UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2022
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________.
Commission File Number: 001-36733

AXALTA COATING SYSTEMS LTD.
(Exact name of registrant as specified in its charter)

Bermuda	2851	98-1073028
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

50 Applied Bank Blvd
Suite 300
Glen Mills, Pennsylvania 19342
(855) 547-1461
(Address, including zip code, and telephone number, including area code, of the registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Common Shares, $1.00 par value	AXTA	New York Stock Exchange
(Title of class)	(Trading symbol)	(Exchange on which registered)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. Large accelerated filer ☒ Non-accelerated filer ☐
Accelerated filer ☐
Smaller reporting company ☐ 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 ☐

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 19, 2022, there were 220,608,935 shares of the registrant's common shares outstanding.

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net sales	$ 1,238.7	$ 1,088.6	$ 3,647.7	$ 3,279.0
Cost of goods sold	876.6	745.3	2,600.4	2,182.6
Selling, general and administrative expenses	186.4	181.0	571.6	544.3
Other operating charges (benefits)	5.3	(7.6)	17.8	49.5
Research and development expenses	16.5	15.4	49.6	46.8
Amortization of acquired intangibles	30.4	29.8	94.9	88.1
Income from operations	123.5	124.7	313.4	367.7
Interest expense, net	35.0	33.8	101.1	100.7
Other expense (income), net	3.4	(2.4)	12.4	(10.9)
Income before income taxes	85.1	93.3	199.9	277.9
Provision for income taxes	21.8	24.4	51.6	66.9
Net income	63.3	68.9	148.3	211.0
Less: Net income (loss) attributable to noncontrolling interests	0.9	(0.2)	0.3	0.3
Net income attributable to controlling interests	$ 62.4	$ 69.1	$ 148.0	$ 210.7
Basic net income per share	$ 0.28	$ 0.30	$ 0.67	$ 0.91
Diluted net income per share	$ 0.28	$ 0.30	$ 0.66	$ 0.90

The accompanying notes are an integral part of these condensed consolidated financial statements.

AXALTA COATING SYSTEMS LTD.
Condensed Consolidated Statements of Comprehensive (Loss) Income (Unaudited)
(In millions)

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Net income	$ 63.3	$ 68.9	$ 148.3	$ 211.0
Other comprehensive loss, before tax:				
Foreign currency translation adjustments	(125.3)	(37.9)	(210.6)	(36.2)
Unrealized gain on derivatives	2.7	7.4	33.6	23.5
Unrealized gain on pension and other benefit plan obligations	0.7	1.2	2.3	3.7
Other comprehensive loss, before tax	(121.9)	(29.3)	(174.7)	(9.0)
Income tax provision related to items of other comprehensive income	0.2	1.5	4.9	4.6
Other comprehensive loss, net of tax	(122.1)	(30.8)	(179.6)	(13.6)
Comprehensive (loss) income	(58.8)	38.1	(31.3)	197.4
Less: Comprehensive (loss) income attributable to noncontrolling interests	(0.5)	(0.7)	0.2	0.2
Comprehensive (loss) income attributable to controlling interests	$ (58.3)	$ 38.8	$ (31.5)	$ 197.2

The accompanying notes are an integral part of these condensed consolidated financial statements.

AXALTA COATING SYSTEMS LTD.

Condensed Consolidated Balance Sheets (Unaudited)

(In millions, except per share data)

	September 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 517.4	$ 840.6
Restricted cash	9.3	10.6
Accounts and notes receivable, net	1,106.9	937.5
Inventories	829.4	669.7
Prepaid expenses and other current assets	205.4	117.2
Total current assets	2,668.4	2,575.6
Property, plant and equipment, net	1,121.5	1,186.2
Goodwill	1,390.4	1,592.7
Identifiable intangibles, net	1,093.5	1,278.2
Other assets	545.2	584.5
Total assets	$ 6,819.0	$ 7,217.2
Liabilities, Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 746.6	$ 657.4
Current portion of borrowings	66.7	79.7
Other accrued liabilities	536.4	597.8
Total current liabilities	1,349.7	1,334.9
Long-term borrowings	3,663.3	3,749.9
Accrued pensions	227.3	269.3
Deferred income taxes	139.5	174.7
Other liabilities	119.8	149.7
Total liabilities	5,499.6	5,678.5
Commitments and contingent liabilities (Note 6)		
Shareholders' equity:		
Common shares, $1.00 par, 1,000.0 shares authorized, 252.4 and 251.8 shares issued at September 30, 2022 and December 31, 2021, respectively	252.4	251.8
Capital in excess of par	1,526.9	1,515.5
Retained earnings	975.2	827.2
Treasury shares, at cost, 31.8 and 24.4 shares at September 30, 2022 and December 31, 2021, respectively	(887.3)	(687.2)
Accumulated other comprehensive loss	(593.9)	(414.4)
Total Axalta shareholders' equity	1,273.3	1,492.9
Noncontrolling interests	46.1	45.8
Total shareholders' equity	1,319.4	1,538.7
Total liabilities and shareholders' equity	$ 6,819.0	$ 7,217.2

The accompanying notes are an integral part of these condensed consolidated financial statements.

AXALTA COATING SYSTEMS LTD.
Condensed Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(In millions)

	Common Stock							
	Number of Shares	Par/Stated Value	Capital In Excess Of Par	Retained Earnings	Treasury Shares, at cost	Accumulated Other Comprehensive Loss	Non controlling Interests	Total
Balance at December 31, 2021	227.4	$ 251.8	$ 1,515.5	$ 827.2	$ (687.2)	$ (414.4)	$ 45.8	$ 1,538.7
Comprehensive income:								
Net income	—	—	—	41.5	—	—	(0.6)	40.9
Net realized and unrealized gain on derivatives, net of tax of $2.6 million	—	—	—	—	—	16.9	—	16.9
Long-term employee benefit plans, net of tax of $0.4 million	—	—	—	—	—	0.5	—	0.5
Foreign currency translation, net of tax of $0.0 million	—	—	—	—	—	(4.4)	0.5	(3.9)
Total comprehensive income	—	—	—	41.5	—	13.0	(0.1)	54.4
Recognition of stock-based compensation	—	—	5.3	—	—	—	—	5.3
Shares issued under compensation plans	0.4	0.4	(2.3)	—	—	—	—	(1.9)
Changes in ownership of noncontrolling interests	—	—	(0.3)	—	—	—	0.2	(0.1)
Common stock purchases	(6.4)	—	—	—	(175.1)	—	—	(175.1)
Dividends declared to noncontrolling interests	—	—	—	—	—	—	(0.1)	(0.1)
Balance at March 31, 2022	221.4	252.2	1,518.2	868.7	(862.3)	(401.4)	45.8	1,421.2
Comprehensive income:								
Net income	—	—	—	44.1	—	—	—	44.1
Net realized and unrealized gain on derivatives, net of tax of $1.4 million	—	—	—	—	—	10.0	—	10.0
Long-term employee benefit plans, net of tax of $0.3 million	—	—	—	—	—	0.4	—	0.4
Foreign currency translation, net of tax of $0.0 million	—	—	—	—	—	(82.2)	0.8	(81.4)
Total comprehensive income	—	—	—	44.1	—	(71.8)	0.8	(26.9)
Recognition of stock-based compensation	—	—	3.7	—	—	—	—	3.7
Shares issued under compensation plans	0.1	0.1	(0.3)	—	—	—	—	(0.2)
Common stock purchases	(1.0)	—	—	—	(25.0)	—	—	(25.0)
Balance at June 30, 2022	220.5	252.3	1,521.6	912.8	(887.3)	(473.2)	46.6	1,372.8
Comprehensive income (loss):								
Net income	—	—	—	62.4	—	—	0.9	63.3
Net realized and unrealized gain on derivatives, net of tax of $0.1 million	—	—	—	—	—	2.6	—	2.6
Long-term employee benefit plans, net of tax of $0.1 million	—	—	—	—	—	0.6	—	0.6
Foreign currency translation, net of tax of $0.0 million	—	—	—	—	—	(123.9)	(1.4)	(125.3)
Total comprehensive income (loss)	—	—	—	62.4	—	(120.7)	(0.5)	(58.8)
Recognition of stock-based compensation	—	—	5.0	—	—	—	—	5.0
Shares issued under compensation plans	0.1	0.1	0.3	—	—	—	—	0.4
Balance at September 30, 2022	220.6	$ 252.4	$ 1,526.9	$ 975.2	$ (887.3)	$ (593.9)	$ 46.1	$ 1,319.4

	Common Stock							
	Number of Shares	Par/Stated Value	Capital In Excess Of Par	Retained Earnings	Treasury Shares, at cost	Accumulated Other Comprehensive Loss	Non controlling Interests	Total
Balance at December 31, 2020	234.8	$ 250.9	$ 1,487.1	$ 563.3	$ (443.5)	$ (424.8)	$ 46.8	$ 1,479.8
Comprehensive loss:								
Net income	—	—	—	15.2	—	—	0.5	15.7
Net realized and unrealized gain on derivatives, net of tax of $1.3 million	—	—	—	—	—	7.9	—	7.9
Long-term employee benefit plans, net of tax of $0.5 million	—	—	—	—	—	0.7	—	0.7
Foreign currency translation, net of tax of $0.0 million	—	—	—	—	—	(37.4)	(0.2)	(37.6)
Total comprehensive loss	—	—	—	15.2	—	(28.8)	0.3	(13.3)
Recognition of stock-based compensation	—	—	3.6	—	—	—	—	3.6
Shares issued under compensation plans	0.3	0.3	(0.2)	—	—	—	—	0.1
Common stock purchases	(2.3)	—	—	—	(63.7)	—	—	(63.7)
Dividends declared to noncontrolling interests	—	—	—	—	—	—	(0.7)	(0.7)
Balance at March 31, 2021	232.8	251.2	1,490.5	578.5	(507.2)	(453.6)	46.4	1,405.8
Comprehensive income:								
Net income	—	—	—	126.4	—	—	—	126.4
Net realized and unrealized gain on derivatives, net of tax benefit of $1.0 million	—	—	—	—	—	5.9	—	5.9
Long-term employee benefit plans, net of tax of $0.3 million	—	—	—	—	—	1.0	—	1.0
Foreign currency translation, net of tax of $0.0 million	—	—	—	—	—	38.7	0.6	39.3
Total comprehensive income	—	—	—	126.4	—	45.6	0.6	172.6
Recognition of stock-based compensation	—	—	4.2	—	—	—	—	4.2
Shares issued under compensation plans	0.5	0.5	12.2	—	—	—	—	12.7
Common stock purchases	(1.9)	—	—	—	(60.0)	—	—	(60.0)
Balance at June 30, 2021	231.4	251.7	1,506.9	704.9	(567.2)	(408.0)	47.0	1,535.3
Comprehensive income:								
Net income	—	—	—	69.1	—	—	(0.2)	68.9
Net realized and unrealized gain on derivatives, net of tax of $1.1 million	—	—	—	—	—	6.3	—	6.3
Long-term employee benefit plans, net of tax of $0.4 million	—	—	—	—	—	0.8	—	0.8
Foreign currency translation, net of tax of $0.0 million	—	—	—	—	—	(37.4)	(0.5)	(37.9)
Total comprehensive income	—	—	—	69.1	—	(30.3)	(0.7)	38.1
Recognition of stock-based compensation	—	—	3.9	—	—	—	—	3.9
Shares issued under compensation plans	—	—	(0.1)	—	—	—	—	(0.1)
Common stock purchases	(3.1)	—	—	—	(90.1)	—	—	(90.1)
Balance at September 30, 2021	228.3	$ 251.7	$ 1,510.7	$ 774.0	$ (657.3)	$ (438.3)	$ 46.3	$ 1,487.1

The accompanying notes are an integral part of these condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2022	2021
Operating activities:		
Net income	$ 148.3	$ 211.0
Adjustment to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	229.5	234.7
Amortization of deferred financing costs and original issue discount	7.2	6.7
Deferred income taxes	2.8	9.3
Realized and unrealized foreign exchange losses, net	5.5	9.5
Stock-based compensation	14.0	11.7
Gain on sale of facility	—	(8.9)
Interest income on swaps designated as net investment hedges	(16.1)	(14.3)
Commercial agreement restructuring charge	25.0	—
Other non-cash, net	(1.5)	11.3
Changes in operating assets and liabilities:		
Trade accounts and notes receivable	(242.4)	(168.5)
Inventories	(220.8)	(107.8)
Prepaid expenses and other assets	(78.9)	(64.3)
Accounts payable	189.7	88.3
Other accrued liabilities	(2.5)	61.3
Other liabilities	(11.6)	10.0
Cash provided by operating activities	48.2	290.0
Investing activities:		
Acquisitions, net of cash acquired	—	(647.3)
Purchase of property, plant and equipment	(107.5)	(98.7)
Interest proceeds on swaps designated as net investment hedges	16.1	14.3
Settlement proceeds on swaps designated as net investment hedges	25.0	—
Other investing activities, net	(1.5)	11.8
Cash used for investing activities	(67.9)	(719.9)
Financing activities:		
Payments on short-term borrowings	(52.3)	(54.5)
Payments on long-term borrowings	(20.5)	(20.1)
Financing-related costs	(0.1)	(2.6)
Purchases of common stock	(200.1)	(213.8)
Net cash flows associated with stock-based awards	(1.7)	12.7
Other financing activities, net	(0.2)	(1.2)
Cash used for financing activities	(274.9)	(279.5)
Decrease in cash	(294.6)	(709.4)
Effect of exchange rate changes on cash	(29.9)	(16.5)
Cash at beginning of period	851.2	1,364.0
Cash at end of period	$ 526.7	$ 638.1
Cash at end of period reconciliation:		
Cash and cash equivalents	$ 517.4	$ 627.7
Restricted cash	9.3	10.4
Cash at end of period	$ 526.7	$ 638.1

The accompanying notes are an integral part of these condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements (Unaudited)
(In millions, unless otherwise noted)

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Notes to Condensed Consolidated Financial Statements (Unaudited)
(In millions, unless otherwise noted)

(1) BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial statements included herein are unaudited. In the opinion of management, these statements include all adjustments, consisting only of normal, recurring adjustments, necessary for a fair statement of the financial position and shareholders' equity of Axalta Coating Systems Ltd., a Bermuda exempted company limited by shares, and its consolidated subsidiaries ("Axalta," the "Company," "we," "our" and "us") at September 30, 2022, the results of operations, comprehensive (loss) income and changes in shareholders' equity for the three and nine months ended September 30, 2022 and 2021 and cash flows for the nine months then ended. All intercompany balances and transactions have been eliminated.

These interim unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021. The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America.

The interim unaudited condensed consolidated financial statements include the accounts of Axalta and its subsidiaries, and entities in which a controlling interest is maintained. Certain of our entities are accounted for on a one-month lag basis, the effect of which is not material.

The results of operations for the three and nine months ended September 30, 2022 are not necessarily indicative of the results to be expected for a full year.

Summary of Significant Accounting Policies Updates

Accounting Guidance Issued But Not Yet Adopted

In September 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2022-04, *Liabilities – Supplier Finance Programs*. The ASU codifies disclosure requirements for supplier financing programs. The new standard is effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. We are currently evaluating the impact of ASU 2022-04 on our financial statements.

Risks and Uncertainties

After experiencing significant impacts to our results of operations, financial condition and cash flows in 2020 from the coronavirus ("COVID-19") pandemic, we have seen a return to more stable quarter-over-quarter demand for our products and services during 2021 and into 2022, though we continue to see impacts to our business given the continued significant presence, and actual or potential spread, of the virus globally, as well as preventative measures enacted in certain regions of the world. We are currently unable to fully determine the future impact of COVID-19 on our business, though we believe the pandemic will continue to have a negative effect on our business during 2022, and potentially longer. We are monitoring the progression of the pandemic and its ongoing and potential effect on our financial position, results of operations, and cash flows, which effects could be materially adverse in a particular quarterly reporting period as well as on an annual basis.

(2) REVENUE

Consideration for products in which control has transferred to our customers that is conditional on something other than the passage of time is recorded as a contract asset within prepaid expenses and other current assets on the balance sheet. The contract asset balances at September 30, 2022 and December 31, 2021 were $41.0 million and $36.1 million, respectively.

(In millions, unless otherwise noted)

We provide certain customers with incremental up-front consideration, subject to clawback provisions, including Business Incentive Plan assets ("BIPs"), which is capitalized as a component of other assets and amortized over the estimated life of the contractual arrangement as a reduction of net sales. At September 30, 2022 and December 31, 2021, the total carrying value of BIPs were $142.6 million and $151.2 million, respectively, and are presented within other assets in the condensed consolidated balance sheets. For the three and nine months ended September 30, 2022 and 2021, $14.3 million, $44.2 million, $17.1 million and $46.1 million, respectively, was amortized and reflected as reductions of net sales in the condensed consolidated statements of operations. The total carrying value of BIPs exclude other up-front incentives with repayment features made in conjunction with long-term customer commitments of $42.6 million and $72.7 million at September 30, 2022 and December 31, 2021, respectively, of which $4.8 million and $12.6 million is included in prepaid expenses and other current assets in the condensed consolidated balance sheets at September 30, 2022 and December 31, 2021, respectively, with the remainder included in other assets. These up-front incentives with repayment features are subject to the credit risk of our customers and, depending on the financial condition of our customers, it is possible that some or all of the amounts may become uncollectible.

During the nine months ended September 30, 2022, we agreed to forgo collection of a portion of previously provided up-front incentives with a certain Performance Coatings customer, contingent upon this customer completing a recapitalization and restructuring of its indebtedness and executing a new long-term exclusive sales agreement with us. In July 2022, the contingency was resolved and a new long-term exclusive sales agreement went into effect resulting in the forgiveness of the reserved amounts. During the nine months ended September 30, 2022, a charge for this concession was recorded for $25.0 million, of which $20.3 million was recorded as a reduction to net sales.

See Note 17 for disaggregated net sales by end-market.

(3) ACQUISITIONS

Acquisition of U-POL Holdings Limited

On September 15, 2021, we completed the acquisition of U-POL Holdings Limited ("U-POL") for an aggregate purchase price of $619.8 million. The acquisition of U-POL, a leading supplier of paint, protective coatings and accessories primarily for the automotive aftermarket, strengthens Axalta's global refinish leadership position and supports its broader growth strategy. The results of the business are reported within our Performance Coatings segment. The U-POL acquisition was recorded as a business combination under FASB Accounting Standards Codification ("ASC") 805, *Business Combinations*, with identifiable assets acquired and liabilities assumed recorded at their estimated fair values as of the acquisition date.

No material adjustments were recorded during the three and nine months ended September 30, 2022, as we finalized our purchase accounting during the respective measurement period, which is one year following the closing date. After all required adjustments, the purchase price was allocated as follows:

	September 15, 2021 (As initially reported)	Measurement Period Adjustments	September 15, 2021 (Adjusted)
Cash	$ 23.7	$ —	$ 23.7
Accounts and notes receivable, net	22.5	1.8	24.3
Inventories	23.3	—	23.3
Prepaid expenses and other current assets, net	3.2	—	3.2
Property, plant and equipment, net	16.5	(2.4)	14.1
Identifiable intangible assets	273.0	1.0	274.0
Other assets	2.0	0.1	2.1
Accounts payable	(20.9)	(1.8)	(22.7)
Other accrued liabilities	(3.9)	(0.3)	(4.2)
Other liabilities	(0.9)	—	(0.9)
Deferred income taxes	(68.4)	(0.7)	(69.1)
Net assets before goodwill from acquisition	270.1	(2.3)	267.8
Goodwill from acquisition	349.7	2.3	352.0
Net assets acquired	$ 619.8	$ —	$ 619.8

Notes to Condensed Consolidated Financial Statements (Unaudited)
(In millions, unless otherwise noted)

(4) GOODWILL AND IDENTIFIABLE INTANGIBLE ASSETS

Goodwill

The following table shows changes in the carrying amount of goodwill from December 31, 2021 to September 30, 2022 by reportable segment:

	Performance Coatings	Mobility Coatings	Total
Balance at December 31, 2021	$ 1,513.4	$ 79.3	$ 1,592.7
Purchase accounting adjustments	2.5	—	2.5
Foreign currency translation	(196.2)	(8.6)	(204.8)
Balance at September 30, 2022	$ 1,319.7	$ 70.7	$ 1,390.4

Identifiable Intangible Assets

The following tables summarize the gross carrying amounts and accumulated amortization of identifiable intangible assets by major class:

September 30, 2022	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Weighted average amortization periods (years)
Technology	$ 528.6	$ (425.9)	$ 102.7	10.3
Trademarks—indefinite-lived	239.4	—	239.4	Indefinite
Trademarks—definite-lived	118.3	(45.8)	72.5	14.6
Customer relationships	1,069.5	(390.6)	678.9	19.2
Other	0.6	(0.6)	—	5.0
Total	$ 1,956.4	$ (862.9)	$ 1,093.5	

December 31, 2021	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Weighted average amortization periods (years)
Technology	$ 575.3	$ (420.9)	$ 154.4	10.2
Trademarks—indefinite-lived	266.7	—	266.7	Indefinite
Trademarks—definite-lived	134.5	(43.8)	90.7	14.4
Customer relationships	1,131.8	(366.6)	765.2	19.2
Other	14.5	(13.3)	1.2	5.0
Total	$ 2,122.8	$ (844.6)	$ 1,278.2	

The estimated amortization expense related to the fair value of acquired intangible assets for the remainder of 2022 and each of the succeeding five years is:

Remainder of 2022	$ 29.7
2023	83.8
2024	79.4
2025	78.8
2026	78.4
2027	77.4

(5) RESTRUCTURING

In accordance with the applicable guidance for ASC 712, *Nonretirement Postemployment Benefits*, we accounted for termination benefits and recognized liabilities when the loss was considered probable that employees were entitled to benefits and the amounts could be reasonably estimated.

Notes to Condensed Consolidated Financial Statements (Unaudited)
(In millions, unless otherwise noted)

During the three and nine months ended September 30, 2022 and 2021, we incurred costs for termination benefits of $4.2 million, $10.0 million, $9.5 million and $36.5 million, respectively. The majority of our termination benefits are recorded within other operating charges (benefits) in the condensed consolidated statements of operations. The remaining payments associated with these actions are expected to be substantially completed within 24 months.

The following table summarizes the activity related to termination benefit reserves and expenses from December 31, 2021 to September 30, 2022:

	2022 Activity
Balance at December 31, 2021	$ 57.5
Expenses, net of changes to estimates	10.0
Payments made	(26.0)
Foreign currency translation	(5.2)
Balance at September 30, 2022	$ 36.3

(6) COMMITMENTS AND CONTINGENCIES

Guarantees

We guarantee certain of our customers' obligations to third parties, whereby any default by our customers on their obligations could force us to make payments to the applicable creditors. At September 30, 2022 and December 31, 2021, we had outstanding bank guarantees of $4.4 million and $5.7 million, respectively. Approximately half of our bank guarantees expire between 2022 and 2036, while the remainder do not have specified expiration dates. We monitor the customer obligations and bank guarantees to evaluate whether we have a liability at the balance sheet date. We did not have any liabilities related to our outstanding bank guarantees recorded at either September 30, 2022 or December 31, 2021.

Operational Matter

In January 2021, we became aware of an operational matter affecting certain North America Mobility Coatings customer manufacturing sites. The matter involves the use and application of certain of our products in combination with and incorporated within third-party products. The matter occurred over a discrete period during the fourth quarter of 2020. We have concluded that losses from this matter are probable and that a majority of losses would be covered under our insurance policies, subject to deductible and policy limits as defined in our policies.

For the three and nine months ended September 30, 2022 and September 30, 2021, we recorded benefits of $0.1 million, expenses of $0.1 million, benefits of $18.7 million and expenses of $3.9 million, respectively, within other operating charges in the condensed consolidated statements of operations. At September 30, 2022 and December 31, 2021, we had $38.7 million and $52.7 million, respectively, recorded for estimated insurance receivables within accounts and notes receivable, net in the condensed consolidated balance sheets. Liabilities of $43.9 million and $49.7 million are recorded as other accrued liabilities in the condensed consolidated balance sheets at September 30, 2022 and December 31, 2021, respectively. The recorded probable losses remain an estimate and actual costs arising from this matter could be materially lower or higher depending on the actual costs incurred to repair the impacted products as well as the availability of additional insurance coverage.

Other

We are subject to various pending lawsuits, legal proceedings and other claims in the ordinary course of business, including civil, regulatory and environmental matters. These matters may involve third-party indemnification obligations and/or insurance covering all or part of any potential damage incurred by us. All of these matters are subject to many uncertainties and, accordingly, we cannot determine the ultimate outcome of the proceedings and other claims at this time. The potential effects, if any, on our condensed consolidated financial statements will be recorded in the period in which these matters are probable and estimable. We believe that any sum we may be required to pay in connection with proceedings or claims in excess of the amounts recorded would likely not have a material adverse effect upon our results of operations, financial conditions or cash flows on a consolidated annual basis but could have a material adverse impact in a particular quarterly reporting period.

(In millions, unless otherwise noted)

We are involved in environmental remediation and ongoing compliance activities at several sites. The timing and duration of remediation and ongoing compliance activities are determined on a site by site basis depending on local regulations. The liabilities recorded represent our estimable future remediation costs and other anticipated environmental liabilities. We have not recorded liabilities at sites where a liability is probable, but that a range of loss is not reasonably estimable. We believe that any sum we may be required to pay in connection with environmental remediation matters in excess of the amounts recorded would likely occur over a period of time and would likely not have a material adverse effect upon our results of operations, financial condition or cash flows on a consolidated annual basis but could have a material adverse impact in a particular quarterly reporting period.

(7) LONG-TERM EMPLOYEE BENEFITS

Components of Net Periodic Benefit Cost

The following table sets forth the components of net periodic benefit costs for the three and nine months ended September 30, 2022 and 2021:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Components of net periodic benefit cost:				
Net periodic benefit cost:				
Service cost	$ 1.5	$ 2.0	$ 4.8	$ 5.8
Interest cost	2.3	1.9	7.2	5.8
Expected return on plan assets	(2.8)	(3.4)	(9.1)	(10.3)
Amortization of actuarial losses, net	0.7	1.3	2.4	3.8
Amortization of prior service cost, net	—	(0.1)	(0.1)	(0.1)
Net periodic benefit cost	$ 1.7	$ 1.7	$ 5.2	$ 5.0

All non-service components of net periodic benefit cost are recorded in other expense (income), net within the accompanying condensed consolidated statements of operations.

(8) STOCK-BASED COMPENSATION

During the three and nine months ended September 30, 2022 and 2021, we recognized expenses of $5.0 million, $14.0 million, $3.9 million and $11.7 million, respectively, in stock-based compensation, which was allocated between costs of goods sold and selling, general and administrative expenses on the condensed consolidated statements of operations. We recognized tax benefits on stock-based compensation of $1.2 million, $2.2 million, $0.5 million and $1.2 million for the three and nine months ended September 30, 2022 and 2021, respectively.

Notes to Condensed Consolidated Financial Statements (Unaudited)
(In millions, unless otherwise noted)

2022 Activity

A summary of award activity by type for the nine months ended September 30, 2022 is presented below.

Stock Options	Awards (in millions)	Weighted-Average Exercise Price	Aggregate Intrinsic Value (in millions)	Weighted Average Remaining Contractual Life (years)
Outstanding at January 1, 2022	1.4	$ 26.30		
Granted	—	$ —		
Exercised [(1)]	—	$ 14.28		
Forfeited / Expired	(0.2)	$ 29.13		
Outstanding at September 30, 2022	1.2	$ 26.20		
Vested and expected to vest at September 30, 2022	1.2	$ 26.20	$ 1.5	3.04
Exercisable at September 30, 2022	1.2	$ 26.20	$ 1.5	3.04

(1) Activity during the nine months ended September 30, 2022 rounds to zero.

Cash received by the Company upon exercise of options for the nine months ended September 30, 2022 was $0.4 million. Tax benefits on these exercises were $0.1 million.

At September 30, 2022, there was no unrecognized expense relating to unvested stock options.

Restricted Stock Units	Units (millions)	Weighted Average Fair Value
Outstanding at January 1, 2022	1.1	$ 28.85
Granted	1.3	$ 26.88
Vested	(0.5)	$ 28.69
Forfeited	(0.2)	$ 28.85
Outstanding at September 30, 2022	1.7	$ 27.34

Tax shortfall expenses on the vesting of restricted stock units during the nine months ended September 30, 2022 was $0.1 million.

At September 30, 2022, there was $28.2 million of unamortized expense relating to unvested restricted stock units that is expected to be amortized over a weighted average period of 1.3 years.

Performance Share Units	Units (millions)	Weighted Average Fair Value
Outstanding at January 1, 2022	0.8	$ 30.10
Granted	0.4	$ 30.61
Vested	(0.1)	$ 29.12
Forfeited	(0.5)	$ 30.18
Outstanding at September 30, 2022	0.6	$ 30.44

Our performance share units allow for participants to vest in more or less than the targeted number of shares granted. Our performance share units are performing below the applicable targets. We currently expect a total of 0.1 million shares with a weighted average fair value per share of $30.19 to vest at the respective vesting dates for such awards. At September 30, 2022, there is $1.6 million of unamortized expense relating to unvested performance share units that is expected to be amortized over a weighted average period of 2.1 years. The forfeitures include portions of performance share unit grants that were determined to not have vested during the period as a result of not meeting established financial performance thresholds.

(9) OTHER EXPENSE (INCOME), NET

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Foreign exchange losses (gains), net	$ 5.8	$ (0.7)	$ 13.3	$ 2.9
Other miscellaneous income, net [1] [2]	(2.4)	(1.7)	(0.9)	(13.8)
Total	$ 3.4	$ (2.4)	$ 12.4	$ (10.9)

(1) Activity during the nine months ended September 30, 2022 includes expense of $4.7 million related to a charge for a customer concession discussed further in Note 2.

(2) Activity during the nine months ended September 30, 2021 includes income of $8.3 million related to a law change with respect to certain Brazilian indirect taxes.

(10) INCOME TAXES

Our effective income tax rates for the nine months ended September 30, 2022 and 2021 are as follows:

	Nine Months Ended September 30,	
	2022	2021
Effective Tax Rate	25.8 %	24.1 %

The higher effective tax rate for the nine months ended September 30, 2022 was primarily due to the unfavorable impact of the changes in valuation allowance in 2022.

The effective tax rate for the nine months ended September 30, 2022 differs from the U.S. Federal statutory rate due to various items that impacted the effective rate both favorably and unfavorably. We recorded the unfavorable impacts for the changes in valuation allowance and an increase in unrecognized tax benefits. These adjustments were primarily offset by the favorable adjustments for earnings in jurisdictions where the statutory rate is lower than the U.S. Federal statutory rates.

The Company anticipates that it is reasonably possible it will settle up to $9.7 million, exclusive of interest and penalties, of its current unrecognized tax benefits within the next 12 months due to the expected conclusion of ongoing tax audits.

(11) NET INCOME PER COMMON SHARE

Basic net income per common share excludes the dilutive impact of potentially dilutive securities and is computed by dividing net income by the weighted average number of common shares outstanding for the period. Diluted net income per common share includes the effect of potential dilution from the hypothetical exercise of outstanding stock options and vesting of restricted stock units and performance share units. A reconciliation of our basic and diluted net income per common share is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions, except per share data)	2022	2021	2022	2021
Net income to common shareholders	$ 62.4	$ 69.1	$ 148.0	$ 210.7
Basic weighted average shares outstanding	220.6	229.9	222.0	232.1
Diluted weighted average shares outstanding	221.2	230.7	222.6	233.0
Net income per common share:				
Basic net income per share	$ 0.28	$ 0.30	$ 0.67	$ 0.91
Diluted net income per share	$ 0.28	$ 0.30	$ 0.66	$ 0.90

The number of anti-dilutive shares that have been excluded in the computation of diluted net income per share for the three and nine months ended September 30, 2022 and 2021 were 1.1 million, 1.1 million, 0.3 million and 0.8 million, respectively.

(In millions, unless otherwise noted)

(12) ACCOUNTS AND NOTES RECEIVABLE, NET

Trade accounts receivable are stated at the amount we expect to collect. We maintain allowances for doubtful accounts for estimated losses by applying historical loss percentages, combined with reasonable and supportable forecasts of future losses, to respective aging categories. Management considers the following factors in developing its current estimate of expected credit losses: customer credit-worthiness, past transaction history with the customer, current economic industry trends, changes in market or regulatory matters, changes in geopolitical matters, and changes in customer payment terms, as well as the ongoing impacts from COVID-19 and other macroeconomic factors.

	September 30, 2022	December 31, 2021
Accounts receivable - trade, net (1)	$ 952.2	$ 760.4
Notes receivable	11.5	24.7
Other (2)	143.2	152.4
Total	$ 1,106.9	$ 937.5

(1) Allowance for doubtful accounts was $22.7 million and $22.0 million at September 30, 2022 and December 31, 2021, respectively.
(2) Includes $38.7 million and $52.7 million at September 30, 2022 and December 31, 2021, respectively, of insurance recoveries related to the operational matter as discussed further in Note 6.

Bad debt expense of $0.9 million, $1.0 million, $0.4 million, and $1.3 million, was included within selling, general and administrative expenses for the three and nine months ended September 30, 2022 and 2021, respectively, and $0.1 million and $3.2 million of expenses related to sanctions imposed on Russia in response to the conflict with Ukraine was included in other operating charges (benefits) for the three and nine months ended September 30, 2022, respectively.

(13) INVENTORIES

	September 30, 2022	December 31, 2021
Finished products	$ 405.8	$ 355.9
Semi-finished products	135.1	109.7
Raw materials	261.4	180.8
Stores and supplies	27.1	23.3
Total	$ 829.4	$ 669.7

Inventory reserves were $19.0 million and $15.6 million at September 30, 2022 and December 31, 2021, respectively.

(14) PROPERTY, PLANT AND EQUIPMENT, NET

	September 30, 2022	December 31, 2021
Property, plant and equipment	$ 2,237.3	$ 2,299.4
Accumulated depreciation	(1,115.8)	(1,113.2)
Property, plant, and equipment, net	$ 1,121.5	$ 1,186.2

Depreciation expense amounted to $29.0 million, $89.0 million, $31.5 million and $96.3 million for the three and nine months ended September 30, 2022 and 2021, respectively.

(In millions, unless otherwise noted)

(15) BORROWINGS

Borrowings are summarized as follows:

	September 30, 2022	December 31, 2021
2024 Dollar Term Loans	$ 2,020.7	$ 2,038.9
2025 Euro Senior Notes	435.6	508.8
2027 Dollar Senior Notes	500.0	500.0
2029 Dollar Senior Notes	700.0	700.0
Short-term and other borrowings	99.4	113.8
Unamortized original issue discount	(3.2)	(4.6)
Unamortized deferred financing costs	(22.5)	(27.3)
Total borrowings, net	3,730.0	3,829.6
Less:		
Short-term borrowings	42.4	55.4
Current portion of long-term borrowings	24.3	24.3
Long-term debt	$ 3,663.3	$ 3,749.9

Revolving Credit Facility

At September 30, 2022 and December 31, 2021, letters of credit issued under the Revolving Credit Facility totaled $21.1 million and $22.1 million, respectively, which reduced the availability under the Revolving Credit Facility. Availability under the Revolving Credit Facility was $528.9 million and $527.9 million at September 30, 2022 and December 31, 2021, respectively.

Supplier financing arrangements

We have a financing program in China which is utilized to finance the purchases of goods and services from our suppliers through local banking institutions. The payment terms under the financing program vary, but the program has a weighted average maturity date that is approximately 90 days from each respective financing inception. These financing arrangements are included in current portion of borrowings within the consolidated balance sheets and at the time of issuance each transaction is treated as a non-cash financing activity within the consolidated statements of cash flows. Upon settlement of the financing, the cash outflow is classified as a financing activity within the consolidated statements of cash flows. Amounts outstanding under this program were $13.0 million and $14.9 million at September 30, 2022 and 2021, respectively, including $1.9 million and $2.2 million, respectively, related to purchases of property, plant and equipment. Cash outflows under this program were $8.4 million, $52.3 million, $13.5 million and $44.4 million for the three and nine months ended September 30, 2022 and 2021, respectively.

Future repayments

Below is a schedule of required future repayments of all borrowings outstanding at September 30, 2022.

Remainder of 2022	$ 46.2
2023	27.4
2024	1,993.4
2025	438.8
2026	3.4
Thereafter	1,246.5
Total borrowings	3,755.7
Unamortized original issue discount	(3.2)
Unamortized deferred financing costs	(22.5)
Total borrowings, net	$ 3,730.0

(In millions, unless otherwise noted)

(16) FINANCIAL INSTRUMENTS, HEDGING ACTIVITIES AND FAIR VALUE MEASUREMENTS

Fair value of financial instruments

Equity securities with readily determinable fair values - Balances of equity securities are recorded within other assets, with any changes in fair value recorded within other expense (income), net. The fair values of equity securities are based upon quoted market prices, which are considered Level 1 inputs.

Long-term borrowings - The estimated fair values of these borrowings are based on recent trades, as reported by a third-party pricing service. Due to the infrequency of trades, these inputs are considered to be Level 2 inputs.

Derivative instruments - The Company's interest rate caps, interest rate swaps, cross-currency swaps, and foreign currency forward contracts are valued using broker quotations, or market transactions in either the listed or over-the-counter markets. As such, these derivative instruments are included in the Level 2 hierarchy.

Fair value of contingent consideration

The fair value of contingent consideration associated with an acquisition completed in the year is valued at each balance sheet date, until amounts become payable, with adjustments recorded within other expense (income), net in the condensed consolidated statements of operations. During April 2021, in conjunction with an acquisition in China, we recorded the fair value of contingent consideration of $7.3 million. As of September 30, 2022, the contingent consideration has decreased to $7.0 million as a result of accretion for the passage of time and currency translation. The contingent consideration was valued using a probability-weighted expected payment method. The analysis considered the timing of expected future cash flows and the probability of whether key elements of the contingent event are completed. Due to the significant unobservable inputs used in the valuations, these liabilities are categorized within Level 3 of the fair value hierarchy.

The table below presents the fair values of our financial instruments measured on a recurring basis by level within the fair value hierarchy at September 30, 2022 and December 31, 2021.

	September 30, 2022				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Prepaid expenses and other current assets:								
Interest rate swaps (1)	$ —	$ 7.1	$ —	$ 7.1	$ —	$ —	$ —	$ —
Cross-currency swaps (2)	—	76.7	—	76.7	—	17.7	—	17.7
Foreign currency forward contracts (1)	—	0.2	—	0.2	—	—	—	—
Other assets:								
Cross-currency swaps (2)	—	34.3	—	34.3	—	8.3	—	8.3
Investments in equity securities	0.6	—	—	0.6	0.7	—	—	0.7
Liabilities:								
Other accrued liabilities:								
Interest rate swaps (1)	—	—	—	—	—	24.3	—	24.3
Contingent consideration	—	—	7.0	7.0	—	—	7.8	7.8
Other liabilities:								
Interest rate swaps (1)	—	—	—	—	—	1.9	—	1.9
Long-term borrowings:								
2024 Dollar Term Loans	—	1,997.6	—	1,997.6	—	2,038.5	—	2,038.5
2025 Euro Senior Notes	—	400.4	—	400.4	—	513.7	—	513.7
2027 Dollar Senior Notes	—	445.3	—	445.3	—	522.9	—	522.9
2029 Dollar Senior Notes	—	547.7	—	547.7	—	679.5	—	679.5

(1) Cash flow hedge
(2) Net investment hedge

(In millions, unless otherwise noted)

The table below presents a roll forward of activity for the Level 3 liabilities during the three and nine months ended September 30, 2022.

	Fair Value Using Significant Unobservable Inputs (Level 3)
Beginning balance December 31, 2021	$ 7.8
Change in fair value	—
Ending balance at March 31, 2022	7.8
Change in fair value	(0.3)
Ending balance at June 30, 2022	7.5
Change in fair value	(0.5)
Ending balance at September 30, 2022	$ 7.0

Derivative Financial Instruments

We selectively use derivative instruments to reduce market risk associated with changes in foreign currency exchange rates and interest rates. The use of derivatives is intended for hedging purposes only, and we do not enter into derivative instruments for speculative purposes.

Certain derivative instruments in use are contingent upon changes in LIBOR, which is the subject of recent reform and will cease being published in June 2023. The derivative instruments under LIBOR terms that we are currently party to will either mature before June 2023 or the agreements contain transitional language to a different reference rate.

Derivative Instruments Qualifying and Designated as Cash Flow and Net Investment Hedges

Cross-Currency Swaps Designated as Net Investment Hedges

During March 2022, we settled two fixed-for-fixed cross-currency swaps with an aggregate notional amount totaling €335.0 million, previously executed in 2020, resulting in cash proceeds of $25.0 million. Concurrently, we entered into two fixed-for-fixed cross-currency swaps with an aggregate notional amount totaling €335.0 million to hedge the variability of exchange rate impacts between the U.S. Dollar and Euro. Under the terms of the new cross-currency swap agreements, the Company notionally exchanged $365.5 million at a weighted average interest rate of 3.375% for €335.0 million at a weighted average interest rate of 2.04%. The cross-currency swaps are designated as net investment hedges and expire on February 15, 2029. These cross-currency swaps are marked to market at each reporting date and any unrealized gains or losses are included in unrealized currency translation adjustments, within accumulated other comprehensive loss ("AOCI").

Foreign Currency Forward Contracts Designated as Cash Flow Hedges

During the three months ended March 31, 2022, we designated foreign currency forward contracts with a notional value of $3.0 million as cash flow hedges of the Company's exposure to variability in exchange rates on forecasted purchases of inventory denominated in foreign currencies. These forward currency contracts are marked to market at each reporting date and any unrealized gains or losses are included in AOCI and reclassified to cost of goods sold in the same period or periods during which the hedged transactions affect earnings.

The following table presents the fair values of derivative instruments that qualify and have been designated as cash flow and net investment hedges included in AOCI:

	September 30, 2022	December 31, 2021
AOCI:		
Interest rate swaps (cash flow hedges)	$ (7.1)	$ 26.3
Foreign currency forward contracts (cash flow hedges)	(0.2)	—
Cross-currency swaps (net investment hedges)	(135.6)	(26.0)
Total AOCI	$ (142.9)	$ 0.3

Gains and losses on the derivative representing hedge components excluded from the assessment of effectiveness are recognized over the life of the hedge on a systematic and rational basis.

(In millions, unless otherwise noted)

The following tables set forth the locations and amounts recognized during the three and nine months ended September 30, 2022 and 2021 for these cash flow and net investment hedges.

		For the Three Months Ended September 30,			
		2022		2021	
Derivatives in Cash Flow and Net Investment Hedges	Location of Loss (Gain) Recognized in Income on Derivatives	Net Amount of Gain Recognized in OCI on Derivatives	Amount of Loss (Gain) Recognized in Income	Net Amount of Loss (Gain) Recognized in OCI on Derivatives	Amount of Loss (Gain) Recognized in Income
Interest rate caps	Interest expense, net	$ —	$ —	$ —	$ 0.7
Interest rate swaps	Interest expense, net	(2.5)	0.1	0.9	7.5
Foreign currency forward contracts	Cost of goods sold	(0.1)	—	—	0.1
Cross-currency swaps	Interest expense, net	(65.5)	(5.4)	(20.4)	(4.8)

		For the Nine Months Ended September 30,			
		2022		2021	
Derivatives in Cash Flow and Net Investment Hedges	Location of Loss (Gain) Recognized in Income on Derivatives	Net Amount of Gain Recognized in OCI on Derivatives	Amount of Loss (Gain) Recognized in Income	Net Amount of Loss (Gain) Recognized in OCI on Derivatives	Amount of Loss (Gain) Recognized in Income
Interest rate caps	Interest expense, net	$ —	$ —	$ —	$ 1.9
Interest rate swaps	Interest expense, net	(21.8)	11.6	0.3	21.7
Foreign currency forward contracts	Cost of goods sold	(0.2)	—	—	0.2
Cross-currency swaps	Interest expense, net	(124.9)	(15.3)	(50.3)	(14.3)

Over the next 12 months, we expect a gain of $7.3 million pertaining to cash flow hedges to be reclassified from AOCI into earnings, related to our interest rate swaps and foreign currency forward contracts.

Derivative Instruments Not Designated as Cash Flow Hedges

We periodically enter into foreign currency forward and option contracts to reduce market risk and hedge our balance sheet exposures and cash flows for subsidiaries with exposures denominated in currencies different from the functional currency of the relevant subsidiary. These contracts have not been designated as hedges and all gains and losses are marked to market through other expense (income), net in the condensed consolidated statements of operations.

Fair value gains and losses of derivative contracts, as determined using Level 2 inputs, that have not been designated for hedge accounting treatment under ASC 815, *Derivatives and hedging*, are recorded in earnings as follows:

Derivatives Not Designated as Hedging Instruments under ASC 815	Location of Loss (Gain) Recognized in Income on Derivatives	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Foreign currency forward contracts	Other expense (income), net	$ 5.2	$ (0.9)	$ 7.8	$ (6.8)

(17) SEGMENTS

The Company identifies an operating segment as a component: (i) that engages in business activities from which it may earn revenues and incur expenses; (ii) whose operating results are regularly reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance; and (iii) that has available discrete financial information.

We have two operating segments, which are also our reportable segments: Performance Coatings and Mobility Coatings. The CODM reviews financial information at the operating segment level to allocate resources and to assess the operating results and financial performance for each operating segment. Our CODM is identified as the Interim Chief Executive Officer because he has final authority over performance assessment and resource allocation decisions. Our segments are based on the type and concentration of customers served, service requirements, methods of distribution and major product lines.

Through our Performance Coatings segment, we provide high-quality liquid and powder coatings solutions to a fragmented and local customer base. We are one of only a few suppliers with the technology to provide precise color matching and highly durable coatings systems. The end-markets within this segment are refinish and industrial.

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Through our Mobility Coatings segment, we provide coatings technologies while focusing on supporting the accelerating demand for e-mobility and the evolving coatings needs of established and emerging light and commercial vehicle OEMs, fleet owners and shared mobility providers. These global customers are faced with evolving megatrends in sustainability, personalization and autonomous driving that require a high level of technical support coupled with productive, environmentally responsible coatings systems that can be applied with a high degree of precision, consistency and speed. The end-markets within this segment are light vehicle and commercial vehicle.

Adjusted EBIT is the primary measure to evaluate financial performance of the operating segments and allocate resources. Asset information is not reviewed or included with our internal management reporting. Therefore, we have not disclosed asset information for each reportable segment. The following table presents relevant information of our reportable segments.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net sales [1]:				
Refinish	$ 498.7	$ 443.4	$ 1,451.2	$ 1,305.5
Industrial	339.3	335.8	1,057.0	986.8
Total Net sales Performance Coatings	838.0	779.2	2,508.2	2,292.3
Light Vehicle	303.0	235.4	861.5	758.2
Commercial Vehicle	97.7	74.0	278.0	228.5
Total Net sales Mobility Coatings	400.7	309.4	1,139.5	986.7
Total Net sales	$ 1,238.7	$ 1,088.6	$ 3,647.7	$ 3,279.0
Depreciation and amortization expense [2]:				
Performance Coatings	$ 55.5	$ 57.0	$ 171.2	$ 167.4
Mobility Coatings	19.0	22.3	58.3	67.3
Total Depreciation and amortization expense	$ 74.5	$ 79.3	$ 229.5	$ 234.7

(1) The Company has no intercompany sales between segments.

(2) Depreciation and amortization expenses relating to assets used within the operations of a specifically identifiable segment are recorded to the appropriate segment, while depreciation and amortization expenses relating to assets shared in our integrated supply chain are allocated to the appropriate segments on a consistent basis reflecting their use.

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(In millions, unless otherwise noted)

The following table reconciles our segment operating performance to income before income taxes for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Segment Adjusted EBIT [(1)]:				
Performance Coatings	$ 121.8	$ 122.8	$ 341.6	$ 379.7
Mobility Coatings	3.6	(2.7)	6.4	42.2
Total [(2)]	125.4	120.1	348.0	421.9
Interest expense, net	35.0	33.8	101.1	100.7
Termination benefits and other employee related costs [(a)]	5.0	9.6	10.1	35.1
Strategic review and retention costs [(b)]	—	2.1	—	9.7
Acquisition and divestiture-related costs [(c)]	0.2	9.2	2.8	10.8
Accelerated depreciation and site closure costs [(d)]	1.1	0.6	4.2	1.8
Operational matter [(e)]	(0.1)	(18.7)	0.1	3.9
Brazil indirect tax [(f)]	—	—	—	(8.3)
Gain on sale of facility [(g)]	—	(8.9)	—	(8.9)
Russia sanction-related impacts [(h)]	(1.3)	—	4.8	—
Commercial agreement restructuring impacts [(i)]	—	—	25.0	—
Other adjustments [(j)]	0.4	(0.9)	—	(0.8)
Income before income taxes	$ 85.1	$ 93.3	$ 199.9	$ 277.9

(1) The primary measure of segment operating performance is Adjusted EBIT, which is defined as net income before interest, taxes and select other items impacting operating results. These other items impacting operating results are items that management has concluded are (1) non-cash items included within net income, (2) items the Company does not believe are indicative of ongoing operating performance or (3) non-recurring, unusual or infrequent items that have not occurred within the last two years or we believe are not reasonably likely to recur within the next two years. Adjusted EBIT 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 the Company's core operating performance, which represents Adjusted EBIT adjusted for the select items referred to above.

(2) Does not represent Adjusted EBIT referenced elsewhere by the Company as there are additional adjustments that are not allocated to the segments.

(a) Represents expenses and associated changes to estimates related to employee termination benefits and other employee-related costs, which includes costs related to the transition of our CEO. Employee termination benefits are primarily associated with Axalta Way initiatives. These amounts are not considered indicative of our ongoing operating performance.

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

(c) Represents acquisition and divestiture-related expenses and integration activities associated with our business combinations, all of which are not considered indicative of our ongoing operating performance. The amount for the nine months ended September 30, 2022 includes $1.9 million of due diligence and other related costs associated with unconsummated merger and acquisition transactions.

(d) Represents incremental depreciation expense resulting from truncated useful lives of the assets impacted by our manufacturing footprint assessments and costs related to the closure of certain manufacturing sites, which we do not consider indicative of our ongoing operating performance.

(e) Represents expenses, changes in estimates and insurance recoveries for probable liabilities related to an operational matter in the Mobility Coatings segment discussed further in Note 6, which we do not consider indicative of our ongoing operating performance.

(f) Represents non-recurring income related to a law change with respect to certain Brazilian indirect taxes which was recorded within other expense (income), net.

(g) Represents non-recurring income related to the sale of a previously closed manufacturing facility.

(h) Represents (benefits) expenses related to sanctions imposed on Russia in response to the conflict with Ukraine as a result of incremental reserves for accounts receivable, inventory obsolescence and business incentive payments, which we do not consider indicative of our ongoing operating performance. The benefits recorded during the three months ended September 30, 2022 are related to changes in estimated inventory obsolescence.

(i) Represents a charge related to a customer concession discussed further in Note 2. These amounts are not considered to be indicative of our ongoing operating performance.

(j) Represents costs for certain non-operational or non-cash losses and (gains), unrelated to our core business and which we do not consider indicative of ongoing operations.

(In millions, unless otherwise noted)

(18) ACCUMULATED OTHER COMPREHENSIVE LOSS

	Unrealized Currency Translation Adjustments	Pension Adjustments	Unrealized (Loss) Gain on Derivatives	Accumulated Other Comprehensive (Loss) Income
Balance, December 31, 2021	$ (331.3)	$ (60.4)	$ (22.7)	$ (414.4)
Current year deferrals to AOCI	0.4	—	10.8	11.2
Reclassifications from AOCI to Net income	(4.8)	0.5	6.1	1.8
Net Change	(4.4)	0.5	16.9	13.0
Balance, March 31, 2022	(335.7)	(59.9)	(5.8)	(401.4)
Current year deferrals to AOCI	(77.1)	—	6.1	(71.0)
Reclassifications from AOCI to Net income	(5.1)	0.4	3.9	(0.8)
Net Change	(82.2)	0.4	10.0	(71.8)
Balance, June 30, 2022	(417.9)	(59.5)	4.2	(473.2)
Current year deferrals to AOCI	(118.5)	—	2.4	(116.1)
Reclassifications from AOCI to Net income	(5.4)	0.6	0.2	(4.6)
Net Change	(123.9)	0.6	2.6	(120.7)
Balance, September 30, 2022	$ (541.8)	$ (58.9)	$ 6.8	$ (593.9)

The cumulative income tax benefit related to the adjustments for pension benefits at September 30, 2022 was $24.0 million. The cumulative income tax expense related to the adjustments for unrealized gain on derivatives at September 30, 2022 was $0.5 million. See Note 16 for classification within the consolidated statements of operations of the gains and losses on derivatives reclassified from AOCI.

	Unrealized Currency Translation Adjustments	Pension Adjustments	Unrealized (Loss) Gain on Derivatives	Accumulated Other Comprehensive (Loss) Income
Balance, December 31, 2020	$ (282.0)	$ (88.7)	$ (54.1)	$ (424.8)
Current year deferrals to AOCI	(32.6)	—	1.3	(31.3)
Reclassifications from AOCI to Net income	(4.8)	0.7	6.6	2.5
Net Change	(37.4)	0.7	7.9	(28.8)
Balance, March 31, 2021	(319.4)	(88.0)	(46.2)	(453.6)
Current year deferrals to AOCI	43.4	—	(0.8)	42.6
Reclassifications from AOCI to Net income	(4.7)	1.0	6.7	3.0
Net Change	38.7	1.0	5.9	45.6
Balance, June 30, 2021	(280.7)	(87.0)	(40.3)	(408.0)
Current year deferrals to AOCI	(32.6)	—	(0.8)	(33.4)
Reclassifications from AOCI to Net income	(4.8)	0.8	7.1	3.1
Net Change	(37.4)	0.8	6.3	(30.3)
Balance, September 30, 2021	$ (318.1)	$ (86.2)	$ (34.0)	$ (438.3)

The cumulative income tax benefit related to the adjustments for pension benefits at September 30, 2021 was $32.3 million. The cumulative income tax benefit related to the adjustments for unrealized loss on derivatives at September 30, 2021 was $5.4 million. See Note 16 for classification within the consolidated statements of operations of the gains and losses on derivatives reclassified from AOCI.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the interim unaudited condensed consolidated financial statements and the condensed notes thereto included elsewhere in this Quarterly Report on Form 10-Q, as well as the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

FORWARD-LOOKING STATEMENTS

Many statements made in the following discussion and analysis of our financial condition and results of operations and elsewhere in this Quarterly Report on Form 10-Q that are not statements of historical fact, including statements about our beliefs and expectations, are "forward-looking statements" within the meaning of federal securities laws and should be evaluated as such. Forward-looking statements include information concerning possible or assumed future results of operations, including descriptions of our business plan, strategies and capital structure. These statements often include words such as "anticipate," "expect," "believe," "intended," "estimates," "estimated", "projections," "can," "could," "would," "may," "will," "forecasts" and the negative of these words or other comparable or similar terminology. We base these forward-looking statements or projections on our current expectations, plans and assumptions that we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances and at such time. As you read and consider this Quarterly Report on Form 10-Q, you should understand that these statements are not guarantees of performance or results. The forward-looking statements and projections are subject to and involve risks, uncertainties and assumptions, including, but not limited to, the risks and uncertainties described in "Forward-Looking Statements," as well as "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2021, and you should not place undue reliance on these forward-looking statements or projections. Although we believe that these forward-looking statements and projections are based on reasonable assumptions at the time they are made, you should be aware that many factors, including, but not limited to, those described in "Risk Factors," could affect our actual financial results or results of operations and could cause actual results to differ materially from those expressed in the forward-looking statements and projections.

These cautionary statements should not be construed by you to be exhaustive and are made only as of the date of this Quarterly Report on Form 10-Q. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

OVERVIEW

We are a leading global manufacturer, marketer and distributor of high performance coatings systems and products. We have over a 150-year heritage in the coatings industry and are known for manufacturing high-quality products with well-recognized brands supported by market-leading technology and customer service. Our diverse global footprint of 47 manufacturing facilities, four technology centers, 48 customer training centers and approximately 12,000 employees allows us to meet the needs of customers in over 140 countries. We serve our customer base through an extensive sales force and technical support organization, as well as through approximately 4,000 independent, locally based distributors.

We operate our business in two operating segments, Performance Coatings and Mobility Coatings. Our segments are based on the type and concentration of customers served, service requirements, methods of distribution and major product lines.

Through our Performance Coatings segment, we provide high-quality liquid and powder coatings solutions to a fragmented and local customer base. We are one of only a few suppliers with the technology to provide precise color matching and highly durable coatings systems. The end-markets within this segment are refinish and industrial.

Through our Mobility Coatings segment, we provide coatings technologies while focusing on supporting the accelerating demand for e-mobility and the evolving coatings needs of established and emerging light and commercial vehicle OEMs, fleet owners and shared mobility providers. These global customers are faced with evolving megatrends in sustainability, personalization and autonomous driving that require a high level of technical support coupled with productive, environmentally responsible coatings systems that can be applied with a high degree of precision, consistency and speed. The end-markets within this segment are light vehicle and commercial vehicle.

BUSINESS HIGHLIGHTS

General Business Highlights

Our net sales increased 11.2%, including a 4.8% headwind from foreign currency translation, for the nine months ended September 30, 2022 compared with the nine months ended September 30, 2021. The increased net sales were primarily driven by higher average selling price and product mix of 9.5%, higher volumes of 4.2% and 2.3% contributions from acquisitions, net of the impact from a commercial agreement restructuring impacting Performance Coatings ("One-Time Event"), which is discussed in more detail in Note 2 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q. The following trends have impacted our segment net sales performance:

- *Performance Coatings:* Net sales increased 9.4% for the nine months ended September 30, 2022 compared with the nine months ended September 30, 2021. The increased net sales were primarily driven by higher average selling price and product mix of 10.6% and contributions from acquisitions, net of the impact from the One-Time Event, of 3.3%, partially offset by a 5.4% headwind from unfavorable foreign currency translation driven primarily by the weakening of the Euro and Turkish Lira compared to the U.S. Dollar.
- *Mobility Coatings:* Net sales increased 15.5% for the nine months ended September 30, 2022 compared with the nine months ended September 30, 2021. The increased sales were driven by higher sales volumes of 11.9% and higher average selling price and product mix of 7.0%, partially offset by unfavorable currency impact of 3.4%, driven primarily by the weakening of the Euro and Turkish Lira compared to the U.S. Dollar, partially offset by the strengthening of the Brazilian Real.

Our business serves four end-markets globally with net sales for the three and nine months ended September 30, 2022 and 2021, as follows:

(In millions)	Three Months Ended September 30,		2022 vs 2021	Nine Months Ended September 30,		2022 vs 2021
	2022	2021	% change	2022	2021	% change
Performance Coatings						
Refinish	$ 498.7	$ 443.4	12.5 %	$ 1,451.2	$ 1,305.5	11.2 %
Industrial	339.3	335.8	1.0 %	1,057.0	986.8	7.1 %
Total Net sales Performance Coatings	838.0	779.2	7.5 %	2,508.2	2,292.3	9.4 %
Mobility Coatings						
Light Vehicle	303.0	235.4	28.7 %	861.5	758.2	13.6 %
Commercial Vehicle	97.7	74.0	32.0 %	278.0	228.5	21.7 %
Total Net sales Mobility Coatings	400.7	309.4	29.5 %	1,139.5	986.7	15.5 %
Total Net sales	$ 1,238.7	$ 1,088.6	13.8 %	$ 3,647.7	$ 3,279.0	11.2 %

CEO transition

On July 26, 2022, we announced that Robert Bryant would step down as President and Chief Executive Officer and a member of Axalta's Board of Directors, effective August 31, 2022. On August 31, 2022, Rakesh Sachdev, a member of Axalta's Board of Directors, assumed the role of Interim Chief Executive Officer and President. Axalta's Board of Directors has initiated a comprehensive search process to identify and hire a permanent Chief Executive Officer and President.

Semiconductor chip shortages, supply chain shortages and inflation

During the nine months ended September 30, 2022, we were negatively impacted globally by semiconductor chip shortages, primarily affecting production levels of our automotive original equipment manufacturer customers in our Light Vehicle end-market, as well as other supply chain shortages, inflation and freight and logistic constraints. While the semiconductor chip shortage has begun to wane, we anticipate inflation and other supply chain constraints, including the tightness of raw materials and freight and logistic challenges, will continue to negatively impact our results throughout the rest of the year. We will continue to monitor these conditions and take appropriate actions that we believe will help mitigate costs and other operational impacts.

Russia conflict with Ukraine

Russia's conflict with Ukraine and the sanctions and other measures imposed by various governments in response to this conflict have increased the level of economic and political uncertainty globally. While our operations in Russia and Ukraine constitute less than 1% of our net sales during the nine months ended September 30, 2022, a significant escalation or expansion of economic disruption or countries subject to sanctions or the conflict's scope could have a material adverse effect on our results of operations, financial condition and cash flows. We are actively monitoring the broader economic impact on commodities and currency exchange rates from the current conflict, especially on the price and supply of raw materials. We recorded expenses of $4.8 million related to incremental reserves for accounts receivable, inventory and Business Incentive Plan assets ("BIPs") as a result of sanctions imposed on Russia during the nine months ended September 30, 2022. Included in the $4.8 million are net benefits of $1.3 million recorded during the three months ended September 30, 2022, primarily related to changes in estimates associated with inventory obsolescence. Net assets of our Russian subsidiaries at September 30, 2022 were approximately $18.1 million, with $15.1 million comprised of cash and cash equivalents.

Coronavirus (COVID-19) Pandemic

During the nine months ended September 30, 2022, our business continued to recover from the significant adverse impact on the demand for our products and, thus, our income from operations, caused by the COVID-19 pandemic, which began in early 2020. While we have seen a return to more stable quarter-over-quarter demand for our products and services, we remain cognizant of future COVID-19 developments, such as impacts from new variants, employee absenteeism, lockdowns or other restrictions, that could impact our future results of operations, financial condition and cash flows. During the nine months ended September 30, 2022, our manufacturing sites and operations in China were temporarily impacted by the lockdowns imposed by the local authorities in response to COVID-19, which reduced demand in the country. The risks and uncertainties related to the COVID-19 pandemic are discussed in further detail within Note 1 to the interim unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Capital and Liquidity Highlights

During the nine months ended September 30, 2022, we repurchased 7.4 million shares of our common stock for total consideration of $200.1 million as we continue to execute against our previously-approved share repurchase program.

Environmental, Social and Governance ("ESG") Framework

In January 2022, we announced a new ESG framework that details longer-term ESG goals and strategies. For additional information, see Part I, Item 1, "Business—Environmental, Social and Governance" of our Annual Report on Form 10-K for the year ended December 31, 2021.

FACTORS AFFECTING OUR OPERATING RESULTS

There have been no changes in the factors affecting our operating results previously reported in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2021.

RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the information contained in the accompanying financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q. Our historical results of operations summarized and analyzed below may not necessarily reflect what will occur in the future.

Net sales

	Three Months Ended September 30,		2022 vs 2021		Nine Months Ended September 30,		2022 vs 2021	
	2022	2021	$ Change	% Change	2022	2021	$ Change	% Change
Net sales	$ 1,238.7	$ 1,088.6	$ 150.1	13.8 %	$ 3,647.7	$ 3,279.0	$ 368.7	11.2 %
Price/Mix effect				9.7 %				9.5 %
Volume effect				8.8 %				4.2 %
Impact of acquisitions and one-time events				1.6 %				2.3 %
Exchange rate effect				(6.3)%				(4.8)%

Three months ended September 30, 2022 compared to the three months ended September 30, 2021

Net sales increased due to the following:

- Higher average selling price in both segments and all regions as a result of pricing actions taken to offset input price inflation
- Higher sales volumes driven by our Mobility Coatings segment
- Sales contributions from a company acquired during September 2021

Partially offset by:

- Unfavorable impacts of currency translation due primarily to the weakening of the Euro, Turkish Lira, Chinese Renminbi and British Pound compared to the U.S. Dollar

Nine months ended September 30, 2022 compared to the nine months ended September 30, 2021

Net sales increased due to the following:

- Higher average selling price in both segments and all regions as a result of pricing actions taken to offset input price inflation
- Higher sales volumes in both segments and most regions
- Sales contributions from companies acquired during 2021

Partially offset by:

- Decrease in net sales of $20.3 million due to the One-Time Event
- Unfavorable impacts of currency translation due primarily to the weakening of the Euro and Turkish Lira compared to the U.S. Dollar

Cost of sales

	Three Months Ended September 30,		2022 vs 2021		Nine Months Ended September 30,		2022 vs 2021	
	2022	2021	$ Change	% Change	2022	2021	$ Change	% Change
Cost of sales	$ 876.6	$ 745.3	$ 131.3	17.6 %	$ 2,600.4	$ 2,182.6	$ 417.8	19.1 %
% of net sales	70.8 %	68.5 %			71.3 %	66.6 %		

Three months ended September 30, 2022 compared to the three months ended September 30, 2021

Cost of sales increased due to the following:

- Higher variable input costs due to raw material, freight, logistics and energy inflation
- Costs associated with higher sales volumes, including costs from a company acquired during September 2021
- Higher operating expenses due primarily to inflation

Partially offset by:

- Favorable currency translation impact of approximately 6%, due primarily to the weakening of the Euro, Turkish Lira and Chinese Renminbi compared to the U.S. Dollar

Cost of sales as a percentage of net sales increased primarily due to the following:

- Higher variable input costs due to raw material, freight, logistics and energy inflation

Partially offset by:

- Higher average selling price in both segments and all regions as a result of pricing actions taken to offset input cost inflation
- More efficient fixed cost usage as a result of higher sales volumes

Nine months ended September 30, 2022 compared to the nine months ended September 30, 2021

Cost of sales increased due to the following:

- Higher variable input costs due to raw material, freight, logistics and energy inflation
- Costs associated with higher sales volumes, including costs from companies acquired during 2021
- Higher operating expenses due primarily to inflation and the lapsing of temporary COVID-19 related cost savings initiatives during the first quarter of 2021
- Increase of $1.6 million in inventory obsolescence of which $1.1 million is related to sanctions imposed on Russia

Partially offset by:

- Favorable currency translation impact of approximately 5%, due primarily to the weakening of the Euro and Turkish Lira compared to the U.S. Dollar

Cost of sales as a percentage of net sales increased primarily due to the following:

- Higher variable input costs due to raw material, freight, logistics and energy inflation
- Decrease in net sales of $20.3 million, which had no corresponding impact on cost of sales, due to the One-Time Event

Partially offset by:

- Higher average selling price in both segments and all regions as a result of pricing actions taken to offset input cost inflation
- More efficient fixed cost usage as a result of higher sales volumes

Selling, general and administrative expenses

	Three Months Ended September 30,		2022 vs 2021		Nine Months Ended September 30,		2022 vs 2021	
	2022	2021	$ Change	% Change	2022	2021	$ Change	% Change
SG&A	$ 186.4	$ 181.0	$ 5.4	3.0 %	$ 571.6	$ 544.3	$ 27.3	5.0 %

Three months ended September 30, 2022 compared to the three months ended September 30, 2021

Selling, general and administrative expenses increased due to the following:

- Higher operating expenses due primarily to inflation, including labor costs
- Costs from a company acquired during September 2021
- Increase in commissions and sales incentive compensation driven by increased sales

Partially offset by:

- Favorable currency translation impact of 8%, due primarily to the weakening of the Euro compared to the U.S. Dollar

Nine months ended September 30, 2022 compared to the nine months ended September 30, 2021

Selling, general and administrative expenses increased due to the following:

- Higher operating expenses due primarily to inflation, including labor costs
- Costs from companies acquired during 2021
- Increase in commissions and sales incentive compensation driven by increased sales

Partially offset by:

- Favorable currency translation impact of 6%, due primarily to the weakening of the Euro compared to the U.S. Dollar

Other operating charges (benefits)

	Three Months Ended September 30,		2022 vs 2021		Nine Months Ended September 30,		2022 vs 2021	
	2022	2021	$ Change	% Change	2022	2021	$ Change	% Change
Other operating charges (benefits)	$ 5.3	$ (7.6)	$ 12.9	169.7 %	$ 17.8	$ 49.5	$ (31.7)	(64.0)%

Three months ended September 30, 2022 compared to the three months ended September 30, 2021

Other operating charges (benefits) changed due to the following:

- The absence of benefits of $18.7 million recorded in 2021 related to insurance recoveries and net changes to our estimates for probable liabilities for an operational matter in our Mobility Coatings segment discussed further in Note 6 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q
- Gain of $7.9 million in 2021 related to the sale of a manufacturing facility

Partially offset by:

- Decrease of $7.7 million in acquisition related costs
- Decrease of $4.6 million in termination benefits, which includes CEO transition costs, and other employee related costs associated with our cost saving initiatives from $9.6 million in the prior year to $5.0 million in the current year
- Decrease of $2.1 million associated with retention awards earned in 2021
- Impacts of currency translation were immaterial when compared to 2021

Nine months ended September 30, 2022 compared to the nine months ended September 30, 2021

Other operating charges changed due to the following:

- Decrease of $25.0 million in termination benefits, which includes CEO transition costs, and other employee related costs associated with our cost saving initiatives from $35.1 million in the prior year to $10.1 million in the current year
- Decrease of $9.7 million associated with retention awards earned in 2021
- Decrease of $6.8 million in acquisition related costs in the current year
- Decrease of $3.8 million related to a charge recorded in 2021 related to probable liabilities for an operational matter in our Mobility Coatings segment discussed further in Note 6 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q

Partially offset by:

- Gain of $7.9 million in 2021 related to the sale of a manufacturing facility that is not present in the current quarter
- Increase of $3.2 million as a result of incremental reserves for accounts receivable related to sanctions imposed on Russia
- Impacts of currency translation were immaterial when compared to 2021

Research and development expenses

	Three Months Ended September 30,		2022 vs 2021		Nine Months Ended September 30,		2022 vs 2021	
	2022	2021	$ Change	% Change	2022	2021	$ Change	% Change
Research and development expenses	$ 16.5	$ 15.4	$ 1.1	7.1 %	$ 49.6	$ 46.8	$ 2.8	6.0 %

Three months ended September 30, 2022 compared to the three months ended September 30, 2021

Research and development expenses increased due to the following:

- Increased research and development activity, including activity from a company acquired during September 2021
- Increased labor costs as a result of inflation
- Favorable currency translation impact of 2%, due primarily to the weakening of the Euro compared to the U.S. Dollar

Nine months ended September 30, 2022 compared to the nine months ended September 30, 2021

Research and development expenses increased due to the following:

- Increased research and development activity, including activity from companies acquired during 2021
- Increased labor costs as a result of inflation
- Favorable currency translation impact of 1%, due primarily to the weakening of the Euro compared to the U.S. Dollar

Amortization of acquired intangibles

	Three Months Ended September 30,		2022 vs 2021		Nine Months Ended September 30,		2022 vs 2021	
	2022	2021	$ Change	% Change	2022	2021	$ Change	% Change
Amortization of acquired intangibles	$ 30.4	$ 29.8	$ 0.6	2.0 %	$ 94.9	$ 88.1	$ 6.8	7.7 %

Three months ended September 30, 2022 compared to the three months ended September 30, 2021

Amortization of acquired intangibles increased due to the following:

- Amortization increase of $3.3 million related to the September 2021 acquisition

Partially offset by:

- Favorable currency translation impact of 4%, due primarily to the weakening of the Euro compared to the U.S. Dollar

Nine months ended September 30, 2022 compared to the nine months ended September 30, 2021

Amortization of acquired intangibles increased due to the following:

- Amortization increase of $12.2 million related to the 2021 acquisitions

Partially offset by:

- Favorable currency translation impact of 3%, due primarily to the weakening of the Euro compared to the U.S. Dollar

Interest expense, net

	Three Months Ended September 30,		2022 vs 2021		Nine Months Ended September 30,		2022 vs 2021	
	2022	2021	$ Change	% Change	2022	2021	$ Change	% Change
Interest expense, net	$ 35.0	$ 33.8	$ 1.2	3.6 %	$ 101.1	$ 100.7	$ 0.4	0.4 %

Three months ended September 30, 2022 compared to the three months ended September 30, 2021

Interest expense, net increased primarily due to the following:

- Unfavorable impact of change in LIBOR rate related to our 2024 Dollar Term Loans

Partially offset by:

- Favorable impacts of our derivative instruments used to hedge the variable interest rate exposure on certain debt arrangements
- Favorable currency translation impact of 2%, due to the weakening of the Euro compared to the U.S. Dollar

Nine months ended September 30, 2022 compared to the nine months ended September 30, 2021

Interest expense, net remained consistent primarily due to the following:

- Unfavorable impact of change in LIBOR rate related to our 2024 Dollar Term Loans

Partially offset by:

- Favorable impacts of our derivative instruments used to hedge the variable interest rate exposure on certain debt arrangements
- Favorable currency translation impact of 2%, due to the weakening of the Euro compared to the U.S. Dollar

Other expense (income), net

	Three Months Ended September 30,		2022 vs 2021		Nine Months Ended September 30,		2022 vs 2021	
	2022	2021	$ Change	% Change	2022	2021	$ Change	% Change
Other expense (income), net	$ 3.4	$ (2.4)	$ 5.8	241.7 %	$ 12.4	$ (10.9)	$ 23.3	213.8 %

Three months ended September 30, 2022 compared to the three months ended September 30, 2021

Other expense (income), net changed due to the following:

- Unfavorable impact of foreign exchange losses of $6.5 million when compared with the prior year period

Nine months ended September 30, 2022 compared to the nine months ended September 30, 2021

Other expense (income), net changed due to the following:

- Unfavorable impact of foreign exchange losses of $10.4 million when compared with the prior year period
- Income of $8.3 million recorded in 2021 related to a law change with respect to certain Brazilian indirect taxes
- Expense of $4.7 million related to a charge recorded in 2022 for the One-Time Event
- Increased expenses of $1.2 million during 2022 as a result of non-service pension costs

Provision for income taxes

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Income before income taxes	$ 85.1	$ 93.3	$ 199.9	$ 277.9
Provision for income taxes	21.8	24.4	51.6	66.9
Statutory U.S. Federal income tax rate	21.0 %	21.0 %	21.0 %	21.0 %
Effective tax rate	25.6 %	26.2 %	25.8 %	24.1 %
Effective tax rate vs. statutory U.S. Federal income tax rate	4.6 %	5.2 %	4.8 %	3.1 %

	(Favorable) Unfavorable Impact			
	Three Months Ended September 30,		Nine Months Ended September 30,	
Items impacting the effective tax rate vs. statutory U.S. federal income tax rate	2022	2021	2022	2021
Earnings generated in jurisdictions where the statutory rate is different from the U.S. Federal rate (1)	$ (6.3)	$ (3.7)	$ (16.0)	$ (10.7)
Changes in valuation allowance	13.1	4.7	22.1	17.2
Foreign exchange losses, net	(3.1)	(0.6)	(6.1)	(1.2)
Non-deductible expenses and interest	2.1	2.1	4.2	4.2
Changes in unrecognized tax benefits	(1.2)	1.8	4.0	5.5
Foreign taxes	0.4	1.2	2.4	4.5

(1) Primarily related to earnings in Bermuda, Germany, Luxembourg, and Switzerland.

SEGMENT RESULTS

The Company's products and operations are managed and reported in two operating segments: Performance Coatings and Mobility Coatings. See Note 17 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information.

Performance Coatings Segment

	Three Months Ended September 30,		2022 vs 2021		Nine Months Ended September 30,		2022 vs 2021	
	2022	2021	$ Change	% Change	2022	2021	$ Change	% Change
Net sales	$ 838.0	$ 779.2	$ 58.8	7.5 %	$ 2,508.2	$ 2,292.3	$ 215.9	9.4 %
Price/Mix effect				11.7 %				10.6 %
Impact of acquisitions and one-time events				2.2 %				3.3 %
Volume effect				0.5 %				0.9 %
Exchange rate effect				(6.9)%				(5.4)%
Adjusted EBIT	$ 121.8	$ 122.8	$ (1.0)	(0.8)%	$ 341.6	$ 379.7	$ (38.1)	(10.0)%
Adjusted EBIT Margin	14.5 %	15.8 %			13.6 %	16.6 %		

Three months ended September 30, 2022 compared to the three months ended September 30, 2021

Net sales increased due to the following:

- Higher average selling prices and product mix across both end-markets and all regions, primarily as a result of pricing actions taken to offset input price inflation within both end-markets
- Sales from a company acquired during September 2021
- Higher sales volumes driven by Refinish, despite lower volumes in Industrial caused by weakening demand in EMEA coupled with impacts from the Russia-Ukraine conflict and the China COVID-19 lockdowns

Partially offset by:

- Unfavorable impacts of currency translation due primarily to the weakening of the Euro, British Pound and Chinese Renminbi compared to the U.S. Dollar

Adjusted EBIT decreased due to the following:

- Higher variable input costs across both end-markets and all regions due to raw material, freight, logistics and energy inflation
- Higher operating expenses across all regions due primarily to inflation
- Unfavorable impacts of currency translation due primarily to the weakening of the Euro compared to the U.S. Dollar

Partially offset by:

- Higher average selling prices and product mix across both end-markets and all regions, which were in excess of variable input cost inflation

Nine months ended September 30, 2022 compared to the nine months ended September 30, 2021

Net sales increased due to the following:

- Higher average selling prices and product mix across both end-markets and all regions, primarily as a result of pricing actions taken to offset input price inflation within both end-markets
- Sales from companies acquired in 2021
- Higher sales volumes driven by Refinish, despite impacts from the Russia-Ukraine conflict and the China COVID-19 lockdowns

Partially offset by:

- Unfavorable impacts of currency translation due primarily to the weakening of the Euro and Turkish Lira compared to the U.S. Dollar
- Decrease in net sales of $20.3 million due to the One-Time Event

Adjusted EBIT decreased due to the following:

- Higher variable input costs across both end-markets and all regions due to raw material, freight, logistics and energy inflation
- Higher operating expenses across all regions due to inflation and the lapsing of temporary COVID-19 related cost savings initiatives during the first quarter of 2021
- Unfavorable impacts of currency translation due primarily to the weakening of the Euro compared to the U.S. Dollar

Partially offset by:

- Higher average selling prices and product mix across both end-markets and all regions, which were in excess of variable input cost inflation
- Contributions from companies acquired in 2021

In addition to the factors noted above, Adjusted EBIT margin decreased due to the following:

- Decrease in net sales of $20.3 million due to the One-Time Event

Mobility Coatings Segment

	Three Months Ended September 30,		2022 vs 2021		Nine Months Ended September 30,		2022 vs 2021	
	2022	2021	$ Change	% Change	2022	2021	$ Change	% Change
Net sales	$ 400.7	$ 309.4	$ 91.3	29.5 %	$ 1,139.5	$ 986.7	$ 152.8	15.5 %
Volume effect				29.9 %				11.9 %
Price/Mix effect				4.7 %				7.0 %
Exchange rate effect				(5.1)%				(3.4)%
Adjusted EBIT	$ 3.6	$ (2.7)	$ 6.3	233.3 %	$ 6.4	$ 42.2	$ (35.8)	(84.8)%
Adjusted EBIT Margin	0.9 %	(0.9)%			0.6 %	4.3 %		

Three months ended September 30, 2022 compared to the three months ended September 30, 2021

Net sales increased due to the following:

- Higher sales volumes across both end-markets and all regions, despite impacts from the Russia-Ukraine conflict
- Higher average selling prices and product mix across both end-markets and most regions, primarily as a result of pricing actions taken to offset input price inflation

Partially offset by:

- Unfavorable impacts of currency translation due primarily to the weakening of the Euro, Turkish Lira and Chinese Renminbi compared to the U.S. Dollar

Adjusted EBIT and Adjusted EBIT margins increased due to the following:

- Higher sales volumes across both end-markets and all regions, despite impacts from the Russia-Ukraine conflict
- Higher average selling prices and product mix across both end-markets and all regions, primarily as a result of pricing actions taken to offset input price inflation

Partially offset by:

- Higher variable input costs across both end-markets and all regions due to raw material, freight, logistics and energy inflation
- Higher operating expenses across all regions due primarily to inflation

Nine months ended September 30, 2022 compared to the nine months ended September 30, 2021

Net sales increased due to the following:

- Higher sales volumes across both end-markets and all regions, despite impacts from the Russia-Ukraine conflict and the China COVID-19 lockdowns
- Higher average selling prices and product mix across both end-markets and most regions, primarily as a result of pricing actions taken to offset input price inflation

Partially offset by:

- Unfavorable impacts of currency translation due primarily to the weakening of the Euro and Turkish Lira compared to the U.S. Dollar partially offset by the strengthening of the Brazilian Real

Adjusted EBIT and Adjusted EBIT margins decreased due to the following:

- Higher variable input costs across both end-markets and all regions due to raw material, freight, logistics and energy inflation
- Higher operating expenses across all regions due to inflation, increased activity and the lapsing of temporary COVID-19 related cost savings initiatives during the first quarter of 2021

Partially offset by:

- Higher average selling prices and product mix across both end-markets and most regions, primarily as a result of pricing actions taken to offset input price inflation
- Higher sales volumes across both end-markets, despite impacts from the Russia-Ukraine conflict and the China COVID-19 lockdowns

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity are cash on hand, cash flow from operations and available borrowing capacity under our Senior Secured Credit Facilities.

At September 30, 2022, availability under the Revolving Credit Facility was $528.9 million, net of $21.1 million of letters of credit outstanding. All such availability may be utilized without violating any covenants under the credit agreement governing such facility or the indentures governing the Senior Notes. At September 30, 2022, we had $13.0 million of outstanding borrowings under other lines of credit. Our remaining available borrowing capacity under other lines of credit in certain non-U.S. jurisdictions totaled $39.1 million.

We, or our affiliates, at any time and from time to time, may purchase shares of our common stock or the Senior Notes, and may prepay our Term Loans or other indebtedness. Any such purchases of our common stock or Senior Notes may be made through the open market or privately negotiated transactions with third parties or pursuant to one or more redemptions, tender or exchange offers or otherwise, upon such terms and at such prices, as well as with such consideration, as we, or any of our affiliates, may determine.

We have various supplier finance programs in place around the world. We partner with large banking institutions and utilize these programs to enhance our liquidity profile. Depending on the program, the liabilities under the program are classified either as accounts payable or current portion of borrowings on our consolidated balance sheets. Our facility in China is more fully described in Note 15 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Cash Flows

(In millions)	Nine Months Ended September 30, 2022	2021
Net cash provided by (used for):		
Operating activities:		
Net income	$ 148.3	$ 211.0
Depreciation and amortization	229.5	234.7
Amortization of deferred financing costs and original issue discount	7.2	6.7
Deferred income taxes	2.8	9.3
Realized and unrealized foreign exchange losses, net	5.5	9.5
Stock-based compensation	14.0	11.7
Gain on sale of facility	—	(8.9)
Interest income on swaps designated as net investment hedges	(16.1)	(14.3)
Commercial agreement restructuring charge	25.0	—
Other non-cash, net	(1.5)	11.3
Net income adjusted for non-cash items	414.7	471.0
Changes in operating assets and liabilities	(366.5)	(181.0)
Operating activities	48.2	290.0
Investing activities	(67.9)	(719.9)
Financing activities	(274.9)	(279.5)
Effect of exchange rate changes on cash	(29.9)	(16.5)
Net decrease in cash	$ (324.5)	$ (725.9)

Nine months ended September 30, 2022

Net Cash provided by Operating Activities

Net cash provided by operating activities for the nine months ended September 30, 2022 was $48.2 million. Net income before deducting depreciation, amortization and other non-cash items generated cash of $414.7 million. This was offset by net uses of working capital of $366.5 million, for which the most significant drivers were increases in accounts and notes receivable, inventories and prepaid expenses and other assets of $242.4 million, $220.8 million and $78.9 million, respectively. These outflows were primarily driven by increased sales volumes and price-mix, increased inventory on hand combined with inflation of raw material, freight, logistics and energy costs and payments of BIPs. The outflows were partially offset by increases in accounts payable of $189.7 million primarily due to raw material cost inflation, as well as elevated freight, logistics and energy costs.

Net Cash Used for Investing Activities

Net cash used for investing activities for the nine months ended September 30, 2022 was $67.9 million. The primary use was for purchases of property, plant and equipment of $107.5 million, partially offset by proceeds of $41.1 million from settlements and interest from swaps designated as net investment hedges, which are discussed further in Note 16 to the condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Net Cash Used for Financing Activities

Net cash used for financing activities for the nine months ended September 30, 2022 was $274.9 million. The primary uses were for the purchase of our common stock totaling $200.1 million and payments of $72.8 million on borrowings.

Other Impacts on Cash

Currency exchange impacts on cash for the nine months ended September 30, 2022 were unfavorable by $29.9 million, which was driven primarily by the weakening in the Euro, British Pound and Chinese Renminbi compared to the U.S. Dollar.

Nine months ended September 30, 2021

Net Cash Provided by Operating Activities

Net cash provided by operating activities for the nine months ended September 30, 2021 was $290.0 million. Net income before deducting depreciation, amortization and other non-cash items generated cash of $471.0 million. This was offset by net uses of working capital of $181.0 million, for which the most significant drivers were increases in accounts and notes receivable, inventory and prepaid expenses and other assets of $168.5 million, $107.8 million and $64.3 million, respectively. These outflows were primarily driven by insurance receivables related to the operational matter within our Mobility Coatings segment, which is discussed further in Note 6 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q, inflation of raw material costs and building inventory to pre-COVID-19 levels to align with returning demand. The outflows were partially offset by increases in accounts payable of $88.3 million due to increased production and inflation of raw material costs and other accruals of $61.3 million due to accruals related to the operational matter within the Mobility Coatings segment.

Net Cash Used for Investing Activities

Net cash used for investing activities for the nine months ended September 30, 2021 was $719.9 million. The primary uses were $647.3 million for business acquisitions during April and September 2021 and purchases of property, plant and equipment of $98.7 million.

Net Cash Used for Financing Activities

Net cash used for financing activities for the nine months ended September 30, 2021 was $279.5 million. The primary uses were for the purchase of our common stock totaling $213.8 million and payments of $74.6 million on borrowings.

Other Impacts on Cash

Currency exchange impacts on cash for the nine months ended September 30, 2021 were unfavorable by $16.5 million, which was driven primarily by fluctuations in the Euro compared to the U.S. Dollar.

Financial Condition

We had cash and cash equivalents at September 30, 2022 and December 31, 2021 of $517.4 million and $840.6 million, respectively. Of these balances, $328.4 million and $471.9 million were maintained in non-U.S. jurisdictions as of September 30, 2022 and December 31, 2021, respectively, with $15.1 million and $11.3 million, respectively, within Russia. We believe our organizational structure allows us the necessary flexibility to move funds throughout our subsidiaries to meet our operational working capital needs.

Our business may not generate sufficient cash flow from operations and future borrowings may not be available under our Senior Secured Credit Facilities in an amount sufficient to enable us to pay our indebtedness, or to fund our other liquidity needs, including planned capital expenditures. In such circumstances, we may need to refinance all or a portion of our indebtedness on or before maturity. We may not be able to refinance any of our indebtedness on commercially reasonable terms or at all. If we cannot service our indebtedness, we may have to take actions such as selling assets, selling additional equity or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances. Our primary sources of liquidity are cash on hand, cash flow from operations and available borrowing capacity under our Senior Secured Credit Facilities. Based on our forecasts, we believe that cash flow from operations, available cash on hand and available borrowing capacity under our Senior Secured Credit Facilities and existing lines of credit will be adequate to service debt, fund our cost saving initiatives, meet liquidity needs and fund necessary capital expenditures for the next twelve months.

Our ability to make scheduled payments of principal or interest on, or to refinance, our indebtedness or to fund working capital requirements, capital expenditures and other current obligations will depend on our ability to generate cash from operations. Such cash generation is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control, including the effects of COVID-19 and Russia's conflict with Ukraine.

If required, our ability to raise additional financing and our borrowing costs may be impacted by short and long-term debt ratings assigned by independent rating agencies, which are based, in significant part, on our performance as measured by certain credit metrics such as interest coverage and leverage ratios. Our highly leveraged nature may limit our ability to procure additional financing in the future.

The following table details our borrowings outstanding at the periods indicated:

(In millions)	September 30, 2022	December 31, 2021
2024 Dollar Term Loans	$ 2,020.7	$ 2,038.9
2025 Euro Senior Notes	435.6	508.8
2027 Dollar Senior Notes	500.0	500.0
2029 Dollar Senior Notes	700.0	700.0
Short-term and other borrowings	99.4	113.8
Unamortized original issue discount	(3.2)	(4.6)
Unamortized deferred financing costs	(22.5)	(27.3)
Total borrowings, net	3,730.0	3,829.6
Less:		
Short-term borrowings	42.4	55.4
Current portion of long-term borrowings	24.3	24.3
Long-term debt	$ 3,663.3	$ 3,749.9

Our indebtedness, including the Senior Secured Credit Facilities and Senior Notes, is more fully described in Note 18 to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2021.

We believe that we continue to maintain sufficient liquidity to meet our cash requirements, including our leverage and associated interest as well as our working capital needs. Availability under the Revolving Credit Facility was $528.9 million and $527.9 million at September 30, 2022 and December 31, 2021, respectively, all of which may be borrowed by us without violating any covenants under the Credit Agreement governing such facility or the indentures governing the Senior Notes.

Contractual Obligations

Information related to our material contractual obligations and cash requirements can be found in Note 7 and Note 18 of the Company's Annual Report on Form 10-K for the year ended December 31, 2021. There have been no material changes in the Company's contractual obligations and cash requirements as reported in our Annual Report on Form 10-K for the year ended December 31, 2021.

Off-Balance Sheet Arrangements

See Note 6 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for disclosure of our guarantees of certain customers’ obligations to third parties.

Recent Accounting Guidance

See Note 1 "Basis of Presentation and Summary of Significant Accounting Policies" to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for a summary of recent accounting guidance.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Critical accounting policies are those accounting policies that can have a significant impact on the presentation of our financial condition and results of operations, and that require the use of complex and subjective estimates based upon past experience and management’s judgment. Because of the uncertainty inherent in such estimates, actual results may differ materially from these estimates. The policies applied in preparing our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q are those that management believes are the most dependent on estimates and assumptions. There have been no material changes to our critical accounting policies and estimates previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2021. For a description of our critical accounting policies and estimates as well as a listing of our significant accounting policies, see “Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates” and “Note 1 - Basis of Presentation and Summary of Significant Accounting Policies” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in the market risks previously disclosed in our financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

As required by Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934 (the "Exchange Act"), the Company carried out an evaluation, under the supervision and with the participation of management, including its Interim Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on the foregoing, the Company's Interim Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of September 30, 2022.

Changes in internal control over financial reporting

There were no changes in the Company's internal control over financial reporting that occurred during the three months ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are from time to time party to legal proceedings that arise in the ordinary course of business. We are not involved in any litigation other than that which has arisen in the ordinary course of business. We do not expect that any currently pending lawsuits will have a material adverse effect upon our results of operations, financial condition or cash flows on a consolidated annual basis except as is set forth in Note 6 to the interim unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

SEC regulations require disclosure of certain environmental matters when a governmental authority is a party to the proceedings and such proceedings involve potential monetary sanctions that the Company reasonably believes will exceed a specified threshold. Consistent with SEC rules, the Company will continue to use a threshold of $1 million for such proceedings. At this time, the Company is not aware of any matters that exceed this threshold and that meet the other conditions for disclosure.

ITEM 1A. RISK FACTORS

There have been no material changes in our risk factors from the risks previously reported in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2021.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

EXHIBIT NO.	DESCRIPTION OF EXHIBITS
10.1*	Separation and Release Agreement, dated as of July 25, 2022, between Axalta Coating Systems Ltd. and Robert Bryant (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-36733) filed with the SEC on July 26, 2022)
10.2*	Letter Agreement, dated as of July 25, 2022, between Axalta Coating Systems Ltd. and Rakesh Sachdev (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 001-36733) filed with the SEC on July 26, 2022)
10.3*	Letter Agreement, dated as of July 25, 2022, between Axalta Coating Systems Ltd. and Sean Lannon (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K (File No. 001-36733) filed with the SEC on July 26, 2022
10.4	Interim CEO Restricted Stock Unit Grant Notice Award, dated as of August 31, 2022, between Axalta Coating Systems Ltd. and Rakesh Sachdev
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1†	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2†	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	INS - Inline XBRL Instance Document. The document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document
101	SCH - Inline XBRL Taxonomy Extension Schema Document
101	CAL - Inline XBRL Taxonomy Extension Calculation Linkbase Document
101	DEF - Inline XBRL Taxonomy Extension Definition Linkbase Document
101	LAB - Inline XBRL Taxonomy Extension Label Linkbase Document
101	PRE - Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)
*	Previously filed.
†	This certificate is being furnished solely to accompany the report pursuant to 18 U.S.C. Section 1350 and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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 duly authorized.

		AXALTA COATING SYSTEMS LTD.
Date:	October 25, 2022	By: /s/ Rakesh Sachdev Rakesh Sachdev Interim Chief Executive Officer and President (Principal Executive Officer)
Date:	October 25, 2022	By: /s/ Sean M. Lannon Sean M. Lannon Senior Vice President and Chief Financial Officer (Principal Financial Officer)
Date:	October 25, 2022	By: /s/ Anthony Massey Anthony Massey Vice President and Global Controller (Principal Accounting Officer)

AXALTA COATING SYSTEMS LTD.
2014 INCENTIVE AWARD PLAN

RESTRICTED STOCK UNIT GRANT NOTICE

Axalta Coating Systems Ltd., a Bermuda exempted limited liability company (the "Company"), pursuant to its 2014 Incentive Award Plan, as amended from time to time (the "Plan"), hereby grants to the holder listed below ("Participant") the number of Restricted Stock Units (the "RSUs") set forth below. The RSUs are subject to the terms and conditions set forth in this Restricted Stock Unit Grant Notice (the "Grant Notice") and the Restricted Stock Unit Agreement attached hereto as Exhibit A, including Appendix 1 (Confidentiality and Business Protection Agreement) thereto (the "Agreement") and the Plan, which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in the Grant Notice and the Agreement.

Participant:	Rakesh Sachdev
Grant Date:	August 31, 2022
Number of RSUs:	233,009
Type of Shares Issuable:	Common Stock

By Participant's signature below, Participant agrees to be bound by the terms and conditions of the Plan, the Agreement and the Grant Notice. Participant has reviewed the Agreement, the Plan and the Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing the Grant Notice and fully understands all provisions of the Grant Notice, the Agreement and the Plan. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, the Grant Notice or the Agreement.

AXALTA COATING SYSTEMS LTD. **Holder:**	**PARTICIPANT**
By:	By:
Print Name:	Print Name:
Title:	

EXHIBIT A
TO RESTRICTED STOCK UNIT GRANT NOTICE

RESTRICTED STOCK UNIT AGREEMENT

Pursuant to the Grant Notice to which this Agreement is attached, the Company has granted to Participant the number of RSUs set forth in the Grant Notice.

ARTICLE I.

GENERAL

1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice.

1.2 Incorporation of Terms of Plan. The RSUs and the shares of Common Stock ("Shares") issued to Participant hereunder are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

ARTICLE II.

AWARD OF RESTRICTED STOCK UNITS AND DIVIDEND EQUIVALENTS

2.1 Award of RSUs and Dividend Equivalents.

(a) In consideration of Participant's past and/or continued employment with or service to the Company or a Subsidiary and for other good and valuable consideration, effective as of the grant date set forth in the Grant Notice (the "Grant Date"), the Company has granted to Participant the number of RSUs set forth in the Grant Notice, upon the terms and conditions set forth in the Grant Notice, the Plan and this Agreement, subject to adjustment as provided in Section 13.2 of the Plan. Each RSU represents the right to receive one Share or, at the option of the Company, an amount of cash as set forth in Section 2.3(b), in either case, at the times and subject to the conditions set forth herein. However, unless and until the RSUs have vested, Participant will have no right to the payment of any Shares subject thereto. Prior to the actual delivery of any Shares, the RSUs will represent an unsecured obligation of the Company, payable only from the general assets of the Company.

(b) The Company hereby grants to Participant an Award of Dividend Equivalents with respect to each RSU granted pursuant to the Grant Notice for all ordinary cash dividends which are paid to all or substantially all holders of the outstanding Shares between the Grant Date and the date when the applicable RSU is distributed or paid to Participant or is forfeited or expires. The Dividend Equivalents for each RSU shall be equal to the amount of cash which is paid as a dividend on one share of Common Stock. All such Dividend Equivalents shall be credited to Participant and paid in cash at the same time as the distribution or payment is made of the RSU to which such Dividend Equivalent relates in accordance with Section 2.3 below. Any Dividend Equivalents that relate to RSUs that are forfeited shall likewise be forfeited without consideration.

2.2 Vesting of RSUs and Dividend Equivalents.

(a) Subject to Participant's continued employment with or service to the Company or a Subsidiary on each applicable vesting date and subject to the terms of this Agreement, the RSUs shall vest as follows: twelve equal installments on the last day of each calendar month, beginning on September 30, 2022; provided, however, that if the termination of Participant's employment as interim Chief Executive Officer ("Interim CEO") occurs on or after the fifteenth day of any calendar month and prior to the last day of such month, the RSUs scheduled to vest on such last day shall vest as of the day of such termination; provided, further, that upon the Company's appointment of a new Chief Executive

Officer prior to April 30, 2023, two thirds (2/3rd) of the RSUs, less the number of RSUs that have already vested, shall immediately vest in full. Each additional RSU which results from deemed reinvestments of Dividend Equivalents pursuant to Section 2.1(b) hereof shall vest whenever the underlying RSU to which such additional RSU relates vests.

(b) Notwithstanding anything herein or the Plan to the contrary, including, without limitation, Section 2.3 hereof, (i) all RSUs that vest between (and including) the first vesting event on September 30, 2022 and the vesting event on February 28, 2023 will be settled in a single installment of Shares on the earlier of (A) within fifteen (15) days after the termination of Participant's employment as Interim CEO and (B) March 15, 2023, and (ii) any RSUs that remain unvested as of February 28, 2023 and that vest thereafter in accordance with the terms herein will be settled in a single installment of Shares on the earlier of (A) within fifteen (15) days after the termination of Participant's employment as Interim CEO and (B) September 15, 2023. In the event of Participant's Termination of Service (i) following a Change in Control, (x) by the Company without Cause, or (y) by the Participant for Good Reason, (ii) by the Company by reason of Participant's Disability or (iii) by reason of death, any unvested RSUs shall immediately vest in full and be settled.

(c) In the event Participant incurs a Termination of Service, except as provided in Sections 2.2(a) and (b) hereof or as may be otherwise provided by the Administrator or as set forth in a written agreement between Participant and the Company, Participant shall immediately forfeit any and all RSUs and Dividend Equivalents granted under this Agreement which have not vested or do not vest on or prior to the date on which such Termination of Service occurs, and Participant's rights in any such RSUs and Dividend Equivalents which are not so vested shall lapse and expire.

2.3 Distribution or Payment of RSUs.

(a) Participant's RSUs shall be distributed in Shares (either in book-entry form or otherwise) or, at the option of the Company, paid in an amount of cash as set forth in Section 2.3(b), in either case, as soon as administratively practicable following the vesting of the applicable RSU pursuant to Section 2.2, and, in any event, within sixty (60) days following such vesting. Notwithstanding the foregoing, the Company may delay a distribution or payment in settlement of RSUs if it reasonably determines that such payment or distribution will violate federal securities laws or any other Applicable Law, *provided* that such distribution or payment shall be made at the earliest date at which the Company reasonably determines that the making of such distribution or payment will not cause such violation, as required by Treasury Regulation Section 1.409A-2(b)(7)(ii), and *provided further* that no payment or distribution shall be delayed under this Section 2.3(a) if such delay will result in a violation of Section 409A of the Code.

(b) In the event that the Company elects to make payment of Participant's RSUs in cash, the amount of cash payable with respect to each RSU shall be equal to the Fair Market Value of a Share on the day immediately preceding the applicable distribution or payment date set forth in Section 2.3(a). All distributions made in Shares shall be made by the Company in the form of whole Shares, and any fractional share shall be distributed in cash in an amount equal to the value of such fractional share determined based on the Fair Market Value as of the date immediately preceding the date of such distribution.

2.4 Conditions to Issuance of Certificates. The Company shall not be required to issue or deliver any certificate or certificates for any Shares prior to the fulfillment of all of the following conditions: (A) the admission of the Shares to listing on all stock exchanges on which such Shares are then listed, (B) the completion of any registration or other qualification of the Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable, (C) the obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable, and (D) the receipt of full payment of any applicable withholding tax in accordance with Section 2.5 by the Company or its Subsidiary with respect to which the applicable withholding obligation arises.

2.5 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) Participant shall be required to remit to the Company or the applicable Subsidiary, an amount sufficient to satisfy applicable federal, state, local and foreign taxes (including the employee portion of any FICA obligation) required by law to be withheld with respect to any taxable event arising pursuant to this Agreement. With respect to any withholding taxes arising in connection with the Shares upon settlement of the RSUs, unless the Participant makes an advance election pursuant to this Section 2.5(a), the Company shall withhold a net number of Shares otherwise issuable pursuant to the RSUs being settled having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries for federal, state, local and foreign income and payroll taxes purposes, up to the maximum statutory withholding rate. Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company to complete the withholding described in the previous sentence. Alternatively, Participant may elect to satisfy such tax withholding obligations in one or more of the forms specified below, provided such election is made in accordance with any advance notice requirements that the Company may establish for this purpose:

(i) by cash or check made payable to the Company or the Subsidiary with respect to which the withholding obligation arises;

(ii) with respect to any withholding taxes arising in connection with the distribution of Shares upon settlement of the RSUs, unless otherwise determined by the Administrator, by requesting that the Company and its Subsidiaries instruct any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of shares from those Shares then issuable to Participant pursuant to the RSUs as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the tax withholding obligation and to remit the proceeds of such sale to the Company or the Subsidiary with respect to which the withholding obligation arises;

(iii) with respect to any withholding taxes arising in connection with the distribution of Shares upon settlement of the RSUs, unless otherwise determined by the Administrator, by tendering to the Company vested Shares having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries for federal, state, local and foreign income and payroll taxes, up to the maximum statutory withholding rate; or

(iv) in any combination of the foregoing.

(b) With respect to any withholding taxes arising in connection with the RSUs, in the event Participant fails to provide timely payment of all sums required pursuant to Section 2.5(a), the Company shall have the right and option, but not the obligation, to (i) deduct such amounts from other compensation payable to Participant and/or (ii) treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to Section 2.5(a) above. The Company shall not be obligated to deliver any certificate representing Shares issuable with respect to the RSUs to Participant or his or her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the vesting or settlement of the RSUs or any other taxable event related to the RSUs. The Company may refuse to issue any Shares in settlement of the RSUs to Participant until the foregoing tax withholding obligations are satisfied, *provided* that no payment shall be delayed under this Section 2.5 if such delay will result in a violation of Section 409A of the Code.

(c) Participant is ultimately liable and responsible for all taxes owed in connection with the RSUs, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the RSUs. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the RSUs or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the RSUs to reduce or eliminate Participant's tax liability.

2.6 Rights as Shareholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a shareholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book-entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). Except as otherwise provided herein, after such issuance, recordation and delivery, Participant will have all the rights of a shareholder of the Company with respect to such Shares, including, without limitation, the right to receipt of dividends and distributions on such Shares.

ARTICLE III.

OTHER PROVISIONS

3.1 Administration. The Administrator shall have the exclusive power to interpret the Plan, the Grant Notice and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan, the Grant Notice and this Agreement as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon Participant, the Company and all other interested persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Plan, the Grant Notice or this Agreement.

3.2 RSUs Not Transferable. The RSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the RSUs have been issued, and all restrictions applicable to such Shares have lapsed. No RSUs or any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

3.3 Adjustments. The Administrator may accelerate the vesting of all or a portion of the RSUs in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the RSUs and the Shares subject to the RSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan, including Section 13.2 of the Plan.

3.4 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Chief Human Resources Officer of the Company at the Company’s principal office, and any notice to be given to Participant shall be addressed to Participant at Participant’s last address reflected on the Company’s records. By a notice given pursuant to this Section 3.4, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email (if to Participant) or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

3.5 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.6 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

3.7 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws, including, without limitation, the provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the RSUs are granted, only in such a manner as to conform to Applicable Law. To the extent permitted by Applicable Law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to Applicable Law.

3.8 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board*, provided* that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the RSUs in any material way without the prior written consent of Participant.

3.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 3.2 and the Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

3.10 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the RSUs (including RSUs which result from the deemed reinvestment of Dividend Equivalents), the Dividend Equivalents, the Grant Notice and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.11 Not a Contract of Employment. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue to serve as an employee or other service provider of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

3.12 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit or appendix hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

3.13 Section 409A. This Award is not intended to constitute “nonqualified deferred compensation” within the meaning of Section 409A of the Code (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, “Section 409A”). However, notwithstanding any other provision of the Plan, the Grant Notice or this Agreement, if at any time the Administrator determines that this Award (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Plan, the Grant Notice or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

3.14 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

3.15 Limitation on Participant’s Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the

Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs and Dividend Equivalents.

3.16 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which shall be deemed an original and all of which together shall constitute one instrument.

3.17 Broker-Assisted Sales. In the event of any broker-assisted sale of Shares in connection with the payment of withholding taxes as provided in Section 2.5(a): (A) any Shares to be sold through a broker-assisted sale will be sold on the day the tax withholding obligation arises or as soon thereafter as practicable; (B) such Shares may be sold as part of a block trade with other participants in the Plan in which all participants receive an average price; (C) Participant will be responsible for all broker's fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (D) to the extent the proceeds of such sale exceed the applicable tax withholding obligation, the Company agrees to pay such excess in cash to Participant as soon as reasonably practicable; (E) Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the applicable tax withholding obligation; and (F) in the event the proceeds of such sale are insufficient to satisfy the applicable tax withholding obligation, Participant agrees to pay immediately upon demand to the Company or its Subsidiary with respect to which the withholding obligation arises an amount in cash sufficient to satisfy any remaining portion of the Company's or the applicable Subsidiary's withholding obligation.

3.18 Recoupment. Notwithstanding any other provision of the Agreement to the contrary, Participant acknowledges and agrees that all Shares acquired pursuant to this Agreement shall be and remain subject to any incentive compensation recoupment policy of the Company currently in effect or as may be adopted by the Company and, in each case, as may be amended from time to time. No such policy adoption or amendment shall require Participant's prior consent. For purposes of the foregoing, Participant expressly and explicitly authorizes the Company to issue instructions, on Participant's behalf, to any brokerage firm and/or third party administrator engaged by the Company to hold Participant's Shares, and other amounts acquired under the Plan to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company.

3.19 Definitions. Notwithstanding anything to the contrary in the Plan, for purposes of this Agreement:

(a) "Disability" shall mean the following: (a) if Participant is a party to an employment, severance or similar agreement with the Company or any of its affiliates in which "disability " or term of like import is defined, "Disability" or term of like import as defined in such agreement and (b) if no such agreement exists, at any time the Company or any of its affiliates sponsors a long-term disability plan for the Company's employees, "disability" as defined in such long-term disability plan for the purpose of determining a participant's eligibility for benefits, provided, however, if the long-term disability plan contains multiple definitions of disability, "Disability" shall refer to that definition of disability which, if Participant qualified for such disability benefits, would provide coverage for the longest period of time. The determination of whether Participant has a Disability shall be made by the person or persons required to make disability determinations under the long-term disability plan. At any time the Company does not sponsor a long-term disability plan for its employees, Disability shall mean Participant's inability to perform, with or without reasonable accommodation, the essential functions of Participant's position for a total of three months during any six-month period as a result of incapacity due to mental or physical illness as determined by a physician selected by the Company or its insurers and acceptable to Participant or Participant's legal representative, with such agreement as to acceptability not to be unreasonably withheld or delayed.

(b) "Good Reason" means a material decrease in Participant's authority or areas of responsibility as are commensurate with Participant's title or position as Interim CEO Officer without

Participant's written consent. Participant must provide written notice to the Company of the occurrence of such condition within ninety (90) days of the occurrence of such condition or the date upon which Participant reasonably became aware that such condition had occurred. The Company or any of its successors or affiliates shall have a period of thirty (30) days to cure such condition after receipt of Participant's written notice of such condition. Any voluntary termination for "Good Reason" following such thirty (30) day cure period must occur no later than the date that is one (1) year following the date notie was provided by Participant.

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Rakesh Sachdev, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Axalta Coating Systems Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: October 25, 2022

By:	/s/ Rakesh Sachdev
Name:	Rakesh Sachdev
Title:	Interim Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Sean M. Lannon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Axalta Coating Systems Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 25, 2022

By:	/s/ Sean M. Lannon
Name:	Sean M. Lannon
Title:	Senior Vice President and Chief Financial Officer

Exhibit 32.1

Certification of CEO Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Rakesh Sachdev, Interim Chief Executive Officer and President of Axalta Coating Systems Ltd. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) The Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2022 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 25, 2022

By:	/s/ Rakesh Sachdev
Name:	Rakesh Sachdev
Title:	Interim Chief Executive Officer and President

This certification accompanies this report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended or otherwise subject to liability pursuant to that section. The certification shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification of CFO Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Sean M. Lannon, Senior Vice President and Chief Financial Officer of Axalta Coating Systems Ltd. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) The Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2022 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 25, 2022

By:	/s/ Sean M. Lannon
Name:	Sean M. Lannon
Title:	Senior Vice President and Chief Financial Officer

This certification accompanies this report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended or otherwise subject to liability pursuant to that section. The certification shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.