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 June 30, 2023
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 the 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 check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 25, 2023, there were 221,701,666 shares of the registrant's common shares outstanding.

Table of Contents

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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net sales	$ 1,293.9	$ 1,234.9	$ 2,577.8	$ 2,409.0
Cost of goods sold	904.4	886.4	1,806.3	1,723.8
Selling, general and administrative expenses	210.2	191.7	416.2	385.2
Other operating charges	2.1	4.8	9.2	12.5
Research and development expenses	18.6	16.7	37.7	33.1
Amortization of acquired intangibles	21.0	31.7	45.5	64.5
Income from operations	137.6	103.6	262.9	189.9
Interest expense, net	54.6	33.5	102.8	66.1
Other expense, net	8.5	7.2	9.8	9.0
Income before income taxes	74.5	62.9	150.3	114.8
Provision for income taxes	13.4	18.8	28.7	29.8
Net income	61.1	44.1	121.6	85.0
Less: Net income (loss) attributable to noncontrolling interests	0.2	—	0.2	(0.6)
Net income attributable to controlling interests	$ 60.9	$ 44.1	$ 121.4	$ 85.6
Basic net income per share	$ 0.27	$ 0.20	$ 0.55	$ 0.38
Diluted net income per share	$ 0.27	$ 0.20	$ 0.55	$ 0.38

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income	$ 61.1	$ 44.1	$ 121.6	$ 85.0
Other comprehensive income (loss), before tax:				
Foreign currency translation adjustments	1.3	(81.4)	46.2	(85.3)
Unrealized gain (loss) on derivatives	0.6	11.4	(1.3)	30.9
Unrealized gain on pension and other benefit plan obligations	0.4	0.7	0.6	1.6
Other comprehensive income (loss), before tax	2.3	(69.3)	45.5	(52.8)
Income tax provision (benefit) related to items of other comprehensive income (loss)	0.1	1.7	(0.3)	4.7
Other comprehensive income (loss), net of tax	2.2	(71.0)	45.8	(57.5)
Comprehensive income (loss)	63.3	(26.9)	167.4	27.5
Less: Comprehensive (loss) income attributable to noncontrolling interests	(0.4)	0.8	(1.2)	0.7
Comprehensive income (loss) attributable to controlling interests	$ 63.7	$ (27.7)	$ 168.6	$ 26.8

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)

	June 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 517.6	$ 645.2
Restricted cash	2.4	9.7
Accounts and notes receivable, net	1,271.1	1,067.4
Inventories	766.7	829.6
Prepaid expenses and other current assets	131.8	140.8
Total current assets	2,689.6	2,692.7
Property, plant and equipment, net	1,196.8	1,190.2
Goodwill	1,526.6	1,498.0
Identifiable intangibles, net	1,077.1	1,112.3
Other assets	553.0	566.0
Total assets	$ 7,043.1	$ 7,059.2
Liabilities, Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 702.3	$ 733.5
Current portion of borrowings	39.0	31.0
Other accrued liabilities	587.9	620.2
Total current liabilities	1,329.2	1,384.7
Long-term borrowings	3,528.9	3,673.3
Accrued pensions	209.4	205.1
Deferred income taxes	155.4	162.1
Other liabilities	131.2	134.5
Total liabilities	5,354.1	5,559.7
Commitments and contingent liabilities (Note 5)		
Shareholders' equity:		
Common shares, $1.00 par, 1,000.0 shares authorized, 253.5 and 252.4 shares issued at June 30, 2023 and December 31, 2022, respectively	253.5	252.4
Capital in excess of par	1,557.5	1,536.5
Retained earnings	1,140.2	1,018.8
Treasury shares, at cost, 31.8 shares at June 30, 2023 and December 31, 2022	(887.3)	(887.3)
Accumulated other comprehensive loss	(419.7)	(466.9)
Total Axalta shareholders' equity	1,644.2	1,453.5
Noncontrolling interests	44.8	46.0
Total shareholders' equity	1,689.0	1,499.5
Total liabilities and shareholders' equity	$ 7,043.1	$ 7,059.2

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, 2022	220.6	$ 252.4	$ 1,536.5	$ 1,018.8	$ (887.3)	$ (466.9)	$ 46.0	$ 1,499.5
Comprehensive income:								
Net income	—	—	—	60.5	—	—	—	60.5
Net realized and unrealized loss on derivatives, net of tax of $0.0 million	—	—	—	—	—	(1.9)	—	(1.9)
Long-term employee benefit plans, net of tax of $0.0 million	—	—	—	—	—	0.2	—	0.2
Foreign currency translation, net of tax benefit of $0.4 million	—	—	—	—	—	46.1	(0.8)	45.3
Total comprehensive income	—	—	—	60.5	—	44.4	(0.8)	104.1
Recognition of stock-based compensation	—	—	6.3	—	—	—	—	6.3
Shares issued under compensation plans	0.9	0.9	4.5	—	—	—	—	5.4
Balance at March 31, 2023	221.5	$ 253.3	$ 1,547.3	$ 1,079.3	$ (887.3)	$ (422.5)	$ 45.2	$ 1,615.3
Comprehensive income:								
Net income	—	—	—	60.9	—	—	0.2	61.1
Net realized and unrealized gain on derivatives, net of tax of $0.5 million	—	—	—	—	—	0.1	—	0.1
Long-term employee benefit plans, net of tax benefit of $0.2 million	—	—	—	—	—	0.6	—	0.6
Foreign currency translation, net of tax benefit of $0.2 million	—	—	—	—	—	2.1	(0.6)	1.5
Total comprehensive income	—	—	—	60.9	—	2.8	(0.4)	63.3
Recognition of stock-based compensation	—	—	7.3	—	—	—	—	7.3
Shares issued under compensation plans	0.2	0.2	2.9	—	—	—	—	3.1
Balance at June 30, 2023	221.7	$ 253.5	$ 1,557.5	$ 1,140.2	$ (887.3)	$ (419.7)	$ 44.8	$ 1,689.0

	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 benefit 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

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)

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Operating activities:		
Net income	$ 121.6	$ 85.0
Adjustment to reconcile net income to cash provided by (used for) operating activities:		
Depreciation and amortization	135.7	155.0
Amortization of deferred financing costs and original issue discount	4.3	4.8
Debt extinguishment and refinancing related costs	3.0	(0.2)
Deferred income taxes	0.5	2.0
Realized and unrealized foreign exchange losses, net	18.8	4.9
Stock-based compensation	13.6	9.0
Divestiture and impairment charges	15.4	0.7
Interest income on swaps designated as net investment hedges	(6.1)	(10.0)
Commercial agreement restructuring charge	—	25.0
Other non-cash, net	1.0	(7.1)
Changes in operating assets and liabilities:		
Trade accounts and notes receivable	(194.2)	(190.1)
Inventories	69.5	(151.4)
Prepaid expenses and other assets	(51.8)	(58.9)
Accounts payable	(11.7)	147.5
Other accrued liabilities	(39.8)	(39.4)
Other liabilities	(0.6)	(8.5)
Cash provided by (used for) operating activities	79.2	(31.7)
Investing activities:		
Purchase of property, plant and equipment	(73.9)	(72.0)
Interest proceeds on swaps designated as net investment hedges	6.1	10.0
Settlement proceeds on swaps designated as net investment hedges	29.4	25.0
Other investing activities, net	1.4	(1.1)
Cash used for investing activities	(37.0)	(38.1)
Financing activities:		
Proceeds from short-term borrowings	8.8	—
Payments on short-term borrowings	(25.8)	(44.0)
Payments on long-term borrowings	(156.7)	(13.7)
Financing-related costs	(6.3)	(0.1)
Purchases of common stock	—	(200.1)
Net cash flows associated with stock-based awards	8.5	(2.1)
Deferred acquisition-related consideration	(7.7)	—
Other financing activities, net	—	(0.2)
Cash used for financing activities	(179.2)	(260.2)
Decrease in cash	(137.0)	(330.0)
Effect of exchange rate changes on cash	2.1	(11.0)
Cash at beginning of period	654.9	851.2
Cash at end of period	$ 520.0	$ 510.2
Cash at end of period reconciliation:		
Cash and cash equivalents	$ 517.6	$ 500.2
Restricted cash	2.4	10.0
Cash at end of period	$ 520.0	$ 510.2

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)

Index

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 June 30, 2023, the results of operations, comprehensive income (loss) and changes in shareholders' equity for the three and six months ended June 30, 2023 and 2022 and cash flows for the six 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, 2022. 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 ("GAAP").

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 six months ended June 30, 2023 are not necessarily indicative of the results to be expected for the full year ended December 31, 2023 or any future period(s).

Summary of Significant Accounting Policies Updates

Recently Adopted Accounting Guidance

In January 2023, we adopted Accounting Standards Update ("ASU") 2022-04, *Liabilities – Supplier Finance Programs*, which codifies disclosure requirements for supplier financing programs. This ASU does not affect the recognition, measurement or financial statement presentation of obligations covered by supplier finance programs. Upon adoption of this ASU, we incorporated the required disclosures in Note 14. In addition to the disclosures included in Note 14, ASU 2022-04 requires a rollforward of activity for each supplier financing program beginning with reporting for the year ended December 31, 2024, at which time we will incorporate the required rollforward disclosure.

(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 condensed consolidated balance sheets. The contract asset balances at June 30, 2023 and December 31, 2022 were $43.8 million and $40.6 million, respectively.

We provide certain customers with incremental up-front consideration, 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. We do not receive a distinct service or good in return for these BIPs, but rather receive volume commitments and/or sole supplier status from our customers over the life of the contractual arrangements. Substantially all of the termination clauses in these contractual arrangements include standard clawback provisions that enable us to collect monetary damages in the event of a customer's failure to meet its commitments under the relevant contract. BIPs are assessed for recoverability annually or more frequently when circumstances arise. At June 30, 2023 and December 31, 2022, the total carrying value of BIPs were $158.8 million and $152.3 million, respectively, and are presented within other assets in the condensed consolidated balance sheets. For the three and six months ended June 30, 2023 and 2022, $14.5 million, $30.5 million, $15.4 million, and $29.9 million, respectively, was amortized and reflected as reductions of net sales in the condensed consolidated statements of operations. The total carrying value of BIPs excludes other up-front incentives with repayment features made in conjunction with long-term customer commitments of $39.2 million and $42.1 million at June 30, 2023 and December 31, 2022, respectively, of which $4.7 million and $4.9 million is included in prepaid expenses and other current assets in the condensed consolidated balance sheets at June 30, 2023 and December 31, 2022, 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.

(In millions, unless otherwise noted)

During the three months ended June 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. During the three and six months ended June 30, 2022, a reserve for this customer contract restructuring was recorded for $25.0 million, of which $20.3 million was recorded as a reduction to net sales and the remaining amount recorded in other expense. 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.

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

(3) GOODWILL AND IDENTIFIABLE INTANGIBLE ASSETS

Goodwill

The following table shows changes in the carrying amount of goodwill from December 31, 2022 to June 30, 2023 by reportable segment:

	Performance Coatings	Mobility Coatings	Total
Balance at December 31, 2022	$ 1,422.5	$ 75.5	$ 1,498.0
Purchase accounting adjustments and divestitures	(0.4)	(0.1)	(0.5)
Foreign currency translation	28.1	1.0	29.1
Balance at June 30, 2023	$ 1,450.2	$ 76.4	$ 1,526.6

Identifiable Intangible Assets

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

June 30, 2023	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Weighted average amortization periods (years)
Technology	$ 161.4	$ (79.6)	$ 81.8	11.2
Trademarks—indefinite-lived	260.1	—	260.1	Indefinite
Trademarks—definite-lived	128.3	(55.0)	73.3	14.5
Customer relationships	1,112.6	(450.7)	661.9	19.3
Total	$ 1,662.4	$ (585.3)	$ 1,077.1	

During the six months ended June 30, 2023, we retired fully amortized assets totaling $395.7 million consisting of technology, trademarks, and other intangible assets.

December 31, 2022	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Weighted average amortization periods (years)
Technology	$ 555.2	$ (462.3)	$ 92.9	10.3
Trademarks—indefinite-lived	255.6	—	255.6	Indefinite
Trademarks—definite-lived	126.7	(50.8)	75.9	14.5
Customer relationships	1,106.7	(418.8)	687.9	19.2
Other	0.6	(0.6)	—	5.0
Total	$ 2,044.8	$ (932.5)	$ 1,112.3	

(In millions, unless otherwise noted)

The estimated amortization expense related to the fair value of acquired intangible assets for the remainder of 2023 and each of the succeeding five years is:

Remainder of 2023	$	41.9
2024		82.9
2025		82.3
2026		81.9
2027		81.1
2028		67.7

(4) RESTRUCTURING

In accordance with the applicable guidance for Accounting Standards Codification ("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.

During the three and six months ended June 30, 2023 and 2022, we incurred costs for termination benefits, net of changes in estimates, of $2.1 million, $2.5 million, $3.4 million, and $5.8 million, respectively. The majority of our termination benefits are recorded within other operating charges in the condensed consolidated statements of operations. The remaining payments associated with these actions are expected to be substantially completed within 12 months.

The following table summarizes the activity related to the termination benefit reserves and expenses from December 31, 2022 to June 30, 2023:

	2023 Activity	
Balance at December 31, 2022	$	48.7
Expenses, net of changes to estimates		2.5
Payments made		(26.1)
Foreign currency translation		0.3
Balance at June 30, 2023	$	25.4

(5) 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 ("Customer Obligation Guarantees"). At June 30, 2023 and December 31, 2022, we had outstanding Customer Obligation Guarantees of $6.0 million and $7.1 million, respectively. Approximately one-fifth of our Customer Obligation Guarantees expire between 2023 and 2036, while the remainder do not have specified expiration dates. We monitor the Customer Obligation Guarantees to evaluate whether we have a liability at the balance sheet date. We did not have any liabilities related to our outstanding Customer Obligation Guarantees recorded at either June 30, 2023 or December 31, 2022.

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 concluded that losses from this matter were 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 six months ended June 30, 2022, we recorded expenses of $0.1 million and $0.2 million within other operating charges in the condensed consolidated statements of operations. No expenses were recorded for the three and six months ended June 30, 2023. At each of June 30, 2023 and December 31, 2022, we had $38.7 million recorded for estimated insurance receivables within accounts and notes receivable, net in the condensed consolidated balance sheets. Liabilities of $39.8 million and $42.3 million are recorded as other accrued liabilities in the condensed consolidated balance sheets at June 30, 2023 and December 31, 2022, 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.

(In millions, unless otherwise noted)

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. Except as set forth in the "Operational Matter" section above, 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 condition or cash flows on a consolidated annual basis but could have a material adverse impact in a particular quarterly reporting period.

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 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.

(6) LONG-TERM EMPLOYEE BENEFITS

Components of Net Periodic Benefit Cost

The following table sets forth the pre-tax components of net periodic benefit costs for our defined benefit plans for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Components of net periodic benefit cost:				
Net periodic benefit cost:				
Service cost	$ 1.4	$ 1.6	$ 2.9	$ 3.3
Interest cost	5.0	2.5	9.7	4.9
Expected return on plan assets	(2.8)	(3.1)	(5.5)	(6.3)
Amortization of actuarial losses, net	0.2	0.8	0.4	1.7
Amortization of prior service cost, net	(0.1)	(0.1)	(0.1)	(0.1)
Net periodic benefit cost	$ 3.7	$ 1.7	$ 7.4	$ 3.5

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

(7) STOCK-BASED COMPENSATION

During the three and six months ended June 30, 2023 and 2022, we recognized $7.3 million, $13.6 million, $3.7 million and $9.0 million, respectively, in stock-based compensation expense, which was allocated between costs of goods sold and selling, general and administrative expenses in the condensed consolidated statements of operations. We recognized tax benefits on stock-based compensation of $0.7 million, $1.6 million, $0.4 million and $1.0 million for the three and six months ended June 30, 2023 and 2022, respectively.

2023 Activity

A summary of stock option award activity for the six months ended June 30, 2023 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, 2023	1.1	$ 26.56		
Granted	—	$ —		
Exercised	(0.4)	$ 24.02		
Forfeited / Expired	(0.1)	$ 32.50		
Outstanding at June 30, 2023	0.6	$ 27.86		
Vested and expected to vest at June 30, 2023	0.6	$ 27.86	$ 2.8	3.64
Exercisable at June 30, 2023	0.6	$ 27.86	$ 2.8	3.64

Cash received by the Company upon exercise of options for the six months ended June 30, 2023 was $11.4 million.

Tax benefits on these exercises were $0.1 million.

At June 30, 2023, there was no unrecognized expense relating to unvested stock options.

Restricted Stock Units	Units (in millions)	Weighted Average Fair Value
Outstanding at January 1, 2023	1.6	$ 27.38
Granted	0.6	$ 29.83
Vested	(0.6)	$ 27.90
Forfeited	(0.1)	$ 28.75
Outstanding at June 30, 2023	1.5	$ 28.12

Tax benefits on the vesting of restricted stock units during the six months ended June 30, 2023 were $0.1 million.

At June 30, 2023, there was $23.1 million of unamortized expense relating to unvested restricted stock units that is expected to be amortized over a weighted average period of 1.5 years.

Performance Share Units	Units (in millions)	Weighted Average Fair Value
Outstanding at January 1, 2023	0.6	$ 30.44
Granted	0.4	$ 36.38
Vested	—	$ —
Forfeited	(0.2)	$ 31.31
Outstanding at June 30, 2023	0.8	$ 33.11

Our performance share units allow for participants to vest in zero to 200% of the targeted number of shares granted. At June 30, 2023, there was $15.9 million of unamortized expense relating to unvested performance share units that is expected to be amortized over a weighted average period of 2.6 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.

(8) OTHER EXPENSE, NET

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Foreign exchange losses, net	$ 9.6	$ 4.9	$ 11.9	$ 7.5
Debt extinguishment and refinancing related costs	1.2	(0.2)	3.0	(0.2)
Other miscellaneous (income) expense, net [1]	(2.3)	2.5	(5.1)	1.7
Total	$ 8.5	$ 7.2	$ 9.8	$ 9.0

(1) Activity during the three and six months ended June 30, 2022 includes expense of $4.7 million related to a reserve for a customer concession discussed further in Note 2.

(9) INCOME TAXES

Our effective income tax rates for the six months ended June 30, 2023 and 2022 are as follows:

	Six Months Ended June 30,	
	2023	2022
Effective Tax Rate	19.1 %	26.0 %

The lower effective tax rate for the six months ended June 30, 2023 was primarily due to the favorable impact of changes in unrecognized tax benefits in 2023.

The effective tax rate for the six months ended June 30, 2023 differs from the U.S. Federal statutory rate due to various items that impacted the effective rate both favorably and unfavorably. We recorded favorable adjustments for earnings in jurisdictions where the statutory rate is lower than the U.S. Federal statutory rate and for decreases in unrecognized tax benefits. These adjustments were primarily offset by the unfavorable impacts for changes in the valuation allowance.

The Company anticipates that it is reasonably possible its unrecognized tax benefits will decrease by $11.1 million, exclusive of interest and penalties, within the next 12 months mainly due to the expected receipt of a final assessment in the previously disclosed income tax audit in Germany for the tax period 2010-2013. During the three months ended June 30, 2023, the Company recorded a decrease in unrecognized tax benefits of $5.2 million, exclusive of interest and penalties, due to the conclusion of an income tax audit.

(10) 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 June 30,		Six Months Ended June 30,	
(In millions, except per share data)	2023	2022	2023	2022
Net income to common shareholders	$ 60.9	$ 44.1	$ 121.4	$ 85.6
Basic weighted average shares outstanding	221.6	221.0	221.4	222.8
Diluted weighted average shares outstanding	222.5	221.4	222.3	223.3
Net income per common share:				
Basic net income per share	$ 0.27	$ 0.20	$ 0.55	$ 0.38
Diluted net income per share	$ 0.27	$ 0.20	$ 0.55	$ 0.38

The number of anti-dilutive shares that have been excluded in the computation of diluted net income per share for the three and six months ended June 30, 2023 and 2022 were 0.1 million, 0.5 million, 1.3 million and 1.2 million, respectively.

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

(11) 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 other macroeconomic factors.

	June 30, 2023	December 31, 2022
Accounts receivable - trade, net (1)	$ 1,080.4	$ 909.3
Notes receivable	53.1	23.1
Other (2)	137.6	135.0
Total	$ 1,271.1	$ 1,067.4

(1) Allowance for doubtful accounts was $23.6 million and $22.6 million at June 30, 2023 and December 31, 2022, respectively.

(2) Includes $38.7 million at each of June 30, 2023 and December 31, 2022 of insurance recoveries related to an operational matter discussed further in Note 5.

Bad debt expense of $0.6 million, $4.7 million, $0.5 million and $0.0 million was included within selling, general and administrative expenses for the three and six months ended June 30, 2023 and 2022, respectively, and benefits of $0.1 million, $1.4 million, $1.0 million and expense of $3.1 million related to sanctions imposed on Russia in response to the conflict with Ukraine was included in other operating charges for the three and six months ended June 30, 2023 and 2022, respectively.

(12) INVENTORIES

	June 30, 2023	December 31, 2022
Finished products	$ 403.6	$ 438.6
Semi-finished products	133.9	130.8
Raw materials	199.9	233.7
Stores and supplies	29.3	26.5
Total	$ 766.7	$ 829.6

Inventory reserves were $21.0 million and $16.6 million at June 30, 2023 and December 31, 2022, respectively.

(13) PROPERTY, PLANT AND EQUIPMENT, NET

	June 30, 2023	December 31, 2022
Property, plant and equipment	$ 2,433.0	$ 2,368.9
Accumulated depreciation	(1,236.2)	(1,178.7)
Property, plant, and equipment, net	$ 1,196.8	$ 1,190.2

Depreciation expense amounted to $30.1 million, $59.1 million, $29.9 million and $60.0 million for the three and six months ended June 30, 2023 and 2022, respectively.

During April 2023, approximately $33.8 million of capitalized project costs relating to a manufacturing facility previously classified as construction in progress was placed in service and depreciation was initiated. The costs will be depreciated over a weighted average useful life of approximately 22 years.

During May 2023, approximately $86.2 million of capitalized project costs relating to an enterprise resource planning system implementation previously classified as construction in progress was placed in service and depreciation was initiated. The costs will be depreciated over a weighted average useful life of approximately 12 years.

(In millions, unless otherwise noted)

(14) SUPPLIER FINANCE PROGRAMS

We have a supplier 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 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 the current portion of borrowings within the condensed consolidated balance sheets and at the time of issuance each transaction is treated as a non-cash financing activity within the condensed consolidated statements of cash flows. Upon settlement of the financing, the cash outflow is classified as a financing activity within the condensed consolidated statements of cash flows. Amounts outstanding under this program were $10.3 million and $7.9 million at June 30, 2023 and 2022, respectively, including $3.4 million and $0.4 million, respectively, related to purchases of property, plant and equipment. Cash outflows under this program were $23.1 million and $44.0 million for the six months ended June 30, 2023 and 2022, respectively.

We maintain a voluntary supply chain financing ("SCF") program with a global financial institution, which allows a select group of suppliers to sell their receivables to the participating financial institution at the discretion of both parties on terms that are negotiated between the supplier and the financial institution. The supplier invoices that have been confirmed as valid under the program are paid by us to the financial institution according to the terms we have with the supplier. Amounts outstanding under the SCF program were $25.9 million and $29.8 million at June 30, 2023 and December 31, 2022, respectively.

We also participate in a virtual card program with a global financial institution, in which we pay supplier invoices on the due date using a Virtual Card Account ("VCA") and subsequently pay the balance in full 25 days after the billing statement date of the VCA. The program allows for suppliers to receive an accelerated payment for a fee at each supplier's discretion. Fees paid by our suppliers are negotiated directly with the financial institution without our involvement. Amounts outstanding under the VCA program were $5.7 million and $6.8 million at June 30, 2023 and December 31, 2022, respectively.

The payment terms we have with our suppliers who participate in the SCF and VCA programs are consistent with the typical terms we have with our suppliers who do not participate. These financing arrangements are included in accounts payable within the condensed consolidated balance sheets and the associated payments are included in operating activities within the condensed consolidated statements of cash flows.

(15) BORROWINGS

Borrowings are summarized as follows:

	June 30, 2023	December 31, 2022
2029 Dollar Term Loans	$ 1,845.0	$ 2,000.0
2025 Euro Senior Notes	491.1	479.1
2027 Dollar Senior Notes	500.0	500.0
2029 Dollar Senior Notes	700.0	700.0
Short-term and other borrowings	75.3	74.5
Unamortized original issue discount	(19.5)	(22.4)
Unamortized deferred financing costs	(24.0)	(26.9)
Total borrowings, net	3,567.9	3,704.3
Less:		
Short-term borrowings	19.0	16.0
Current portion of long-term borrowings	20.0	15.0
Long-term debt	$ 3,528.9	$ 3,673.3

Our senior secured credit facilities (the "Senior Secured Credit Facilities") consist of a term loan due 2029 (the "2029 Dollar Term Loans") and a revolving credit facility (the "Revolving Credit Facility") that is governed by a credit agreement (as amended, the "Credit Agreement").

Revolving Credit Facility

At June 30, 2023 and December 31, 2022, letters of credit issued under the Revolving Credit Facility totaled $20.4 million and $20.7 million, respectively, which reduced the availability under the Revolving Credit Facility. Availability under the Revolving Credit Facility was $529.6 million and $529.3 million at June 30, 2023 and December 31, 2022, respectively.

(In millions, unless otherwise noted)

Pursuant to the Credit Agreement, on July 1, 2023, an interest rate based on the London interbank offered rate was automatically replaced with an interest rate based on the Secured Overnight Financing Rate ("SOFR") as the interest rate benchmark for loans denominated in U.S. Dollars under the Revolving Credit Facility available under the Credit Agreement. On the same date, an amendment to the Credit Agreement was effected to reflect this transition and make other related conforming changes to the Credit Agreement.

Significant Transactions

During the three and six months ended June 30, 2023 we voluntarily prepaid $75.0 million and $150.0 million, respectively, of the outstanding principal amount of the 2029 Dollar Term Loans. As a result of these prepayments, we recorded a loss on extinguishment of debt of $1.2 million and $2.4 million for the three and six months ended June 30, 2023, respectively, which comprised the proportionate write off of unamortized deferred financing costs and original issue discounts.

Future repayments

Below is a schedule of required future repayments of all borrowings outstanding at June 30, 2023.

Remainder of 2023	$ 26.5
2024	24.3
2025	514.6
2026	23.6
2027	523.9
Thereafter	2,498.5
Total borrowings	3,611.4
Unamortized original issue discount	(19.5)
Unamortized deferred financing costs	(24.0)
Total borrowings, net	$ 3,567.9

(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, 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 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

During April 2021, in conjunction with an acquisition in China, we recorded the fair value of contingent consideration of $7.3 million. The contingent consideration was valued using a probability-weighted expected payment method that considered the timing of expected future cash flows and the probability of whether key elements of the contingent event are completed. The fair value of contingent consideration is valued at each balance sheet date, until amounts become payable, with adjustments recorded within other expense, net in the condensed consolidated statements of operations. Due to the significant unobservable inputs used in the valuations, these liabilities were categorized within Level 3 of the fair value hierarchy. During the six months ended June 30, 2023, the contingent consideration was settled for $6.9 million.

(In millions, unless otherwise noted)

The table below presents the fair values of our financial instruments measured on a recurring basis by level within the fair value hierarchy at June 30, 2023 and December 31, 2022.

	June 30, 2023				December 31, 2022			
	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]	$ —	$ 1.2	$ —	$ 1.2	$ —	$ 2.3	$ —	$ 2.3
Cross-currency swaps [2]	—	2.9	—	2.9	—	35.0	—	35.0
Other assets:								
Cross-currency swaps [2]	—	2.2	—	2.2	—	14.0	—	14.0
Investments in equity securities	0.5	—	—	0.5	1.0	—	—	1.0
Liabilities:								
Other accrued liabilities:								
Cross-currency swaps [2]	—	5.6	—	5.6	—	—	—	—
Contingent consideration	—	—	—	—	—	—	7.2	7.2
Long-term borrowings:								
2029 Dollar Term Loans	—	1,851.9	—	1,851.9	—	1,976.3	—	1,976.3
2025 Euro Senior Notes	—	483.6	—	483.6	—	460.8	—	460.8
2027 Dollar Senior Notes	—	473.8	—	473.8	—	462.8	—	462.8
2029 Dollar Senior Notes	—	595.8	—	595.8	—	581.1	—	581.1

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

The table below presents a roll forward of activity for the Level 3 liabilities during the six months ended June 30, 2023.

	Fair Value Using Significant Unobservable Inputs (Level 3)
Beginning balance December 31, 2022	$ 7.2
Payments	(6.9)
Change in fair value	(0.3)
Ending balance at June 30, 2023	$ —

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.

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

Cross-Currency Swaps Designated as Net Investment Hedges

During the three months ended March 31, 2023, three fixed-for-fixed cross currency swaps with an aggregate notional amount totaling $475.0 million, previously executed in 2018, matured resulting in net cash proceeds of $29.4 million. Concurrently, we entered into one fixed-for-fixed cross-currency swap with a notional amount of $150.0 million to hedge the variability of exchange rate impacts between the U.S. Dollar and Euro. Under the terms of this new cross-currency swap agreement, the Company notionally exchanged $150.0 million at an interest rate of 7.256% for €142.3 million at an interest rate of 5.697%. The cross-currency swap is designated as a net investment hedge and expires on March 31, 2024. This cross-currency swap is 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").

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

Interest Rate Swaps Designated as Cash Flow Hedges

During the three months ended March 31, 2023, three interest rate swaps with an aggregate notional amount of $475.0 million, previously executed in 2018, matured. Concurrently, we entered into one interest rate swap with a notional amount of $150.0 million to hedge interest rate exposures associated with the 2029 Dollar Term Loans. Under the terms of the interest rate swap agreement, the Company is required to pay the counter-party a stream of fixed interest payments at rates of 4.256% subject to a floor of 0.5% on $150.0 million of notional value, and in turn, receives variable interest payments based on 3-month SOFR from the counter-party. The interest rate swap is designated as a cash flow hedge and expires on March 31, 2024. This interest rate swap is marked to market at each reporting date and any unrealized gains or losses are included in AOCI and reclassified to interest expense in the same period or periods during which the hedged transactions affect earnings.

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

The following table sets forth the locations and amounts recognized during the three and six months ended June 30, 2023 and 2022 for the Company's cash flow and net investment hedges.

		Three Months Ended June 30,			
		2023		2022	
Derivatives in Cash Flow and Net Investment Hedges	Location of (Gain) Loss Recognized in Income on Derivatives	Net Amount of (Gain) Loss Recognized in OCI on Derivatives	Amount of Gain Recognized in Income	Net Amount of Gain Recognized in OCI on Derivatives	Amount of Loss (Gain) Recognized in Income
Interest rate swaps	Interest expense, net	$ (0.9)	$ (0.2)	$ (6.9)	$ 4.4
Foreign currency forward contracts	Cost of goods sold	—	(0.1)	(0.1)	—
Cross-currency swaps	Interest expense, net	7.5	(1.7)	(53.8)	(5.1)

		Six Months Ended June 30,			
		2023		2022	
Derivatives in Cash Flow and Net Investment Hedges	Location of (Gain) Loss Recognized in Income on Derivatives	Net Amount of (Gain) Loss Recognized in OCI on Derivatives	Amount of Gain Recognized in Income	Net Amount of Gain Recognized in OCI on Derivatives	Amount of Loss (Gain) Recognized in Income
Interest rate swaps	Interest expense, net	$ (1.5)	$ (2.6)	$ (19.3)	$ 11.5
Foreign currency forward contracts	Cost of goods sold	—	(0.2)	(0.1)	—
Cross-currency swaps	Interest expense, net	14.2	(5.9)	(59.4)	(9.9)

Over the next 12 months, we expect a gain of $1.2 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, 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 (Gain) Loss Recognized in Income on Derivatives	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Foreign currency forward contracts	Other expense, net	$ (4.0)	$ 2.3	$ (6.9)	$ 2.6

(In millions, unless otherwise noted)

(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 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 both large regional and global original equipment manufacturers ("OEMs") and to a fragmented and local customer base. These customers comprise independent or multi-shop operator body shops as well as a wide variety of industrial manufacturers. 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 for light vehicle and commercial vehicle OEMs. These global customers are faced with evolving megatrends in electrification, sustainability, personalization and autonomous driving that require a high level of technical expertise. The OEMs require efficient, 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 used by our CODM to evaluate financial performance of the operating segments and allocate resources and is therefore our measure of segment profitability in accordance with GAAP under ASC 280, *Segment Reporting.* 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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net sales [1]:				
Refinish	$ 520.7	$ 491.1	$ 1,018.3	$ 952.5
Industrial	335.3	364.7	684.8	717.7
Total Net sales Performance Coatings	856.0	855.8	1,703.1	1,670.2
Light Vehicle	330.2	282.9	658.7	558.5
Commercial Vehicle	107.7	96.2	216.0	180.3
Total Net sales Mobility Coatings	437.9	379.1	874.7	738.8
Total Net sales	$ 1,293.9	$ 1,234.9	$ 2,577.8	$ 2,409.0
Depreciation and amortization expense [2]:				
Performance Coatings	$ 50.4	$ 57.7	$ 103.0	$ 115.7
Mobility Coatings	15.8	19.6	32.7	39.3
Total Depreciation and amortization expense	$ 66.2	$ 77.3	$ 135.7	$ 155.0

(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.

(In millions, unless otherwise noted)

Table of Contents

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Segment Adjusted EBIT [(1)]:				
Performance Coatings	$ 117.8	$ 125.2	$ 227.1	$ 219.8
Mobility Coatings	23.7	2.3	47.2	2.8
Total [(2)]	141.5	127.5	274.3	222.6
Interest expense, net	54.6	33.5	102.8	66.1
Debt extinguishment and refinancing-related costs (benefits) [(a)]	1.2	(0.2)	3.0	(0.2)
Termination benefits and other employee-related costs [(b)]	2.3	2.7	2.1	5.1
Acquisition and divestiture-related (benefits) costs [(c)]	(0.1)	2.2	0.4	2.6
Impairment charges (benefits) [(d)]	8.3	(0.6)	15.4	(0.3)
Accelerated depreciation and site closure costs [(e)]	0.8	1.8	1.9	3.1
Russia sanction-related impacts [(f)]	0.1	0.3	(1.3)	6.1
Commercial agreement restructuring impacts [(g)]	—	25.0	—	25.0
Other adjustments [(h)]	(0.2)	(0.1)	(0.3)	0.3
Income before income taxes	$ 74.5	$ 62.9	$ 150.3	$ 114.8

(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) certain non-cash items included within net income, (2) certain items the Company does not believe are indicative of ongoing operating performance or (3) certain 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 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 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 benefits, expenses and integration activities associated with our business combinations, all of which are not considered indicative of our ongoing operating performance. The amounts for the six months ended June 30, 2023 include $0.8 million of due diligence and other related costs associated with unconsummated merger and acquisition transactions.

(d) Represents impairment charges and benefits, which are not considered indicative of our ongoing operating performance. The losses recorded during the three and six months ended June 30, 2023 were $8.3 million and $15.4 million, respectively, 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. The amounts recorded during the three and six months ended June 30, 2022 relate primarily to insurance recoveries on assets impaired in a prior year.

(e) 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.

(f) Represents expenses and associated changes to estimates related to sanctions imposed on Russia in response to the conflict with Ukraine for incremental reserves on accounts receivable and inventory, which we do not consider indicative of our ongoing operating performance.

(g) Represents a charge related to a customer concession discussed further in Note 2. This amount is not considered to be indicative of our ongoing operating performance.

(h) 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.

(In millions, unless otherwise noted)

(18) ACCUMULATED OTHER COMPREHENSIVE LOSS

	Unrealized Currency Translation Adjustments	Pension Adjustments	Unrealized Gain (Loss) on Derivatives	Accumulated Other Comprehensive (Loss) Income
Balance, December 31, 2022	$ (433.5)	$ (36.3)	$ 2.9	$ (466.9)
Current year deferrals to AOCI	50.3	—	0.6	50.9
Reclassifications from AOCI to Net income	(4.2)	0.2	(2.5)	(6.5)
Net Change	46.1	0.2	(1.9)	44.4
Balance, March 31, 2023	(387.4)	(36.1)	1.0	(422.5)
Current year deferrals to AOCI	3.8	0.4	1.2	5.4
Reclassifications from AOCI to Net income	(1.7)	0.2	(1.1)	(2.6)
Net Change	2.1	0.6	0.1	2.8
Balance, June 30, 2023	$ (385.3)	$ (35.5)	$ 1.1	$ (419.7)

The cumulative income tax benefit related to the adjustments for foreign exchange at June 30, 2023 was $1.1 million. The cumulative income tax benefit related to the adjustments for pension benefits at June 30, 2023 was $14.3 million. The cumulative income tax expense related to the adjustments for the unrealized gain on derivatives at June 30, 2023 was $0.1 million. See Note 16 for classification within the condensed 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, 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)

The cumulative income tax benefit related to the adjustments for pension benefits at June 30, 2022 was $24.1 million. The cumulative income tax expense related to the adjustments for the unrealized gain on derivatives at June 30, 2022 was $0.4 million. See Note 16 for classification within the condensed 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, 2022.

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 "anticipates," "expect," "believe," "intended," "estimates," "projections," "could," "should," "would," "may," "will," "future," "potential" and "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 and uncertainties, including, but not limited to, economic, competitive, governmental, geopolitical and technological factors outside of our control that may cause our business, industry, strategy, financing activities or actual results to differ materially. More information on potential factors that could affect our financial results is available in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2022 as well as "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022 and in other documents we have filed with, or furnished to, the Securities and Exchange Commission ("SEC"), 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" in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022, 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 forward-looking 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 of the forward-looking statements contained herein, whether as a result of new information, future events or otherwise.

We intend to use our investor relations page at ir.axalta.com as a means of disclosing material information to the public in a broad, non-exclusionary manner for purposes of the SEC's Regulation Fair Disclosure (or Reg. FD). Investors should routinely monitor that site, in addition to our press releases, SEC filings and public conference calls and webcasts, as information posted on that page could be deemed to be material information.

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 46 manufacturing facilities, four technology centers, 48 customer training centers and approximately 12,000 team members 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 both large regional and global OEMs and to a fragmented and local customer base. These customers comprise independent or multi-shop operator body shops as well as a wide variety of industrial manufacturers. 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 for light vehicle and commercial vehicle OEMs. These global customers are faced with evolving megatrends in electrification, sustainability, personalization and autonomous driving that require a high level of technical expertise. The OEMs require efficient, 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 7.0%, including a 1.2% headwind from foreign currency translation, for the six months ended June 30, 2023 compared with the six months ended June 30, 2022. The increased net sales were driven by higher average selling price and product mix of 8.0% and the absence of a $20.3 million reduction to net sales from the restructuring of a Performance Coatings commercial agreement in 2022 discussed further in Note 2 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q ("Customer Contract Restructuring") creating a 0.8% benefit, partially offset by lower volumes of 0.6%. The following trends impacted our segment net sales performance for the six months ended June 30, 2023:

- *Performance Coatings:* Net sales increased 2.0% for the six months ended June 30, 2023 compared with the six months ended June 30, 2022. The increased net sales were driven by higher average selling price and product mix of 9.3% and the absence of the Customer Contract Restructuring creating a 1.2% benefit, partially offset by lower sales volumes of 7.2% and a 1.3% headwind from unfavorable foreign currency translation driven primarily by the fluctuations of the Chinese Yuan, Euro, Turkish Lira, British Pound and Swedish Krona, partially offset by Mexican Peso, compared to the U.S. Dollar.
- *Mobility Coatings:* Net sales increased 18.4% for the six months ended June 30, 2023 compared with the six months ended June 30, 2022. The increased net sales were driven by higher sales volumes of 14.7% and higher average selling price and product mix of 4.8%, partially offset by unfavorable currency impact of 1.1%, driven primarily by the fluctuations of the Chinese Yuan, Turkish Lira, South African Rand and Euro, partially offset by the Mexican Peso, compared to the U.S. Dollar.

Our business serves four end-markets globally with net sales for the three and six months ended June 30, 2023 and 2022, as follows:

(In millions)	Three Months Ended June 30,		2023 vs 2022	Six Months Ended June 30,		2023 vs 2022
	2023	2022	% change	2023	2022	% change
Performance Coatings						
Refinish	$ 520.7	$ 491.1	6.0 %	$ 1,018.3	$ 952.5	6.9 %
Industrial	335.3	364.7	(8.1)%	684.8	717.7	(4.6)%
Total Net sales Performance Coatings	856.0	855.8	— %	1,703.1	1,670.2	2.0 %
Mobility Coatings						
Light Vehicle	330.2	282.9	16.7 %	658.7	558.5	17.9 %
Commercial Vehicle	107.7	96.2	12.0 %	216.0	180.3	19.8 %
Total Net sales Mobility Coatings	437.9	379.1	15.5 %	874.7	738.8	18.4 %
Total Net sales	$ 1,293.9	$ 1,234.9	4.8 %	$ 2,577.8	$ 2,409.0	7.0 %

Enterprise resource planning ("ERP") system implementation

During the three months ended June 30, 2023, we experienced temporary operational disruptions in North America from our multi-year ERP system implementation. Warehouse management and slower shipping activities in the quarter resulted in a negative impact to net sales in North America, most notably in our Performance Coatings segment. We believe the delays were temporary and are substantially resolved as of June 30, 2023.

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 have historically constituted less than 1.5% of our net sales, 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 $0.1 million and benefits of $1.3 million related to changes in estimates of reserves for accounts receivable and inventory during the three and six months ended June 30, 2023, respectively. Net assets of our Russian subsidiaries at June 30, 2023 were approximately $8.6 million, with $9.1 million comprising cash and cash equivalents.

Capital and Liquidity Highlights

During the three and six months ended June 30, 2023, we voluntarily prepaid $75.0 million and $150.0 million, respectively, of the outstanding principal amount of the 2029 Dollar Term Loans. See Note 15 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information.

Raw material inflation

During the six months ended June 30, 2023, our results reflect negative impacts from raw material inflation as compared to the six months ended June 30, 2022. During the three months ended June 30, 2023, however, our results reflect deflationary benefits in raw material pricing both sequentially compared to the three months ended March 31, 2023 and compared to the three months ended June 30, 2022. We expect to continue to offset the cumulative increased costs through the realization of improved pricing on our products, as well as monitor raw material pricing and take actions that we believe will help mitigate costs and other operational impacts.

FACTORS AFFECTING OUR OPERATING RESULTS

There have been no changes in the factors affecting our operating results previously disclosed under such heading in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2022.

RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the information contained in the accompanying unaudited condensed consolidated 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 June 30,		2023 vs 2022		Six Months Ended June 30,		2023 vs 2022	
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
Net sales	$ 1,293.9	$ 1,234.9	$ 59.0	4.8 %	$ 2,577.8	$ 2,409.0	$ 168.8	7.0 %
Price/Mix effect				6.8 %				8.0 %
Volume effect				(3.7)%				(0.6)%
Impact of one-time events				1.6 %				0.8 %
Exchange rate effect				0.1 %				(1.2)%

Three months ended June 30, 2023 compared to the three months ended June 30, 2022

Net sales increased primarily due to the following:

- Higher average selling prices and product mix in both segments and all regions, primarily as a result of pricing actions taken to offset cumulative input cost inflation
- The absence of a $20.3 million reduction in the prior year period from the Customer Contract Restructuring

Partially offset by:

- Lower sales volumes primarily as a result of temporary operational delays in North America from our multi-year ERP system implementation and a weaker Industrial market environment, partially offset by improved production environments within Mobility Coatings
- Impacts of currency translation were immaterial when compared to the prior year period

Six months ended June 30, 2023 compared to the six months ended June 30, 2022

Net sales increased primarily due to the following:

- Higher average selling prices and product mix in both segments and all regions, primarily as a result of pricing actions taken to offset input cost inflation
- The absence of a $20.3 million reduction in the prior year period from the Customer Contract Restructuring

Partially offset by:

- Unfavorable impacts of currency translation due primarily to the fluctuations of the Chinese Yuan, Turkish Lira, Euro and British Pound, partially offset by the Mexican Peso, compared to the U.S. Dollar
- Lower sales volumes primarily as a result of temporary operational delays in North America from our multi-year ERP system implementation and a weaker Industrial market environment, partially offset by improved production environments within Mobility Coatings

Cost of sales

	Three Months Ended June 30,		2023 vs 2022		Six Months Ended June 30,		2023 vs 2022	
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
Cost of sales	$ 904.4	$ 886.4	$ 18.0	2.0%	$ 1,806.3	$ 1,723.8	$ 82.5	4.8 %
% of net sales	69.9 %	71.8 %			70.1 %	71.6 %		

Three months ended June 30, 2023 compared to the three months ended June 30, 2022

Cost of sales increased primarily due to the following:

- Higher operating expenses due primarily to increased labor costs
- Higher costs of $14.1 million associated with our multi-year ERP system implementation and fees for third-party consultants focused on productivity programs
- Impairment charge of $8.3 million due to the decision to demolish assets at a previously closed manufacturing site

Partially offset by:

- Decreased variable input costs across both segments and most regions due to deflation
- Decreased costs associated with lower sales volumes
- Impacts of currency translation were immaterial when compared to the prior year period

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

- Higher average selling prices in both segments and all regions
- Decreased variable input costs across both segments and most regions due to deflation
- The absence of a $20.3 million reduction to net sales in the prior year period from the Customer Contract Restructuring which had no corresponding impact on cost of sales

Partially offset by:

- Higher operating expenses due primarily to increased labor costs
- Higher costs of $14.1 million associated with our multi-year ERP system implementation and fees for third-party consultants focused on productivity programs
- Impairment charge of $8.3 million due to the decision to demolish assets at a previously closed manufacturing site
- Less effective coverage of fixed costs as a result of lower sales volume

Six months ended June 30, 2023 compared to the six months ended June 30, 2022

Cost of sales increased primarily due to the following:

- Higher operating expenses due primarily to increased labor costs
- Higher costs of $18.4 million associated with our multi-year ERP system implementation and fees for third-party consultants focused on productivity programs
- Higher variable input costs in Performance Coatings, partially offset with lower variable input costs in Mobility Coatings
- Impairment charge of $8.3 million due to the decision to demolish assets at a previously closed manufacturing site
- Increase of $2.8 million in inventory obsolescence charges compared to the prior year period

Partially offset by:

- Favorable currency translation impact of approximately 1%, due primarily to the fluctuations of the Chinese Yuan, Turkish Lira, Euro, British Pound and South African Rand, partially offset by the Mexican Peso, compared to the U.S. Dollar

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

- Higher average selling prices in both segments and all regions
- The absence of a $20.3 million reduction to net sales in the prior year period from the Customer Contract Restructuring which had no corresponding impact on cost of sales

Partially offset by:

- Higher operating expenses due primarily to increased labor costs
- Higher costs of $18.4 million associated with our multi-year ERP system implementation and fees for third-party consultants focused on productivity programs
- Higher variable input costs in Performance Coatings, partially offset with lower variable input costs in Mobility Coatings
- Impairment charge of $8.3 million due to the decision to demolish assets at a previously closed manufacturing site
- Increase of $2.8 million in inventory obsolescence charges compared to the prior year period

Selling, general and administrative expenses

	Three Months Ended June 30,		2023 vs 2022		Six Months Ended June 30,		2023 vs 2022	
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
SG&A	$ 210.2	$ 191.7	$ 18.5	9.7 %	$ 416.2	$ 385.2	$ 31.0	8.0 %

Three months ended June 30, 2023 compared to the three months ended June 30, 2022

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

- Higher operating expenses due primarily to increased labor costs
- Increased commissions resulting from increased sales
- Impacts of currency translation were immaterial when compared to the prior year period

Six months ended June 30, 2023 compared to the six months ended June 30, 2022

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

- Higher operating expenses due primarily to increased labor costs
- Increased commissions resulting from increased sales
- Increase of $4.7 million in bad debt expense

Partially offset by:

- Favorable currency translation impact of approximately 2%, due primarily to the fluctuations of the Chinese Yuan, Euro and British Pound, partially offset by the Mexican Peso, compared to the U.S. Dollar

Other operating charges

	Three Months Ended June 30,		2023 vs 2022		Six Months Ended June 30,		2023 vs 2022	
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
Other operating charges	$ 2.1	$ 4.8	$ (2.7)	56.3 %	$ 9.2	$ 12.5	$ (3.3)	(26.4)%

Three months ended June 30, 2023 compared to the three months ended June 30, 2022

Other operating charges decreased primarily due to the following:

- Decrease of $2.3 million in acquisition and divestiture-related costs
- Decrease of $0.9 million in site closure costs
- Decrease of $0.4 million in termination benefits and other employee-related costs associated with our cost saving initiatives

Partially offset by:

- Increase of $0.9 million from a benefit of $1.0 million in the prior year period to a $0.1 million benefit in the current period as a result of changes in estimates of reserves for accounts receivable related to Russia's conflict with Ukraine

Six months ended June 30, 2023 compared to the six months ended June 30, 2022

Other operating charges decreased primarily due to the following:

- Decrease of $4.5 million from an expense of $3.1 million in the prior year period to a benefit of $1.4 million in the current period as a result of changes in estimates of reserves for accounts receivable related to Russia's conflict with Ukraine
- Decrease of $3.0 million in termination benefits and other employee-related costs associated with our cost saving initiatives
- Decrease of $2.2 million in acquisition and divestitures-related costs in the current year
- Decrease of $0.5 million in site closure costs

Partially offset by:

- Impairment charges increased $7.3 million primarily related to the then anticipated exit of a non-core business category in the Mobility Coatings segment recorded during the three months ended March 31, 2023

Research and development expenses

	Three Months Ended June 30,		2023 vs 2022		Six Months Ended June 30,		2023 vs 2022	
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
Research and development expenses	$ 18.6	$ 16.7	$ 1.9	11.4 %	$ 37.7	$ 33.1	$ 4.6	13.9 %

Three months ended June 30, 2023 compared to the three months ended June 30, 2022

Research and development expenses increased primarily due to the following:

- Increased labor costs
- Impacts of currency translation were immaterial when compared to the prior year period

Six months ended June 30, 2023 compared to the six months ended June 30, 2022

Research and development expenses increased primarily due to the following:

- Increased labor costs
- Impacts of currency translation were immaterial when compared to the prior year period

Amortization of acquired intangibles

	Three Months Ended June 30,		2023 vs 2022		Six Months Ended June 30,		2023 vs 2022	
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
Amortization of acquired intangibles	$ 21.0	$ 31.7	$ (10.7)	(33.8)%	$ 45.5	$ 64.5	$ (19.0)	(29.5)%

Three months ended June 30, 2023 compared to the three months ended June 30, 2022

Amortization of acquired intangibles decreased primarily due to the following:

- Reduced amortization from intangibles reaching the end of their useful lives
- Impacts of currency translation were immaterial when compared to the prior year period

Six months ended June 30, 2023 compared to the six months ended June 30, 2022

Amortization of acquired intangibles decreased primarily due to the following:

- Reduced amortization from certain intangibles reaching the end of their useful lives
- Favorable currency translation impact of approximately 1%, due primarily to the fluctuations of the Euro compared to the U.S. Dollar

Interest expense, net

	Three Months Ended June 30,		2023 vs 2022		Six Months Ended June 30,		2023 vs 2022	
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
Interest expense, net	$ 54.6	$ 33.5	$ 21.1	63.0 %	$ 102.8	$ 66.1	$ 36.7	55.5 %

Three months ended June 30, 2023 compared to the three months ended June 30, 2022

Interest expense, net increased primarily due to the following:

- Unfavorable impact of approximately $24.6 million due to the interest rate on the 2029 Dollar Term Loans, which were issued in December 2022 to replace the 2024 Dollar Term Loans

Partially offset by:

- Favorable impact of lower principal balance during the current year period, primarily as a result of $150.0 million of voluntary payments during the current year
- Favorable impact of $1.2 million from derivative instruments used to hedge the variable interest rate exposure on certain debt arrangements
- Impacts of currency translation were immaterial when compared to the period year period

Six months ended June 30, 2023 compared to the six months ended June 30, 2022

Interest expense, net increased primarily due to the following:

- Unfavorable impact of approximately $52.1 million due to the interest rate on the 2029 Dollar Term Loans, which were issued in December 2022 to replace the 2024 Dollar Term Loans

Partially offset by:

- Favorable impact of lower principal balance during the current year period, primarily as a result of $150.0 million of voluntary payments during the current year
- Favorable impact of $10.0 million from derivative instruments used to hedge the variable interest rate exposure on certain debt arrangements
- Impacts of currency translation were immaterial when compared to the prior year period

Other expense, net

	Three Months Ended June 30,		2023 vs 2022		Six Months Ended June 30,		2023 vs 2022	
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
Other expense, net	$ 8.5	$ 7.2	$ 1.3	18.1 %	$ 9.8	$ 9.0	$ 0.8	8.9 %

Three months ended June 30, 2023 compared to the three months ended June 30, 2022

Other expense, net increased primarily due to the following:

- Increase in debt extinguishment and refinancing related costs of $1.4 million primarily as a result of $75.0 million of voluntary prepayments during the current period
- Unfavorable impact of foreign exchange losses of $4.7 million when compared with the prior year period, including devaluation of net monetary assets denominated in the Argentinian Peso and the Turkish Lira due to hyperinflationary conditions

Partially offset by:

- The absence of a $4.7 million charge recorded in 2022 for the Customer Contract Restructuring

Six months ended June 30, 2023 compared to the six months ended June 30, 2022

Other expense, net increased primarily due to the following:

- Increased debt extinguishment and refinancing related costs of $3.2 million, primarily as a result of $150.0 million of voluntary prepayments during the current year and the refinancing of the 2024 Dollar Term Loans
- Unfavorable impact of foreign exchange losses of $4.4 million when compared with the prior year period, including devaluation of net monetary assets denominated in the Argentinian Peso and the Turkish Lira due to hyperinflationary conditions

Partially offset by:

- The absence of a $4.7 million charge recorded in 2022 for the Customer Contract Restructuring
- Increased miscellaneous income, net of $2.1 million

Provision for income taxes

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Income before income taxes	$ 74.5	$ 62.9	$ 150.3	$ 114.8
Provision for income taxes	13.4	18.8	28.7	29.8
Statutory U.S. Federal income tax rate	21.0 %	21.0 %	21.0 %	21.0 %
Effective tax rate	18.0 %	29.9 %	19.1 %	26.0 %
Effective tax rate vs. statutory U.S. Federal income tax rate	(3.0)%	8.9 %	(1.9)%	5.0 %

	(Favorable) Unfavorable Impact			
	Three Months Ended June 30,		Six Months Ended June 30,	
Items impacting the effective tax rate vs. statutory U.S. federal income tax rate	**2023**	**2022**	**2023**	**2022**
Earnings generated in jurisdictions where the statutory rate is different from the U.S. Federal rate [(1)]	$ (8.6)	$ (4.6)	$ (15.1)	$ (9.7)
Changes in valuation allowance	4.9	7.9	12.7	8.9
Foreign exchange (gains) losses, net	(0.1)	(5.3)	0.3	(3.0)
Non-deductible expenses and interest	1.1	1.5	2.2	2.1
Changes in unrecognized tax benefits	(2.7)	5.0	(4.9)	5.1

(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 June 30,		2023 vs 2022		Six Months Ended June 30,		2023 vs 2022	
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
Net sales	$ 856.0	$ 855.8	$ 0.2	— %	$ 1,703.1	$ 1,670.2	$ 32.9	2.0 %
Volume effect				(11.1)%				(7.2)%
Price/Mix effect				8.5 %				9.3 %
Impact of one-time events				2.4 %				1.2 %
Exchange rate effect				0.2 %				(1.3)%
Adjusted EBIT	$ 117.8	$ 125.2	$ (7.4)	(5.9)%	$ 227.1	$ 219.8	$ 7.3	3.3 %
Adjusted EBIT Margin	13.8 %	14.6 %			13.3 %	13.2 %		

Three months ended June 30, 2023 compared to the three months ended June 30, 2022

Net sales remained consistent primarily 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 cumulative input cost inflation
- The absence of a $20.3 million reduction to net sales in the prior year period from the Customer Contract Restructuring, creating a 2.4% benefit in the current year period

Offset by:

- Lower sales volumes across both end-markets and most regions, primarily driven by impacts of temporary operational delays in North America from our multi-year ERP system implementation and a weaker Industrial market environment

Adjusted EBIT and Adjusted EBIT margin decreased primarily due to the following:

- Lower sales volumes across both end-markets and most regions, primarily driven by impacts of temporary operational delays in North America from our multi-year ERP system implementation and a weaker Industrial market environment
- Higher operating expenses due primarily to increased labor costs
- Less effective coverage of fixed costs as a result of lower sales volume

Partially offset by:

- Higher average selling prices and product mix across both end-markets and all regions, primarily as a result of pricing actions taken to offset cumulative input cost inflation
- Decreased variable input costs due to deflation

In addition to the factors noted above, the current year period Adjusted EBIT margin was negatively impacted by:

- The absence of a $20.3 million reduction to net sales in the prior year period from the Customer Contract Restructuring

Six months ended June 30, 2023 compared to the six months ended June 30, 2022

Net sales increased primarily 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 cost inflation
- The absence of a $20.3 million reduction in the prior year period from the Customer Contract Restructuring, creating a 1.2% benefit in the current year period

Partially offset by:

- Lower sales volumes across both end-markets and most regions, primarily driven by impacts of temporary operational delays in North America from our multi-year ERP system implementation and a weaker Industrial market environment
- Unfavorable impacts of currency translation due primarily to the fluctuations of the Chinese Yuan, Euro, Turkish Lira, British Pound and Swedish Krona, partially offset by the Mexican Peso, compared to the U.S. Dollar

Adjusted EBIT and Adjusted EBIT margin increased primarily 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 cost inflation

Partially offset by:

- Lower sales volumes across both end-markets and most regions, primarily driven by impacts of temporary operational delays in North America from our multi-year ERP system implementation and a weaker Industrial market environment
- Higher operating expenses due primarily to increased labor costs
- Higher variable input costs within both end-markets and most regions due to raw material inflation
- Less effective coverage of fixed costs as a result of lower sales volume

In addition to the factors noted above, the current year period Adjusted EBIT margin was negatively impacted by:

- The absence of a $20.3 million reduction to net sales in the prior year period from the Customer Contract Restructuring

Mobility Coatings Segment

	Three Months Ended June 30,		2023 vs 2022		Six Months Ended June 30,		2023 vs 2022	
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
Net sales	$ 437.9	$ 379.1	$ 58.8	15.5 %	$ 874.7	$ 738.8	$ 135.9	18.4 %
Volume effect				12.8 %				14.7 %
Price/Mix effect				2.7 %				4.8 %
Exchange rate effect				— %				(1.1)%
Adjusted EBIT	$ 23.7	$ 2.3	$ 21.4	930.4 %	$ 47.2	$ 2.8	$ 44.4	1,585.7 %
Adjusted EBIT Margin	5.4 %	0.6 %			5.4 %	0.4 %		

Three months ended June 30, 2023 compared to the three months ended June 30, 2022

Net sales increased primarily due to the following:

- Higher sales volumes across both end-markets and all regions, even with some negative impacts of temporary operational delays in North America from our multi-year ERP system implementation
- Higher average selling prices and product mix across both end-markets and most regions, primarily as a result of pricing actions taken to offset cumulative input cost inflation

Adjusted EBIT and Adjusted EBIT margin increased primarily due to the following:

- Decreased variable input costs across both end-markets and most regions due to deflation
- Higher sales volumes across both end-markets and all regions, even with some negative impacts of temporary operational delays in North America from our multi-year ERP system implementation
- Higher average selling prices and product mix across both end-markets and most regions, primarily as a result of pricing actions taken to offset cumulative input cost inflation

Partially offset by:

- Higher operating expenses due primarily to increased labor costs

Six months ended June 30, 2023 compared to the six months ended June 30, 2022

Net sales increased primarily due to the following:

- Higher sales volumes across both end-markets and all regions, even with some negative impacts of temporary operational delays in North America from our multi-year ERP system implementation
- Higher average selling prices and product mix across both end-markets and all regions, primarily as a result of pricing actions taken to offset cumulative input cost inflation

Partially offset by:

- Unfavorable impacts of currency translation due primarily to the fluctuations of the Chinese Yuan, Turkish Lira, South African Rand and Euro, partially offset by the Mexican Peso, compared to the U.S. Dollar.

Adjusted EBIT and Adjusted EBIT margin increased primarily 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 cost inflation
- Higher sales volumes across both end-markets and all regions, even with some negative impacts of temporary operational delays in North America from our multi-year ERP system implementation
- Decreased variable input costs across both end-markets and most regions due to deflation

Partially offset by:

- Higher operating expenses due primarily to increased labor costs

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity are cash on hand, net cash provided by operating activities and available borrowing capacity under our Senior Secured Credit Facilities.

At June 30, 2023, availability under the Revolving Credit Facility was $529.6 million, net of $20.4 million of letters of credit outstanding. All such availability may be utilized without violating any covenants under the Credit Agreement or the indentures governing our senior notes (the "Senior Notes"). At June 30, 2023, we had $10.3 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 $48.1 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 2029 Dollar 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 unaudited condensed consolidated balance sheets. Our supplier financing programs are more fully described in Note 14 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Cash Flows

(In millions)	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Net cash provided by (used for):		
Operating activities:		
Net income	$ 121.6	$ 85.0
Depreciation and amortization	135.7	155.0
Amortization of deferred financing costs and original issue discount	4.3	4.8
Debt extinguishment and refinancing related costs	3.0	(0.2)
Deferred income taxes	0.5	2.0
Realized and unrealized foreign exchange losses, net	18.8	4.9
Stock-based compensation	13.6	9.0
Divestiture and impairment charges	15.4	0.7
Interest income on swaps designated as net investment hedges	(6.1)	(10.0)
Commercial agreement restructuring charge	—	25.0
Other non-cash, net	1.0	(7.1)
Net income adjusted for non-cash items	307.8	269.1
Changes in operating assets and liabilities	(228.6)	(300.8)
Operating activities	79.2	(31.7)
Investing activities	(37.0)	(38.1)
Financing activities	(179.2)	(260.2)
Effect of exchange rate changes on cash	2.1	(11.0)
Net decrease in cash	$ (134.9)	$ (341.0)

Six months ended June 30, 2023

Net Cash Provided by Operating Activities

Net cash provided by operating activities for the six months ended June 30, 2023 was $79.2 million. Net income before deducting depreciation, amortization and other non-cash items generated cash of $307.8 million. This was partially offset by net uses of working capital of $228.6 million, for which the most significant drivers were increases in accounts and notes receivable and prepaid expenses and other assets of $194.2 million and $51.8 million, respectively, as well as decreases in other accrued liabilities and accounts payable of $39.8 million and $11.7 million, respectively. These outflows were driven primarily by timing of collections and payments, payments of Business Incentive Plan assets ("BIPs") and largely seasonal cash payments for employee-related benefits and were partially offset by decreases in inventories of $69.5 million as a result of lower production levels as we intentionally managed inventory levels.

Net Cash Used for Investing Activities

Net cash used for investing activities for the six months ended June 30, 2023 was $37.0 million. The primary use was for purchases of property, plant and equipment of $73.9 million, partially offset by proceeds of $35.5 million from settlements and interest from swaps designated as net investment hedges, which are discussed further in Note 16 to the unaudited 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 six months ended June 30, 2023 was $179.2 million. This primary uses were voluntary prepayments of $150.0 million of the outstanding principal amount of the 2029 Dollar Term Loans, contractual repayments of $32.5 million on borrowings, payments totaling $7.7 million for acquisition-related consideration and payments of $6.3 million for fees associated with refinancing our 2024 Dollar Term Loans, partially offset by proceeds of $8.8 million from a short-term borrowing and $8.5 million net cash received from our stock-based compensation program.

Other Impacts on Cash

Currency exchange impacts on cash for the six months ended June 30, 2023 were favorable by $2.1 million, which was driven primarily by the fluctuations of the Mexican Peso compared to the U.S. Dollar, partially offset by fluctuations of the Euro compared to the U.S. Dollar.

Six months ended June 30, 2022

Net Cash Used for Operating Activities

Net cash used for operating activities for the six months ended June 30, 2022 was $31.7 million. Net income before deducting depreciation, amortization and other non-cash items generated cash of $269.1 million. This was offset by net uses of working capital of $300.8 million, for which the most significant drivers were increases in accounts and notes receivable, inventories, prepaid expenses and other assets and other accruals of $190.1 million, $151.4 million, $58.9 million, and $39.4 million, respectively. These outflows were primarily driven by timing of collections, inflation of raw material, logistics and energy costs, payments of BIPs and largely seasonal cash payments for employee-related benefits. The outflows were partially offset by increases in accounts payable of $147.5 million primarily due to raw material cost inflation, as well as elevated logistics and energy costs.

Net Cash Used for Investing Activities

Net cash used for investing activities for the six months ended June 30, 2022 was $38.1 million. The primary use was for purchases of property, plant and equipment of $72.0 million, partially offset by proceeds of $35.0 million from settlements of interest rate swaps designated as net investment hedges.

Net Cash Used for Financing Activities

Net cash used for financing activities for the six months ended June 30, 2022 was $260.2 million. The primary uses were for the purchase of our common stock totaling $200.1 million and payments of $57.7 million on borrowings.

Other Impacts on Cash

Currency exchange impacts on cash for the six months ended June 30, 2022 were unfavorable by $11.0 million, which was driven primarily by weakening in the Euro and British Pound compared to the U.S. Dollar, partially offset by the strengthening in the Russian Ruble compared to the U.S. Dollar.

Financial Condition

We had cash and cash equivalents at June 30, 2023 and December 31, 2022 of $517.6 million and $645.2 million, respectively. Of these balances, $406.9 million and $433.6 million were maintained in non-U.S. jurisdictions at June 30, 2023 and December 31, 2022, respectively, with $9.1 million and $12.9 million, respectively, within Russia. We believe at this time our organizational structure allows us the necessary flexibility to move funds throughout our subsidiaries to meet our operational and working capital needs.

Our business may not generate sufficient net cash provided by operating activities 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, net cash provided by operating activities and available borrowing capacity under our Senior Secured Credit Facilities. Based on our forecasts, we believe that net cash provided by operating activities, 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 inflationary pressures 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 and elevated interest rates, as experienced during 2022 and continuing in 2023, may increase our interest expense and weaken our financial condition.

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

(In millions)	June 30, 2023	December 31, 2022
2029 Dollar Term Loans	$ 1,845.0	$ 2,000.0
2025 Euro Senior Notes	491.1	479.1
2027 Dollar Senior Notes	500.0	500.0
2029 Dollar Senior Notes	700.0	700.0
Short-term and other borrowings	75.3	74.5
Unamortized original issue discount	(19.5)	(22.4)
Unamortized deferred financing costs	(24.0)	(26.9)
Total borrowings, net	3,567.9	3,704.3
Less:		
Short-term borrowings	19.0	16.0
Current portion of long-term borrowings	20.0	15.0
Long-term debt	$ 3,528.9	$ 3,673.3

Our indebtedness, including the Senior Secured Credit Facilities, Senior Notes and short-term borrowings, is more fully described in Note 18 to the audited consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2022.

We believe that we continue to maintain sufficient liquidity to meet our cash requirements, including our debt service obligations as well as our working capital needs. Availability under the Revolving Credit Facility was $529.6 million and $529.3 million at June 30, 2023 and December 31, 2022, 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.

Pursuant to the Credit Agreement, on July 1, 2023, an interest rate based on the London interbank offered rate was automatically replaced with an interest rate based on the Secured Overnight Financing Rate ("SOFR") as the interest rate benchmark for loans denominated in U.S. Dollars under the Revolving Credit Facility available under the Credit Agreement. On the same date, an amendment to the Credit Agreement was effected to reflect this transition and make other related conforming changes to the Credit Agreement.

Contractual Obligations

Information related to our material contractual obligations and cash requirements can be found in Note 7 and Note 18 to the audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2022. There have been no material changes in the Company's contractual obligations and cash requirements as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022.

Off-Balance Sheet Arrangements

See Note 5 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 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

An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the financial statements. The preparation of our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q requires us to make estimates and judgments that affect the amounts reported in the financial statements. We base our estimates and judgments on historical experiences and assumptions believed to be reasonable under the circumstances and re-evaluate them on an ongoing basis. Actual results could differ from our estimates under different assumptions or conditions. There have been no material changes to our critical accounting policies and estimates previously disclosed under "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates" in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2022.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in the market risks previously disclosed in Part II, Item 7A of the Company’s Annual Report on Form 10-K for the year ended December 31, 2022.

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 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. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures. No matter how well designed and operated, disclosure controls and procedures can provide only reasonable, rather than absolute, assurance of achieving the desired control objectives. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of June 30, 2023.

Changes in internal control over financial reporting

We are in the midst of a multi-year project to upgrade our ERP system through a phased implementation approach. The gradual implementation is expected to occur in phases over the next several years. During the second quarter of 2023, we completed the migration to the upgraded ERP system in North America, with further implementations in other geographic regions expected to occur in phases over the next several years. In connection with this implementation, we have updated the processes that constitute our internal control over financial reporting, as necessary, to accommodate related changes to our business processes.

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 on us as discussed in Note 5 to the 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, we will be using 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 pursuant to this requirement.

ITEM 1A. RISK FACTORS

There have been no material changes in our risk factors from those previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022.

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

(a) None.

(b) None.

(c) During the three months ended June 30, 2023, no director or “officer” of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K.

CFO Transition

On July 17, 2023, the Company appointed Carl Anderson as the Company’s new Senior Vice President and Chief Financial Officer, and Sean M. Lannon, the Company’s current Senior Vice President and Chief Financial Officer, and the Company mutually agreed that Mr. Lannon would resign from such positions. Mr. Anderson will start on August 14, 2023, immediately prior to which Mr. Lannon will cease to serve as Senior Vice President and Chief Financial Officer.

ITEM 6. EXHIBITS

EXHIBIT NO.	DESCRIPTION OF EXHIBITS
10.1*	Axalta Coating Systems Ltd. Second Amended and Restated 2014 Incentive Award Plan (incorporated by reference to Appendix B to the Registrant's Definitive Proxy Statement (File No. 001-36733) filed with the SEC on April 25, 2023)^
10.2	Axalta Coating Systems Ltd. Restrictive Covenant and Severance Policy
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.
^	Denotes management contract or compensatory plan or arrangement.
†	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:	August 1, 2023	By: /s/ Chris Villavarayan
		Chris Villavarayan Chief Executive Officer and President (Principal Executive Officer)
Date:	August 1, 2023	By: /s/ Sean M. Lannon
		Sean M. Lannon Senior Vice President and Chief Financial Officer (Principal Financial Officer)
Date:	August 1, 2023	By: /s/ Anthony Massey
		Anthony Massey Vice President and Global Controller (Principal Accounting Officer)

Axalta Coating Systems Ltd.
Restrictive Covenant and Severance Policy
Effective: December 1, 2015

This Axalta Coating Systems Ltd. Restrictive Covenant and Severance Policy (this "***Policy***") sets forth the severance benefits available to Covered Employees (as defined below) of Axalta Coating Systems Ltd. (the "***Company***" and as the context requires the Company shall include the Company's subsidiaries) in the event a Covered Employee's employment with the Company is terminated under certain circumstances as provided herein and certain restrictive covenants in favor of the Company.

1. Eligibility. Except as provided below, an individual will only be eligible to participate in this Policy if such individual has been specifically designated as eligible to participate in this Policy by action of the Policy Administrator (each, a "***Covered Employee***"). The initial Covered Employees are set forth on Exhibit A. In the event the employment of any Covered Employee is replaced following the Effective Date by the employment of an individual with comparable responsibilities and duties as such Covered Employee, as determined by the Chief Executive Officer or Chief Human Resources Officer of the Company, such individual shall be eligible to participate in this Policy.

2. Severance.

(a) Severance Upon Qualifying Termination. If a Covered Employee has a Qualifying Termination that does not occur within two years following a Change in Control, then subject to the requirements of this Section 2, the Covered Employee shall be entitled to receive:

(i) *Cash Severance Pay*. The Covered Employee shall be entitled to receive the Pre-Change in Control Cash Severance Pay, payable in regular installments over the Severance Period in accordance with the Company's regular payroll practices, except as otherwise provided in clause (g) of Exhibit C.

(ii) *Unpaid Earned Bonus*. To the extent unpaid as of the date of the Qualifying Termination, the Covered Employee shall be entitled to receive any Unpaid Earned Bonus, which amount shall be paid in the Company's fiscal year in which the Qualifying Termination occurs at the same time annual bonuses are generally paid to similarly situated employees of the Company.

(iii) *Healthcare Premium Payment*. If so indicated on Exhibit A, the Covered Employee shall be entitled to receive a Healthcare Premium Payment, which amount shall be paid in a single lump sum on the First Payment Date, except as otherwise provided in Exhibit C.

(iv) *Outplacement Services*. The Covered Employee shall be entitled to outplacement services for a period, as so indicated on Exhibit A, not to exceed twelve months. Services under this Section 2(a)(iv) will be provided by an outside organization selected and paid for by the Company. If the Covered Employee does not notify the Company of the Covered Person's election to receive such outplacement services within thirty days following the Covered Employee's Qualifying Termination, the Company will have no obligation to make available such services in accordance with this Section 2(a)(iv); provided, however, that the Company may choose to make available such services in its sole discretion. In no circumstance will the Company pay, or have any obligation to pay, any amount to the Covered Employee in connection with, or in lieu of, the services contemplated under this Section 2(a)(iv).

(b) Severance Upon Qualifying Termination Occurring Within Two Years Following a Change in Control. If a Covered Employee has a Qualifying Termination that occurs within two years following a Change in Control, then subject to the requirements of this Section 2, the Covered Employee shall be entitled to receive:

(i) *Salary Payment.* The Covered Employee shall be entitled to receive severance pay in an amount equal to the Change in Control Severance Multiple times the Base Amount, payable in a single lump sum on the First Payment Date, except as otherwise provided in clause (g) of Exhibit C.

(ii) *Change in Control Bonus Amount*. If so indicated on Exhibit A, the Covered Employee shall be entitled to receive additional severance pay in an amount equal to the Change in Control Severance Multiple times the Bonus Amount, payable in a single lump sum on the First Payment Date, except as otherwise provided in clause (g) of Exhibit C.

(iii) *Unpaid Earned Bonus*. To the extent unpaid as of the date of the Qualifying Termination, the Covered Employee shall be entitled to receive any Unpaid Earned Bonus, which amount shall be paid in the Company's fiscal year in which the Qualifying Termination occurs at the same time annual bonuses are generally paid to similarly situated employees of the Company.

(iv) *Healthcare Premium Payment*. If so indicated on Exhibit A, the Covered Employee shall be entitled to receive a Healthcare Premium Payment, which amount shall be paid in a single lump sum on the First Payment Date, except as otherwise provided in Exhibit C.

(v) *Equity Acceleration*. If so indicated on Exhibit A, and notwithstanding anything to the contrary in any existing equity award agreement, all unvested equity or equity-based awards granted to the Covered Employee under any equity compensation plans of the Company shall immediately become 100% vested, provided that, unless a provision more favorable to the Covered Employee is included in an applicable award agreement, any such awards that are subject to performance-based vesting conditions shall only be payable subject to the attainment of the performance measures for the applicable performance period as provided under the terms of the applicable award agreement.

(vi) *Outplacement Services*. The Covered Employee shall be entitled to outplacement services for a period, as so indicated on Exhibit A, not to exceed twelve months. Services under this Section 2(b)(vi) will be provided by an outside organization selected and paid for by the Company. If the Covered Employee does not notify the Company of the Covered Person's election to receive such outplacement services within thirty days following the Covered Employee's Qualifying Termination, the Company will have no obligation to make available such services in accordance with this Section 2(b)(vi); provided, however, that the Company may choose to make available such services in its sole discretion. In no circumstance will the Company pay, or have any obligation to pay, any amount to the Covered Employee in connection with, or in lieu of, the services contemplated under this Section 2(b)(vi).

(c) Other Terminations. Upon a Covered Employee's termination of employment for any reason other than as set forth in Section 2(a) and 2(b), the Company shall not have any other or further obligations to a Covered Employee under this Policy (including any financial obligations).

(d) Release. As a condition to a Covered Employee's receipt of any amounts, or any benefit, set forth in Section 2(a) or 2(b) above, the Covered Employee shall execute and not revoke a general release of all claims, including all known and unknown and current and potential claims, in favor of the Company (the "***Release***") in the form substantially similar to the form attached hereto as Exhibit D (and any statutorily prescribed revocation period applicable to such Release shall have expired) within the thirty (30) day period following the date of the Covered Employee's Qualifying Termination.

(e) Withholding. All compensation and benefits to a Covered Employee hereunder shall be reduced by all federal, state, local and other withholdings and similar taxes and payments required by applicable law.

3. At-Will Employment Relationship. Unless otherwise required by applicable non-U.S. laws, the Covered Employee's employment with the Company is at-will and not for any specified period and may be terminated at any time, with or without Cause, by either the Covered Employee or the Company. Nothing in this Policy is intended to or should be construed to contradict, modify or alter this at-will relationship.

4. Definitions. For purposes of this Policy, the terms set forth on Exhibit B shall have the meanings specified therein.

5. General Provisions. The general provisions applicable to this Policy are set forth on Exhibit C.

* * * *

AMENDMENT TO THE AXALTA COATING SYSTEMS LTD.
RESTRICTIVE COVENANT AND SEVERANCE POLICY

THIS AMENDMENT ("***Amendment***") to the Axalta Coating Systems Ltd. Restrictive Covenant and Severance Policy (the "***Policy***") is made and adopted by Axalta Coating Systems Ltd., a Bermuda exempted limited liability company (the "***Company***"), effective as of July 23, 2019 (the "***Effective Date***").

WHEREAS, the Plan was adopted by the Company effective as of December 1, 2015;

WHEREAS, the Compensation Committee believes it to be in the best interests of the Company and its stockholders to amend the Policy to provide for the Company to pay attorney's fees and legal costs incurred by a participant in connection with disputes arising under the Policy following a Change in Control (as defined in the Policy), and to add a "best net" clause under which parachute payments are reduced to avoid Sections 280G and 4999 of the Internal Revenue Code of 1986, as amended, unless the participant is in a better after-tax position by paying the 20% excise tax on excess parachute payments; and

WHEREAS, Section (i) of the "General Provisions" of the Policy set forth in Exhibit C to the Policy provides, in pertinent part, that the Policy Administrator shall have the power to amend or terminate the Policy from time to time in its discretion and for any reason (or no reason); and

WHEREAS, the Compensation Committee serves as the "Policy Administrator" of the Policy.

NOW, THEREFORE, the Policy is hereby amended as follows:

1. This Amendment shall become effective at the Effective Date.

2. Exhibit C to the Policy (General Provisions) is hereby amended by adding the following new section (k):

"(k) Parachute Payments.

(i) It is the objective of this Policy to maximize the Covered Employee's net after-tax benefit if payments or benefits provided under this Policy or otherwise are subject to excise tax under Section 4999 of the Code. Notwithstanding any other provisions of this Policy, in the event that any payment or benefit by the Company or otherwise to or for the benefit of the Covered Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Policy or otherwise (all such payments and benefits, including the payments and benefits under Section 2(a) and Section 2(b) hereof, being hereinafter referred to as the "***Total Payments***"), would be subject (in whole or in part) to the excise tax imposed by Section 4999 of the Code (the "***Excise Tax***"), then payments and benefits shall be reduced to the extent necessary so that no portion of the Total Payments shall be subject to the Excise Tax, but only if (A) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments), is greater than or equal to (B) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Covered Employee would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

(ii) If payments are to be reduced, they shall be reduced as follows: (A) first from cash severance payments that are included in full as parachute payments, (B) second from other cash payments that are included in full as parachute payments, (C) third from equity awards that are included in full as parachute payments, (D) fourth from cash payments that are partially included as parachute payments and (E) fifth from equity awards that are partially included as parachute payments, in each instance provided that Section 409A of the Code is complied with and, provided further, that to the greatest extent possible reductions shall be made in a manner that results in the greatest reduction in parachute payments at the least economic cost to the Covered Employee (and, to the extent the economic cost is equivalent, in the inverse order of when the payment or benefit would have been provided to the Covered Employee), and only payments or benefits (or portions thereof) that, if reduced, would reduce the total amount of parachute payments shall be reduced. To the extent required to company with Section 409A of the Code, reduction shall first be made to amounts that are exempt from Section 409A and then to amounts that are subject to Section 409A, with any such amounts subject to Section 409A being reduced in inverse order of when the payment or benefit would have been provided to the Covered Employee. For purposes of making the calculations required by this Section (k), the Independent Advisor may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of the Code, and other applicable legal authority.

(iii) All determinations regarding the application of this Section (k) shall be made by an accounting or consulting firm with experience in performing calculations regarding the applicability of Section 280G of the Code and the Excise Tax selected by the Company prior to the Change in Control ("***Independent Advisors***"). For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (A) no portion of the Total Payments the receipt or enjoyment of which the Covered Employee shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Section 280G(b) of the Code shall be taken into account, (B) no portion of the Total Payments shall be taken into account which, in the opinion of the Independent Advisors, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Independent Advisors, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the "base amount" (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation and (C) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. The costs of obtaining such determination and all related fees and expenses (including related fees and expenses incurred in any later audit) shall be borne by the Company. The Independent Advisor's determinations and conclusions shall be final and binding on all parties.

(iv) In the event it is later determined that a greater reduction in the Total Payments should have been made to implement the objective and intent of this Section (k), the excess amount shall be returned immediately by the Covered Employee to the Company."

3. Exhibit C to the Policy (General Provisions) is hereby amended by adding the following new section (l):

"(l) <u>Fees and Expenses</u>. The Company shall pay its attorney's fees and expenses and, unless the independent finder of fact in the controversy, claim or dispute determines that the Covered Employee's claim or defense was frivolous or without merit, the Covered Employee's attorney's fees and expenses incurred in connection with any controversy, claim or dispute arising out of or relating to this Policy following a Change in Control."

4. Except as hereby modified, the Policy shall remain in full force and effect.

Exhibit A*

Covered Employee and Title	Pre-Change in Control Cash Severance Pay (Section 2(a)(i))	Severance Period	Healthcare Premium Payment (Sections 2(a)(iii) and 2(b)(iv)) (Y/N)	Outplace-ment Services Period (Sections 2(a)(iv) and 2(b)(vi))	Change in Control Severance Multiple	Change in Control Bonus Amount (Section 2(b)(ii)) (Y/N)	Equity Acceleration (Section 2(b)(v)) (Y/N)

* With respect to any Covered Employee whose primary work location is outside of the United States, such Covered Employee's entitlement to payments under this Policy is limited to the amount that the total cash payments under this Policy exceed the cash payments such Covered Employee is entitled to receive pursuant to applicable law and/or an individual employment and/or severance agreement and/or any cash payments required by applicable law, including cash payments made during a notice of termination that is required by applicable law. By way of example, if an overseas Covered Employee is entitled to cash payments pursuant to contract and/or applicable law (all together, the "***Non-Policy Payments***") such Covered Employee will not receive monies under this Policy unless such Non-Policy Payments combined together are less than the amount owed under this Policy, in which case the differential shall be paid to the Covered Employee. Thus, as a further example, if an overseas Covered Employee is entitled to Non-Policy Payments of $200,000 and would be entitled to a cash severance payment under this Policy of $250,000, the Covered Employee will receive the $200,000 in Non-Policy Payments, plus $50,000 under this Policy. If the overseas Covered Employee is entitled to Non-Policy Payments of $300,000 and would receive a cash severance payment under this Policy of $250,000, the Covered Employee will receive the $300,000 in Non-Policy Payments, but will not receive anything under this Policy.

For the avoidance of doubt and to the extent eligible under this Policy, the Covered Employee shall receive the equity acceleration set forth in the Policy.

Exhibit B

Definitions

Capitalized terms used in the Policy shall have the following meanings:

(a) "***Affiliate***" means with respect to any person or entity, any other person or entity that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such person or entity.

(b) ***"Average Bonus Amount"*** means the average annual bonus earned by the Covered Employee for the two full fiscal years prior to the fiscal year in which the Qualifying Termination occurs; provided, that, if the Covered Employee has only been employed for one full fiscal year prior to the year in which the Qualifying Termination occurs, then "Average Bonus Amount" means the annual bonus earned for such full fiscal year; provided, further, if the Covered Employee has not been employed for at least one full fiscal year prior to the year in which the Qualifying Termination occurs, then "Average Bonus Amount" means the Covered Employee's Bonus Amount.

(c) ***"Base Amount"*** means the Covered Employee's annual base salary at the rate in effect on the day prior to the date of the Covered Employee's Qualifying Termination, without regard to any decrease that may occur after the date of a Change in Control.

(d) ***"Board"*** shall mean the Board of Directors of the Company.

(e) ***"Bonus Amount"*** means the Covered Employee's target annual bonus amount as in effect at the time of the Covered Employee's Qualifying Termination, without regard to any decrease that may occur after the date of a Change in Control.

(f) ***"Cause"*** shall mean any of the following: (i) the Covered Employee's failure to (A) substantially perform his or her duties with the Company (other than any such failure resulting from the Covered Employee's disability) or (B) comply with, in any material respect, any of the Company's policies; (ii) the Board's determination that the Covered Employee failed in any material respect to carry out or comply with any lawful and reasonable directive of the Board; (iii) the Covered Employee's breach of a material provision of this Policy; (iv) the Covered Employee's conviction, plea of no contest, plea of nolo contendere, or imposition of unadjudicated probation for any felony or crime involving moral turpitude; (v) the Covered Employee's unlawful use (including being under the influence) or possession of illegal drugs on the Company's (or any of its Affiliate's) premises or while performing the Covered Employee's duties and responsibilities for the Company; or (vi) the Covered Employee's commission of an act of fraud, embezzlement, misappropriation, willful misconduct, or breach of fiduciary duty against the Company or any of its Affiliates. Notwithstanding the foregoing, in the case of clauses (i), (ii) and (iii) above, no Cause will have occurred unless and until the Company has: (a) provided the Covered Employee written notice describing the applicable facts and circumstances underlying such finding of Cause; and (b) provided the Covered Employee with an opportunity to cure the same within 30 days after the receipt of such notice; provided, however, that the Covered Employee shall be provided only one cure opportunity per category of Cause event in any rolling six (6) month period. If the Covered Employee fails to cure the same within such 30 days, then "Cause" shall be deemed to have occurred as of the expiration of the 30-day cure period.

(g) ***"Change in Control"*** shall mean and includes each of the following: (i) a transaction or series of transactions occurring after the Effective Date whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***")) (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing 30% or more of the total combined voting power of the Company's securities outstanding immediately after such transaction; (ii) during any 12 month period, individuals who, at the beginning of such period, constitute the Board together with any new members of the Board whose election by the Board or nomination for election by the Company's members was approved by a vote of at least two-thirds of the members of the Board then still in office who either were members of the Board at the beginning of the one-year period or whose election or nomination for election was previously so approved (other than (x) an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act, and (y) any member of the Board whose initial assumption of office during such 12 month period in connection with a transaction described in clause (g)(iii)(x) below that occurs with a non-Affiliate third party), cease for any reason to constitute a majority thereof; or (iii) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) after the Effective Date of (x) a merger, consolidation, reorganization, or business combination or (y) a sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the Company's assets or (z) the acquisition of assets or stock of another entity, other than a transaction:

(a) in the case of clauses (g)(i) and (g)(iii), which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "***Successor Entity***")) directly or indirectly, more than seventy percent (70%) of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(b) in the case of clause (g)(iii), after which no person or group beneficially owns voting securities representing 30% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (b) as beneficially owning 30% or more of combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

(h) "***Change in Control Severance Multiple***" means that change in control severance multiple set forth opposite such Covered Employee's name on Exhibit A under the column "Change in Control Severance Multiple."

(i) ***"Code"*** shall mean the Internal Revenue Code of 1986, as amended, and the Treasury Regulations and other interpretive guidance thereunder.

(j) "***Effective Date***" shall mean December 1, 2015.

(k) ***"Good Reason"*** shall mean the occurrence of any of the following events or conditions without the Covered Employee's written consent: (i) a decrease in the Covered Employee's Base Amount, other than a reduction in the Covered Employee's Base Amount of less than 10% that is implemented in connection with a contemporaneous reduction in annual base salaries affecting other similarly situated employees of the Company, (ii) a material decrease in the Covered Employee's authority or areas of responsibility as are commensurate with such Covered Employee's title or position, or (iii) the relocation of the Covered Employee's primary office to a location more than 35 miles from the Covered Employee's then-current primary office location. The Covered Employee must provide written notice to the Company of the occurrence of any of the foregoing events or conditions within ninety (90) days of the occurrence of such event or the date upon which the Covered Employee reasonably became aware that such an event or condition had occurred. The Company or any successor or Affiliate shall have a period of thirty (30) days to cure such event or condition after receipt of written notice of such event from the Covered Employee. 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 notice was provided by the Covered Employee. The Covered Employee's voluntary Separation from Service by reason of resignation from employment with the Company for Good Reason shall be treated as involuntary.

(l) "***Healthcare Premium Payment***" shall mean a payment in an amount equal to the amount of the premiums the Covered Employee would be required to pay under the Consolidated Omnibus Budget

Reconciliation Act of 1985, as amended ("***COBRA***") (without regard to whether the Covered Employee is eligible for or elects COBRA continuation coverage) to continue the Covered Employee's and the Covered Employee's covered dependents' medical, dental and vision coverage in effect on the date of the Covered Employee's Qualifying Termination, which amount shall be calculated by multiplying the premium amount for the first month of COBRA coverage by (i) in the event of a Qualifying Termination under Section 2(a), the number of months in the Severance Period, and (ii) in the event of a Qualifying Termination under Section 2(b), two times the number of months in the Severance Period.

(m) "***Policy Administrator***" means the Board or a committee thereof to which the Board may delegate such function.

(n) "***Pre-Change in Control Cash Severance Pay***" means that amount determined in accordance with the column "Pre-Change in Control Cash Severance Pay" set forth opposite such Covered Employee's name on Exhibit A.

(o) ***"Qualifying Termination"*** means (i) in the case of a termination that does not occur within two years following a Change in Control, a termination by the Company of the Covered Employee's employment with the Company without Cause and (ii) in the case of a termination that occurs within two years following a Change in Control, (A) a termination by the Covered Employee of the Covered Employee's employment with the Company for Good Reason or (B) a termination by the Company of the Covered Employee's employment with the Company without Cause.

(p) ***"Separation from Service"*** means a "separation from service" with the Company as such term is defined in Treasury Regulation Section 1.409A-1(h) and any successor provision thereto.

(q) ***"Severance Period"*** means that period of time commencing on the effective date of a Covered Employee's Qualifying Termination and ending upon the expiration of that period of time set forth opposite such Covered Employee's name on Exhibit A under the column "Severance Period."

(r) "***Unpaid Earned Bonus***" means, to the extent unpaid, an amount of cash equal to any annual bonus earned by the Covered Employee for the Company's fiscal year prior to the fiscal year in which the Qualifying Termination occurs.

Exhibit C

General Provisions

The following provisions shall apply to the Policy as if stated directly therein:

(a) Successors and Assigns. The rights of the Company under this Policy may, without the consent of a Covered Employee, be assigned by the Company to any person, firm, corporation or other business entity which at any time acquires all or substantially all of the assets or business of the Company. The Covered Employee shall not be entitled to assign any of the Covered Employee's rights or obligations under this Policy. This Policy shall inure to the benefit of and be enforceable by the Covered Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

(b) Severability. In the event any provision of this Policy is found to be unenforceable by a court of competent jurisdiction, such provision shall be deemed modified to the extent necessary to allow enforceability of the provision as so limited.

(c) Governing Law and Venue. This Policy will be governed by and construed in accordance with the laws of the United States and the Commonwealth of Pennsylvania and without regard to the conflicts of laws principles thereof. Any suit brought hereon shall be brought in the state or federal courts sitting in Philadelphia, Pennsylvania, the Parties hereby waiving any claim or defense that such forum is not convenient or proper. Each Party hereby agrees that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by Pennsylvania law.

(d) Notices. Any notice required or permitted by this Policy shall be in writing and shall be delivered as follows with notice deemed given as indicated: (a) by personal delivery when delivered personally; (b) by overnight courier upon written verification of receipt; (c) by telecopy or facsimile transmission upon acknowledgment of receipt of electronic transmission; or (d) by certified or registered mail, return receipt requested, upon verification of receipt. Notice shall be sent to the Covered Employee at the address set forth below and to the Company at its principal place of business, or such other address as either Party may specify in writing.

(e) Survival. All Sections of this Policy shall survive termination of the Covered Employee's employment with the Company, except Section 3.

(f) No Other Rights to Severance Pay or Benefits. To the extent a Covered Employee incurs a Qualifying Termination and is entitled to receive severance pay or severance benefits under this Policy, the Covered Employee shall not be entitled to any other severance pay or severance benefits from the Company or any of its Affiliates.

(g) Code Section 409A.

(i) The intent of the Parties is that the payments and benefits under this Policy comply with or be exempt from Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder (collectively, "***Section 409A***") and, accordingly, to the maximum extent permitted, this Policy shall be interpreted to be in compliance therewith.

(ii) Notwithstanding anything in this Policy to the contrary, to the extent required to ensure that any compensation or benefits payable under this Policy to a Covered Employee that is designated under this Policy as payable upon the Covered Employee's termination of employment comply with or satisfy an exemption from Section 409A of the Code, such compensation and benefits shall be payable only upon the Covered Employee's "separation from service" with the Company within the meaning of Section 409A (a "***Separation from Service***") and, except as provided below, any such compensation or benefits shall not be paid, or, in the case of installments, shall not commence payment, until the thirtieth (30th) day following the Covered Employee's Separation from Service (the "***First Payment Date***"). Any installment payments that would have been made to the Covered Employee during the thirty (30) day period immediately following the Covered Employee's Separation from Service but for the preceding sentence shall be paid to the Covered Employee on the First Payment Date and the remaining payments shall be made as provided in this Policy.

(iii) Notwithstanding anything in this Policy to the contrary, if the Covered Employee is deemed by the Company at the time of the Covered Employee's Separation from Service to be a "specified employee" for purposes of Section 409A, to the extent delayed commencement of any portion of the benefits to which the Covered Employee is entitled under this Policy is required in order to avoid a prohibited distribution under Section 409A, such portion of the Covered Employee benefits shall not be provided to the Covered Employee prior to the earlier of (i) the expiration of the six-month period measured from the date of the Covered Employee's Separation from Service with the Company or (ii) the date of the Covered Employee's death. Upon the first business day following the expiration of the applicable Section 409A period, all payments deferred pursuant to the preceding sentence shall be paid in a lump sum to the Covered Employee (or the Covered Employee's estate or beneficiaries), and any remaining payments due to the Covered Employee under this Policy shall be paid as otherwise provided herein.

(iv) The Covered Employee's right to receive any installment payments under this Policy shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment as permitted under Section 409A. Except as otherwise permitted under Section 409A, no payment hereunder shall be accelerated or deferred unless such acceleration or deferral would not result in additional tax or interest pursuant to Section 409A.

(v) To the extent that any reimbursements under this Policy are subject to Section 409A, any such reimbursements payable to the Covered Employee shall be paid to the Covered Employee no later than December 31 of the year following the year in which the expense was incurred; provided, that the Covered Employee submits the Covered Employee's reimbursement request promptly following the date the expense is incurred, the amount of expenses reimbursed in one year and the amount of in-kind benefits provided in one year shall not affect the amount eligible for reimbursement or in-kind benefits to be provided in any subsequent year, other than medical expenses referred to in Section 105(b) of the Code, and the Covered Employee's right to reimbursement or in-kind benefits under this Policy will not be subject to liquidation or exchange for another benefit.

Notwithstanding anything in this Policy to the contrary, in the event any portion of a Covered Employee's cash severance payable pursuant to Section 2 did not satisfy an exemption from Section 409A prior to the Effective Date and does not satisfy an exemption from Section 409A at the time of such Covered Employee's Qualifying Termination, then the timing of such portion of the cash severance that remains subject to Section 409A shall be paid in accordance with the payment timing provisions set forth in any employment agreement between the Covered Employee and the Company, if applicable. In addition, in the event a Change in Control does not constitute a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5), any portion of the Covered Employee's cash severance payable pursuant to Section 2(b) that does not satisfy an exemption from Section 409A shall be paid at the same time and in the same manner as the related cash severance would have been paid under Section 2(a).

(h) Policy Administration. The Policy Administrator is responsible for the general administration and management of this Policy and shall have all powers and duties necessary to fulfill its responsibilities, including, but not limited to, the discretion to interpret and apply this Policy and to determine all questions relating to eligibility for benefits. All actions taken and all determinations made in good faith by the Policy Administrator will be final and binding on all persons claiming any interest in or under this Policy.

(i) Effective Date of Policy/Amendment. This Policy shall be effective on the Effective Date. The Policy Administrator shall have the power to amend or terminate this Policy from time to time in its discretion and for any reason (or no reason); provided that no such amendment or termination that occurs (i) following the applicable Covered Employee's Qualifying Termination, or (ii) within two years following the date of a Change in Control, shall materially impair the rights of a Covered Employee prior to the date of such amendment or termination, and provided further that no amendment or termination of this Policy shall result in an acceleration of the time of payment of any amount hereunder that is deemed to be nonqualified deferred compensation under Section 409A of the Code, except as permitted in accordance with Treasury Regulation Section 1.409A-3(j)(4).

(j) Source of Funds. Cash amounts payable to a Covered Employee under this Policy shall be from the general funds of the entity that pays regular wages to such Covered Employee and such entity shall be the primary obligor with respect to cash amounts payable to the Covered Employee under this Policy. A Covered Employee's rights to unpaid amounts under this Policy shall be solely those of an unsecured creditor of such entity.

Exhibit D

General Release of Claims

[*The language in this Release may change based on legal developments and evolving best practices; this form is provided as an example of what will be included in the final Release document.*]

Separation Agreement and Release

This Separation Agreement and Release ("Agreement") is made by and between ________ ("Covered Employee") and [Axalta Coating Systems Ltd., a Bermuda exempted limited liability company] (the "Company" and as the context requires the Company shall include the Company's subsidiaries) (collectively, referred to as the "Parties" or individually referred to as a "Party"). Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Policy (as defined below).

WHEREAS, the Covered Employee is a participant in that certain Restrictive Covenant and Severance Policy of the Company, effective as of December 1, 2015 (the "Policy"); and

WHEREAS, in connection with the Covered Employee's termination of employment with the Company or a subsidiary or affiliate of the Company effective ________, 20__, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that Covered Employee may have against the Company and any of the Releasees as defined below, including, but not limited to, any and all claims arising out of or in any way related to Covered Employee's employment with or separation from the Company or its subsidiaries or affiliates but, for the avoidance of doubt, nothing herein will be deemed to release any rights or remedies in connection with Covered Employee's ownership of vested equity securities of the Company or Covered Employee's right to indemnification by the Company or any of its affiliates pursuant to contract or applicable law (collectively, the "Retained Claims").

NOW, THEREFORE, in consideration of the severance payments described in Section 2 of the Policy, which, pursuant to the Policy, are conditioned on Covered Employee's execution and non-revocation of this Agreement, and in consideration of the mutual promises made herein, the Company and Covered Employee hereby agree as follows:

1. Severance Payments; Salary and Benefits. The Company agrees to provide Covered Employee with the severance payments and benefits described in Section **[2(a)/2(b)]** of the Policy, payable at the times set forth in, and subject to the terms and conditions of, the Policy. In addition, to the extent not already paid, and subject to the terms and conditions of the Policy, the Company shall pay or provide to Covered Employee all other payments or benefits described in Section **[2(a)/2(b)]** of the Policy, subject to and in accordance with the terms thereof.

2. Release of Claims. Covered Employee agrees that, other than with respect to the Retained Claims, the foregoing consideration represents settlement in full of all outstanding obligations owed to Covered Employee by the Company any of its Affiliates, and any of their current and former officers, directors, equity holders, managers, employees, agents, investors, attorneys, shareholders, members, administrators, affiliates, benefit plans, plan administrators, insurers, trustees, divisions, and subsidiaries and predecessor and successor corporations and assigns (collectively, the "Releasees"). Covered Employee, on his own behalf and on behalf of any of Covered Employee's affiliated companies or entities and any of their respective heirs, family members, executors, agents, and assigns, other than with respect to the Retained Claims, hereby and forever releases the Releasees from, and agrees not to sue concerning, or in any manner to institute, prosecute, or pursue, any claim, complaint, charge, duty, obligation, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Covered Employee may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the Effective Date of this Agreement (as defined in Section 10 below), including, without limitation:

(a) any and all claims relating to or arising from Covered Employee's employment or service relationship with the Company or any of its direct or indirect subsidiaries or affiliates and the termination of that relationship;

(b) any and all claims relating to, or arising from, Covered Employee's right to purchase, or actual purchase of any common shares or other equity interests of the Company or any of its affiliates, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

(c) any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;

(d) any and all claims for violation of any federal, state, or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Equal Pay Act; the Fair Credit Reporting Act; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Protection Act; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act; and the Sarbanes-Oxley Act of 2002;

(e) any and all claims for violation of the federal or any state constitution;

(f) any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

(g) any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by Covered Employee as a result of this Agreement; and

(h) any and all claims for attorneys' fees and costs.

Covered Employee agrees that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not release claims that cannot be released as a matter of law, including, but not limited to, Covered Employee's right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment, against the Company (with the understanding that Covered Employee's release of claims herein bars Covered Employee from recovering such monetary relief from the Company or any Releasee), claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law, claims to continued participation in certain of the Company's group benefit plans pursuant to the terms and conditions of COBRA, claims to any benefit entitlements vested as the date of separation of Covered Employee's employment, pursuant to written terms of any employee benefit plan of the Company or its affiliates and Covered Employee's right under applicable law and any Retained Claims. This release further does not release claims for breach of Section **[2(a)/2(b)]** of the Policy.

3. Acknowledgment of Waiver of Claims under ADEA. Covered Employee understands and acknowledges that Covered Employee is waiving and releasing any rights Covered Employee may have under the Age Discrimination in Employment Act of 1967 ("ADEA"), and that this waiver and release is knowing and voluntary. Covered Employee understands and agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the Effective Date of this Agreement. Covered Employee understands and acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Covered Employee was already entitled. Covered Employee further understands and acknowledges that Covered Employee has been advised by

this writing that: (a) Covered Employee should consult with an attorney prior to executing this Agreement; (b) Covered Employee has 21 days within which to consider this Agreement; (c) Covered Employee has 7 days following Covered Employee's execution of this Agreement to revoke this Agreement pursuant to written notice to the General Counsel of the Company; (d) this Agreement shall not be effective until after the revocation period has expired; and (e) nothing in this Agreement prevents or precludes Covered Employee from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law. In the event Covered Employee signs this Agreement and returns it to the Company in less than the 21 day period identified above, Covered Employee hereby acknowledges that Covered Employee has freely and voluntarily chosen to waive the time period allotted for considering this Agreement.

4. Restrictive Covenants.

(a) As a condition to receiving benefits under the Policy and in addition to any other non-competition or non-solicitation provisions between Covered Employee and the Company or any of its Affiliates, Covered Employee shall not, at any time during the Restriction Period (as defined below), directly or indirectly:

i. engage in, have any equity interest in, interview for a potential employment or consulting relationship with or manage, provide services to or operate any person, firm, corporation, partnership or business (whether as director, officer, employee, agent, representative, partner, security holder, consultant or otherwise) that engages in any business which competes with any portion of the Business (as defined below) of the Company anywhere in the world. Nothing herein shall prohibit the Covered Employee from practicing law or being a passive owner of not more than 2% of the outstanding equity interest in any entity that is publicly traded, so long as the Covered Employee has no active participation in the business of such entity; or

ii.(A) solicit, divert or take away any customers, clients, or business acquisition or other business opportunity of the Company, (B) contact or solicit, with respect to hiring, or hire any employee of the Company or any person employed by the Company at any time during the 12 month period immediately preceding the date of termination, (C) induce or otherwise counsel, advise or encourage any employee of the Company to leave the employment of the Company, or (D) induce any distributor, representative or agent of the Company to terminate or modify its relationship with the Company.

(b) In the event the terms of this Section 4 shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, it will be interpreted to extend only over the maximum period of time for which it may be enforceable, over the maximum geographical area as to which it may be enforceable, or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action.

(c) As used in this Section 4, (i) the term "***Company***" shall include the Company and its direct and indirect parents and subsidiaries, (ii) the term "***Business***" shall mean the business of the Company and shall include the manufacturing and sale of automotive and industrial paints, coatings and related products, as such business may be expanded or altered by the Company during the term of the Covered Employee's employment with the Company and (iii) the term "***Restriction Period***" shall mean, with respect to the Covered Employee, the period beginning on the date of the Covered Employee's Separation from Service and ending at the end of the Severance Period; provided, however, that in the event the Covered Employee receives severance payments and benefits under Section 2(b) of the Policy, the Restriction Period shall continue for a period of months following the Covered Employee's Separation from Service determined by multiplying the Change in Control Severance Multiple by twelve (12).

5. Condition to Severance Obligations; Claw-back. The Company shall be entitled to cease all severance payments and benefits to the Covered Employee in the event of the Covered Employee's breach any of the provision of Section 4 of this Agreement or of any other non-competition, non-solicitation, non-disparagement, confidentiality, or assignment of inventions covenants contained in any

other agreement between the Covered Employee and the Company or any of its Affiliates, which other covenants are hereby incorporated by reference into this Agreement. All payments and benefits provided to the Covered Employee pursuant to the Policy will be subject to any Company claw-back policy adopted to comply with applicable laws (including the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder) and any such payments or benefits may be forfeited, adjusted or subject to recoupment as a result of the implementation of such claw-back policy.

6. Injunctive Relief. A breach of the covenants contained in Section 4 of this Agreement will cause irreparable damage to the Company and its goodwill, the exact amount of which will be difficult or impossible to ascertain, and that the remedies at law for any such breach will be inadequate. Accordingly, as a condition to receiving payments and benefits under the Policy the Covered Employee shall and does agree that in the event of a breach of any of the covenants contained in Section 4 of this Agreement, in addition to any other remedy which may be available at law or in equity, the Company will be entitled to specific performance and injunctive relief without the requirement to post bond.

7. Severability. In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement shall continue in full force and effect without said provision or portion of provision.

8. No Oral Modification. This Agreement may only be amended in a writing signed by Covered Employee and a duly authorized officer of the Company.

9. Governing Law. This Agreement shall be subject to the provisions of clauses (c) and (d) of Exhibit C to the Policy.

10. Effective Date. If Covered Employee has attained or is over the age of 40 as of the date of Covered Employee's termination of employment, then each Party has seven days after that Party signs this Agreement to revoke it and this Agreement will become effective on the eighth day after Covered Employee signed this Agreement, so long as it has been signed by the Parties and has not been revoked by either Party before that date (the "Effective Date"). If Covered Employee has not attained the age of 40 as of the date of Covered Employee's termination of employment, then the "Effective Date" shall be the date on which Covered Employee signs this Agreement.

11. Voluntary Execution of Agreement. Covered Employee understands and agrees that Covered Employee executed this Agreement voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of Covered Employee's claims against the Company and any of the other Releasees. Covered Employee acknowledges that: (a) Covered Employee has read this Agreement; (b) Covered Employee has not relied upon any representations or statements made by the Company that are not specifically set forth in this Agreement; (c) Covered Employee has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of his own choice or has elected not to retain legal counsel; (d) Covered Employee understands the terms and consequences of this Agreement and of the releases it contains; and (e) Covered Employee is fully aware of the legal and binding effect of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

Dated: ______________ COVERED EMPLOYEE

COMPANY

Dated: By:
Name:
Title:

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Chris Villavarayan, 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: August 1, 2023

By:	/s/ Chris Villavarayan
Name:	Chris Villavarayan
Title:	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: August 1, 2023

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, Chris Villavarayan, 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, to the best of my knowledge:

(1) The Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2023 (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: August 1, 2023

By:	/s/ Chris Villavarayan
Name:	Chris Villavarayan
Title:	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, to the best of my knowledge:

(1) The Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2023 (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: August 1, 2023

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.