
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) April 25, 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))
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Item 2.02. Results of Operations and Financial Condition.

On April 25, 2018, Axalta Coating Systems Ltd. (“Axalta”) issued a press release and posted an earnings call presentation to its website reporting its financial results for the first quarter ended March 31, 2018. Copies of the press release and the earnings call presentation are furnished as Exhibit 99.1 and Exhibit 99.2, respectively, to this Current Report on Form 8-K and are incorporated herein by reference. The information furnished with this Item 2.02, including Exhibits 99.1 and 99.2, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any other filing under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such a filing.

In the press release, the earnings call presentation and the conference call to discuss its financial results for the first quarter ended March 31, 2018, scheduled to be webcast at 8:00 A.M. on April 25, 2018, Axalta presents, and will present, certain non-GAAP financial measures. Axalta management believes that presenting these non-GAAP financial measures provides meaningful information to investors in understanding operating results and may enhance investors’ ability to analyze financial and business trends. In addition, Axalta management believes that these non-GAAP financial measures allow investors to compare period to period results more easily by excluding items that could have a disproportionately negative or positive impact on results in any particular period. Non-GAAP measures are not a substitute for GAAP measures and should be considered together with the GAAP financial measures. Axalta's non-GAAP financial measures may not be comparable to other similarly titled measures of other companies.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Press Release dated April 25, 2018
99.2	First Quarter Ended March 31, 2018 Earnings Call Presentation

SIGNATURES

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

AXALTA COATING SYSTEMS LTD.

Date: April 25, 2018

By: /s/ Robert W. Bryant
Robert W. Bryant
Executive Vice President & Chief Financial Officer

News Release

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For Immediate Release

Axalta Releases First Quarter 2018 Results

First Quarter 2018 Highlights:

- Net sales of \$1,165.8 million increased 15.7% year-over-year including acquisition contribution of 8.4% and foreign currency benefit of 6.3%
- Net income attributable to Axalta of \$69.9 million versus \$64.1 million in Q1 2017; Adjusted net income attributable to Axalta of \$65.4 million versus \$63.1 million in Q1 2017
- Adjusted EBITDA of \$220.0 million versus \$203.1 million in Q1 2017
- Broadly supportive business conditions offset partly by raw material inflation; strong price recapture achieved in first quarter in Performance Coatings

PHILADELPHIA, PA, April 25, 2018 - Axalta Coating Systems Ltd. (NYSE:AXTA) ("Axalta"), a leading global coatings company, announced its financial results for the first quarter ended March 31, 2018.

First Quarter 2018 Consolidated Financial Results

First quarter net sales of \$1,165.8 million increased 15.7% year-over-year, driven by volume growth of 8.6% primarily from acquisition contribution, 0.8% higher average selling prices and a 6.3% foreign currency benefit. First quarter net sales growth was positive in all regions and average prices increased in all regions except Asia Pacific.

Net income attributable to Axalta was \$69.9 million for the first quarter compared with net income attributable to Axalta of \$64.1 million in Q1 2017. First quarter adjusted net income attributable to Axalta of \$65.4 million increased 3.6% versus \$63.1 million in Q1 2017.

Adjusted EBITDA of \$220.0 million for the first quarter increased 8.3% versus \$203.1 million in Q1 2017. This result was driven by contribution from acquisitions, benefits from foreign currency translation, positive price and product mix, and slightly lower net operating costs. These factors were partially offset by higher raw material costs.

"We are pleased to report financial results for the first quarter that are solidly on plan with our full year objectives, including strong top and bottom line performance across both segments globally," said Charles W. Shaver, Axalta's Chairman and Chief Executive Officer. "In spite of persistent raw material cost inflation, Axalta's execution on our initiatives including targeted cost reduction, focus on customer service and commitment to innovation remains firm, giving us confidence in our outlook for the remainder of 2018."

Performance Coatings Results

Performance Coatings first quarter net sales were \$728.7 million, an increase of 24.3% year-over-year driven by acquisition contribution of 14.4% and a 7.3% foreign currency benefit. Refinish end-market net sales increased 6.2% to \$412.6 million in Q1 2018 (decreased 1.2% excluding foreign currency) with positive pricing offset by lower volume primarily due to seasonal timing differences from the prior year, while Industrial end-market net sales increased 59.8% to \$316.1 million (increased 52.6% excluding foreign currency) including acquisition contribution, positive pricing and strong high single digit organic growth.

The Performance Coatings segment generated Adjusted EBITDA of \$143.2 million in the first quarter, a year-over-year increase of 22.5%. Contribution from acquisitions, positive price and product mix, foreign currency benefits and reduced operating costs were offset in part by lower organic volume growth and higher raw material costs. First quarter segment Adjusted EBITDA margin of 19.7% was largely consistent with 19.9% in the prior year.

Transportation Coatings Results

Transportation Coatings net sales were \$437.1 million in Q1 2018, an increase of 3.7% year-over-year including a 5.0% foreign currency benefit and volume growth of 1.3% offset by 2.6% lower price and product mix.

Light Vehicle net sales increased 2.8% to \$349.5 million year-over-year (decreased 2.3% excluding foreign currency), driven by lower average prices reflecting price concessions made with select customers in 2017 and adverse mix changes, which offset slightly higher volume primarily in North America. Commercial Vehicle net sales increased 7.6% to \$87.6 million versus last year (increased 2.9% excluding foreign currency), driven by strong volume growth in nearly all regions resulting from ongoing strength in truck and other vehicle demand.

Transportation Coatings generated Adjusted EBITDA of \$76.8 million in Q1 2018, a decrease of 10.9% versus Q1 2017, driven by impacts of lower average price and product mix as well as higher raw material cost, offset partly by increased volume and a moderate foreign currency benefit. Segment Adjusted EBITDA margin of 17.6% in Q1 2018 compared with 20.5% in Q1 2017.

Balance Sheet and Cash Flow Highlights

We ended the quarter with cash and cash equivalents of \$600.4 million. Our debt, net of cash, was \$3.4 billion as of March 31, 2018, compared to \$3.1 billion at December 31, 2017. Cash use in the quarter included normal seasonal working capital outflows as well as \$105.1 million of capital to fund acquisitions in the quarter including a payment for an incremental interest in a 2016 joint venture acquisition. Axalta made marginal open market purchases of its common stock in the first quarter of 2018 and has purchased \$25.0 million of shares through April year-to-date.

First quarter operating cash flow was a use of \$21.0 million versus a use of \$4.7 million in the corresponding quarter of 2017, reflecting largely normal seasonal operating cash flows but including higher severance related costs and year-over-year differences in interest payment schedules. Free cash flow, calculated as operating cash flow less capital expenditures, totaled a use of \$60.5 million after capital expenditures of \$39.5 million compared to a use of \$37.0 million in the first quarter of 2017.

During April 2018, we amended the credit agreement governing our USD Term Loans (June 2024 maturity), which included repricing and upsizing to repay our existing Euro Term Loans (February 2023 maturity). Concurrent with the amendment, we entered into cross currency swaps to convert \$475 million of the USD Term Loans to Euro indebtedness at a fixed rate of 1.95%. The amendment and swap transactions are expected to reduce our cash interest expense by approximately \$10 million annually.

“We are pleased with Axalta's first quarter results, with execution on plan for our guided ranges and demand stable across the businesses,” said Robert W. Bryant, Axalta’s Executive Vice President and Chief Financial Officer. “Our focus for the remainder of the year continues to be on offsetting raw material inflation with price increases, by achieving ongoing productivity savings, and by executing our growth initiatives across our global markets. We remain committed to efficient capital allocation and shareholder value creation and are optimistic based on identified opportunities and current execution.”

2018 Guidance Update

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

- Net sales growth of 9-10% as-reported; 6-7% ex-FX, including acquisition contribution of 3%
- Adjusted EBITDA of \$950-980 million
- Interest expense of ~\$165 million
- Income tax rate, as adjusted, of 19-21%
- Free cash flow of \$420-460 million
- Capital expenditures of ~\$160 million
- Depreciation and amortization of ~\$370 million
- Diluted shares outstanding of ~247 million

Conference Call Information

As previously announced, Axalta will hold a conference call to discuss its first quarter 2018 financial results on Wednesday, April 25th, at 8:00 a.m. ET. The U.S. dial-in phone number for the conference call is (877) 407-0784 and the international dial-in number is +1 (201) 689-8560. A live webcast of the conference call will also be available online at <http://axalta.com/investorcall>. For those unable to participate in the conference call, a replay will be available through May 2, 2018. The U.S. replay dial-in phone number is (844) 512-2921 and the international replay dial-in number is +1 (412) 317-6671. The replay passcode is 1367 8895.

Cautionary Statement Concerning Forward-Looking Statements

This release may contain certain forward-looking statements regarding Axalta and its subsidiaries including the expected interest expense savings from our refinancing transactions as well as our 2018 full year outlook, which includes net sales growth, currency effects, acquisition contribution, Adjusted EBITDA, interest expense, income tax rate, as adjusted, free cash flow, capital expenditures, depreciation and amortization, and diluted shares outstanding. All of these statements are based on management's expectations as well as estimates and assumptions prepared by management that, although they believe to be reasonable, are inherently uncertain. These statements involve risks and uncertainties, including, but not limited to, economic, competitive, governmental and technological factors outside of Axalta's control that may cause its business, industry, strategy, financing activities or actual results to differ materially. More information on potential factors that could affect Axalta's financial results is available in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" section within Axalta's most recent annual report on Form 10-K, and in other documents that we have filed with, or furnished to, the U.S. Securities and Exchange Commission. Axalta undertakes no obligation to update or revise any of the forward-looking statements contained herein, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

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

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.

About Axalta Coating Systems

Axalta is a global leader in the coatings industry, providing customers with innovative, colorful, beautiful and sustainable coatings solutions. From light vehicles, commercial vehicles and refinish applications to electric motors, building facades and other industrial applications, our coatings are designed to prevent corrosion, increase productivity and enhance durability. With more than 150 years of experience in the coatings industry, the 14,000 people of Axalta continue to find ways to serve our more than 100,000 customers in 130 countries better every day with the finest coatings, application systems and technology. For more information, visit axaltacoatingsystems.com and follow us @axalta on Twitter.

Financial Statement Tables
AXALTA COATING SYSTEMS LTD.
Condensed Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	Three Months Ended March 31,	
	2018	2017
Net sales	\$ 1,165.8	\$ 1,007.8
Other revenue	6.2	5.9
Total revenue	1,172.0	1,013.7
Cost of goods sold	776.0	641.4
Selling, general and administrative expenses	227.8	224.6
Research and development expenses	19.3	15.6
Amortization of acquired intangibles	28.9	21.7
Income from operations	120.0	110.4
Interest expense, net	39.4	35.8
Other income, net	(2.2)	(1.2)
Income before income taxes	82.8	75.8
Provision for income taxes	11.8	9.9
Net income	71.0	65.9
Less: Net income attributable to noncontrolling interests	1.1	1.8
Net income attributable to controlling interests	\$ 69.9	\$ 64.1
Basic net income per share	\$ 0.29	\$ 0.27
Diluted net income per share	\$ 0.28	\$ 0.26
Basic weighted average shares outstanding	240.9	239.8
Diluted weighted average shares outstanding	245.8	246.1

AXALTA COATING SYSTEMS LTD.
Condensed Consolidated Balance Sheets (Unaudited)
(In millions, except per share data)

	March 31, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 600.4	\$ 769.8
Restricted cash	2.9	3.1
Accounts and notes receivable, net	940.9	870.2
Inventories	641.8	608.6
Prepaid expenses and other	116.9	63.9
Total current assets	2,302.9	2,315.6
Property, plant and equipment, net	1,407.8	1,388.6
Goodwill	1,304.4	1,271.2
Identifiable intangibles, net	1,484.2	1,428.2
Other assets	448.1	428.6
Total assets	\$ 6,947.4	\$ 6,832.2
Liabilities, Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 570.0	\$ 554.9
Current portion of borrowings	41.8	37.7
Other accrued liabilities	407.7	489.6
Total current liabilities	1,019.5	1,082.2
Long-term borrowings	3,919.5	3,877.9
Accrued pensions	286.2	279.1
Deferred income taxes	167.1	152.9
Other liabilities	30.7	32.3
Total liabilities	5,423.0	5,424.4
Commitments and contingencies		
Shareholders' equity		
Common shares, \$1.00 par, 1,000.0 shares authorized, 245.3 and 243.9 shares issued and outstanding at March 31, 2018 and December 31, 2017, respectively	243.3	242.4
Capital in excess of par	1,371.1	1,354.5
Retained earnings (Accumulated deficit)	61.4	(21.4)
Treasury shares, at cost, 2.1 and 2.0 shares at March 31, 2018 and December 31, 2017	(61.7)	(58.4)
Accumulated other comprehensive loss	(192.7)	(241.0)
Total Axalta shareholders' equity	1,421.4	1,276.1
Noncontrolling interests	103.0	131.7
Total shareholders' equity	1,524.4	1,407.8
Total liabilities and shareholders' equity	\$ 6,947.4	\$ 6,832.2

AXALTA COATING SYSTEMS LTD.
Condensed Consolidated Statements of Cash Flows (Unaudited)
(In millions)

	Three Months Ended March 31,	
	2018	2017
Operating activities:		
Net income	\$ 71.0	\$ 65.9
Adjustment to reconcile net income to cash used for operating activities:		
Depreciation and amortization	91.9	82.4
Amortization of financing costs and original issue discount	1.9	2.1
Deferred income taxes	(4.9)	—
Realized and unrealized foreign exchange gains, net	(1.3)	(3.7)
Stock-based compensation	8.4	10.4
Other non-cash, net	(5.3)	(0.3)
Changes in operating assets and liabilities:		
Trade accounts and notes receivable	(52.3)	(62.5)
Inventories	(42.9)	(11.2)
Prepaid expenses and other	(30.2)	(27.5)
Accounts payable	33.9	(0.8)
Other accrued liabilities	(87.0)	(54.8)
Other liabilities	(4.2)	(4.7)
Cash used for operating activities	(21.0)	(4.7)
Investing activities:		
Acquisitions	(78.2)	(56.9)
Investment in non-controlling interest	(26.9)	—
Purchase of property, plant and equipment	(39.5)	(32.3)
Other investing activities	—	(0.2)
Cash used for investing activities	(144.6)	(89.4)
Financing activities:		
Payments on short-term borrowings	(9.3)	(2.3)
Payments on long-term borrowings	(6.9)	(5.0)
Financing-related costs	—	(2.3)
Dividends paid to noncontrolling interests	(1.0)	(0.4)
Purchase of treasury stock	(3.3)	—
Proceeds from option exercises	6.2	8.8
Deferred acquisition-related consideration	—	(3.4)
Cash used for financing activities	(14.3)	(4.6)
Decrease in cash	(179.9)	(98.7)
Effect of exchange rate changes on cash	10.3	2.6
Cash at beginning of period	772.9	538.1
Cash at end of period	\$ 603.3	\$ 442.0
Cash at end of period reconciliation:		
Cash and cash equivalents	\$ 600.4	\$ 439.1
Restricted cash	2.9	2.9
Cash at end of period	\$ 603.3	\$ 442.0

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

	Three Months Ended March 31,	
	2018	2017
Net income	\$ 71.0	\$ 65.9
Interest expense, net	39.4	35.8
Provision for income taxes	11.8	9.9
Depreciation and amortization	91.9	82.4
EBITDA	214.1	194.0
Foreign exchange remeasurement gains ^(a)	—	(1.2)
Long-term employee benefit plan adjustments ^(b)	(0.5)	0.4
Termination benefits and other employee related costs ^(c)	(1.3)	0.8
Consulting and advisory fees ^(d)	—	(0.1)
Transition-related costs ^(e)	(0.2)	—
Offering and transactional costs ^(f)	0.2	(1.0)
Stock-based compensation ^(g)	8.4	10.4
Other adjustments ^(h)	0.3	0.2
Dividends in respect of noncontrolling interest ⁽ⁱ⁾	(1.0)	(0.4)
Adjusted EBITDA	\$ 220.0	\$ 203.1

(a) Eliminates foreign exchange gains resulting from the remeasurement of assets and liabilities denominated in foreign currencies, net of the impacts of our foreign currency instruments used to hedge our balance sheet exposures.

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

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

(d) Represents expenses and associated adjustments to estimates for professional services primarily related to our Axalta Way initiatives, which are not considered indicative of our ongoing operating performance.

(e) Represents integration costs and associated adjustments to estimates related to the 2017 acquisition of the Industrial Wood business that was a carve-out business from Valspar. We do not consider these items to be indicative of our ongoing operating performance.

(f) Represents acquisition-related expenses, including changes in the fair value of contingent consideration, which are not considered indicative of our ongoing operating performance.

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

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

(i) Represents the payment of dividends to our joint venture partners by our consolidated entities that are not 100% owned, which are reflected to show the cash operating performance of these entities on Axalta's financial statements.

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

	Three Months Ended March 31,	
	2018	2017
Net income	\$ 71.0	\$ 65.9
Less: Net income attributable to noncontrolling interests	1.1	1.8
Net income attributable to controlling interests	69.9	64.1
Foreign exchange remeasurement gains ^(a)	—	(1.2)
Termination benefits and other employee related costs ^(b)	(1.3)	0.8
Consulting and advisory fees ^(c)	—	(0.1)
Transition-related costs ^(d)	(0.2)	—
Offering and transactional costs ^(e)	0.2	(1.0)
Impairments ^(f)	—	2.2
Total adjustments	(1.3)	0.7
Income tax impacts ^(g)	3.2	1.7
Adjusted net income	\$ 65.4	\$ 63.1
Diluted adjusted net income per share	\$ 0.27	\$ 0.26
Diluted weighted average shares outstanding	245.8	246.1

(a) Eliminates foreign exchange gains resulting from the remeasurement of assets and liabilities denominated in foreign currencies, net of the impacts of our foreign currency instruments used to hedge our balance sheet exposures.

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

(c) Represents expenses and associated adjustments to estimates for professional services primarily related to our Axalta Way initiatives, which are not considered indicative of our ongoing operating performance.

(d) Represents integration costs and associated adjustments to estimates related to the 2017 acquisition of the Industrial Wood business that was a carve-out business from Valspar. We do not consider these items to be indicative of our ongoing operating performance.

(e) Represents acquisition-related expenses, including changes in the fair value of contingent consideration, which are not considered indicative of our ongoing operating performance.

(f) Represents accelerated depreciation associated with previously announced closure of two manufacturing facilities, which are not considered indicative of our ongoing operating performance.

(g) The income tax impacts are determined using the applicable rates in the taxing jurisdictions in which expense or income occurred and includes both current and deferred income tax expense (benefit) based on the nature of the non-GAAP performance measure. Additionally, the income tax impact includes the removal of discrete income tax impacts within our effective tax rate which were benefits of \$1.7 million and \$0.0 million for the three months ended March 31, 2018 and 2017, respectively.



Q1 2018 Financial Results

April 25, 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 savings from our refinancing transactions as well as our 2018 financial projections, which include net sales, net sales excluding FX, Adjusted EBITDA, interest expense, tax rate, as adjusted, free cash flow, capital expenditures, depreciation and amortization, diluted shares outstanding, cost savings, contributions from acquisitions, raw material cost increases, and related assumptions. Any forward-looking statements involve risks, uncertainties and assumptions. These statements often include words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate,” “target,” “project,” “forecast,” “seek,” “will,” “may,” “should,” “could,” “would,” or similar expressions. These statements are based on certain assumptions that we have made in light of our experience in the industry and our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances as of the date hereof. Although we believe that the assumptions and analysis underlying these statements are reasonable as of the date hereof, investors are cautioned not to place undue reliance on these statements. We do not have any obligation to and do not intend to update any forward-looking statements included herein, which speak only as of the date hereof. You should understand that these statements are not guarantees of future performance or results. Actual results could differ materially from those described in any forward-looking statements contained herein or the oral remarks made in connection herewith as a result of a variety of factors, including known and unknown risks and uncertainties, many of which are beyond our control including, but not limited to, the risks and uncertainties described in “Non-GAAP Financial Measures,” and “Forward-Looking Statements” as well as “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2017.

Non-GAAP Financial Measures

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

Segment Financial Measures

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

Defined Terms

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

Q1 2018 Highlights



- **Q1 2018 financial results**

- ✓ Net sales of \$1,165.8 million up 15.7% YoY; M&A contribution 8.4%, FX tailwinds of 6.3%
- ✓ Net income (attributable to Axalta) of \$69.9 million versus \$64.1 million in Q1 2017
- ✓ Adjusted net income of \$65.4 million versus \$63.1 million in Q1 2017
- ✓ Adjusted EBITDA of \$220.0 million versus \$203.1 million in Q1 2017

- **End-market observations**

- ✓ Refinish: Positive price-mix offset by lower volumes versus a notably strong Q1 2017
- ✓ Industrial: Significant organic and acquisition-driven growth; ongoing positive price contribution
- ✓ Light Vehicle: Volume growth primarily from North America; negative pricing from selected concessions made in mid-2017
- ✓ Commercial Vehicle: Volume growth from ongoing heavy duty truck strength in North America, offset partly by slightly lower average prices in most regions
- ✓ Continued productivity savings from complexity reduction and other sources

- **Balance sheet & cash flow highlights**

- ✓ Operating cash flow use of \$21.0 million versus a use of \$4.7 million in Q1 2017
- ✓ Free cash flow use of \$60.5 million versus a use of \$37.0 million in Q1 2017
- ✓ Refinancing transactions completed in April 2018; ~\$10.0 million in expected annual cash interest savings

- **Capital deployment update**

- ✓ Allocated \$105.1 million to M&A including an incremental interest in a prior joint venture deal
- ✓ Modest share repurchases in Q1; \$25.0 million in April YTD repurchases

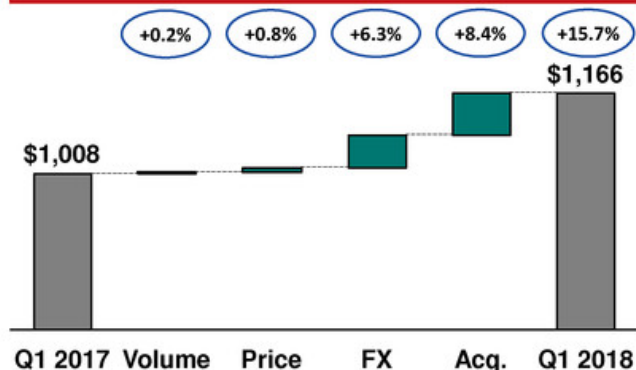
Q1 Consolidated Results

Financial Performance

(\$ in millions)	Q1		% Change	
	2018	2017	Incl. F/X	Excl. F/X
Performance	729	586	24.3%	17.0%
Transportation	437	421	3.7%	(1.3%)
Net Sales	1,166	1,008	15.7%	9.4%
Net Income ⁽¹⁾	70	64		
Adjusted EBITDA	220	203	8.3%	

(1) Represents Net Income attributable to controlling interests

Net Sales Variance



Commentary

Net sales growth driven largely by acquisitions, currency tailwinds, and positive price-mix

- Acquisitions provided 8.4%, largely from Industrial including the June 2017 Wood coatings deal
- Strong volume growth in Industrial and Commercial Vehicle while Light Vehicle modestly improved, partially offset by a challenging Refinish comparison
- Refinish and Industrial continue to increase average prices; Light Vehicle average price remains lower from mid-2017 concessions
- 6.3% favorable currency impact driven largely by the stronger Euro and Renminbi

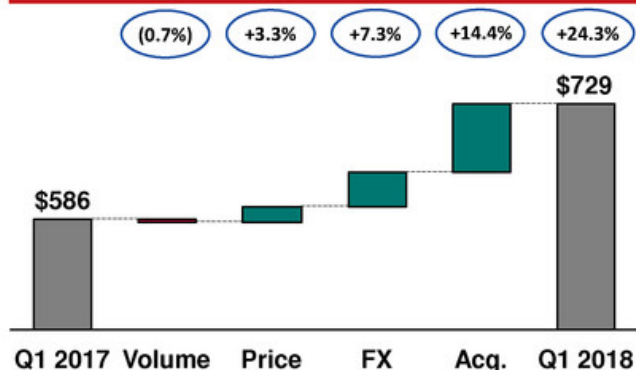
Q1 Performance Coatings Results



Financial Performance

(\$ in millions)	Q1		% Change	
	2018	2017	Incl. F/X	Excl. F/X
Refinish	413	389	6.2%	(1.2%)
Industrial	316	198	59.8%	52.6%
Net Sales	729	586	24.3%	17.0%
Adjusted EBITDA	143	117	22.5%	
% margin	19.7%	19.9%		

Net Sales Variance



Commentary

Strong net sales growth led by acquisition contribution, solid Industrial organic growth, and currency tailwinds

- Strong Industrial volume growth of high single digits; Refinish volumes muted versus Q1 2017 strength due to seasonal factors
- 14.4% growth from acquisitions
- Positive price contribution across both end-markets and in all regions
- 7.3% currency tailwind led by strong Euro and Renminbi

Adjusted EBITDA margin slightly lower

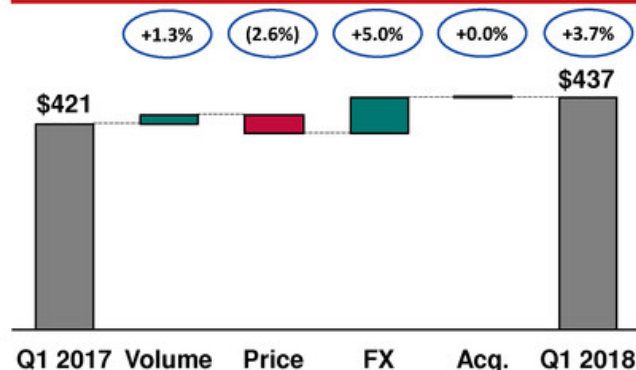
- Margin slightly lower due to raw material inflation and lower Refinish volumes, offset by positive pricing and lower operating costs including Axalta Way

Q1 Transportation Coatings Results

Financial Performance

(\$ in millions)	Q1		% Change	
	2018	2017	Incl. F/X	Excl. F/X
Light Vehicle	350	340	2.8%	(2.3%)
Commercial Vehicle	88	81	7.6%	2.9%
Net Sales	437	421	3.7%	(1.3%)
Adjusted EBITDA	77	86	(10.9%)	
% margin	17.6%	20.5%		

Net Sales Variance



Commentary

Net sales benefiting from FX and Commercial Vehicle growth

- Solid Commercial Vehicle growth from truck market strength; Light Vehicle volume growth ongoing in North America offset partially by flatter sales in other regions
- Lower average pricing in Light Vehicle reflecting earlier concessions
- 5.0% currency tailwind mainly from the Euro and Renminbi

Adjusted EBITDA margin lower

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

Debt and Liquidity Summary



Capitalization		
(\$ in millions)	@ 3/31/2018	Maturity
Cash and Cash Equivalents	\$600	
Debt:		
Revolver (\$400 million capacity)	-	2021
First Lien Term Loan (USD)	1,934	2024
First Lien Term Loan (EUR) ⁽¹⁾	483	2023
Total Senior Secured Debt	\$2,418	
Senior Unsecured Notes (USD)	491	2024
Senior Unsecured Notes (EUR) ⁽¹⁾	407	2024
Senior Unsecured Notes (EUR) ⁽¹⁾	546	2025
Capital Leases	56	
Other Borrowings	45	
Total Debt	\$3,961	
Total Net Debt⁽²⁾	\$3,361	
LTM Adjusted EBITDA	\$902	
Total Net Leverage⁽³⁾	3.7x	

(1) Assumes exchange rate of \$1.231 USD/Euro

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

(3) Total Net Leverage = Total Net Debt / LTM Adjusted EBITDA

- | Comments |
|--|
| <ul style="list-style-type: none"> ▪ Seasonal uptick in leverage ratio due to <ul style="list-style-type: none"> ✓ Cash use in Q1 2018 driven by working capital and acquisitions ✓ Higher Euro debt balances due to stronger Euro-Dollar FX rate ...Partially offset by <ul style="list-style-type: none"> ✓ Improved LTM Adjusted EBITDA ▪ Refinancing transactions in April: <ul style="list-style-type: none"> ✓ Upsized USD Term Loan by \$475 million ✓ Extinguished EUR Term Loan ✓ Improved spread by 25 basis points ✓ Executed EUR currency interest swaps for upsized portion to maintain EUR mix and fix EUR interest rate at ~1.95%, providing incremental savings ✓ Extended EUR portion maturities by over one year |

Full Year 2018 Guidance



(\$ millions)	Feb. Guide	2018E
Net Sales	~8-9%	~9-10%
Net Sales, ex FX	~6-7%	~6-7%
Adjusted EBITDA	\$940-980	\$950-980
Interest Expense	~\$165	~\$165
Tax Rate, As Adjusted	19-21%	19-21%
Free Cash Flow	\$420-460	\$420-460
<small>Cash flow from operations less capex</small>		
Capex	~\$160	~\$160
D&A	~\$365	~\$370
Diluted Shares (millions)	~249	~247

Comments

- Full year guidance has been revised to reflect stronger FX benefit, updated profit outlook and modest other adjustments
- Net sales growth includes incremental M&A contribution of ~3% from completed transactions
- Adjusted EBITDA growth driven by volume, price, acquisition contribution, and net productivity versus 2017
- 2018 tax rate, as adjusted, benefits slightly from U.S. Tax Reform versus 2017
- Free cash flow growth primarily from Adjusted EBITDA growth, offset partly by capex, severance costs, and FX-driven factors versus 2017
- Capex predominately for growth and high-IRR productivity projects



Appendix

Full Year 2018 Assumptions



Macroeconomic Assumptions

- Global GDP growth of approximately 3.4%
- Global industrial production growth of approximately 3.7%
- Global auto build growth of approximately ~2%
- Higher crude oil prices and supply constrictions on key pigments, monomers, and resins due to environmental policies in China impacts our raw material pricing

Currency Assumptions

Currency	2017 % Axalta Net Sales	2017 Average Rate	2018 Average Rate Assumption	USD % Impact of F/X Rate Change
US\$ per Euro	~28%	1.13	1.22	8.2%
Chinese Yuan per US\$	~12%	6.76	6.46	4.5%
Mexican Peso per US\$	~5%	18.92	19.01	(0.5%)
Brazilian Real per US\$	~3%	3.19	3.42	(6.6%)
US\$ per British Pound	~2%	1.29	1.40	8.5%
Russian Ruble per US\$	~1%	58.32	56.97	2.4%
Turkish Lira per US\$	~1%	3.65	3.88	(6.0%)
Other	~48%	N/A	N/A	0.4%

Adjusted EBITDA Reconciliation



(\$ in millions)	FY 2017	Q1 2017	Q1 2018	LTM 3/31/2018
Net Income	\$ 48	\$ 66	\$ 71	\$ 53
Interest Expense, net	147	36	39	150
Provision for Income Taxes	142	10	12	144
Depreciation & Amortization	347	82	92	357
Reported EBITDA	\$ 684	\$ 194	\$ 214	\$ 704
A Debt extinguishment and refinancing related costs	14	—	—	14
B Foreign exchange remeasurement (gains) losses	7	(1)	—	8
C Long-term employee benefit plan adjustments	1	—	(1)	—
D Termination benefits and other employee related costs	35	1	(1)	33
E Consulting and advisory fees	(1)	—	—	(1)
F Transition-related costs	8	—	—	8
G Offering and transactional costs	18	(1)	—	19
H Stock-based compensation	39	10	8	37
I Other adjustments	4	—	—	5
J Dividends in respect of noncontrolling interest	(3)	—	(1)	(4)
K Deconsolidation impacts and impairments	79	—	—	79
Total Adjustments	201	9	6	198
Adjusted EBITDA	\$ 885	\$ 203	\$ 220	\$ 902

Note: Numbers might not foot due to rounding.

Adjusted EBITDA Reconciliation (cont'd)



- A. During 2017, we refinanced our indebtedness, resulting in losses of \$13 million. In addition, during 2017, we prepaid outstanding principal on our term loans, resulting in non-cash extinguishment losses of \$1 million. We do not consider these items to be indicative of our ongoing operative performance.
- B. Eliminates foreign exchange gains and losses resulting from the remeasurement of assets and liabilities denominated in foreign currencies, net of impacts of our foreign currency instruments used to hedge our balance sheet exposures. Exchange effects included the remeasurement of our Venezuelan subsidiary prior to deconsolidation in 2017.
- C. Eliminates the non-cash, non-service components of long-term employee benefit costs.
- D. Represents expenses and associated adjustments to estimates related to employee termination benefits and other employee-related costs associated with our Axalta Way initiatives, which are not considered indicative of our ongoing operating performance
- E. Represents expenses and associated adjustments to estimates for professional services primarily related to our Axalta Way initiatives, which are not considered indicative of our ongoing operating performance.
- F. Represents integration costs and associated adjustments to estimates related to the 2017 acquisition of the Industrial Wood business that was a carve-out business from Valspar. We do not consider these items to be indicative of our ongoing operating performance.
- G. Represents acquisition-related expenses, including changes in the fair value of contingent consideration, which are not considered indicative of our ongoing operating performance.
- H. Represents non-cash costs associated with stock-based compensation.
- I. Represents certain non-operational or non-cash gains and losses unrelated to our core business and which we do not consider indicative of ongoing operations, including indemnity gains and losses associated with the acquisition of DuPont Performance Coatings, gains and losses from the sale and disposal of property, plant and equipment, from the remaining foreign currency derivative instruments and from non-cash fair value inventory adjustments associated with business combinations.
- J. Represents the payment of dividends to our joint venture partners by our consolidated entities that are not 100% owned, which are reflected to show 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 as well as non-cash impairment charges related to certain manufacturing facilities previously announced for closure of \$8 million. We do not consider these to be indicative of our ongoing operating performance

Adjusted Net Income Reconciliation



(\$ in millions)		Q1 2017		Q1 2018	
	Net Income	\$	66	\$	71
	Less: Net income attributable to noncontrolling interests		2		1
	Net income attributable to controlling interests		64		70
A	Foreign exchange remeasurement gains		(1)		—
B	Termination benefits and other employee related costs		1		(1)
C	Consulting and advisory fees		—		—
D	Transition-related costs		—		—
E	Offering and transactional costs		(1)		—
F	Accelerated depreciation		2		—
	Total adjustments	\$	1	\$	(1)
G	Income tax impacts	\$	2	\$	4
	Adjusted net income	\$	63	\$	65

Note: Numbers might not foot due to rounding.

Adjusted Net Income Reconciliation (cont'd)



- A. Eliminates foreign exchange gains 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.
- B. Represents expenses and associated changes to estimates primarily related to employee termination benefits and other employee-related costs associated with our Axalta Way initiatives, which are not considered indicative of our ongoing operating performance.
- C. Represents expenses and associated adjustments to estimates for professional services primarily related to our Axalta Way initiatives, which are not considered indicative of our ongoing operating performance.
- D. Represents integration costs and associated adjustments to estimates related to the 2017 acquisition of the Industrial Wood business that was a carve-out business from Valspar. We do not consider these items to be indicative of our ongoing operating performance.
- E. Represents acquisition-related expenses, including changes in the fair value of contingent consideration, which are not considered indicative of our ongoing operating performance.
- F. Represents accelerated depreciation associated with previously announced closure of certain manufacturing facilities, which are not considered indicative of our ongoing operating performance.
- G. The income tax impacts are determined using the applicable rates in the taxing jurisdictions in which expense or income occurred and includes both current and deferred income tax expense (benefit) based on the nature of the non-GAAP performance measure.



Thank you

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AXALTA COATING SYSTEMS

