



October 30, 2024

# Axalta Coating Systems

Q3 2024 Financial Results



# Legal Notices

## Forward-Looking Statements

This presentation and the oral remarks made in connection herewith may contain certain forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 regarding Axalta and its subsidiaries including, but not limited to, our outlook and/or guidance, which includes net sales, Adjusted EBITDA, Adjusted Diluted EPS, Free Cash Flow, depreciation and amortization (“D&A”), step-up D&A, tax rate, as adjusted, diluted shares outstanding, interest expense, capital expenditures, total net leverage ratio, operating cash flow, Adjusted EBITDA margin, ROIC, statements regarding our previously-announced 2024 Transformation Initiative, our previously-announced three-year 2024-2026 strategy (the “2026 A Plan”), including the targets thereunder (which are subject to the assumptions set forth in the Strategy Day 2024 Presentation available in the Investor Relations section of our website), statements regarding our capital allocation priorities, and considerations relating to our business performance in 2025 (“2025 Considerations”), including Refinish business dynamics, Light Vehicle and Commercial Vehicle business dynamics, interest rate trends, gross debt reduction, mergers and acquisitions, geopolitical volatility, Class 8 truck builds, global industrial production and consumer sentiment. Axalta has identified some of these forward-looking statements with words such as “growing,” “estimate,” “plan,” “targets,” “believe,” “expect,” “expected,” “will,” “guidance,” “considerations,” “accelerating,” “projection,” “strategy,” “should,” “assumptions,” “targets,” “outlook,” “anticipate,” “on track,” “opportunity,” “projected,” “forecasted,” and “guidance,” and the negative of these words or other comparable or similar terminology. All of these statements are based on management’s expectations as well as estimates and assumptions prepared by management that, although they believe to be reasonable, are inherently uncertain. These statements involve risks and uncertainties, including, but not limited to, economic, competitive, governmental and technological factors outside of Axalta’s control, as well as risks related to execution on, and the assumptions underlying, the 2024 Transformation Initiative and the 2026 A Plan, that may cause its business, industry, strategy, financing activities or actual results to differ materially. More information on potential factors that could affect Axalta’s financial results is available in “Forward-Looking Statements,” “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” within Axalta’s most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q, and in other documents that we have filed with, or furnished to, the U.S. Securities and Exchange Commission (“SEC”). Axalta undertakes no obligation to update or revise any of the forward-looking statements contained herein, whether as a result of new information, future events or otherwise.

## Non-GAAP Financial Measures

This presentation and the oral remarks made in connection herewith contain financial information that is not presented in accordance with generally accepted accounting principles in the United States (“GAAP”), including Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Diluted EPS, Adjusted Net Income, Free Cash Flow, total net leverage ratio, total gross leverage ratio, Return on Invested Capital, tax rate, as adjusted and Adjusted EBIT. Management uses Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Diluted EPS, Adjusted Net Income, Return on Invested Capital, tax rate, as adjusted, and Adjusted EBIT in the analysis of our financial and operating performance because they assist in the evaluation of underlying trends in our business. Management uses Free Cash Flow, total net leverage ratio and total gross leverage ratio in the analysis of (1) our liquidity, (2) our ability to incur and service our debt and (3) strategic capital allocation decisions. Adjusted EBITDA, Adjusted Diluted EPS, adjusted net income and Adjusted EBIT consist of EBITDA, Diluted EPS, net income attributable to common shareholders and EBIT, respectively, adjusted for (i) certain non-cash items included within net income, (ii) certain items Axalta does not believe are indicative of ongoing operating performance or (iii) certain nonrecurring, unusual or infrequent items that have not otherwise occurred within the last two years or we believe are not reasonably likely to recur within the next two years. Free cash flow consists of cash provided by (used for) operating activities less purchase of property, plant and equipment plus interest proceeds on swaps designated as net investment hedges. Total net leverage ratio consists of net debt divided by Adjusted EBITDA, with net debt defined as total debt less cash and cash equivalents. Total gross leverage ratio consists of total debt divided by Adjusted EBITDA. Return on Invested Capital consists of Adjusted EBIT, after tax rate, as adjusted, divided by average invested capital, with average invested capital defined as the average of total debt plus shareholders’ equity minus cash and cash equivalents at the beginning of the period and at the closing of the period. We believe that making the foregoing adjustments provides investors meaningful information to understand our operating results and ability to analyze financial and business trends on a period-to-period basis. The non-GAAP financial measures used by Axalta may differ from similarly titled measures reported by other companies. Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Diluted EPS, Adjusted Net Income, Free Cash Flow, total net leverage ratio, total gross leverage ratio, Return on Invested Capital, tax rate, as adjusted and Adjusted EBIT should not be considered as alternatives to net sales, net income (loss), income (loss) from operations or any other financial measures derived in accordance with GAAP. These non-GAAP financial measures have important limitations as analytical tools and should be considered in conjunction with, and not as substitutes for, our results as reported under GAAP. This presentation includes a reconciliation of certain non-GAAP financial measures with the most directly comparable financial measures calculated in accordance with GAAP. Axalta does not provide a reconciliation for Adjusted EBITDA, Adjusted Diluted EPS, tax rate, as adjusted, Free Cash Flow, Adjusted EBITDA margin, total net leverage ratio or Return on Invested Capital on a forward-looking basis because the information necessary to calculate a meaningful or accurate estimation of reconciling items is not available without unreasonable effort. For example, such reconciling items include the impact of foreign currency exchange gains or losses, gains or losses that are unusual or nonrecurring in nature, as well as discrete taxable events. These items are uncertain, depend on various factors and may have a substantial and unpredictable impact on our GAAP results.

## Organic Net Sales

Organic net sales are calculated by excluding (i) the impact of the change in average exchange rates between the current and comparable period by currency denomination exposure of the comparable period amount and (ii) net sales of businesses acquired in the last twelve months.

## Segment Financial Measures

The primary measure of segment operating performance is Adjusted EBITDA, which is a key metric that is used by management to evaluate business performance in comparison to budgets, forecasts and prior year financial results, and that management believes reflects Axalta’s core operating performance. As we do not measure segment operating performance based on net income, a reconciliation of this non-GAAP financial measure with the most directly comparable financial measure calculated in accordance with GAAP is not available. Beginning with the fourth quarter of 2023, we replaced Adjusted EBIT with Adjusted EBITDA as the primary measure of segment operating performance. As previously disclosed, we will continue publishing segment Adjusted EBIT through 2024 to allow for historical trend analyses.

## Defined Terms

All capitalized terms contained but not otherwise defined within this presentation have been previously defined in our filings with the SEC.

## Rounding

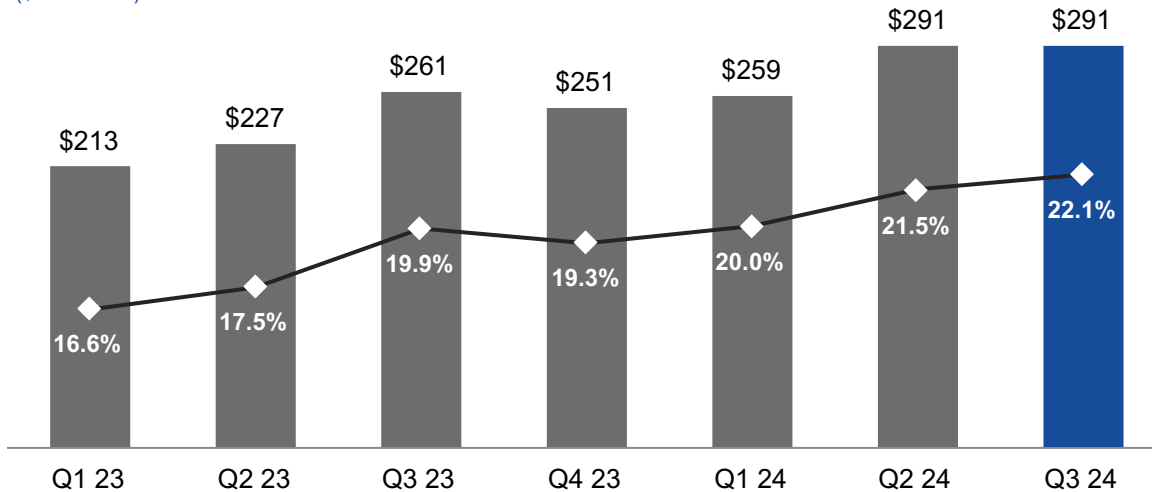
Due to rounding the tables presented may not foot.

# Third-Quarter Highlights

- Record third quarter net sales of \$1.32B
  - Fifteen consecutive quarters of growth YoY
- Record third quarter Adjusted EBITDA of \$291M - an increase of 12% YoY
  - Nine consecutive quarters of growth YoY
- Adjusted EBITDA margin grew by 220 bps YoY to 22.1%
- Adjusted diluted EPS improved 31% to \$0.59 YoY

## Adjusted EBITDA and Margin Trend

(\$ in millions)



## Growing Business with Innovative Solutions and Strong Customer Relationships

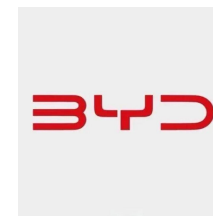
### Business Wins

- New Refinish Top 5 MSO
- Awarded business for strategic customers in Building Products
- Significant LV and CV customer wins in Latin America

### Innovative Solutions

- Launched Axalta Nimbus and Axalta IRUS Scan
- Introduced Cerulean for Building Products customers

### Customer Recognition

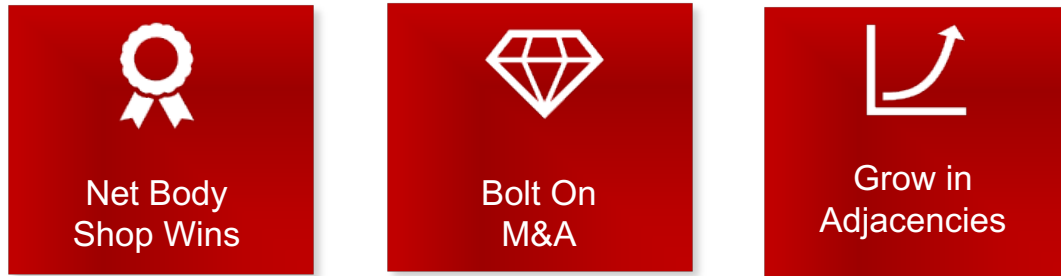


DAIMLER  
TRUCK



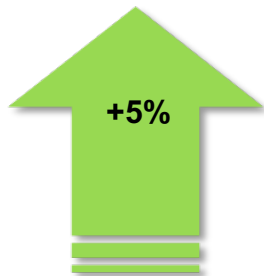
# Delivering Industry Outperformance

## Refinish Performance Drivers

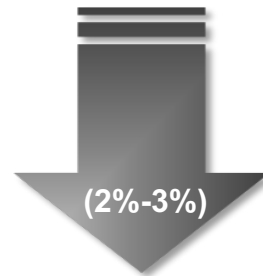


### YTD Results

Axalta  
Net Sales



Body Shop  
Activity<sup>1</sup>



**5% Net Sales Growth YoY in Q3**

15<sup>th</sup> consecutive quarter of YoY net sales growth

## Light Vehicle Performance Drivers

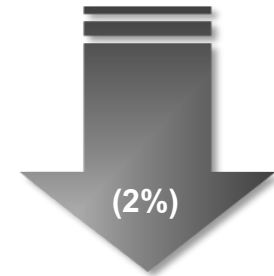


### YTD Results

Axalta  
Volume



Light Vehicle  
Production<sup>2</sup>



**Outpaced Industry Volume Growth by 9% in Q3**

Above industry volumes in nine of the last ten quarters

(1) Management estimate of Refinish industry volumes based on select internal and external paint mix and collision data for key segments in North America and EMEA. These two regions represent greater than 75% of Refinish sales for Axalta.  
(2) Global light vehicle car build estimates. Source: S&P Global October 2024 Data

# Accelerated Performance in 2024



	2024 Guidance	2026 A Plan Targets
Net Sales Growth	~\$100M <sup>1</sup>	>\$500M <sup>1</sup>
Adjusted EBITDA Margin <sup>2</sup>	~21%	>21%
Net Leverage Ratio	~2.5x	2.0x to 2.5x
Return On Invested Capital	~13.1%	~15%
Adjusted Diluted EPS Growth	~37% <sup>1</sup>	>60% <sup>1</sup>

(1) As compared to 2023 Actual Financial Results

(2) Margin represented as Adj. EBITDA Margin

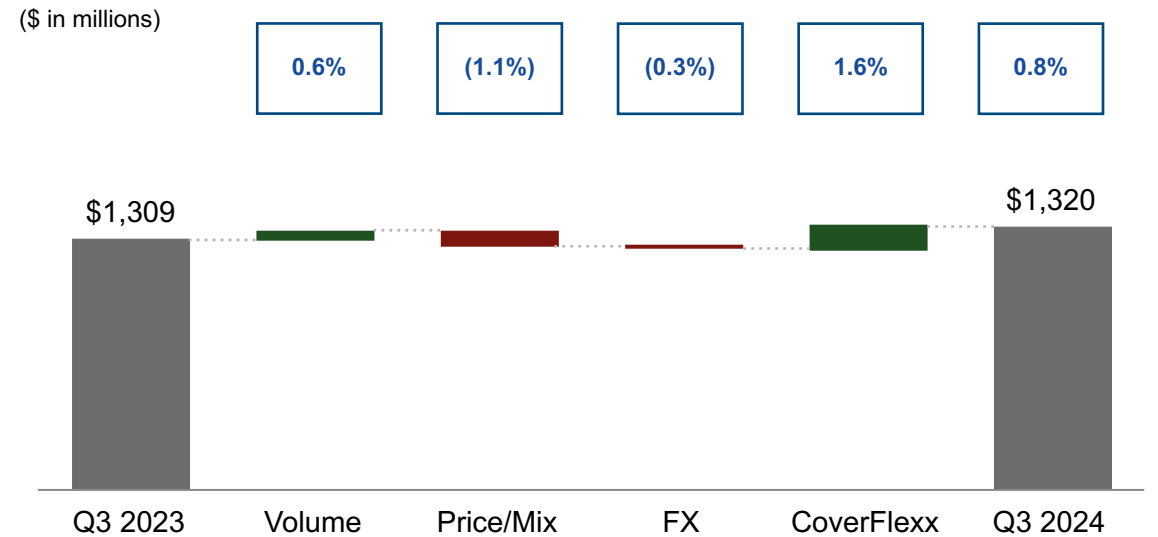
Note: Additional information around the 2026 A Plan, including certain assumptions underlying the 2026 targets, can be found in the Strategy Day 2024 Presentation available in the Investor Relations section of our website.

# Third Quarter 2024 Consolidated Results

## Financial Results

(\$ in millions, except per share data)	Q3 2024	Q3 2023	% Change
Net Sales	1,320	1,309	1%
Net Income	102	73	40%
Adjusted EBITDA	291	261	12%
% Margin	22.1%	19.9%	220 bps
Diluted EPS	0.46	0.33	39%
Adjusted Diluted EPS	0.59	0.45	31%
Free Cash Flow	164	182	(10%)

## Net Sales Variance



- Net sales increase due to CoverFlexx contribution offset partially by raw material pass-through impacts and unfavorable mix
- Record third quarter Adjusted EBITDA driven by lower variable costs and lower operating expenses
- Expanded Adjusted Diluted EPS by 31% YoY
- Generated \$164 million of free cash flow; deployed capital for M&A and share repurchases

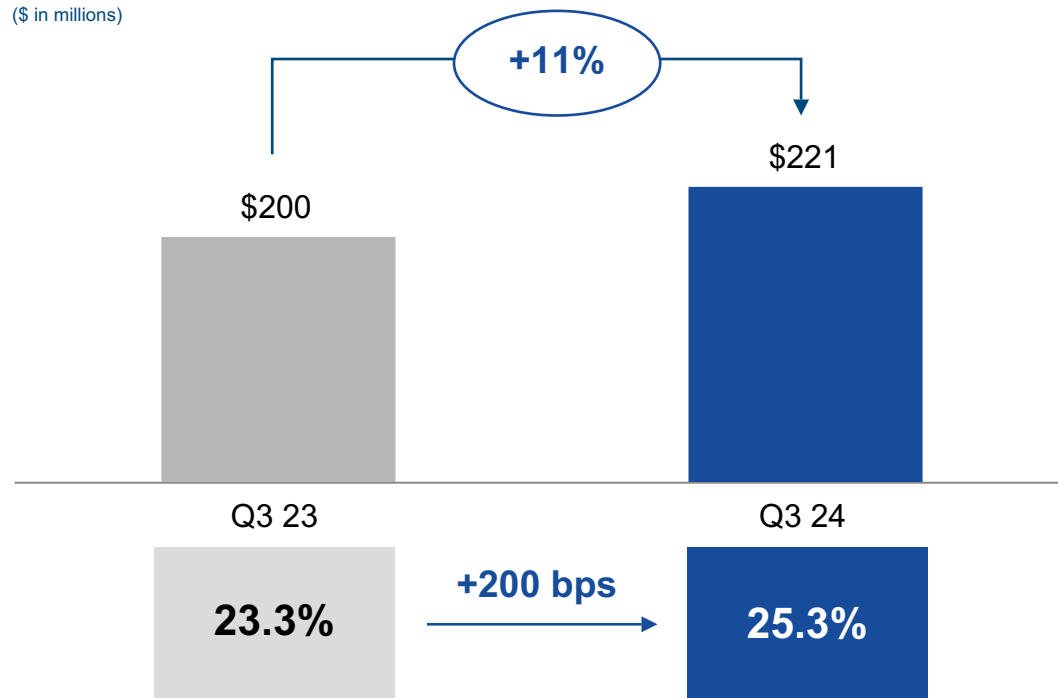
# Third Quarter 2024 Performance Coatings Results

## Net Sales

(\$ in millions)	Q3 2024	Q3 2023	% Change
Refinish	554	529	5%
Industrial	323	327	(1%)
Net Sales	877	856	2%

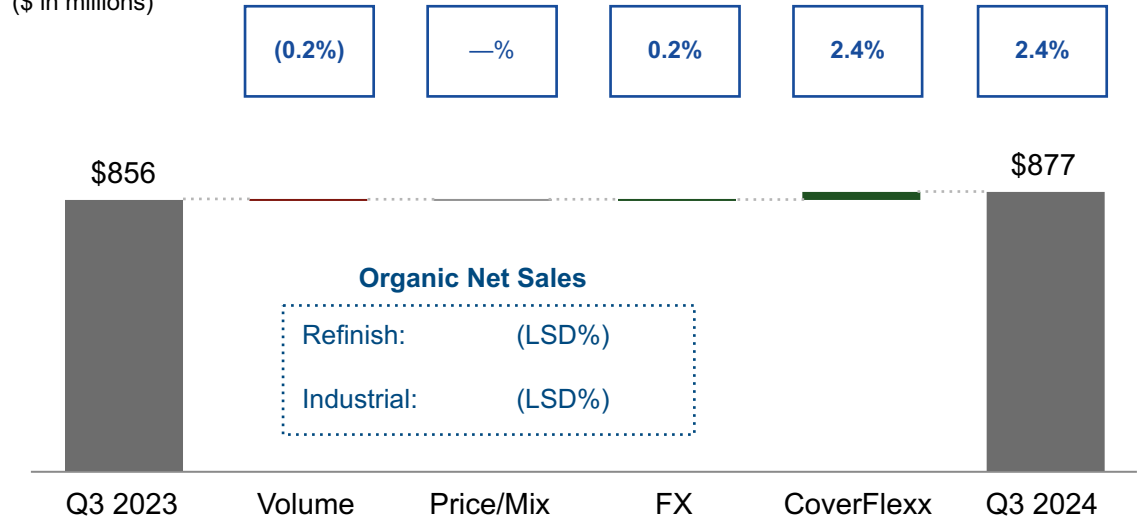
## Adjusted EBITDA and Margin

(\$ in millions)



## Net Sales Variance

(\$ in millions)



- Refinish net sales growth driven by CoverFlexx acquisition, net new body shop wins and pricing, offset partially by unfavorable macro trends
- Industrial net sales decreased modestly as accretive wins were more than offset by softer business trends
- Adjusted EBITDA and margin expansion driven primarily by lower variable costs and lower operating expenses

LSD = low single digit

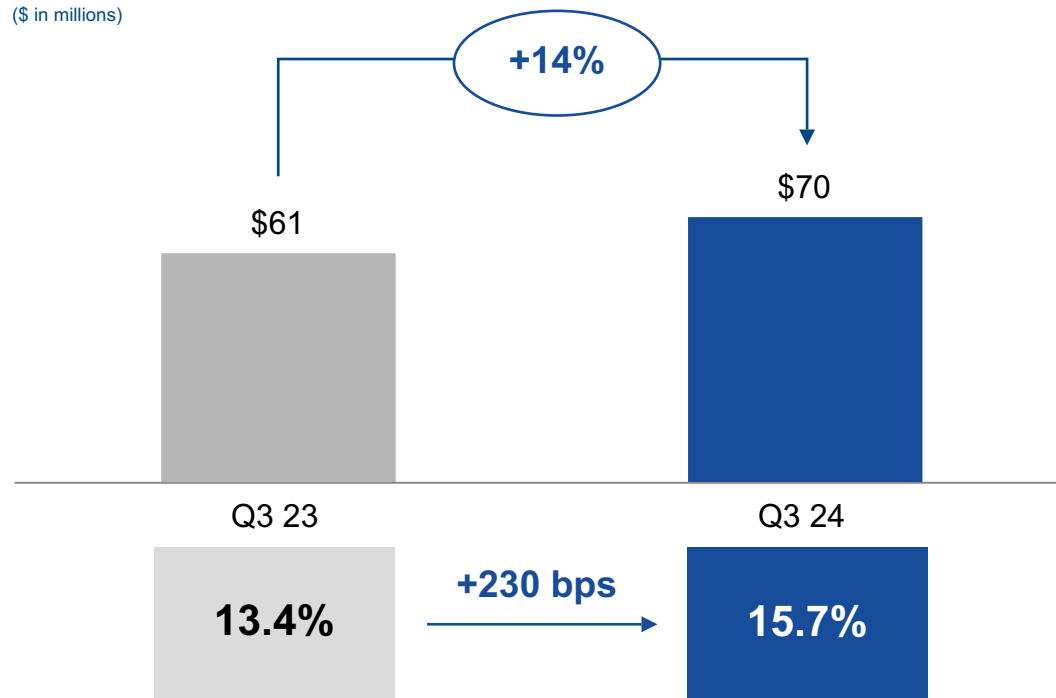
# Third Quarter 2024 Mobility Coatings Results

## Net Sales

(\$ in millions)	Q3 2024	Q3 2023	% Change
Light Vehicle	340	342	—%
Commercial Vehicle	103	111	(8%)
Net Sales	443	453	(2%)

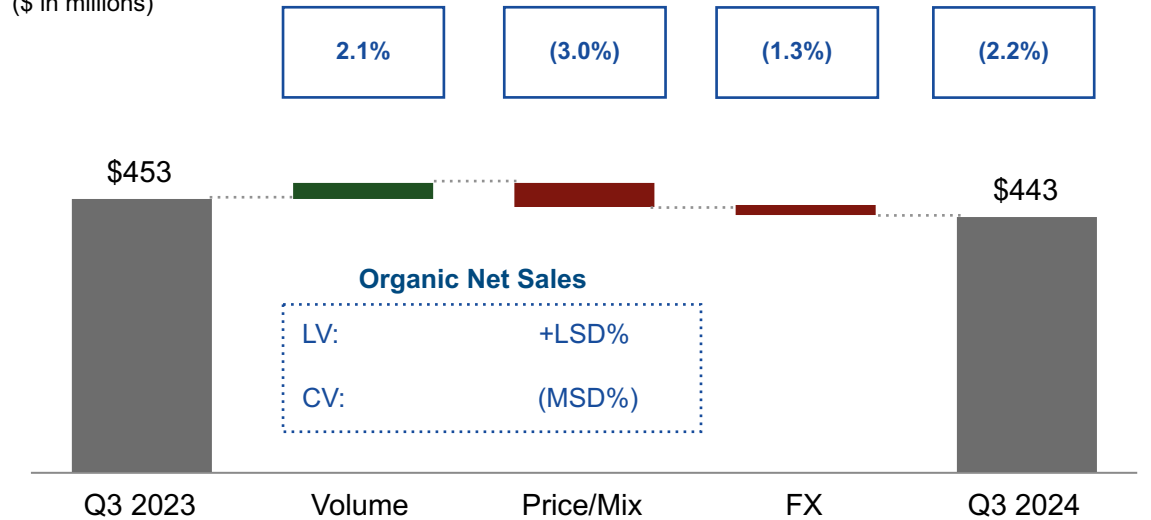
## Adjusted EBITDA and Margin

(\$ in millions)



## Net Sales Variance

(\$ in millions)



- Light Vehicle net sales were flat as volume growth was offset by expected raw material index pass-through impacts and FX headwinds
- Commercial Vehicle net sales decreased due to expected decline of Class 8 builds
- Strong adjusted EBITDA and margin growth driven primarily by lower variable costs and lower operating expenses

LSD/MSD = low/mid single digit



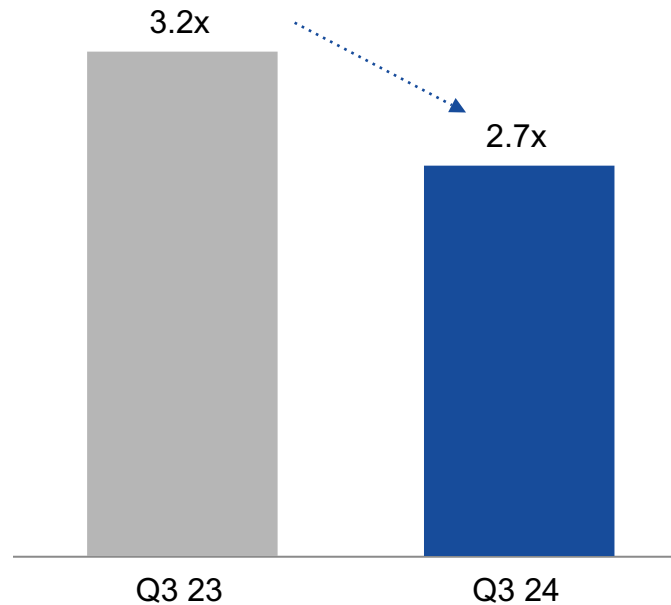
# Balanced Capital Allocation

## Third Quarter Highlights

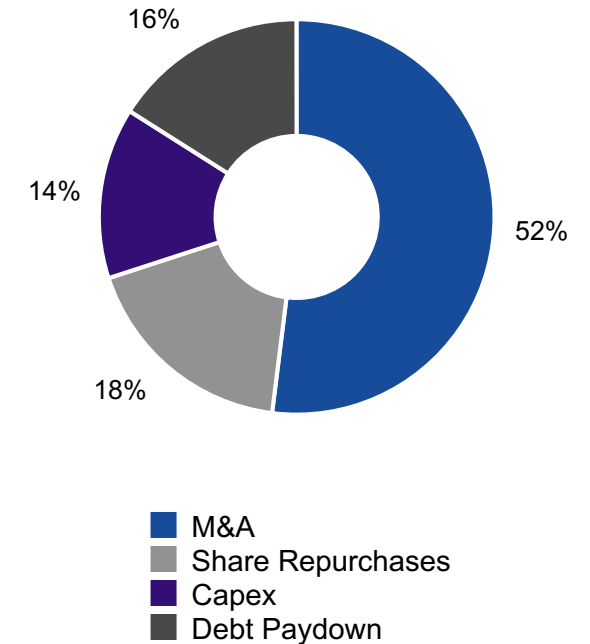
- Share repurchases of \$50M
- Completed acquisition of CoverFlexx
- Revolver pay down of \$80M
- Invested \$33M in capital expenditures

## Total Net Leverage Ratio

*2.5x Expected By Year End*



## YTD Capital Allocation



**Expect cumulative operating cash flow >\$2B during years 2024 - 2026**

# Full Year 2024 Earnings Guidance

## 2024 Guidance

Raising Adjusted EBITDA, Adjusted Diluted EPS guidance and Free Cash Flow guidance

	Prior FY24 Guidance	Updated FY24 Guidance
<b>Net Sales</b> <i>(\$ in millions)</i>	+LSD%	~\$5,275
<b>Adjusted EBITDA</b> <i>(\$ in millions)</i>	~\$1,090 - \$1,100	~\$1,115
<b>Adjusted Diluted EPS</b> <i>(\$ per share)</i>	~\$2.05	~\$2.15
<b>Free Cash Flow</b> <i>(\$ in millions)</i>	\$475 - \$500	~\$500

## 2025 Considerations

Accelerating 2026 A Plan

- (+) Continued share gains and resilient pricing in Refinish
  - (+) LV and CV business wins in Latin America and Asia Pacific
  - (+) \$30M - \$40M incremental cost savings from transformation initiatives
  - (+) Lower interest rates and continued gross debt reduction
  - (+) Opportunistic M&A
- 
- (-) Geopolitical volatility
  - (-) Declining Class 8 CV builds
  - (-) Global industrial production
  - (-) Consumer sentiment

Axalta does not provide a reconciliation for non-GAAP estimates for Adjusted Diluted EPS, Adjusted EBITDA or Free Cash Flow on a forward-looking basis because the information necessary to calculate a meaningful or accurate estimation of reconciling items is not available without unreasonable effort. See "Non-GAAP Financial Measures" for more information.

# Appendix



# Full Year 2024 Modeling Assumptions

*Axalta does not provide a reconciliation for non-GAAP estimates for tax rate, as adjusted, on a forward-looking basis because the information necessary to calculate a meaningful or accurate estimation of reconciling items is not available without unreasonable effort. See "Non-GAAP Financial Measures" for more information.*

<b>(in millions, except %'s)</b>	<b>Projection</b>
D&A (step-up D&A)	~\$280 (\$50)
Tax Rate, As Adjusted	~25%
Diluted Shares Outstanding	~220
Interest Expense	~\$210
Capex	~\$140

# Adjusted EBITDA Reconciliation

(\$ in millions)	LTM 9/30/2024	Q3 2024	Q2 2024	Q1 2024	Q3 2023	Q2 2023	Q1 2023	FY 2023
Net income	\$ 328	\$ 102	\$ 113	\$ 39	\$ 73	\$ 61	\$ 61	\$ 269
Interest expense, net	213	54	50	54	55	55	48	213
Provision for income taxes	131	40	43	20	30	13	15	86
Depreciation and amortization	276	71	68	68	71	66	70	276
<b>EBITDA</b>	<b>\$ 948</b>	<b>\$ 267</b>	<b>\$ 274</b>	<b>\$ 181</b>	<b>\$ 229</b>	<b>\$ 195</b>	<b>\$ 194</b>	<b>\$ 844</b>
<b>A</b> Debt extinguishment and refinancing-related costs	6	—	—	3	4	1	2	10
<b>B</b> Termination benefits and other employee-related costs	71	11	1	55	12	2	—	18
<b>C</b> Acquisition and divestiture-related costs	10	4	2	2	1	(1)	1	3
<b>D</b> Site closure costs	4	—	—	1	2	1	1	7
<b>E</b> Impairment charges	—	—	—	—	—	8	7	15
<b>F</b> Foreign exchange remeasurement losses	12	—	3	5	7	10	2	23
<b>G</b> Long-term employee benefit plan adjustments	10	3	2	3	3	2	2	9
<b>H</b> Stock-based compensation	28	7	8	6	5	8	6	26
<b>I</b> Environmental charge	4	—	—	4	—	—	—	—
<b>J</b> Other adjustments	(2)	(1)	1	(1)	(2)	1	(2)	(4)
<b>Adjusted EBITDA</b>	<b>\$ 1,091</b>	<b>\$ 291</b>	<b>\$ 291</b>	<b>\$ 259</b>	<b>\$ 261</b>	<b>\$ 227</b>	<b>\$ 213</b>	<b>\$ 951</b>
Segment Adjusted EBITDA:								
Performance Coatings	832	221	223	196	200	181	169	742
Mobility Coatings	259	70	68	63	61	46	44	209
<b>Total</b>	<b>\$ 1,091</b>	<b>\$ 291</b>	<b>\$ 291</b>	<b>\$ 259</b>	<b>\$ 261</b>	<b>\$ 227</b>	<b>\$ 213</b>	<b>\$ 951</b>

# Adjusted EBITDA Reconciliation (cont'd)

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- A** Represents expenses and associated changes to estimates related to the prepayment, restructuring, and refinancing of our indebtedness, which are not considered indicative of our ongoing operating performance.
- B** Represents expenses and associated changes to estimates related to employee termination benefits, consulting, legal and other employee-related costs associated with restructuring programs and other employee-related costs. These amounts are not considered indicative of our ongoing operating 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.
- D** Represents costs related to the closure of certain manufacturing sites, which we do not consider indicative of our ongoing operating performance.
- E** Represents impairment charges, which are not considered indicative of our ongoing operating performance. The losses recorded during the nine months ended September 30, 2023 and year ended December 31, 2023 were primarily due to the decision to demolish assets at a previously closed manufacturing site during the three months ended June 30, 2023 and the then anticipated exit of a non-core business category in the Mobility Coatings segment during the three months ended March 31, 2023.
- F** Represents foreign exchange losses resulting from the remeasurement of assets and liabilities denominated in foreign currencies, net of the impacts of our foreign currency instruments used to hedge our balance sheet exposures.
- G** Represents the non-cash, non-service cost components of long-term employee benefit costs.
- H** Represents non-cash impacts associated with stock-based compensation.
- I** Represents costs related to certain environmental remediation activities, which are not considered indicative of our ongoing operating performance.
- J** Represents costs for certain non-operational or non-cash (gains) losses, unrelated to our core business and which we do not consider indicative of our ongoing operating performance.

# Adjusted Net Income Reconciliation

(in millions, except per share data)		Q3 2024	Q3 2023
	Net income	102	73
	Less: Net income attributable to noncontrolling interests	1	1
	Net income attributable to common shareholders	\$ 101	\$ 72
<b>A</b>	Debt extinguishment and refinancing-related costs	—	4
<b>B</b>	Termination benefits and other employee-related costs	11	12
<b>C</b>	Acquisition and divestiture-related costs	4	1
<b>D</b>	Accelerated depreciation and site closure costs	2	2
<b>E</b>	Other adjustments	(1)	(2)
<b>F</b>	Step-up depreciation and amortization	11	13
	Total adjustments	\$ 27	\$ 30
<b>G</b>	Income tax provision impacts	(1)	4
	<b>Adjusted net income</b>	\$ 129	\$ 98
	<b>Adjusted diluted net income per share</b>	\$ 0.59	\$ 0.45
	<b>Diluted weighted average shares outstanding</b>	219.9	221.9

# Adjusted Net Income Reconciliation (cont'd)

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- A** Represents expenses and associated changes to estimates related to the prepayment, restructuring, and refinancing of our indebtedness, which are not considered indicative of our ongoing operating performance.
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- 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.
- 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 costs for certain non-operational or non-cash losses (gains), unrelated to our core business and which we do not consider indicative of our ongoing operating performance.
- F** Represents the incremental step-up depreciation and amortization expense associated with the acquisition of DuPont Performance Coatings by Axalta. We believe this will assist investors in performing meaningful comparisons of past, present and future operating results and better highlight the results of our ongoing operating performance.
- G** The income tax impacts are determined using the applicable rates in the taxing jurisdictions in which expense or income occurred and includes both current and deferred income tax expense (benefit) based on the nature of the non-GAAP performance measure. Additionally, the income tax impact includes the removal of discrete income tax impacts within our effective tax rate which were expenses of \$5 million and \$2 million for the three months ended September 30, 2024 and 2023, respectively. The tax adjustments for the three months ended September 30, 2024 and 2023 include the deferred tax benefit ratably amortized into our adjusted income tax rate as the tax attribute related to a January 1, 2020 intra-entity transfer of certain intellectual property rights is realized.



# Free Cash Flow Reconciliation

(\$ in millions)	Q3 2024	Q2 2024	Q1 2024	YTD 2024	Q3 2023	Q2 2023	Q1 2023	YTD 2023
Cash provided by (used for) operating activities	\$ 194	\$ 114	\$ 34	\$ 342	\$ 210	\$ 131	\$ (52)	\$ 289
Purchase of property, plant and equipment	(33)	(23)	(22)	(78)	(31)	(32)	(42)	(105)
Interest proceeds on swaps designated as net investment hedges	3	4	3	10	3	—	6	9
Free cash flow	\$ 164	\$ 95	\$ 15	\$ 274	\$ 182	\$ 99	\$ (88)	\$ 193

# Adjusted EBIT Reconciliation

(\$ in millions)	LTM 9/30/2024	Q3 2024	Q2 2024	Q1 2024	Q3 2023	Q2 2023	Q1 2023	FY 2023
Income from operations	\$ 681	\$ 193	\$ 205	\$ 121	\$ 163	\$ 138	\$ 125	\$ 588
Other expense (income), net	9	(3)	(1)	8	5	9	1	20
<b>Total</b>	<b>\$ 672</b>	<b>\$ 196</b>	<b>\$ 206</b>	<b>\$ 113</b>	<b>\$ 158</b>	<b>\$ 129</b>	<b>\$ 124</b>	<b>\$ 568</b>
<b>A</b> Debt extinguishment and refinancing-related costs	6	—	—	3	4	1	2	10
<b>B</b> Termination benefits and other employee-related costs	71	11	1	55	12	2	—	18
<b>C</b> Acquisition and divestiture-related costs	9	4	2	2	1	—	1	3
<b>D</b> Impairment charges	—	—	—	—	—	8	7	15
<b>E</b> Accelerated depreciation and site closure costs	7	2	1	1	2	1	1	7
<b>F</b> Environmental charge	4	—	—	4	—	—	—	—
<b>G</b> Other adjustments	(1)	(1)	—	—	(2)	1	(2)	(3)
<b>H</b> Step-up depreciation and amortization	50	11	13	12	13	13	16	56
<b>Adjusted EBIT</b>	<b>\$ 818</b>	<b>\$ 223</b>	<b>\$ 223</b>	<b>\$ 190</b>	<b>\$ 188</b>	<b>\$ 155</b>	<b>\$ 149</b>	<b>\$ 674</b>
Segment Adjusted EBIT:								
Performance Coatings	\$ 585	\$ 160	\$ 161	\$ 135	\$ 135	\$ 118	\$ 109	\$ 491
Mobility Coatings	183	52	49	43	40	24	24	127
<b>Total</b>	<b>\$ 768</b>	<b>\$ 212</b>	<b>\$ 210</b>	<b>\$ 178</b>	<b>\$ 175</b>	<b>\$ 142</b>	<b>\$ 133</b>	<b>\$ 618</b>
<b>H</b> Step-up depreciation and amortization	50	11	13	12	13	13	16	56
<b>Adjusted EBIT</b>	<b>\$ 818</b>	<b>\$ 223</b>	<b>\$ 223</b>	<b>\$ 190</b>	<b>\$ 188</b>	<b>\$ 155</b>	<b>\$ 149</b>	<b>\$ 674</b>

# Adjusted EBIT Reconciliation (cont'd)

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- A** Represents expenses and associated changes to estimates related to the prepayment, restructuring, and refinancing of our indebtedness, which are not considered indicative of our ongoing operating performance.
- B** Represents expenses and associated changes to estimates related to employee termination benefits, consulting, legal and other employee-related costs associated with restructuring programs and other employee-related costs. These amounts are not considered indicative of our ongoing operating performance.
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- F** Represents costs related to certain environmental remediation activities, which are not considered indicative of our ongoing operating performance.
- G** Represents costs for certain non-operational or non-cash losses (gains), unrelated to our core business and which we do not consider indicative of our ongoing operating performance.
- H** Represents the incremental step-up depreciation and amortization expense associated with the acquisition of DuPont Performance Coatings by Axalta. We believe this will assist investors in performing meaningful comparisons of past, present and future operating results and better highlight the results of our ongoing operating performance.

# Return on Invested Capital

(\$ in millions)	LTM Q3 2024	2023
Adjusted EBIT	818	674
Tax Rate, As Adjusted <sup>(1)</sup>	24.5 %	24.1 %
<b>NOPAT <sup>(2)</sup></b>	<b>618</b>	<b>512</b>
Total debt, opening balance	3,543	3,704
Axalta's shareholders' equity, opening balance	1,604	1,454
Less: Cash and Cash Equivalents, opening balance	606	645
<b>Invested capital, opening balance <sup>(3)</sup></b>	<b>4,541</b>	<b>4,513</b>
Total debt, closing balance	3,525	3,504
Axalta's shareholders' equity, closing balance	1,905	1,727
Less: Cash and Cash Equivalents, closing balance	567	700
<b>Invested capital, closing balance <sup>(3)</sup></b>	<b>4,863</b>	<b>4,531</b>
<b>Average invested capital</b>	<b>4,702</b>	<b>4,522</b>
<b>Return on invested capital <sup>(4)</sup></b>	<b>13.1 %</b>	<b>11.3 %</b>

(1) The tax rate, as adjusted is determined using our effective tax rate and adjusting for the applicable rates in the taxing jurisdictions in which expense or income occurred and includes both current and deferred income tax expense (benefit) based on the nature of the non-GAAP performance measure.

(2) NOPAT = Adjusted EBIT, after tax

(3) Invested capital = Debt + Shareholder Equity – Cash and Cash Equivalents

(4) Return on invested capital = NOPAT / Average invested capital

# Capitalization Table

(\$ in millions)	Interest	@ 9/30/2024	Maturity
Cash and Cash Equivalents		\$ 567	
<b>Debt:</b>			
Revolver (\$800 million capacity)	Variable	105	2029
First Lien Term Loan (USD)	Variable	1,682	2029
<b>Total Senior Secured Debt</b>		<b>\$ 1,787</b>	
Senior Unsecured Notes (USD)	Fixed	496	2027
Senior Unsecured Notes (USD)	Fixed	694	2029
Senior Unsecured Notes (USD)	Fixed	493	2031
Finance Leases		55	
<b>Total Debt</b>		<b>\$ 3,525</b>	
<b>Total Net Debt <sup>(1)</sup></b>		<b>\$ 2,958</b>	
LTM Adjusted EBITDA		1,091	
<b>Total Net Leverage Ratio <sup>(2)</sup></b>		<b>2.7x</b>	
<b>Total Gross Leverage Ratio <sup>(3)</sup></b>		<b>3.2x</b>	

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

(2) Total Net Leverage Ratio = Total Net Debt / LTM Adjusted EBITDA

(3) Total Gross Leverage Ratio = Total Debt / LTM Adjusted EBITDA



**Thank You**

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