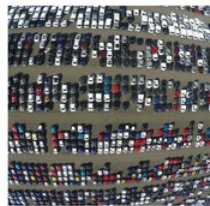
\* Excluding commercial, container, military and off-shore



Launched

**482**

New Products  
and Colors



Coated

**28M**

1/3 of New  
Vehicles  
Globally



CV Grew

**9%**

Year-Over-Year

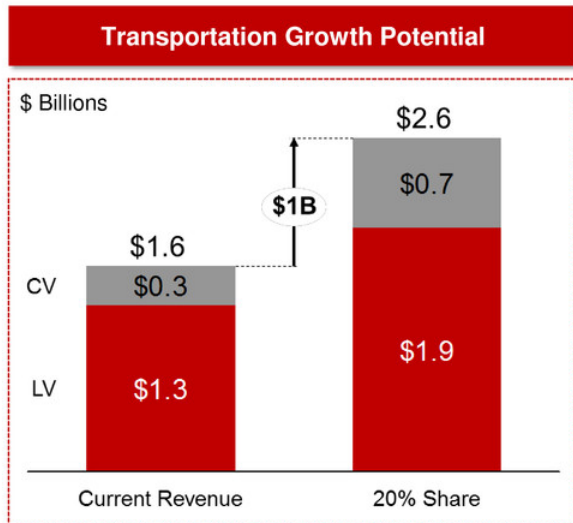


Awarded

**\$90M+**

New Business

## Share Gain Coupled with Market Growth Provides Significant Upside



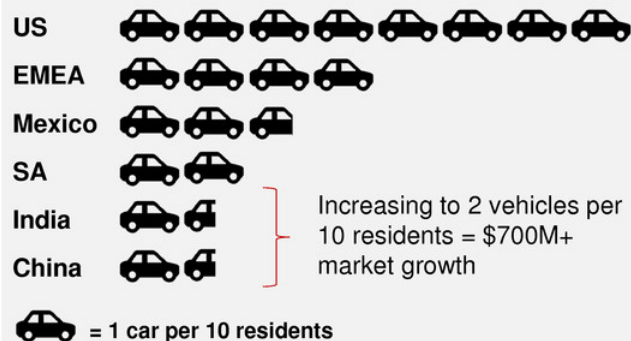
- Multiple Growth Sources and Opportunities**
- Light Vehicle
    - ✓ Strong global market; grow with existing OEMs; focus on underserved OEMs, regions, products
    - ✓ Increase content / vehicle with components, interiors, M&A
  - Commercial Vehicle
    - ✓ Leverage our track record in the global truck market
    - ✓ Expanding in the ~\$2.5 billion opportunity beyond trucks
  - Focused product growth with new technology
  - Service – Rethinking the coatings value proposition

**20% Share Target = \$1 Billion Growth Potential**

## Growth Opportunities Across Segments

Customer Segment	Market Size (\$ billions)	Share	# Plants	Product	Region	Content
Core	~\$3.0	>25%	~200			
Developing	~\$1.5	>10%	~200			
Opportunity	~\$2.5	<10%	~400			

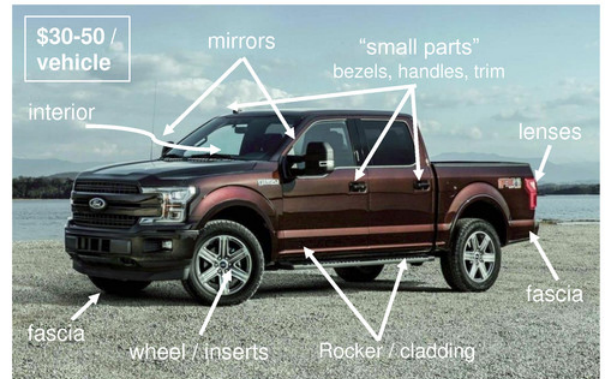
## Per Capita Market Growth



Achieving 20% Global Share Represents More Than \$500M in Growth Potential

### White Space in Exteriors and Interiors

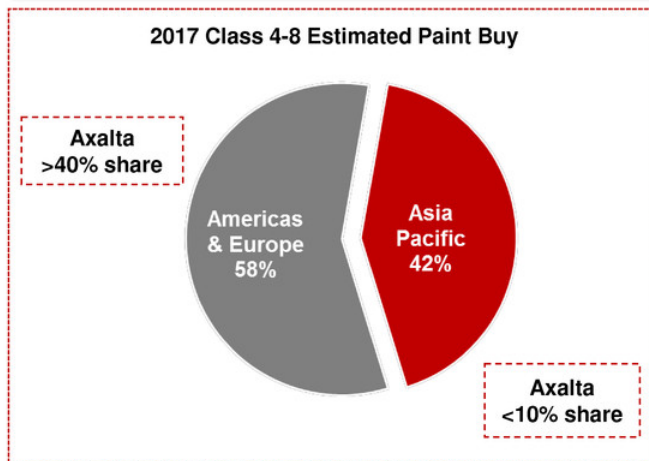
- Focus markets with global leadership and strategy
- Exterior / APC a top 5 “customer”
  - ✓ Adjacent to core products
  - ✓ Relationships with paint engineering critical
  - ✓ Technology focus a differentiator
- Interior coatings added in 2016
  - ✓ OEM focus area for differentiation leading to enriched content
  - ✓ Future vehicles increase cabin size and focus on interiors
  - ✓ Driving excellence in small batch systems and support



Content Opportunity Represents > \$250 Million in Growth Potential

## Global Truck Market: \$700 Million

### 2017 Class 4-8 Estimated Paint Buy



Source: LMC Automotive, 2017, Axalta estimates

## Significant China Opportunity

- Objective to triple volume by 2020 in Asia Pacific
- Global and regional support teams in place
- Leverage IMRON™ brand and technology
- Strengthening relationships with local companies
- Developing fit-for-purpose and local products

DAIMLER

FOTON

PACCAR

SCANIA

VOLVO TRUCKS

MAN

SINOTRUK

**Asia Pacific Represents More Than \$100 Million in Growth Potential**



### Broad and Diverse Vehicle Markets

- Global strategy with local execution
- Leveraging long-term relationships and proven technology to adjacent markets
- Key wins in bus, rail and recreational vehicles
- Moving from regional to global presence
- MRO provides annuity-like revenue streams
- M&A expedites paths to market access



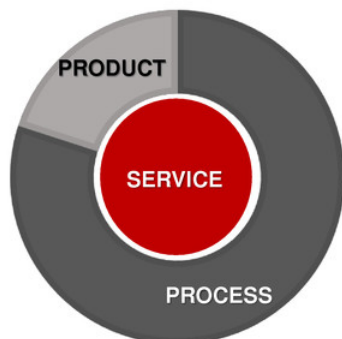
EvoBus



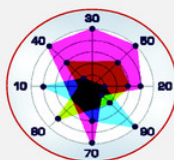
Opportunities Represent More Than \$200 Million in Growth Potential



## Service At the Core



## Capturing the Value of Scope Changes



- Clear statement of work and specifications
- Scope management / change control
- Optimizing formulations
- Digital and AI driven development
- Raw material movement / indexing

## Extending Our Role in the Paint Shop



- Consolidated systems adoption
- Application engineering expertise
- Big Data process integration
- Proactive problem solving
- "Productivity calculator" to track value created

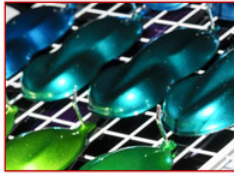
## Unlocking the Value of Services and Support

## No Matter Where the Market Goes, Coatings Play a Key Role



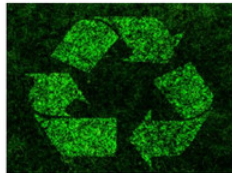
### Emerging OEMs and Geographies

- New entrants
- Rising JVs
- Emerging OEMs



### Design & Consumer Preferences

- Styling trends
- Consumer choice
- Personalization



### Sustainability

- Environmental requirements
- Advanced substrates
- Vehicle light-weighting



### Advanced Manufacturing

- Big data, line service
- Enhanced productivity
- New technology applications



### Future Mobility

- Autonomous driving
- Ride sharing
- Changing ownership and use patterns

### New Players



**New Geely Lynk**

### New JVs

Mapping and  
mobile services



BMW  
GROUP



DAIMLER

Tencent 腾讯

Autonomous  
Driving

**Autoliv**

Largest supplier of  
vehicle safety  
systems

+



Premium OEM  
brand

### Rising OEMs



上汽集团  
SAIC MOTOR



CHERY



AVTOVAZ

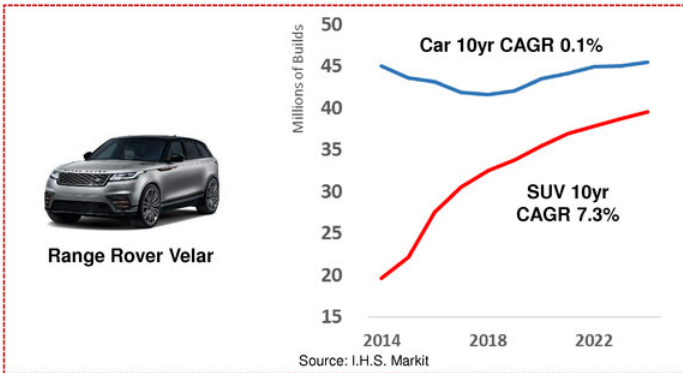


**Great Wall**

- Emerging markets (India and China) growth boosts vehicle sales, rewards first movers
- New and varied OEM players (e.g., Tesla and Google)
- Joint ventures change the OEM landscape

## Changing Vehicle Preferences

- Model sizes increasing
- Strong SUV / crossover demand
- International OEMs lost share in China with late SUV introduction
- OEMs launching SUVs in all major markets



## Styling and Personalization Trends

- Stronger consumer demand for color customization
- Trend to multi-tone cars creates innovation opportunities
- Design impacts paintable surface
- Increased use of glass including panoramic roofs
- Alternatives to painted surfaces as styling elements

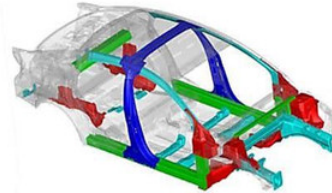
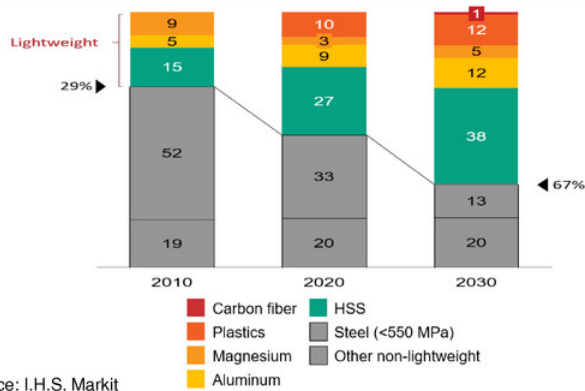


## Market Drivers

- VOC emissions and materials of concern
- CAFÉ / CO2 / tailpipe emissions
  - ✓ Lightweight materials
  - ✓ Electrification of future vehicles

## Coatings Challenges

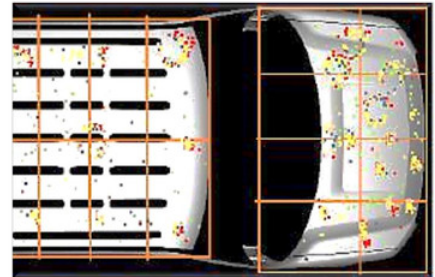
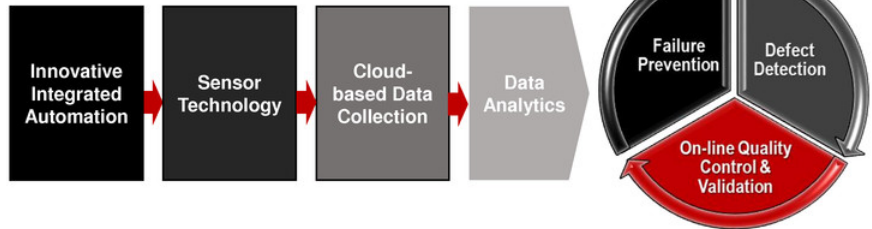
- New corrosion challenges
- Multiple substrate uniformity
- Plastics heat distortion
- Regulations for environment, health and safety
- Coatings for higher voltage and frequency electrical components



50% of new cars announced between 2018-2021 will have EV powertrains

### Using "Big Data" for Advantage

- More efficient use of coatings to improve quality and reduce application costs
- Enhance quality systems to reduce defects
- Line Service Excellence (LSE) increases customer intimacy
  - ✓ Coatings integrated with sensor and data collection
  - ✓ Merge coatings / materials engineering & process expertise
  - ✓ Align customer and Axalta metrics
  - ✓ Capture value created





### Autonomous Driving

- Coatings for vehicle and infrastructure visibility
- Specialty coatings for sensors and displays
- StarLite highlights autonomy, popularity and sustainability
- Interiors to become larger, change in functionality
- Enhanced interior design focus



### Ride Sharing

- Higher utilization, shorter vehicle life
- Fleet owners and private owners
- Frequent cleaning and replace / refresh options
- Service providers differentiate via color and branding
- Interior focus – clean, safe, comfortable environment





- Axalta is a leader in the growing transportation coatings sector with best-in-class technology
- Achieving a 20% market share in all of our Transportation markets could result in an incremental \$1 billion in sales
- Axalta has and will grow Light Vehicle via underserved customers globally and increasing content per vehicle
- Commercial Vehicle growth in disparate verticals comes from leveraging technology and service leadership in heavy duty truck
- Axalta is unlocking the value of service by extending our role in painting operations
- We are embracing the mobility revolution by developing partnerships and technologies to position and grow our business





**Thank you!**

AXALTA COATING SYSTEMS



## **Operations, Procurement & Supply Chain**

Dan Key

SVP, Operations, Procurement & Supply Chain

AXALTA COATING SYSTEMS

# Axalta's Global Manufacturing Footprint



**\$2.8 billion**  
Cost of Goods

**~50%**  
Variable Inputs

**6,000+**  
Employees

**Top 10 sites**  
>70% of COGS spend

**15-20%**  
Flexible Work Force



**50**  
Manufacturing Sites

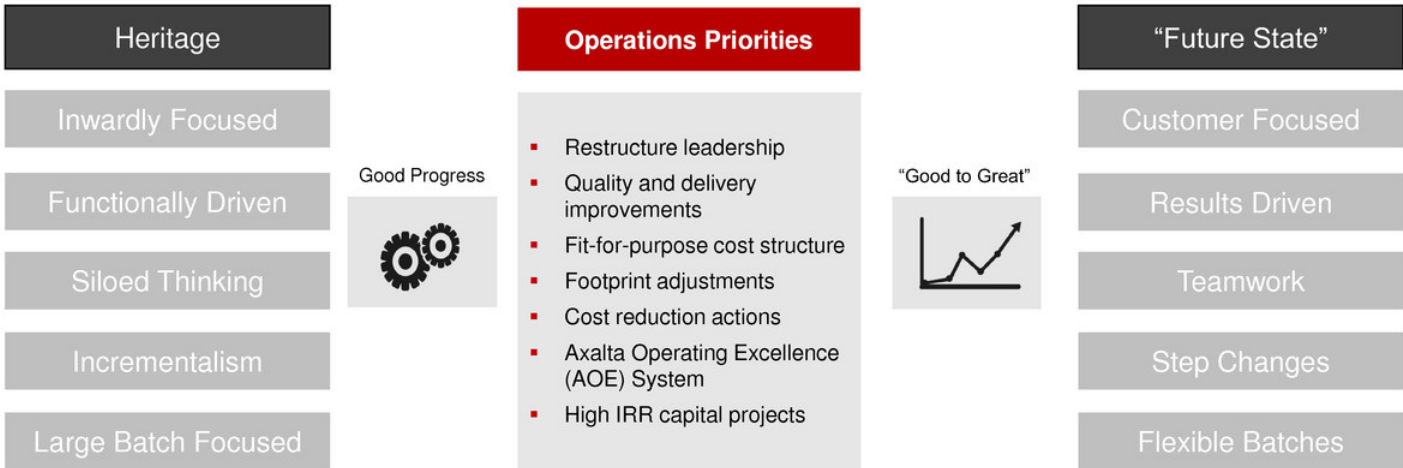
**NA Sites**  
12 Liquid, 2 Powder

**LA Sites**  
5 Liquid, 2 Powder

**EMEA Sites**  
9 Liquid, 7 Powder

**APAC Sites**  
6 Liquid, 7 Powder

• 50 manufacturing facilities

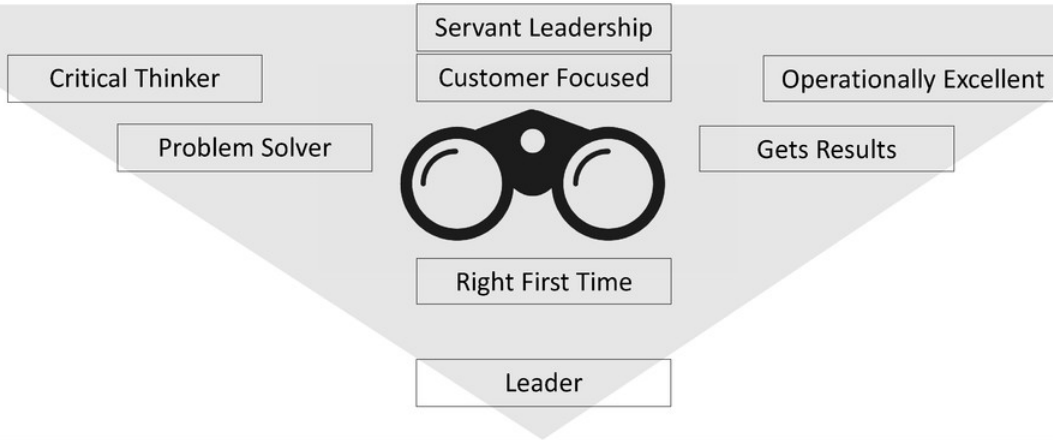


Targeting Best of Class Industrials Operating Performance

## Priorities: Restructure Leadership

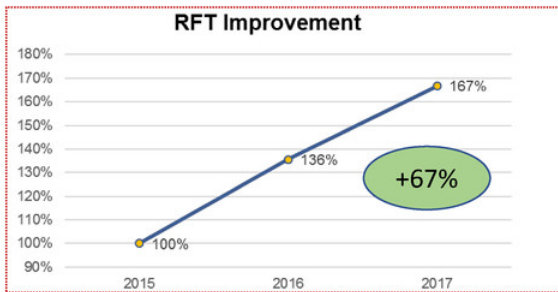


- 70% of top Operations, Procurement and Supply Chain roles changed
- New regional operations leaders
- New global leaders in key functional roles
- New site leaders at 7 of top 10 sites

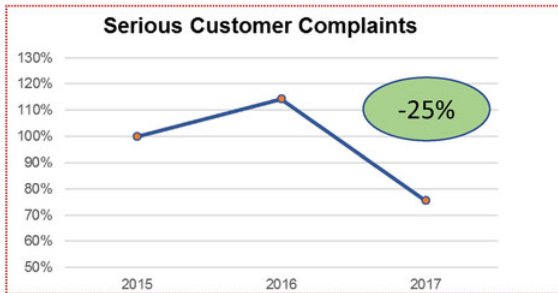


**Significant Change in Vision and Leadership Required to Progress**

## Priorities: Quality and Delivery Process Improvement



- Right First Time manufacturing metric drives desired behaviors, new process implementation, reduces waste
- Focused on physical properties in the last two years
- Focusing on color for the next two years



- Significant reduction in customer claims
- Meeting customer expectations reduces real cost of waste, lost productivity and claims costs
- We will win with superior quality – structural margin opportunity through process improvement

**Improvement in RFT and OTIF Reduces Rework and Customer Claims**

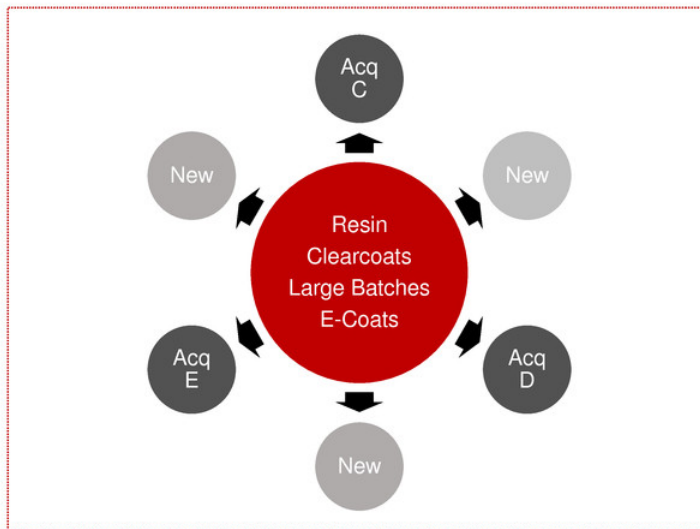


## Priorities: Fit-for-Purpose Cost Structure



- Emerging markets cost structure challenge
- Local for local approach to manufacturing
- Ratio of production to non-production staff to improve
- Imperative to move closer to customer
- Hub and spoke design of footprint

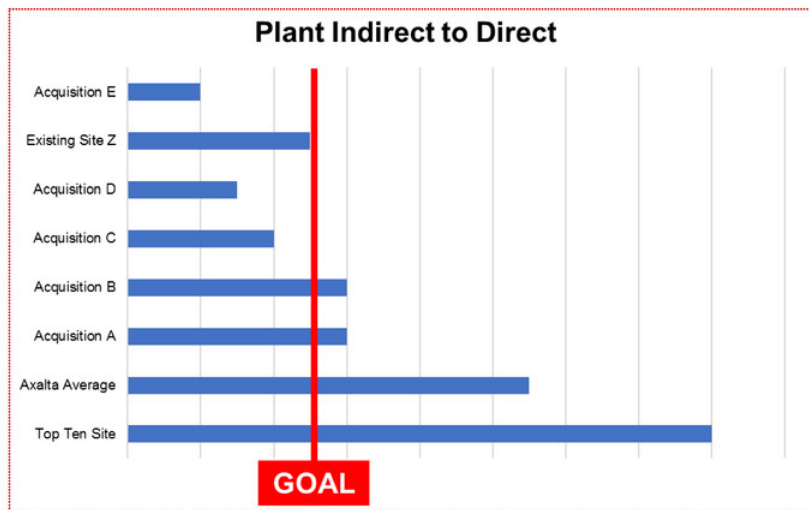
**Disparity in Plant Cost Structures Creates Significant Improvement Opportunity**



- Localize production in-region
- Transformation over time
  - ✓ Shut down two sites in 2017
  - ✓ One small site moved to a Hub
  - ✓ One small site closed for supply chain savings
- New Sites:
  - ✓ <50 employees – Flexible and lower cost structure
  - ✓ Small batch production flexibility
  - ✓ Closer to customer
  - ✓ Shared support functions with hubs

**Adjust Footprint from 50 Now to 70+ Fit-for-Purpose, Low Cost Sites**

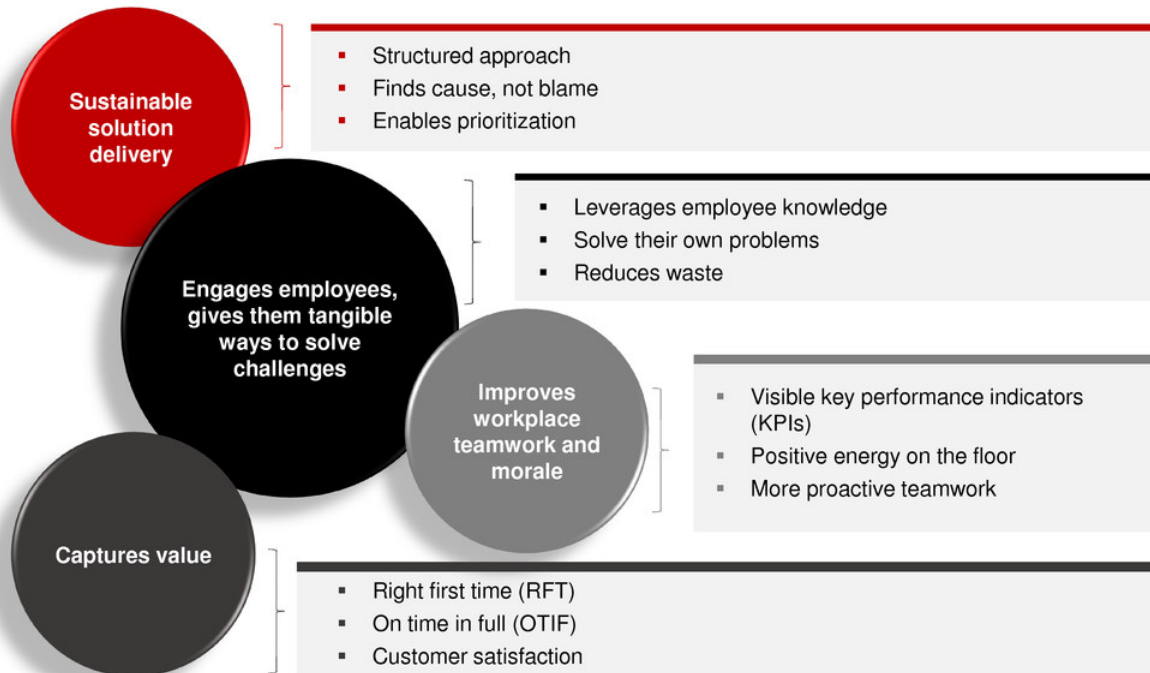
## Priorities: Cost Reduction Actions



- Focus on Axalta Way projects to offset inflation as starting point
- Focus on direct to indirect labor ratio – remove staffing layers
- Focus on 10 largest sites (majority of our fixed costs)
- Smaller, more flexible plants
- Improve right first time to reduce raw material usage

**Substantial Cost Structure Opportunity Indicated by Production Personnel Ratios**

## Priorities: Axalta Operating Excellence (AOE)

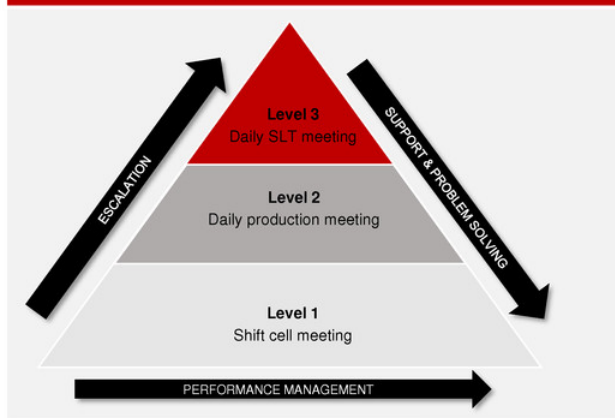


## Case Study: Large Plant Example

### Site Challenges

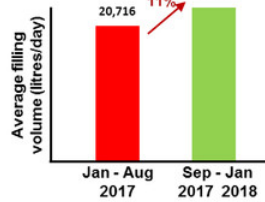
- Needed a more effective problem resolution process
- Reactive culture; unfocused priorities for leaders

### Approach / Solution



### Impact On Performance

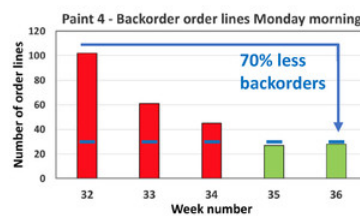
#### Volume Increase on Filling Line



#### Benefits Realized

- Downtime reduced
- Volume output increased **11%** with same manpower
- Capacity increased

#### Reduction of Backorders



- 70% reduction of backorders

### Case Study: China Plant Example

#### Site Challenges

- Seeking Right First Time improvement
- Requirement for shorter cycle times

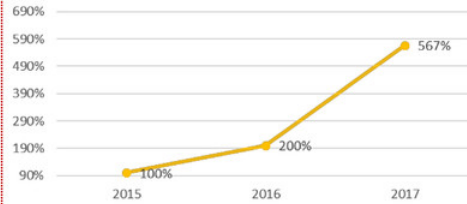
#### Approach / Solution

- Looked for best practices within Axalta
- Kaizen process
- Involved the operators



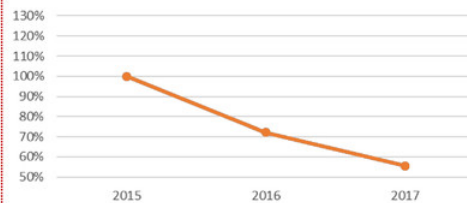
#### Impact On Performance

##### RFT Improvement



- RFT increased by six fold in two years

##### Cycle Time - HR/Batch



- Cycle times reduced by half in two years

## Priorities: High Internal Rate of Return Capital Projects



### Capex Projects Add Value

- Focus on high IRR projects
- Reduce raw material costs and/or labor costs
- Automation and insourcing focus



### Ex: Resin Capacity

- \$1 million capital; two projects at different sites
- Increased resin capacity, allowing a site closure
- >\$2 million per year savings

### Ex: Tank Farm

- \$275,000 invested in storage tanks
- Allowed for bulk delivery – eliminated drums
- >\$350,000 per year savings

### Ex: Insourcing

- \$350,000 invested in equipment
- Significant added resin capacity for cost advantage in region
- >\$350,000 per year savings

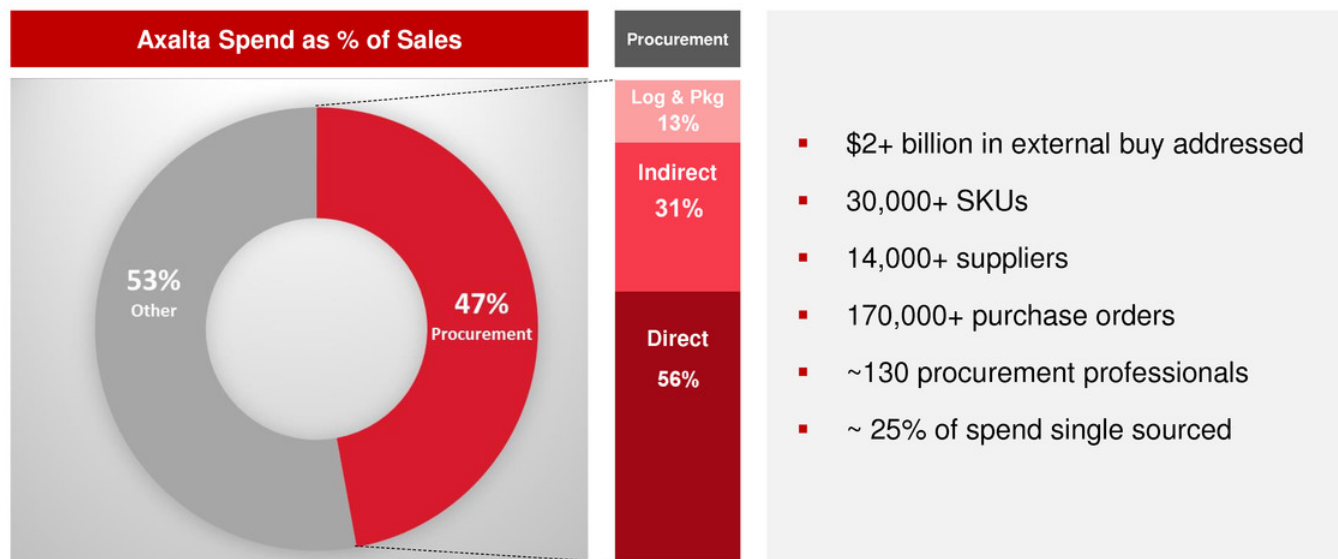
### Ex: Manifold

- \$600,000 invested in equipment
- Automated weighing and filling
- >\$500,000 per year savings
- Automating Right First Time

**Approving High IRR Capital Projects to Reduce Complexity and Improve Productivity**



## Procurement At A Glance

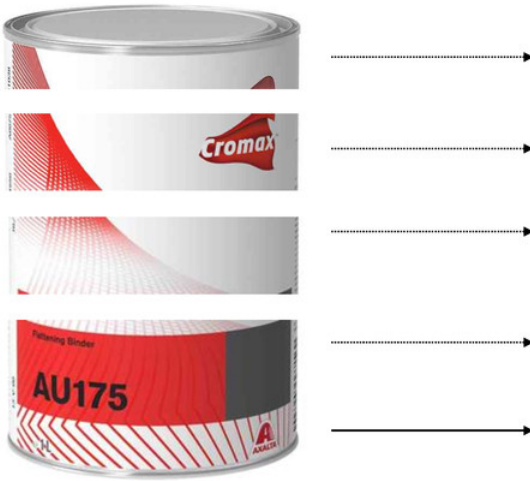


Procurement Team Focused on Supplier Development and Multi-Sourcing Products

## “What’s In A Can?” and 2018 Pricing Trends



### Raw Material Price Development:



Categories	% of Volume*	Industry Inflation
<b>Resins</b> Acrylics, Polyester, Epoxy	15% - 25%	↑
<b>Pigments</b> TiO <sub>2</sub> , Organic Pigments , Others	15% - 20%	↑
<b>Additives</b> Light Stabilizers, Flow Additives , Others	15% - 30%	↘
<b>Solvents</b> Water, Aromatic Solvents	25% - 70%	↑
<b>Packaging</b> Tinplate, Paper	5% - 10%	↘

\* Estimates for typical solvent-borne basecoat refinish product

### Direct Materials Cost Modelling

Raw material price dynamically adjusted with market



### Business Collaboration

Cross-functional teaming to achieve results



### Global Price Benchmarking

Comparing global price differences and identifying the 'best place to buy'



### Matched Pairs

Team with R&D to pursue joint improvement opportunities



### Procure to Pay Process Improvements

Implementing strategy, compliance, and process efficiency for indirect categories



### Logistics Optimization

Partner with best providers to optimize supply chain management



**Strategic Procurement Initiatives Drive Incremental Value For Axalta**

### Duplicate Chemistries Existing For Decades Create Opportunity to Remove SKUs

	Diluted Isocyanate Trimers	Solvent Specifications	UV Light Stabilizers
Description	<ul style="list-style-type: none"> <li>Shift away from diluted trimer and focus on pure trimer</li> <li>Small capital investment in motors and pumps (&lt;3 month ROI)</li> <li>Moved from single to multi-source raw material</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of active solvent codes by 20%</li> <li>Harmonized part of regional aromatic solvents to global specifications</li> <li>Eliminated a number of specialty solvent SKUs</li> </ul>	<ul style="list-style-type: none"> <li>Patent expirations</li> <li>Move away from patented to non-patented UV light stabilizers</li> <li>Shifted to multi-source strategy</li> <li>Volume aggregation</li> <li>Improved packaging and logistics</li> </ul>
Results	<ul style="list-style-type: none"> <li>Global strategy and execution</li> <li>\$2.5+ million in savings</li> </ul>	<ul style="list-style-type: none"> <li>Global strategy and execution</li> <li>\$1.5+ million in savings</li> </ul>	<ul style="list-style-type: none"> <li>Global strategy and execution</li> <li>\$4+ million in savings</li> </ul>

### Complexity Reduction Will Offer Cost Reduction Opportunity For Years

## Summary Of Key Messages



- We are leveraging a legacy of focus on quality and safety to add new focus on productivity, cost structure and competitiveness
- We will refine our processes and footprint to lower cost and to better serve our customers
- We maintain a pipeline of high IRR capital projects focused on improving productivity and lowering cost
- Our on-going supplier development and multi-sourcing strategies will further lower input costs and enhance quality
- Complexity reduction in base chemistries, raw materials and our product portfolio is a significant cost opportunity





Thank You!



## Appendix



## Adjusted EBITDA Reconciliation



	Successor	Successor	Successor	Successor	Successor	Predecessor	Combined
(\$ in millions)	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	Jan 1 - Jan 31, 2013	FY 2013
Net Income (loss)	\$48	\$45	\$96	\$32	(222)	\$9	(213)
Interest Expense, net	147	178	197	218	215	-	215
Provision (Benefit) for Income Taxes	142	38	62	-	(46)	7	(39)
Depreciation & Amortization	347	322	308	309	301	10	311
<b>Reported EBITDA</b>	<b>\$684</b>	<b>\$583</b>	<b>\$662</b>	<b>\$559</b>	<b>\$248</b>	<b>\$26</b>	<b>\$274</b>
<b>A</b> Debt extinguishment and refinancing related costs	14	98	3	6	25	-	25
<b>B</b> Foreign exchange remeasurement losses	7	31	94	81	49	5	54
<b>C</b> Long-term employee benefit plan adjustments	1	2	-	(1)	10	2	12
<b>D</b> Termination benefits and other employee related costs	35	62	37	18	148	-	148
<b>E</b> Consulting and advisory fees	(1)	10	24	36	55	-	55
<b>F</b> Transition-related costs	8	-	(3)	102	29	-	29
<b>G</b> Offering and transactional costs	18	6	(2)	22	-	-	-
<b>H</b> Stock-based compensation	39	41	30	8	7	-	7
<b>I</b> Other adjustments	4	5	(6)	6	130	-	130
<b>J</b> Dividends in respect of noncontrolling interest	(3)	(3)	(5)	(2)	(5)	-	(5)
<b>K</b> Deconsolidation impacts and impairments	79	68	31	-	-	-	-
<b>L</b> Allocated corporate and standalone costs, net	-	-	-	-	-	6	6
Total Adjustments	\$201	\$319	\$202	\$276	\$448	\$13	\$460
<b>Adjusted EBITDA</b>	<b>\$885</b>	<b>\$902</b>	<b>\$864</b>	<b>\$835</b>	<b>\$695</b>	<b>\$38</b>	<b>\$733</b>

## Adjusted EBITDA Reconciliation (cont'd)



- A. During 2017, 2016 and 2014 we refinanced our indebtedness, resulting in losses of \$13 million, \$88 million and \$3 million respectively. During 2017, 2016, 2015 and 2014 we prepaid outstanding principal on our term loans, resulting in non-cash extinguishment losses of \$1 million, \$10 million, \$3 million and \$3 million, respectively. Also during 2013, upon the issuance of the Senior Notes and the entry into the Senior Secured Credit Facilities, we expensed commitment fees related to a terminated Bridge Facility of \$25 million. 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 impacts of our foreign currency instruments used to hedge our balance sheet exposures. Exchange effects included the remeasurement of our Venezuelan subsidiary prior to deconsolidation in 2017 as well as a \$19.4 million loss related to the Acquisition date settlement of a foreign currency contract used to hedge the variability of Euro-based financing.
- C. Eliminates the non-cash, non-service components of long-term employee benefit costs including the elimination of a pension curtailment gain of \$7 million during 2014.
- D. Represents expenses primarily related to employee termination benefits and other employee-related costs associated with our Axalta Way and Fit for Growth cost-saving 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 and Fit for Growth initiatives, which are not considered indicative of our ongoing operating performance. Amounts incurred during 2013 and 2014 relate to services rendered in conjunction with our transition from DuPont to a standalone entity.
- F. During 2013, 2014 and 2015 we recorded charges associated with the transition from DuPont to a standalone entity, including branding and marketing, information technology related costs, and facility transition costs. Charges during 2017 represent integration costs related to the acquisition of the Industrial Wood business that was a carve-out business from Valspar. All charges 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 2017 and costs associated with the IPO and secondary offerings of our common shares by Carlyle. Included in the 2014 charges was a \$13.4 million pre-tax charge associated with the termination of the management agreement with Carlyle Investment Management, L.L.C., an affiliate of Carlyle, upon the completion of the IPO. All amounts discussed are not considered indicative of our ongoing operating performance.
- H. Represents non-cash costs associated with stock-based compensation, including \$8 million of expense during 2015 attributable to the accelerated vesting of all issued and outstanding stock options issued under the Axalta Coating Systems Bermuda Co., Ltd 2013 Equity Incentive Plan (the "2013 Plan") as a result of Carlyle's interest falling below 50% and triggering a liquidity event.
- 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. During 2013 we recorded non-cash fair value inventory adjustments and merger and acquisition charges associated with the Acquisition from DuPont for \$104 million and \$28 million, respectively.
- 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 cash operating performance of these entities on Axalta's financial statements.
- K. During 2017, we recorded a loss in conjunction with the deconsolidation of our Venezuelan subsidiary of \$71 million. During 2016, we recorded non-cash impairments at our Venezuela subsidiary of \$68 million associated with our operational long-lived assets and a real estate investment. Additionally, during 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.
- L. Represents (1) the add-back of corporate allocations from DuPont to DPC for the usage of DuPont's facilities, functions and services; costs for administrative functions and services performed on behalf of DPC by centralized staff groups within DuPont; a portion of DuPont's general corporate expenses; and certain pension and other long-term employee benefit costs, in each case because we believe these costs are not indicative of costs we would have incurred as a standalone company net, of (2) estimated standalone costs based on a corporate function resource analysis that included a standalone executive office, the costs associated with supporting a standalone information technology infrastructure, corporate functions such as legal, finance, treasury, procurement and human resources and certain costs related to facilities management. This resource analysis included anticipated headcount and the associated overhead costs of running these functions effectively as a standalone company of our size and complexity. This estimate is provided for additional information and analysis only, as we believe that it facilitates enhanced comparability between Predecessor and Successor periods. It represents the difference between the costs that were allocated to our predecessor by its parent and the costs that we believe would be incurred if it operated as a standalone entity.

