

DANA INCORPORATED

Quarterly Financial Information and Reconciliations of Non-GAAP Financial Measures

Non-GAAP Financial Measures

Adjusted EBITDA is a non-GAAP financial measure which we have defined as net income (loss) before interest, income taxes, depreciation, amortization, equity grant expense, restructuring expense, non-service cost components of pension and other postretirement benefit costs and other adjustments not related to our core operations (gain/loss on debt extinguishment, pension settlements, divestitures, impairment, etc.). Adjusted EBITDA is a measure of our ability to maintain and continue to invest in our operations and provide shareholder returns. We use adjusted EBITDA in assessing the effectiveness of our business strategies, evaluating and pricing potential acquisitions and as a factor in making incentive compensation decisions. In addition to its use by management, we also believe adjusted EBITDA is a measure widely used by securities analysts, investors and others to evaluate financial performance of our company relative to other Tier 1 automotive suppliers. Adjusted EBITDA should not be considered a substitute for earnings (loss) before income taxes, net income (loss) or other results reported in accordance with GAAP. Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

Diluted adjusted EPS is a non-GAAP financial measure which we have defined as adjusted net income (loss) divided by adjusted diluted shares. We define adjusted net income (loss) as net income (loss) attributable to the parent company, excluding any nonrecurring income tax items, restructuring charges, amortization expense and other adjustments not related to our core operations (as used in adjusted EBITDA), net of any associated income tax effects. We define adjusted diluted shares as diluted shares as determined in accordance with GAAP based on adjusted net income (loss). This measure is considered useful for purposes of providing investors, analysts and other interested parties with an indicator of ongoing financial performance that provides enhanced comparability to EPS reported by other companies. Diluted adjusted EPS is neither intended to represent nor be an alternative measure to diluted EPS reported in accordance with GAAP.

Free cash flow is a non-GAAP financial measure which we have defined as net cash provided by (used in) operating activities less purchases of property, plant and equipment. Adjusted free cash flow is a non-GAAP financial measure which we have defined as net cash provided by (used in) operating activities excluding discretionary pension contributions less purchases of property, plant and equipment. We believe these measures are useful to investors in evaluating the operational cash flow of the company inclusive of the spending required to maintain the operations. Free cash flow and adjusted free cash flow are not intended to represent nor be an alternative to the measure of net cash provided by (used in) operating activities reported in accordance with GAAP. Free cash flow and adjusted free cash flow may not be comparable to similarly titled measures reported by other companies.

The accompanying financial information provides reconciliations of adjusted EBITDA, diluted adjusted EPS, free cash flow and adjusted free cash flow to the most directly comparable financial measures calculated and presented in accordance with GAAP. We have not provided a reconciliation of our adjusted EBITDA and diluted adjusted EPS outlook to the most comparable GAAP measures of net income (loss) and diluted EPS. Providing net income (loss) and diluted EPS guidance is potentially misleading and not practical given the difficulty of projecting event driven transactional and other non-core operating items that are included in net income (loss) and diluted EPS, including restructuring actions, asset impairments and certain income tax adjustments. The accompanying reconciliations of these non-GAAP measures with the most comparable GAAP measures for the historical periods presented are indicative of the reconciliations that will be prepared upon completion of the periods covered by the non-GAAP guidance.

DANA INCORPORATED
Consolidated Statement of Operations (Unaudited)
For the Three Months Ended December 31, 2020 and 2019

(In millions, except per share amounts)	Three Months Ended	
	December 31,	
	2020	2019
Net sales	\$ 2,108	\$ 1,987
Costs and expenses		
Cost of sales	1,897	1,764
Selling, general and administrative expenses	122	104
Amortization of intangibles	3	4
Restructuring charges, net	13	6
Impairment of goodwill		(6)
Pension settlement charge		1
Other income, net	27	6
Earnings before interest and income taxes	100	110
Loss on extinguishment of debt	(3)	(9)
Interest income	2	2
Interest expense	39	30
Earnings before income taxes	60	73
Income tax expense (benefit)	24	(5)
Equity in earnings of affiliates	3	8
Net income	39	86
Less: Noncontrolling interests net income	4	4
Less: Redeemable noncontrolling interests net loss	(5)	(3)
Net income attributable to the parent company	<u>\$ 40</u>	<u>\$ 85</u>
Net income per share available to common stockholders		
Basic	\$ 0.28	\$ 0.59
Diluted	\$ 0.27	\$ 0.58
Weighted-average shares outstanding - Basic	144.6	144.0
Weighted-average shares outstanding - Diluted	145.7	145.3

DANA INCORPORATED
Consolidated Statement of Operations
For the Year Ended December 31, 2020 and 2019

(In millions, except per share amounts)

	Year Ended	
	December 31,	
	2020	2019
Net sales	\$ 7,106	\$ 8,620
Costs and expenses		
Cost of sales	6,485	7,489
Selling, general and administrative expenses	421	508
Amortization of intangibles	13	12
Restructuring charges, net	34	29
Impairment of goodwill	(51)	(6)
Pension settlement charges		(259)
Other income (expense), net	22	(25)
Earnings before interest and income taxes	124	292
Loss on extinguishment of debt	(8)	(9)
Interest income	9	10
Interest expense	138	122
Earnings (loss) before income taxes	(13)	171
Income tax expense (benefit)	58	(32)
Equity in earnings of affiliates	20	30
Net income (loss)	(51)	233
Less: Noncontrolling interests net income	10	13
Less: Redeemable noncontrolling interests net loss	(30)	(6)
Net income (loss) attributable to the parent company	<u>\$ (31)</u>	<u>\$ 226</u>
Net income (loss) per share available to common stockholders		
Basic	\$ (0.21)	\$ 1.57
Diluted	\$ (0.21)	\$ 1.56
Weighted-average shares outstanding - Basic	144.5	144.0
Weighted-average shares outstanding - Diluted	144.5	145.1

DANA INCORPORATED
Consolidated Statement of Comprehensive Income (Unaudited)
For the Three Months Ended December 31, 2020 and 2019

(In millions)

	Three Months Ended December 31,	
	2020	2019
Net income	\$ 39	\$ 86
Other comprehensive income (loss), net of tax:		
Currency translation adjustments	56	24
Hedging gains and losses	(1)	9
Defined benefit plans	(2)	(21)
Other comprehensive income	53	12
Total comprehensive income	92	98
Less: Comprehensive income attributable to noncontrolling interests	(20)	(13)
Less: Comprehensive loss attributable to redeemable noncontrolling interests	11	7
Comprehensive income attributable to the parent company	<u>\$ 83</u>	<u>\$ 92</u>

DANA INCORPORATED
Consolidated Statement of Comprehensive Income
For the Year Ended December 31, 2020 and 2019

(In millions)

	Year Ended	
	December 31,	
	2020	2019
Net income (loss)	\$ (51)	\$ 233
Other comprehensive income (loss), net of tax:		
Currency translation adjustments	(77)	8
Hedging gains and losses	39	24
Defined benefit plans	9	344
Other comprehensive income (loss)	(29)	376
Total comprehensive income (loss)	(80)	609
Less: Comprehensive income attributable to noncontrolling interests	(27)	(9)
Less: Comprehensive loss attributable to redeemable noncontrolling interests	36	1
Comprehensive income (loss) attributable to the parent company	<u>\$ (71)</u>	<u>\$ 601</u>

DANA INCORPORATED
Consolidated Balance Sheet
As of December 31, 2020 and December 31, 2019

(In millions, except share and per share amounts)

	December 31, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	\$ 559	\$ 508
Marketable securities	21	19
Accounts receivable		
Trade, less allowance for doubtful accounts of \$7 in 2020 and \$9 in 2019	1,201	1,103
Other	231	202
Inventories	1,149	1,193
Other current assets	127	137
Total current assets	3,288	3,162
Goodwill	479	493
Intangibles	236	240
Deferred tax assets	611	580
Other noncurrent assets	169	120
Investments in affiliates	152	182
Operating lease assets	190	178
Property, plant and equipment, net	2,251	2,265
Total assets	\$ 7,376	\$ 7,220
Liabilities and equity		
Current liabilities		
Short-term debt	\$ 26	\$ 14
Current portion of long-term debt	8	20
Accounts payable	1,331	1,255
Accrued payroll and employee benefits	190	206
Taxes on income	35	46
Current portion of operating lease liabilities	43	42
Other accrued liabilities	308	262
Total current liabilities	1,941	1,845
Long-term debt, less debt issuance costs of \$27 in 2020 and \$28 in 2019	2,420	2,336
Noncurrent operating lease liabilities	154	140
Pension and postretirement obligations	479	459
Other noncurrent liabilities	368	305
Total liabilities	5,362	5,085
Commitments and contingencies		
Redeemable noncontrolling interests	180	167
Parent company stockholders' equity		
Preferred stock, 50,000,000 shares authorized, \$0.01 par value, no shares outstanding	-	-
Common stock, 450,000,000 shares authorized, \$0.01 par value, 144,515,658 and 143,942,539 shares outstanding	2	2
Additional paid-in capital	2,408	2,386
Retained earnings	530	622
Treasury stock, at cost (10,442,582 and 10,111,191 shares)	(156)	(150)
Accumulated other comprehensive loss	(1,026)	(987)
Total parent company stockholders' equity	1,758	1,873
Noncontrolling interests	76	95
Total equity	1,834	1,968
Total liabilities and equity	\$ 7,376	\$ 7,220

DANA INCORPORATED
Consolidated Statement of Cash Flows (Unaudited)
For the Three Months Ended December 31, 2020 and 2019

(In millions)	Three Months Ended	
	December 31,	
	2020	2019
Operating activities		
Net income	\$ 39	\$ 86
Depreciation	88	87
Amortization	5	5
Amortization of deferred financing charges	2	1
Call premium on debt		7
Write-off of deferred financing costs	3	2
Earnings of affiliates, net of dividends received	2	(6)
Stock compensation expense	9	4
Deferred income taxes	(7)	(17)
Pension expense, net		4
Impairment of goodwill		6
Change in working capital	97	180
Change in other noncurrent assets and liabilities	(22)	(5)
Other, net	(25)	(5)
Net cash provided by operating activities	191	349
Investing activities		
Purchases of property, plant and equipment	(145)	(128)
Acquisition of businesses, net of cash acquired		(2)
Purchases of marketable securities	(8)	(9)
Proceeds from maturities of marketable securities	9	10
Proceeds from sale of equity affiliate	21	
Other, net	(11)	1
Net cash used in investing activities	(134)	(128)
Financing activities		
Net change in short-term debt	11	(95)
Proceeds from long-term debt	(4)	300
Repayment of long-term debt	(468)	(302)
Call premium on debt		(7)
Deferred financing payments		(4)
Dividends paid to common stockholders		(15)
Distributions to noncontrolling interests	(1)	(5)
Sale of interest to noncontrolling shareholder	2	
Contributions from noncontrolling interests	1	
Payments to acquire noncontrolling interests	(6)	
Deconsolidation of non-wholly owned subsidiary	(14)	
Other, net	1	2
Net cash used in financing activities	(478)	(126)
Net increase (decrease) in cash, cash equivalents and restricted cash	(421)	95
Cash, cash equivalents and restricted cash – beginning of period	966	412
Effect of exchange rate changes on cash balances	22	11
Cash, cash equivalents and restricted cash – end of period	\$ 567	\$ 518

DANA INCORPORATED
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2020 and 2019

(In millions)	Year Ended	
	December 31,	
	2020	2019
Operating activities		
Net income (loss)	\$ (51)	\$ 233
Depreciation	345	322
Amortization	20	17
Amortization of deferred financing charges	8	6
Call premium on debt		7
Write-off of deferred financing costs	8	2
Earnings of affiliates, net of dividends received	7	(9)
Stock compensation expense	14	19
Deferred income taxes	(35)	(137)
Pension expense, net	3	211
Impairment of goodwill	51	6
Change in working capital	47	(17)
Change in other noncurrent assets and liabilities	(20)	(18)
Other, net	(11)	(5)
Net cash provided by operating activities	386	637
Investing activities		
Purchases of property, plant and equipment	(326)	(426)
Acquisition of businesses, net of cash acquired	(6)	(668)
Purchases of marketable securities	(44)	(33)
Proceeds from sales of marketable securities	5	6
Proceeds from maturities of marketable securities	36	29
Proceeds from sale of equity affiliate	21	
Proceeds from sale of subsidiary, net of cash disposed		1
Settlements of undesignated derivatives	(5)	(20)
Other, net	(8)	(12)
Net cash used in investing activities	(327)	(1,123)
Financing activities		
Net change in short-term debt	9	(3)
Proceeds from long-term debt	508	975
Repayment of long-term debt	(480)	(423)
Call premium on debt		(7)
Deferred financing payments	(13)	(20)
Dividends paid to common stockholders	(15)	(58)
Distributions to noncontrolling interests	(11)	(19)
Sale of interest to noncontrolling shareholder	9	53
Contributions from noncontrolling interests	4	4
Payments to acquire noncontrolling interests	(7)	
Deconsolidation of non-wholly owned subsidiary	(14)	
Repurchases of common stock		(25)
Other, net	(2)	2
Net cash provided by (used in) financing activities	(12)	479
Net increase (decrease) in cash, cash equivalents and restricted cash	47	(7)
Cash, cash equivalents and restricted cash – beginning of period	518	520
Effect of exchange rate changes on cash balances	2	5
Cash, cash equivalents and restricted cash – end of period	\$ 567	\$ 518

DANA INCORPORATED**Reconciliation of Net Cash Provided By Operating Activities to
Free Cash Flow and Adjusted Free Cash Flow (Unaudited)**

(In millions)	Three Months Ended	
	December 31,	
	2020	2019
Net cash provided by operating activities	\$ 191	\$ 349
Purchase of property, plant and equipment	(145)	(128)
Free cash flow	46	221
Discretionary pension contributions		(3)
Adjusted free cash flow	<u>\$ 46</u>	<u>\$ 218</u>

(In millions)	Year Ended	
	December 31,	
	2020	2019
Net cash provided by operating activities	\$ 386	\$ 637
Purchase of property, plant and equipment	(326)	(426)
Free cash flow	60	211
Discretionary pension contributions		61
Adjusted free cash flow	<u>\$ 60</u>	<u>\$ 272</u>

DANA INCORPORATED
Segment Sales and Segment EBITDA (Unaudited)
For the Three Months Ended December 31, 2020 and 2019

(In millions)	Three Months Ended	
	December 31,	
	2020	2019
Sales		
Light Vehicle	\$ 980	\$ 846
Commercial Vehicle	334	345
Off-Highway	530	552
Power Technologies	264	244
Total Sales	<u>\$ 2,108</u>	<u>\$ 1,987</u>
Segment EBITDA		
Light Vehicle	\$ 99	\$ 105
Commercial Vehicle	7	23
Off-Highway	59	66
Power Technologies	31	27
Total Segment EBITDA	<u>196</u>	<u>221</u>
Corporate expense and other items, net	<u>(4)</u>	<u>5</u>
Adjusted EBITDA	<u>\$ 192</u>	<u>\$ 226</u>

DANA INCORPORATED
Segment Sales and Segment EBITDA
For the Year Ended December 31, 2020 and 2019

(In millions)	Year Ended	
	December 31,	
	2020	2019
Sales		
Light Vehicle	\$ 3,038	\$ 3,609
Commercial Vehicle	1,181	1,611
Off-Highway	1,970	2,360
Power Technologies	917	1,040
Total Sales	<u>\$ 7,106</u>	<u>\$ 8,620</u>
Segment EBITDA		
Light Vehicle	\$ 239	\$ 438
Commercial Vehicle	36	138
Off-Highway	234	330
Power Technologies	94	117
Total Segment EBITDA	<u>603</u>	<u>1,023</u>
Corporate expense and other items, net	<u>(10)</u>	<u>(4)</u>
Adjusted EBITDA	<u>\$ 593</u>	<u>\$ 1,019</u>

DANA INCORPORATED
Reconciliation of Segment and Adjusted EBITDA to Net Income (Unaudited)
For the Three Months Ended December 31, 2020 and 2019

(In millions)	Three Months Ended	
	December 31,	
	2020	2019
Segment EBITDA	\$ 196	\$ 221
Corporate expense and other items, net	(4)	5
Adjusted EBITDA	192	226
Depreciation	(88)	(87)
Amortization	(5)	(5)
Non-service cost components of pension and OPEB costs	(2)	(4)
Restructuring charges, net	(13)	(6)
Stock compensation expense	(9)	(4)
Strategic transaction expenses	(5)	(9)
Impairment of goodwill		(6)
Amounts attributable to previously divested/closed operations	(1)	(5)
Gain on investment in Hyliion	33	
Acquisition related inventory adjustments		(1)
Pension settlement charges		1
Gain on liquidation of foreign subsidiary		12
Other items	(2)	(2)
Earnings before interest and income taxes	100	110
Loss on extinguishment of debt	(3)	(9)
Interest income	2	2
Interest expense	39	30
Earnings before income taxes	60	73
Income tax expense (benefit)	24	(5)
Equity in earnings of affiliates	3	8
Net income	\$ 39	\$ 86

DANA INCORPORATED
Reconciliation of Segment and Adjusted EBITDA to Net Income (Loss)
For the Year Ended December 31, 2020 and 2019

(In millions)	Year Ended	
	December 31,	
	2020	2019
Segment EBITDA	\$ 603	\$ 1,023
Corporate expense and other items, net	(10)	(4)
Adjusted EBITDA	593	1,019
Depreciation	(345)	(322)
Amortization	(20)	(17)
Non-service cost components of pension and OPEB costs	(10)	(23)
Restructuring charges, net	(34)	(29)
Stock compensation expense	(14)	(19)
Strategic transaction expenses	(20)	(41)
Impairment of goodwill	(51)	(6)
Amounts attributable to previously divested/closed operations	(1)	(5)
Gain on investment in Hyliion	33	
Acquisition related inventory adjustments		(13)
Non-income tax legal judgment		6
Pension settlement charges		(259)
Gain on liquidation of foreign subsidiary		12
Other items	(7)	(11)
Earnings before interest and income taxes	124	292
Loss on extinguishment of debt	(8)	(9)
Interest income	9	10
Interest expense	138	122
Earnings (loss) before income taxes	(13)	171
Income tax expense (benefit)	58	(32)
Equity in earnings of affiliates	20	30
Net income (loss)	\$ (51)	\$ 233

DANA INCORPORATED
Diluted Adjusted EPS (Unaudited)
For the Three Months Ended December 31, 2020 and 2019

(In millions, except per share amounts)

	Three Months Ended December 31,	
	2020	2019
Net income attributable to parent company	\$ 40	\$ 85
Items impacting income before income taxes:		
Amortization	4	5
Restructuring charges, net	12	6
Strategic transaction expenses	6	9
Amounts attributable to previously divested/closed operations	1	5
Impairment of goodwill		6
Gain on investment in Hylion	(33)	
Acquisition related inventory adjustments		1
Pension settlement charges		(1)
Gain on liquidation of foreign subsidiary		(12)
Loss on extinguishment of debt	3	9
Other items	(1)	(2)
Items impacting income taxes:		
Net income tax expense (benefit) on items above	7	(3)
Tax benefit attributable to various discrete tax matters	(4)	(11)
Adjusted net income	<u>\$ 35</u>	<u>\$ 97</u>
Diluted shares - as reported	145.7	145.3
Adjusted diluted shares	145.7	145.3
Diluted adjusted EPS	\$ 0.24	\$ 0.67

DANA INCORPORATED
Diluted Adjusted EPS (Unaudited)
For the Year Ended December 31, 2020 and 2019

(In millions, except per share amounts)

	Year Ended December 31,	
	2020	2019
Net income (loss) attributable to parent company	\$ (31)	\$ 226
Items impacting income before income taxes:		
Amortization	17	17
Restructuring charges, net	33	29
Strategic transaction expenses	21	41
Amounts attributable to previously divested/closed operations	1	5
Impairment of goodwill	31	6
Gain on investment in Hylion	(33)	
Acquisition related inventory adjustments		13
Non-income tax legal judgment		(6)
Pension settlement charges		259
Gain on liquidation of foreign subsidiary		(12)
Loss on extinguishment of debt	8	9
Loss on deal contingent forward		13
Other items	(1)	(2)
Items impacting income taxes:		
Net income tax expense on items above	(7)	(27)
Tax expense (benefit) attributable to various discrete tax matters	18	(127)
Adjusted net income	<u>\$ 57</u>	<u>\$ 444</u>
Diluted shares - as reported	144.5	145.1
Adjusted diluted shares	145.1	145.1
Diluted adjusted EPS	\$ 0.39	\$ 3.06