

## **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 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 income before income taxes, net income 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 divided by adjusted diluted shares. We define adjusted net income as net income 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. 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 under 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. We believe this measure is useful to investors in evaluating the operational cash flow of the company inclusive of the spending required to maintain the operations. Free cash flow is neither intended to represent nor be an alternative to the measure of net cash provided by (used in) operating activities reported under GAAP. 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 and 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 and diluted EPS. Providing net income 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 and diluted EPS, including restructuring actions, asset impairments and income tax valuation 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 September 30, 2018 and 2017**

(In millions, except per share amounts)

	Three Months Ended	
	September 30,	
	2018	2017
<b>Net sales</b>	\$ 1,978	\$ 1,831
Costs and expenses		
Cost of sales	1,692	1,562
Selling, general and administrative expenses	119	124
Amortization of intangibles	2	4
Restructuring charges, net	9	2
Other expense, net	(9)	
Earnings before interest and income taxes	147	139
Loss on extinguishment of debt		(13)
Interest income	3	3
Interest expense	24	25
Earnings before income taxes	126	104
Income tax expense	31	33
Equity in earnings of affiliates	1	2
<b>Net income</b>	96	73
Less: Noncontrolling interests net income	1	3
Less: Redeemable noncontrolling interests net income		1
<b>Net income attributable to the parent company</b>	<u>\$ 95</u>	<u>\$ 69</u>
<b>Net income per share available to common stockholders</b>		
Basic	\$ 0.66	\$ 0.47
Diluted	\$ 0.65	\$ 0.46
Weighted-average shares outstanding - Basic	144.7	145.0
Weighted-average shares outstanding - Diluted	145.9	146.9
Cash dividends declared per share	\$ 0.10	\$ 0.06

**DANA INCORPORATED**  
**Consolidated Statement of Operations (Unaudited)**  
**For the Nine Months Ended September 30, 2018 and 2017**

(In millions, except per share amounts)

	Nine Months Ended	
	September 30,	
	2018	2017
<b>Net sales</b>	\$ 6,170	\$ 5,372
Costs and expenses		
Cost of sales	5,269	4,562
Selling, general and administrative expenses	383	377
Amortization of intangibles	6	9
Restructuring charges, net	17	14
Impairment of indefinite-lived intangible asset	(20)	
Adjustment in fair value of disposal group held for sale	3	
Other expense, net	(19)	(12)
Earnings before interest and income taxes	459	398
Loss on extinguishment of debt		(19)
Interest income	8	8
Interest expense	71	79
Earnings before income taxes	396	308
Income tax expense	75	94
Equity in earnings of affiliates	13	12
<b>Net income</b>	334	226
Less: Noncontrolling interests net income	6	13
Less: Redeemable noncontrolling interests net income (loss)	1	(2)
<b>Net income attributable to the parent company</b>	<u>\$ 327</u>	<u>\$ 215</u>
<b>Net income per share available to common stockholders</b>		
Basic	\$ 2.25	\$ 1.46
Diluted	\$ 2.23	\$ 1.45
Weighted-average shares outstanding - Basic	145.1	144.8
Weighted-average shares outstanding - Diluted	146.6	146.5
Cash dividends declared per share	\$ 0.30	\$ 0.18

**DANA INCORPORATED**  
**Consolidated Statement of Comprehensive Income (Unaudited)**  
**For the Three Months Ended September 30, 2018 and 2017**

(In millions)

	Three Months Ended September 30,	
	2018	2017
<b>Net income</b>	\$ 96	\$ 73
Other comprehensive income (loss), net of tax:		
Currency translation adjustments	(19)	(1)
Hedging gains and losses	3	(14)
Defined benefit plans	21	19
Other comprehensive income	5	4
<b>Total comprehensive income</b>	101	77
Less: Comprehensive income attributable to noncontrolling interests		(5)
Less: Comprehensive income attributable to redeemable noncontrolling interests		(1)
<b>Comprehensive income attributable to the parent company</b>	<u>\$ 101</u>	<u>\$ 71</u>

**DANA INCORPORATED**  
**Consolidated Statement of Comprehensive Income (Unaudited)**  
**For the Nine Months Ended September 30, 2018 and 2017**

	Nine Months Ended	
	September 30,	
	2018	2017
(In millions)		
<b>Net income</b>	\$ 334	\$ 226
Other comprehensive income (loss), net of tax:		
Currency translation adjustments	(65)	(2)
Hedging gains and losses	(11)	(13)
Defined benefit plans	34	29
Other comprehensive income (loss)	(42)	14
<b>Total comprehensive income</b>	292	240
Less: Comprehensive income attributable to noncontrolling interests		(18)
Less: Comprehensive income attributable to redeemable noncontrolling interests		
<b>Comprehensive income attributable to the parent company</b>	\$ 292	\$ 222

**DANA INCORPORATED**  
**Consolidated Balance Sheet (Unaudited)**  
**As of September 30, 2018 and December 31, 2017**

(In millions, except share and per share amounts)

	September 30, 2018	December 31, 2017
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 322	\$ 603
Marketable securities	36	40
Accounts receivable		
Trade, less allowance for doubtful accounts of \$8 in 2018 and 2017	1,228	994
Other	173	172
Inventories	1,100	969
Other current assets	103	97
Current assets of disposal group held for sale		7
<b>Total current assets</b>	<b>2,962</b>	<b>2,882</b>
Goodwill	249	127
Intangibles	173	174
Deferred tax assets	443	420
Other noncurrent assets	76	71
Investments in affiliates	216	163
Property, plant and equipment, net	1,828	1,807
<b>Total assets</b>	<b>\$ 5,947</b>	<b>\$ 5,644</b>
<b>Liabilities and equity</b>		
Current liabilities		
Short-term debt and current portion of long-term debt	\$ 36	\$ 40
Accounts payable	1,246	1,165
Accrued payroll and employee benefits	196	219
Taxes on income	67	53
Other accrued liabilities	254	220
Current liabilities of disposal group held for sale		5
<b>Total current liabilities</b>	<b>1,799</b>	<b>1,702</b>
Long-term debt, less debt issuance costs of \$19 in 2018 and \$22 in 2017	1,760	1,759
Pension and postretirement obligations	553	607
Other noncurrent liabilities	368	413
Noncurrent liabilities of disposal group held for sale		2
<b>Total liabilities</b>	<b>4,480</b>	<b>4,483</b>
Commitments and contingencies		
Redeemable noncontrolling interests	103	47
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, 144,662,794 and 144,984,050 shares outstanding	2	2
Additional paid-in capital	2,364	2,354
Retained earnings	371	86
Treasury stock, at cost (8,341,922 and 7,001,017 shares)	(119)	(87)
Accumulated other comprehensive loss	(1,379)	(1,342)
Total parent company stockholders' equity	1,239	1,013
Noncontrolling interests	125	101
<b>Total equity</b>	<b>1,364</b>	<b>1,114</b>
<b>Total liabilities and equity</b>	<b>\$ 5,947</b>	<b>\$ 5,644</b>

**DANA INCORPORATED**  
**Consolidated Statement of Cash Flows (Unaudited)**  
**For the Three Months Ended September 30, 2018 and 2017**

(In millions)	Three Months Ended	
	September 30,	
	2018	2017
<b>Operating activities</b>		
Net income	\$ 96	\$ 73
Depreciation	63	58
Amortization of intangibles	3	4
Amortization of deferred financing charges	1	1
Call premium on debt		10
Write-off of deferred financing costs		3
Earnings of affiliates, net of dividends received		4
Stock compensation expense	4	7
Deferred income taxes	(2)	5
Pension contributions, net	1	(1)
Change in working capital	(37)	24
Other, net	(5)	(7)
<b>Net cash provided by operating activities (1)</b>	<b>124</b>	<b>181</b>
<b>Investing activities</b>		
Purchases of property, plant and equipment (1)	(90)	(82)
Proceeds from sale of subsidiary, net of cash disposed	(6)	
Purchases of marketable securities	(7)	(6)
Proceeds from maturities of marketable securities	7	3
Other, net	(2)	
<b>Net cash used in investing activities</b>	<b>(98)</b>	<b>(85)</b>
<b>Financing activities</b>		
Net change in short-term debt	(8)	(17)
Proceeds from long-term debt		276
Repayment of long-term debt	(6)	(352)
Call premium on debt		(10)
Deferred financing payments		(3)
Dividends paid to common stockholders	(14)	(9)
Distributions to noncontrolling interests	(3)	(4)
Contributions from noncontrolling interests	22	
Payments to acquire redeemable noncontrolling interests	(43)	
Other, net		3
<b>Net cash used in financing activities</b>	<b>(52)</b>	<b>(116)</b>
<b>Net decrease in cash, cash equivalents and restricted cash</b>	<b>(26)</b>	<b>(20)</b>
Cash, cash equivalents and restricted cash – beginning of period (2)	343	577
Effect of exchange rate changes on cash balances		11
Less: Cash contributed to disposal group held for sale	10	
<b>Cash, cash equivalents and restricted cash – end of period (2)</b>	<b>\$ 327</b>	<b>\$ 568</b>

(1) Free cash flow of \$34 in 2018 and \$99 in 2017 is the sum of net cash provided by operating activities reduced by the purchases of property, plant and equipment.

(2) Includes restricted cash of \$5 at September 30, 2018, \$4 at June 30, 2018, \$10 at September 30, 2017 and \$9 at June 30, 2017.

**DANA INCORPORATED**  
**Consolidated Statement of Cash Flows (Unaudited)**  
**For the Nine Months Ended September 30, 2018 and 2017**

(In millions)	Nine Months Ended	
	September 30,	
	2018	2017
<b>Operating activities</b>		
Net income	\$ 334	\$ 226
Depreciation	187	162
Amortization of intangibles	8	10
Amortization of deferred financing charges	3	4
Call premium on debt		15
Write-off of deferred financing costs		4
Earnings of affiliates, net of dividends received	5	2
Stock compensation expense	13	17
Deferred income taxes	(47)	10
Pension contributions, net	2	(4)
Impairment of indefinite-lived intangible asset	20	
Gain on sale of subsidiary		(3)
Adjustment in fair value of disposal group held for sale	(2)	
Change in working capital	(269)	(80)
Other, net	(17)	(2)
<b>Net cash provided by operating activities (1)</b>	<b>237</b>	<b>361</b>
<b>Investing activities</b>		
Purchases of property, plant and equipment (1)	(235)	(251)
Acquisition of businesses, net of cash acquired	(151)	(182)
Proceeds from previous acquisition	9	
Proceeds from sale of subsidiary, net of cash disposed	(6)	3
Purchases of marketable securities	(36)	(23)
Proceeds from sales of marketable securities	6	1
Proceeds from maturities of marketable securities	30	16
Other, net	(2)	(1)
<b>Net cash used in investing activities</b>	<b>(385)</b>	<b>(437)</b>
<b>Financing activities</b>		
Net change in short-term debt	(13)	(96)
Proceeds from long-term debt		676
Repayment of long-term debt	(8)	(640)
Call premium on debt		(15)
Deferred financing payments		(9)
Dividends paid to common stockholders	(43)	(26)
Distributions to noncontrolling interests	(7)	(7)
Repurchases of common stock	(25)	
Contributions from noncontrolling interests	22	
Payments to acquire redeemable noncontrolling interests	(43)	
Other, net	(5)	4
<b>Net cash used in financing activities</b>	<b>(122)</b>	<b>(113)</b>
<b>Net decrease in cash, cash equivalents and restricted cash</b>	<b>(270)</b>	<b>(189)</b>
Cash, cash equivalents and restricted cash – beginning of period (2)	610	716
Effect of exchange rate changes on cash balances	(13)	41
<b>Cash, cash equivalents and restricted cash – end of period (2)</b>	<b>\$ 327</b>	<b>\$ 568</b>

(1) Free cash flow of \$2 in 2018 and \$110 in 2017 is the sum of net cash provided by operating activities reduced by the purchases of property, plant and equipment.

(2) Includes restricted cash of \$5 at September 30, 2018, \$7 at December 31, 2017, \$10 at September 30, 2017 and \$9 at December 31, 2016.



**DANA INCORPORATED**  
**Segment Sales and Segment EBITDA (Unaudited)**  
**For the Three Months Ended September 30, 2018 and 2017**

(In millions)	Three Months Ended	
	September 30,	
	2018	2017
<b>Sales</b>		
Light Vehicle	\$ 879	\$ 805
Commercial Vehicle	406	371
Off-Highway	425	384
Power Technologies	268	271
<b>Total Sales</b>	<u>\$ 1,978</u>	<u>\$ 1,831</u>
<b>Segment EBITDA</b>		
Light Vehicle	\$ 102	\$ 91
Commercial Vehicle	39	33
Off-Highway	69	55
Power Technologies	33	41
<b>Total Segment EBITDA</b>	<u>243</u>	<u>220</u>
Corporate expense and other items, net	<u>(3)</u>	<u>(4)</u>
<b>Adjusted EBITDA</b>	<u>\$ 240</u>	<u>\$ 216</u>

**DANA INCORPORATED**  
**Segment Sales and Segment EBITDA (Unaudited)**  
**For the Nine Months Ended September 30, 2018 and 2017**

(In millions)	Nine Months Ended	
	September 30,	
	2018	2017
<b>Sales</b>		
Light Vehicle	\$ 2,702	\$ 2,369
Commercial Vehicle	1,217	1,057
Off-Highway	1,402	1,107
Power Technologies	849	839
<b>Total Sales</b>	<u>\$ 6,170</u>	<u>\$ 5,372</u>
<b>Segment EBITDA</b>		
Light Vehicle	\$ 297	\$ 273
Commercial Vehicle	114	91
Off-Highway	220	157
Power Technologies	117	132
<b>Total Segment EBITDA</b>	<u>748</u>	<u>653</u>
Corporate expense and other items, net	<u>(14)</u>	<u>(15)</u>
<b>Adjusted EBITDA</b>	<u>\$ 734</u>	<u>\$ 638</u>

**DANA INCORPORATED****Reconciliation of Segment and Adjusted EBITDA to Net Income (Unaudited)****For the Three Months Ended September 30, 2018 and 2017**

(In millions)	Three Months Ended	
	September 30,	
	2018	2017
<b>Segment EBITDA</b>	\$ 243	\$ 220
Corporate expense and other items, net	(3)	(4)
<b>Adjusted EBITDA</b>	240	216
Depreciation	(63)	(58)
Amortization of intangibles	(3)	(4)
Non-service cost components of pension and OPEB costs	(3)	
Restructuring	(9)	(2)
Stock compensation expense	(4)	(7)
Strategic transaction expenses	(6)	(3)
Amounts attributable to previously divested/closed operations		(1)
Other items	(5)	(2)
Earnings before interest and income taxes	147	139
Loss on extinguishment of debt		(13)
Interest expense	(24)	(25)
Interest income	3	3
Earnings before income taxes	126	104
Income tax expense	31	33
Equity in earnings of affiliates	1	2
<b>Net income</b>	<u>\$ 96</u>	<u>\$ 73</u>

**DANA INCORPORATED****Reconciliation of Segment and Adjusted EBITDA to Net Income (Unaudited)****For the Nine Months Ended September 30, 2018 and 2017**

(In millions)	Nine Month Ended	
	September 30,	
	2018	2017
<b>Segment EBITDA</b>	\$ 748	\$ 653
Corporate expense and other items, net	(14)	(15)
<b>Adjusted EBITDA</b>	734	638
Depreciation	(187)	(162)
Amortization of intangibles	(8)	(10)
Non-service cost components of pension and OPEB costs	(10)	
Restructuring	(17)	(14)
Stock compensation expense	(13)	(17)
Strategic transaction expenses, net of transaction breakup fee income	(13)	(20)
Acquisition related inventory adjustments		(14)
Impairment of indefinite-lived intangible asset	(20)	
Adjustment in fair value of disposal group held for sale	3	
Amounts attributable to previously divested/closed operations		2
Other items	(10)	(5)
Earnings before interest and income taxes	459	398
Loss on extinguishment of debt		(19)
Interest expense	(71)	(79)
Interest income	8	8
Earnings before income taxes	396	308
Income tax expense	75	94
Equity in earnings of affiliates	13	12
<b>Net income</b>	<b>\$ 334</b>	<b>\$ 226</b>

**DANA INCORPORATED**  
**Diluted Adjusted EPS (Unaudited)**  
**For the Three Months Ended September 30, 2018 and 2017**

(In millions, except per share amounts)

	Three Months Ended September 30,	
	2018	2017
<b>Net income attributable to parent company</b>	\$ 95	\$ 69
Items impacting income before income taxes:		
Restructuring charges	9	2
Amortization of intangibles	3	4
Strategic transaction expenses	6	3
Loss on extinguishment of debt		13
Other items	5	3
Items impacting income taxes:		
Net income tax expense on items above	(5)	(8)
<b>Adjusted net income</b>	<u>\$ 113</u>	<u>\$ 86</u>
Diluted shares - as reported	<u>145.9</u>	<u>146.9</u>
Adjusted diluted shares	<u>145.9</u>	<u>146.9</u>
<b>Diluted adjusted EPS</b>	\$ 0.77	\$ 0.59

**DANA INCORPORATED**  
**Diluted Adjusted EPS (Unaudited)**  
**For the Nine Months Ended September 30, 2018 and 2017**

(In millions, except per share amounts)

	Nine Months Ended September 30,	
	2018	2017
<b>Net income attributable to parent company</b>	\$ 327	\$ 215
Items impacting income before income taxes:		
Restructuring charges	17	14
Amortization of intangibles	8	10
Strategic transaction expenses	13	20
Impairment of indefinite-lived intangible asset	20	
Loss on extinguishment of debt		19
Acquisition related inventory adjustments		14
Other items	3	3
Items impacting income taxes:		
Net income tax expense on items above	(15)	(17)
Tax benefit attributable to utilization of federal tax credits, state tax law changes and associated valuation allowance release	(46)	
Tax expense attributable to international legal entity reorganization and retroactive application of new tax authority administrative policy	5	
<b>Adjusted net income</b>	<u>\$ 332</u>	<u>\$ 278</u>
Diluted shares - as reported	<u>146.6</u>	<u>146.5</u>
Adjusted diluted shares	<u>146.6</u>	<u>146.5</u>
<b>Diluted adjusted EPS</b>	\$ 2.26	\$ 1.90