



**2020 Second-quarter**

**Earnings Conference Call**

July 30, 2020

*People Finding A Better Way<sup>®</sup>*

RE START.  
ENGAGE.  
NEW.





# Safe Harbor Statement

Certain statements and projections contained in this presentation are, by their nature, forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on our current expectations, estimates and projections about our industry and business, management's beliefs, and certain assumptions made by us, all of which are subject to change. Forward-looking statements can often be identified by words such as "anticipates," "expects," "intends," "plans," "predicts," "believes," "seeks," "estimates," "may," "will," "should," "would," "could," "potential," "continue," "ongoing," similar expressions, and variations or negatives of these words. These forward-looking statements are not guarantees of future results and are subject to risks, uncertainties and assumptions that could cause our actual results to differ materially and adversely from those expressed in any forward-looking statement. Dana's Annual Report on Form 10-K, subsequent Quarterly Reports on Form 10-Q, recent Current Reports on Form 8-K, and other Securities and Exchange Commission filings discuss important risk factors that could affect our business, results of operations and financial condition. The forward-looking statements in this presentation speak only as of this date. Dana does not undertake any obligation to revise or update publicly any forward-looking statement for any reason.

# Agenda



- *Introduction*

*Craig Barber*

*Senior Director,  
Investor Relations and  
Strategic Planning*

- *Business Review*

*James Kamsickas*

*Chairman and  
Chief Executive Officer*

- *Financial Review*

*Jonathan Collins*

*Executive Vice President  
and Chief Financial Officer*



# Business Overview

## Second Quarter Results

sales  
**\$1.1**  
billion

**Pandemic Impact**

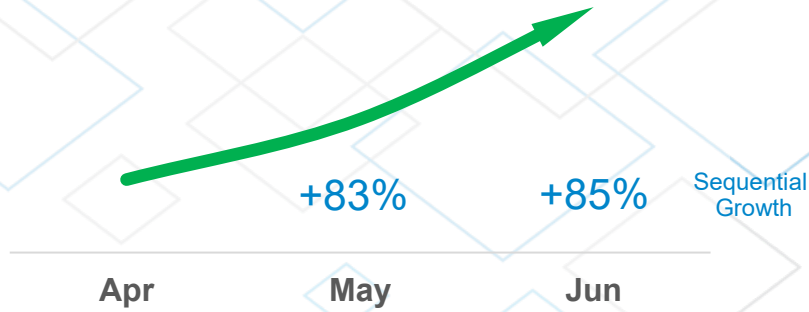
adjusted EBITDA

**~Breakeven**

monthly sales progression

diluted adjusted EPS

**\$(0.69)**



## Key Highlights

- Reopening completed
- New electric truck program win
- Acquired EV software capabilities
- Hyliion partnership
- Ford Bronco reveal

POWERING INTO  
**e-DRIVE**



# Return to Growth

Operations and Manufacturing

Customers

**Safety First**  
**Quality Focused**  
*All Day Every Day*

RESTART

REENGAGE

RENEW

Supply Chain

Employees

Launch Backlog



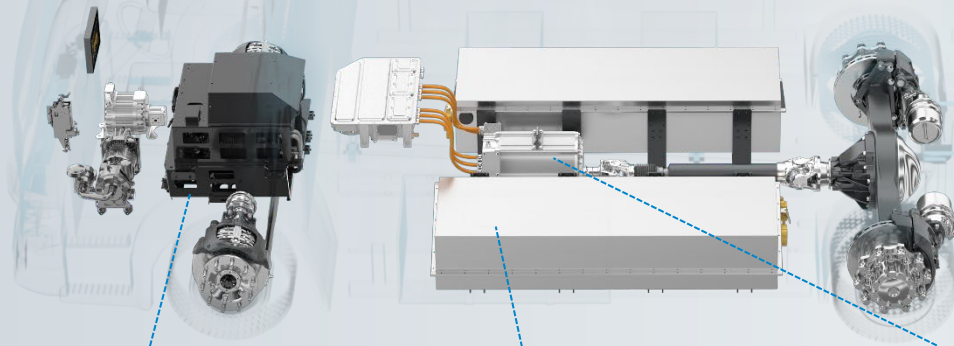
# New Business: European Electric Truck



## Dana's 3<sup>rd</sup> Significant Electric Truck Program

### Complete Dana e-Powertrain:

- Electrodynamic components
- Complete vehicle integration
- Embedded software and controls



#### Power Cradle

Electric Charger, Converter, & Auxiliaries

#### Power Pack

Battery Modules, Thermal Management, & Battery Management System

#### e-Drive

Electric Motor, Inverter, & Axle

**e-Power System**

**e-Propulsion System**



- Major European manufacturer
- Multi-year program
- Launching in 2021



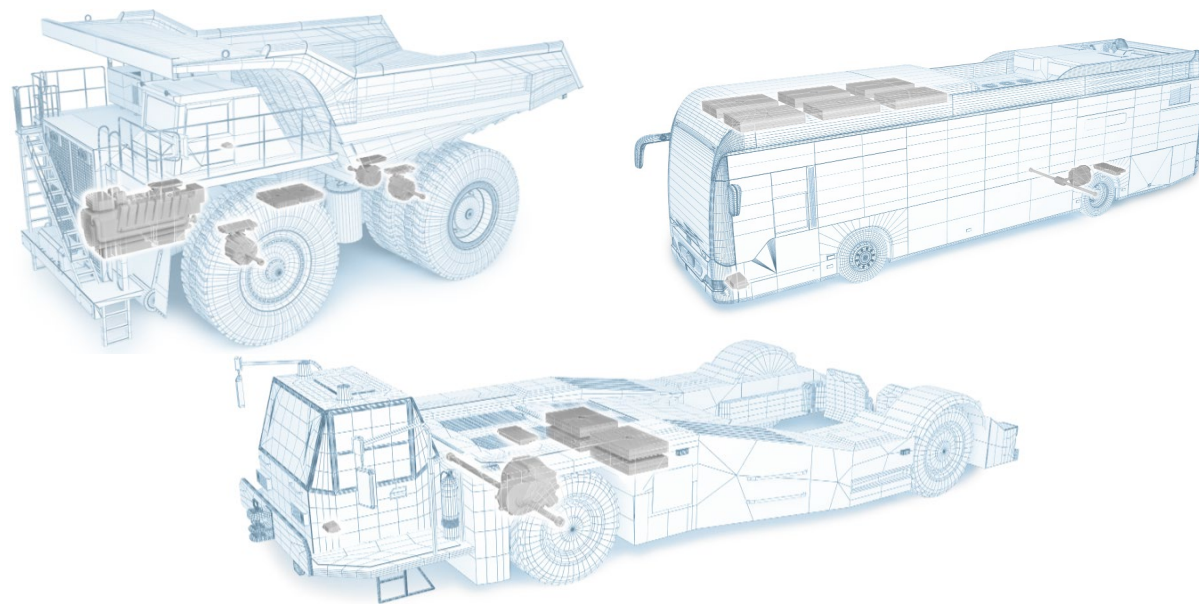
# Rational Motion Acquisition



Centrally located in Europe

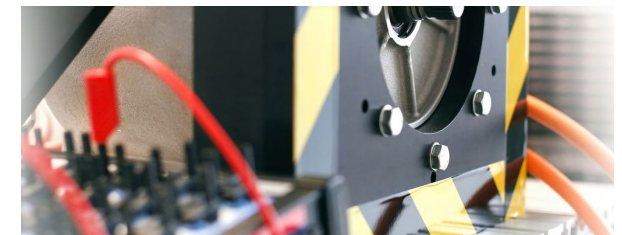
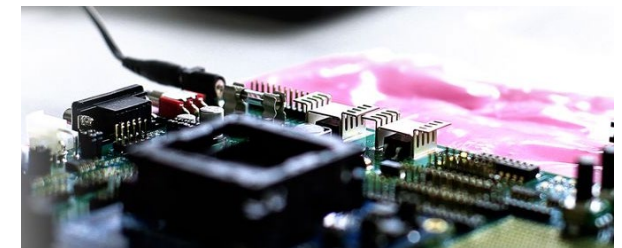


10+ years of expertise



## CAPABILITIES

- Electric vehicle system integration
- Embedded software
- Electric powertrain testing
- Hardware and software in the loop
- Battery simulation
- Electric vehicle in-house driver simulator



Proven technical expertise in software, controls, integration, and engineering services for electric vehicles

# Hyllion Partnership

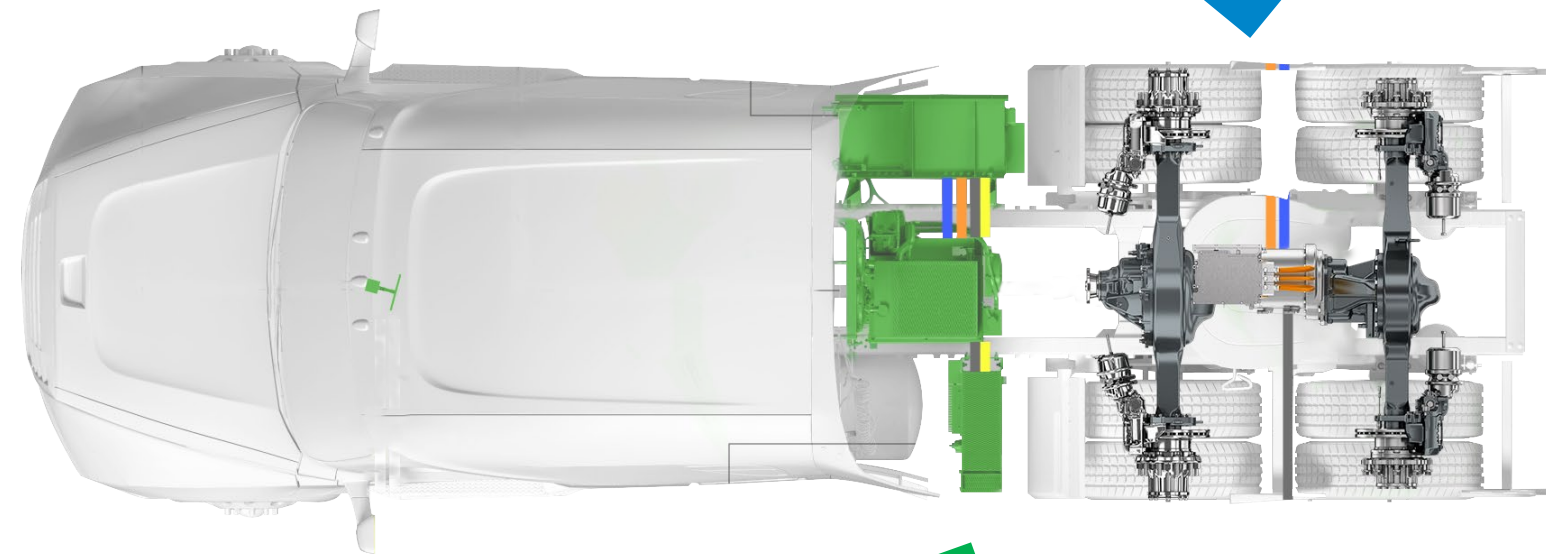


## Hybrid Electric: Class 8 Truck Application



**SPICER**  
ELECTRIFIED

e-Propulsion  
System



e-Power  
System



Powered by a Dana and Hyllion Partnership  
**Heavy-Duty Hybrid-Electric Powertrain**

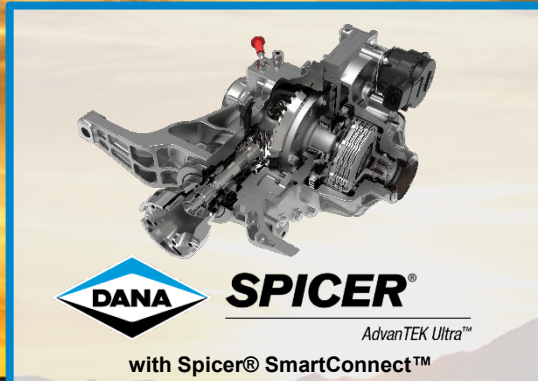
- Converts a traditional 6x2 truck into a hybrid by adding a Dana e-Propulsion system including a Spicer electric rear axle
- Dana thermal management integrated in e-Power system
- High value proposition to fleets due to lower:
  - Fuel costs
  - Emissions
  - Maintenance costs
- Dana has a strategic partnership and equity-linked investment



# Ford Bronco Family



## Off-Road Capabilities and Proven Durability



2020 Launch



2021 Launch





# Financial Review

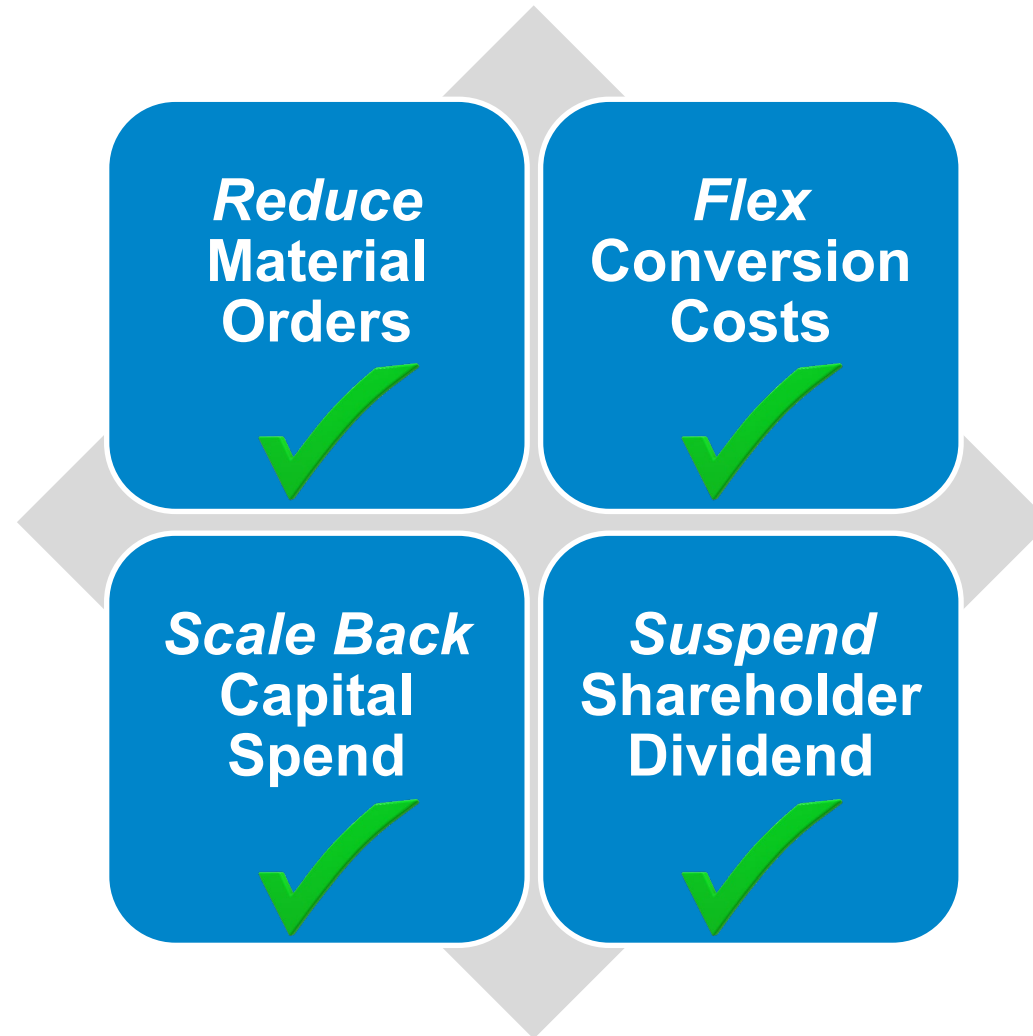
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# Near-term Financial Priorities

- Actions taken to reduce inventory by \$77 million in H1 as production demand declined due to shutdowns
- Through shutdown period, reduced hourly and salary labor costs and reduced operating costs inline with lower volumes
- Capital spending reductions continued in second quarter (~35%) YOY
- Temporary dividend suspension preserves additional flexibility
- Issued \$500 million in new senior unsecured notes
- Terminated undrawn bridge facility
- Repaid \$300 million drawn on revolver

## Conserved Cash



## Maximized Liquidity

	<b>Cash Balance<sup>1</sup></b>	<b>\$708 M</b>
	<b>Revolver Capacity</b>	<b>\$979 M</b>
	<b>Bridge Facility</b>	<b>Terminated</b>
	<b>Q2 Liquidity</b>	<b>\$1.7 B</b>

<sup>1</sup> Available cash and marketable securities as of 6/30/2020

**Significant progress on conserving cash and maximizing liquidity**



# 2020 Q2 Financial Results



- Sales and profit declines due to production shutdowns associated with the global COVID-19 pandemic
- Lower diluted adjusted EPS primarily due to lower earnings
- Capital expenditures flexed down to lower rate while protecting new product launch capabilities
- Adj. FCF lower compared to prior year as lower profit was partially offset by lower working capital requirements, taxes, and capital spending

## Changes from Prior Year

(\$ in millions except EPS)

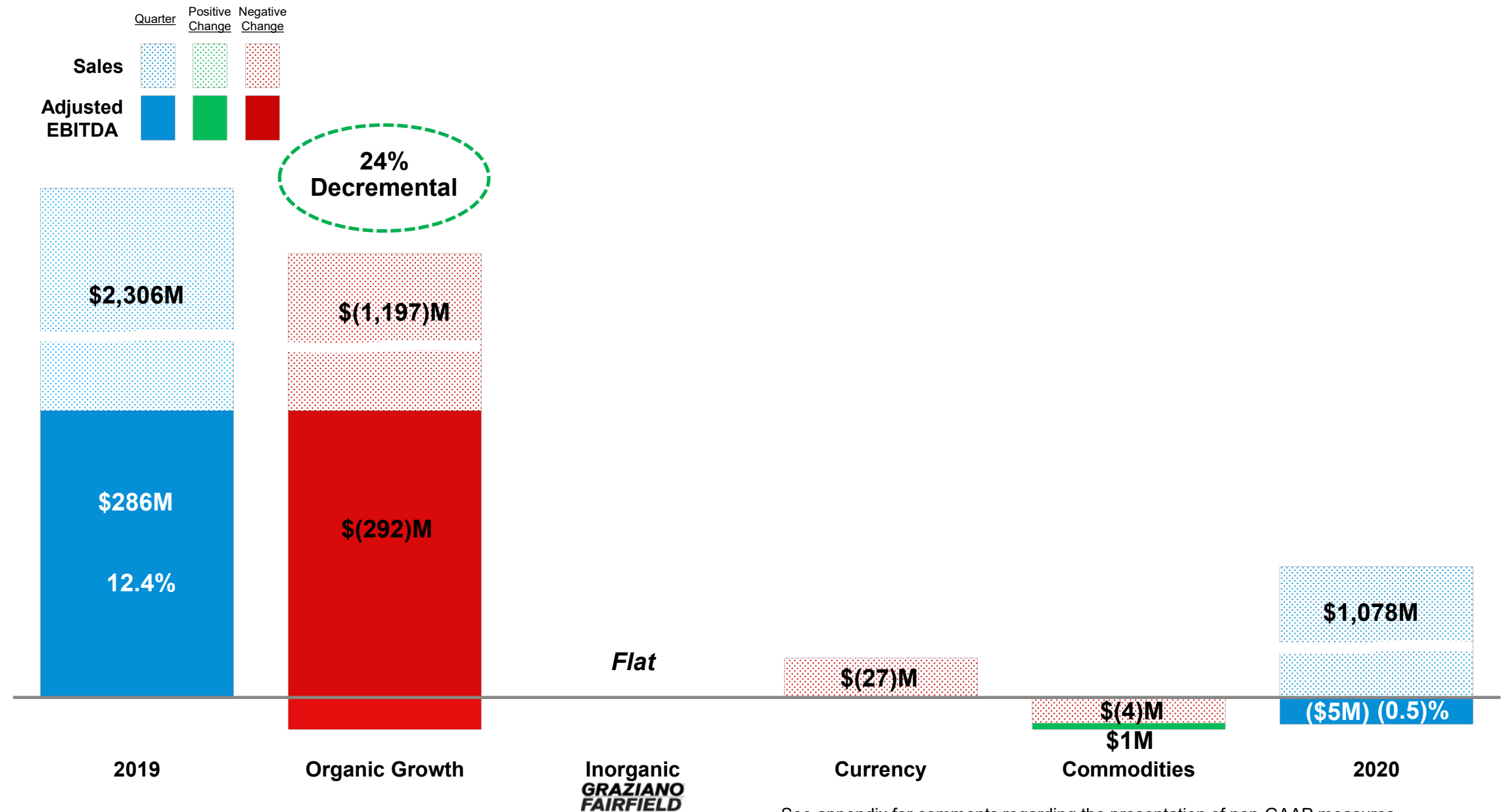
	<u>Q2 '20</u>	<u>Q2 '19</u>	<u>Change</u>
<b>Sales</b>	\$ 1,078	\$ 2,306	\$ (1,228)
<b>Adjusted EBITDA</b>	(5)	286	(291)
<b>Margin</b>	(0.5)%	12.4%	(1,290) bps
<b>EBIT</b>	(112)	(95)	(17)
<b>Interest Expense, Net</b>	30	31	(1)
<b>Income Tax Expense (Benefit)</b>	34	(52)	86
<b>Net Income (Loss)</b> (attributable to Dana)	(174)	(68)	(106)
<b>Diluted Adjusted EPS</b>	\$ (0.69)	\$ 0.87	\$ (1.56)
<b>Operating Cash Flow</b>	(75)	73	(148)
<b>Capital Spending</b>	58	92	(34)
<b>Adjusted Free Cash Flow</b>	(133)	43	(176)

***Financial impact of COVID-19 pandemic shutdown in April***



# 2020 Q2 Sales and Profit Changes

- Organic decline driven by global production shutdowns due to the COVID-19 pandemic
- Targeted cost management actions and a successful restart of operations helped mitigate margin impact
- Currency translation was a headwind to sales primarily due to the weakening of the Brazilian real, euro, and Chinese renminbi to the U.S. dollar
- Lower commodity costs modestly increased profit margins



See appendix for comments regarding the presentation of non-GAAP measures

**Decremental margin of 24% on lower production due to COVID-19 global pandemic**





# 2020 Q2 Cash Flow

- Adj. FCF lower compared to prior year as lower profit was partially offset by lower working capital requirements, taxes, and capital spending
- No share repurchases or dividends paid in Q2 2020
- Adj. FCF use was offset by the net proceeds of the senior unsecured notes issued in Q2

## Changes from Prior Year

(\$ in millions)

	<u>Q2 '20</u>	<u>Q2 '19</u>	<u>Change</u>
<b>Adjusted EBITDA</b>	\$ (5)	\$ 286	\$ (291)
<b>One-time Costs<sup>1</sup></b>	(10)	(22)	12
<b>Interest, net</b>	(47)	(40)	(7)
<b>Taxes</b>	(5)	(39)	34
<b>Working Capital / Other<sup>2</sup></b>	(8)	(50)	42
<b>Capital Spending</b>	(58)	(92)	34
<b>Adj. Free Cash Flow</b>	\$ (133)	\$ 43	\$ (176)
<b>Dividends</b>	-	(15)	15
<b>Acquisitions</b>	2	(48)	50
<b>Senior Notes Issuance</b>	500	-	500
<b>Revolver Repayment</b>	(300)	-	(300)
<b>All Other<sup>3</sup></b>	(3)	(77)	74
<b>Total Cash Flow</b>	\$ 66	\$ (97)	\$ 163

<sup>1</sup> Includes costs associated with business acquisitions and divestitures and restructuring. <sup>2</sup> Changes in working capital relating to interest, taxes, restructuring, and transaction costs are included in those respective categories. <sup>3</sup> Includes other financing and investing activities and affect of exchange rate changes on cash. See appendix for comments regarding the presentation of non-GAAP measures.

**Lower Q2 adj. FCF driven by pandemic-related earnings decline**



# Business Outlook



**Light  
Vehicle  
Market**



**Commercial  
Vehicle  
Market**



**Off-Highway  
Equipment  
Market**

- Strong light-truck demand
  - Key vehicle inventories remain low
  - N.A. and China seeing fastest recovery
- 
- Class 8 demand soft; order rates improving
  - Medium duty demand remains challenged
  - Indian OEM production restarting slowly
- 
- Agriculture equipment market outperforming
  - Construction equipment demand remains weak
  - China demand recovery accelerating

***Expect Q3 sequential sales growth of >50%; positive adj. EBITDA and adj. FCF***





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# Appendix



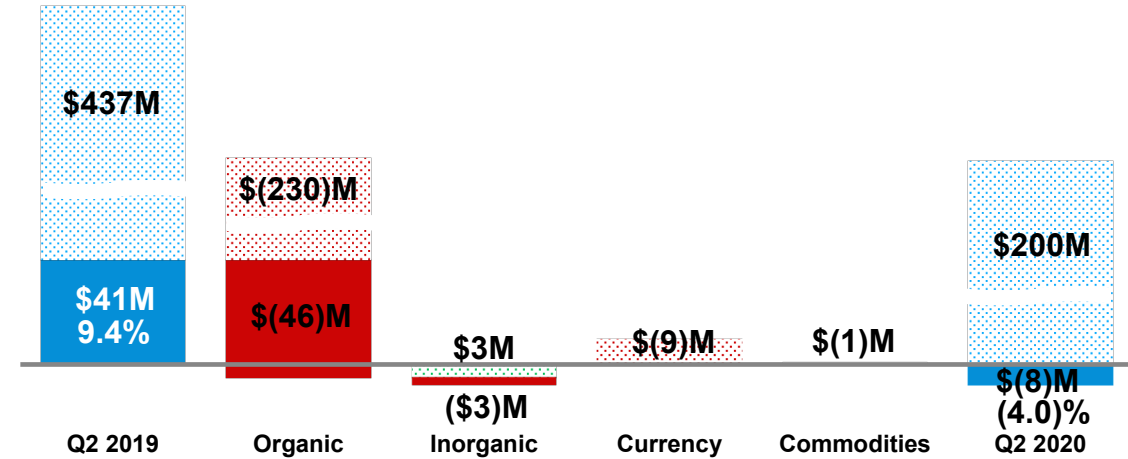
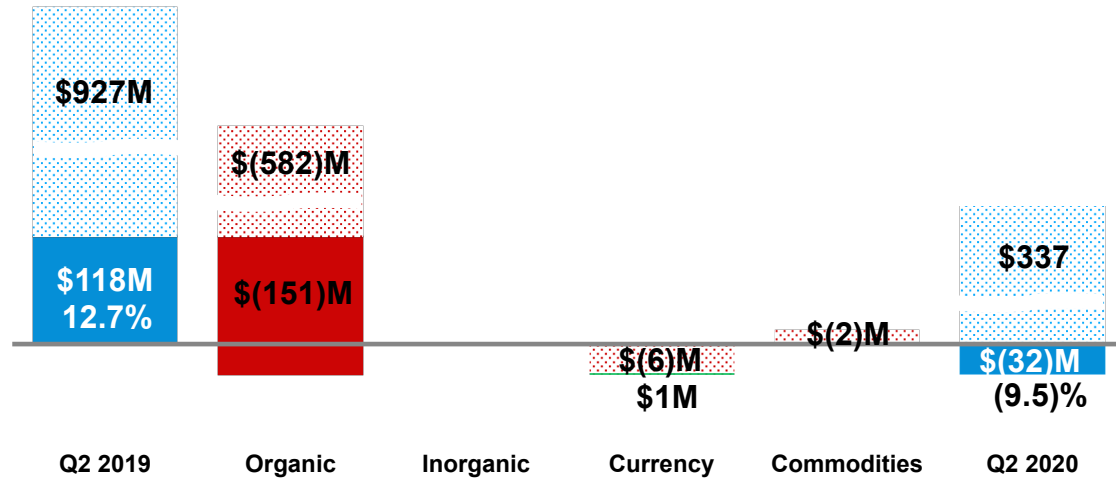
# 2020 Q2 Sales and Profit Change by Segment



## Light Vehicle Drive Systems



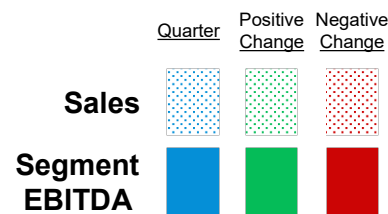
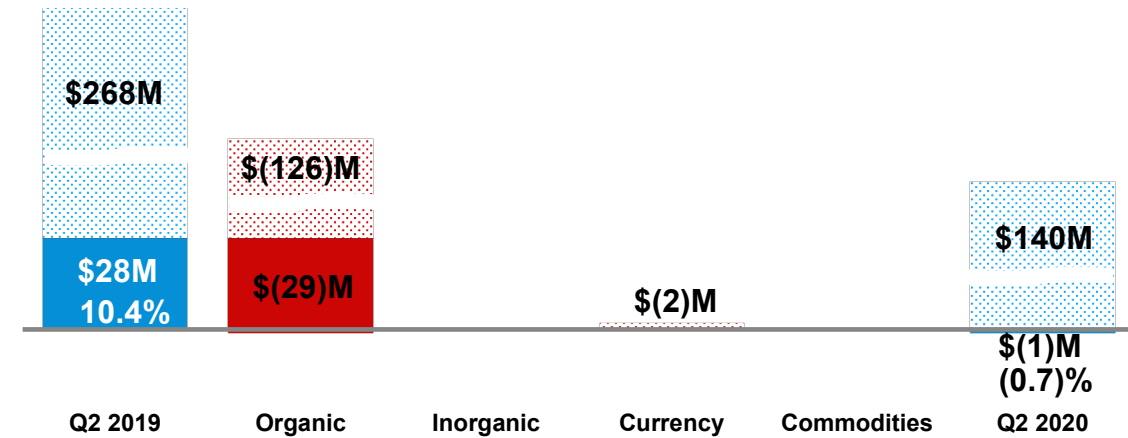
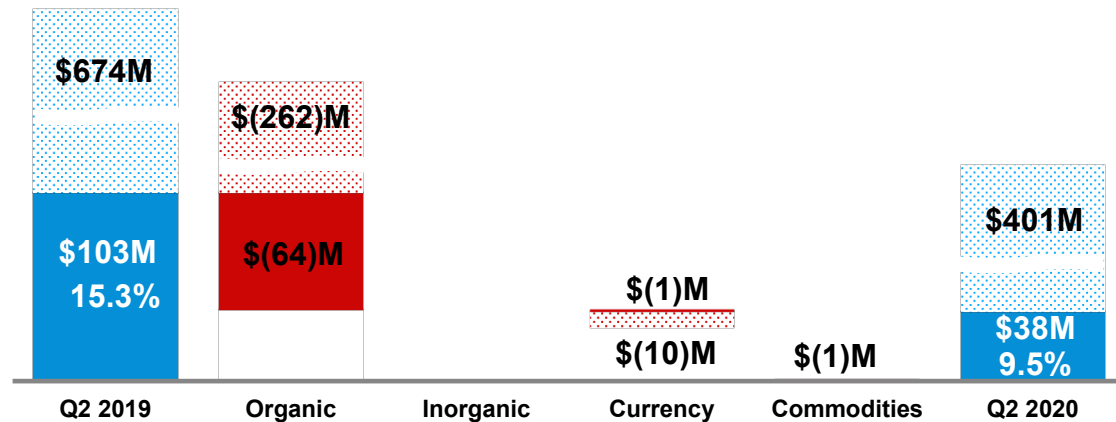
## Commercial Vehicle Drive and Motion Systems



## Off-Highway Drive and Motion Systems



## Power Technologies



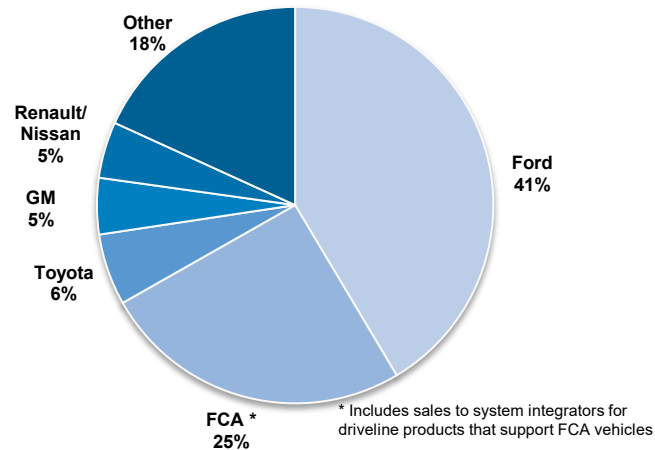
See appendix for comments regarding the presentation of non-GAAP measures



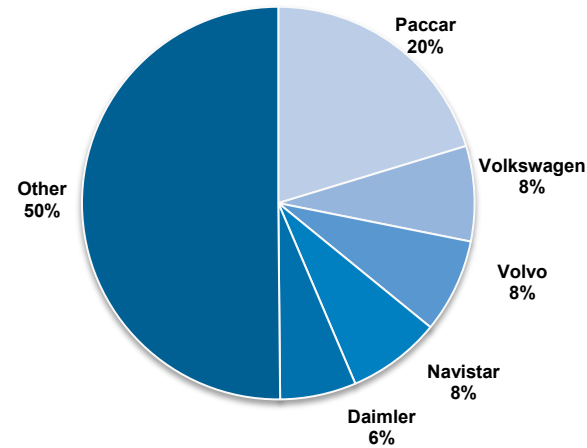
# Segment Profiles

## Customer Sales

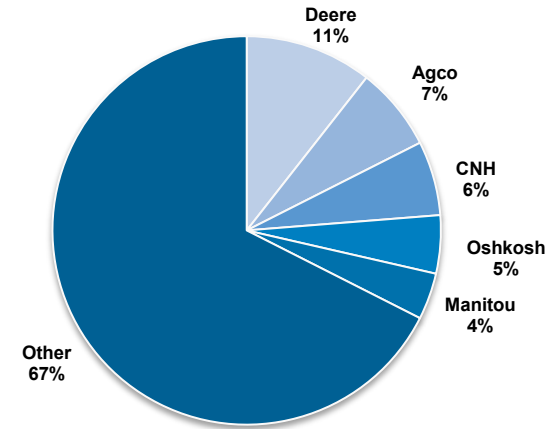
**Light Vehicle Drive Systems**  
Year to Date 6/30/2020



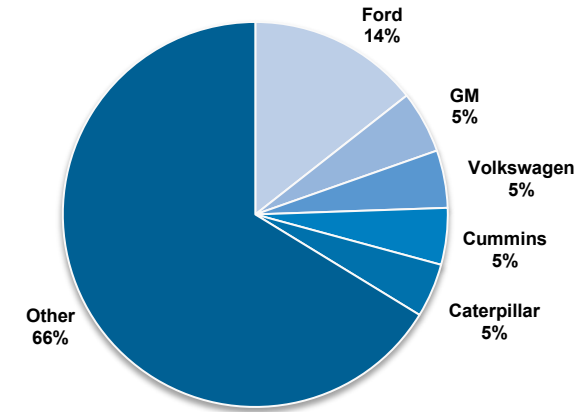
**Commercial Vehicle Drive and Motion Systems**  
Year to Date 6/30/2020



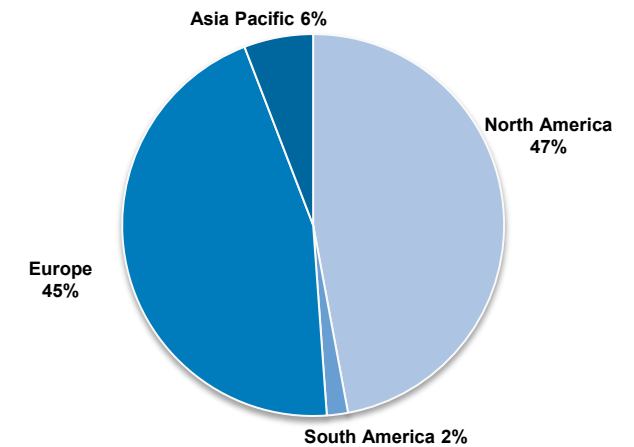
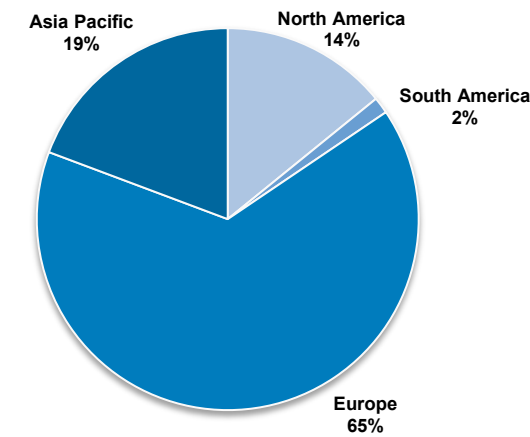
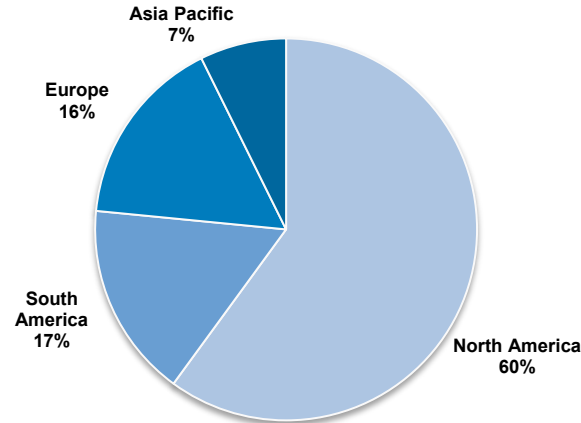
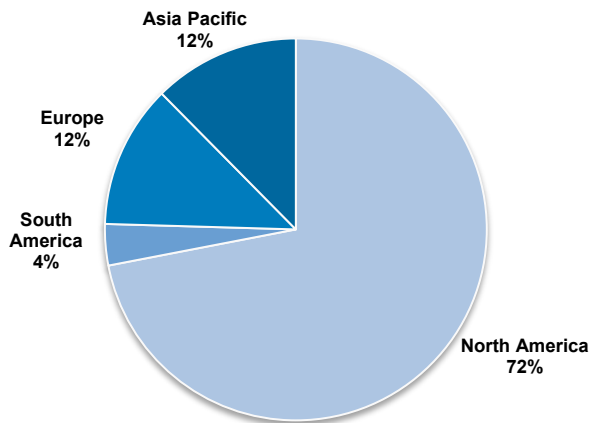
**Off-Highway Drive and Motion Systems**  
Year to Date 6/30/2020



**Power Technologies**  
Year to Date 6/30/2020



## Regional Sales



## Performance

	Q2		Year to Date			Q2		Year to Date			Q2		Year to Date	
	2020	2019	2020	2019		2020	2019	2020	2019		2020	2019	2020	2019
Sales	\$337	\$927	\$1,145	\$1,833	Sales	\$200	\$437	\$533	\$868	Sales	\$401	\$674	\$933	\$1,226
Segment EBITDA	(\$32)	\$118	\$51	\$220	Segment EBITDA	\$(8)	\$41	\$13	\$82	Segment EBITDA	\$38	\$103	\$110	\$185
EBITDA Margin	(9.5)%	12.7%	4.5%	12.0%	EBITDA Margin	(4.0)%	9.4%	2.4%	9.4%	EBITDA Margin	9.5%	15.3%	11.8%	15.1%

# Diluted Adjusted EPS



**DANA INCORPORATED**  
**Diluted Adjusted EPS (Unaudited)**  
**For the Three Months Ended June 30, 2020 and 2019**

(In millions, except per share amounts)

	Three Months Ended June 30,	
	2020	2019
<b>Net income (loss) attributable to parent company</b>	\$ (174)	\$ (68)
Items impacting income before income taxes:		
Restructuring charges	15	9
Amortization	4	4
Strategic transaction expenses	5	11
Acquisition related inventory adjustments		5
Pension settlement charges		258
Write-off deferred financing costs	5	
Other items		(1)
Items impacting income taxes:		
Net income tax expense on items above	(8)	(14)
Tax expense (benefit) attributable to utilization of federal tax credits, state tax law changes and valuation allowance adjustments	54	(78)
<b>Adjusted net income</b>	<u>\$ (99)</u>	<u>\$ 126</u>
Diluted shares - as reported	144.5	144.8
Adjusted diluted shares	<u>144.5</u>	<u>144.8</u>
<b>Diluted adjusted EPS</b>	\$ (0.69)	\$ 0.87

**DANA INCORPORATED**  
**Diluted Adjusted EPS (Unaudited)**  
**For the Six Months Ended June 30, 2020 and 2019**

(In millions, except per share amounts)

	Six Months Ended June 30,	
	2020	2019
<b>Net income (loss) attributable to parent company</b>	\$ (116)	\$ 30
Items impacting income before income taxes:		
Restructuring charges	18	18
Amortization	8	8
Strategic transaction expenses	11	24
Acquisition related inventory adjustments		9
Non-income tax legal judgment		(6)
Impairment of goodwill	31	
Pension settlement charges		258
Write-off deferred financing costs	5	
Loss on deal contingent forward		13
Other items		(2)
Items impacting income taxes:		
Net income tax expense on items above	(11)	(19)
Tax expense (benefit) attributable to utilization of federal tax credits, state tax law changes and valuation allowance adjustments	23	(94)
<b>Adjusted net income</b>	<u>\$ (31)</u>	<u>\$ 239</u>
Diluted shares - as reported	144.4	144.8
Adjusted diluted shares	<u>144.4</u>	<u>144.8</u>
<b>Diluted adjusted EPS</b>	\$ (0.21)	\$ 1.65

# Segment Data



**DANA INCORPORATED**  
**Segment Sales and Segment EBITDA (Unaudited)**  
**For the Three Months Ended June 30, 2020 and 2019**

(In millions)	Three Months Ended	
	June 30,	
	2020	2019
<b>Sales</b>		
Light Vehicle	\$ 337	\$ 927
Commercial Vehicle	200	437
Off-Highway	401	674
Power Technologies	140	268
<b>Total Sales</b>	<b>\$ 1,078</b>	<b>\$ 2,306</b>
<b>Segment EBITDA</b>		
Light Vehicle	\$ (32)	\$ 118
Commercial Vehicle	(8)	41
Off-Highway	38	103
Power Technologies	(1)	28
<b>Total Segment EBITDA</b>	<b>(3)</b>	<b>290</b>
Corporate expense and other items, net	(2)	(4)
<b>Adjusted EBITDA</b>	<b>\$ (5)</b>	<b>\$ 286</b>

**DANA INCORPORATED**  
**Segment Sales and Segment EBITDA (Unaudited)**  
**For the Six Months Ended June 30, 2020 and 2019**

(In millions)	Six Months Ended	
	June 30,	
	2020	2019
<b>Sales</b>		
Light Vehicle	\$ 1,145	\$ 1,833
Commercial Vehicle	533	868
Off-Highway	933	1,226
Power Technologies	393	542
<b>Total Sales</b>	<b>\$ 3,004</b>	<b>\$ 4,469</b>
<b>Segment EBITDA</b>		
Light Vehicle	\$ 51	\$ 220
Commercial Vehicle	13	82
Off-Highway	110	185
Power Technologies	29	62
<b>Total Segment EBITDA</b>	<b>203</b>	<b>549</b>
Corporate expense and other items, net	(3)	(6)
<b>Adjusted EBITDA</b>	<b>\$ 200</b>	<b>\$ 543</b>

# Segment Data Continued



## DANA INCORPORATED

### Reconciliation of Segment and Adjusted EBITDA to Net Loss (Unaudited) For the Three Months Ended June 30, 2020 and 2019

(In millions)	Three Months Ended	
	June 30,	
	2020	2019
<b>Segment EBITDA</b>	\$ (3)	\$ 290
Corporate expense and other items, net	(2)	(4)
<b>Adjusted EBITDA</b>	(5)	286
Depreciation	(84)	(79)
Amortization	(5)	(5)
Non-service cost components of pension and OPEB costs	(3)	(9)
Restructuring charges, net	(16)	(9)
Stock compensation expense	1	(5)
Strategic transaction expenses	(5)	(11)
Acquisition related inventory adjustments		(5)
Pension settlement charges, net		(258)
Other items	5	
Loss before interest and income taxes	(112)	(95)
Write-off deferred financing costs	(5)	
Interest income	2	3
Interest expense	32	34
Loss before income taxes	(147)	(126)
Income tax expense (benefit)	34	(52)
Equity in earnings of affiliates	8	8
<b>Net loss</b>	<b>\$ (173)</b>	<b>\$ (66)</b>

## DANA INCORPORATED

### Reconciliation of Segment and Adjusted EBITDA to Net Income (Loss) (Unaudited) For the Six Months Ended June 30, 2020 and 2019

(In millions)	Six Months Ended	
	June 30,	
	2020	2019
<b>Segment EBITDA</b>	\$ 203	\$ 549
Corporate expense and other items, net	(3)	(6)
<b>Adjusted EBITDA</b>	200	543
Depreciation	(169)	(153)
Amortization	(9)	(8)
Non-service cost components of pension and OPEB costs	(5)	(15)
Restructuring charges, net	(19)	(18)
Stock compensation expense	(3)	(10)
Strategic transaction expenses	(11)	(24)
Impairment of goodwill	(51)	
Acquisition related inventory adjustments		(9)
Non-income tax legal judgment		6
Pension settlement charges, net		(258)
Other items	2	(9)
Earnings (loss) before interest and income taxes	(65)	45
Write-off deferred financing costs	(5)	
Interest income	4	5
Interest expense	61	61
Loss before income taxes	(127)	(11)
Income tax expense (benefit)	18	(32)
Equity in earnings of affiliates	10	14
<b>Net income (loss)</b>	<b>\$ (135)</b>	<b>\$ 35</b>

## DANA INCORPORATED

### Reconciliation of Net Cash Provided By (Used In) Operating Activities to Free Cash Flow and Adjusted Free Cash Flow (Unaudited)

(In millions)	Three Months Ended	
	June 30,	
	2020	2019
<b>Net cash provided by (used in) operating activities</b>	\$ (75)	\$ 73
Purchase of property, plant and equipment	(58)	(92)
<b>Free cash flow</b>	(133)	(19)
Discretionary pension contributions	-	62
<b>Adjusted free cash flow</b>	<u>\$ (133)</u>	<u>\$ 43</u>

(In millions)	Six Months Ended	
	June 30,	
	2020	2019
<b>Net cash provided by (used in) operating activities</b>	\$ (126)	\$ 57
Purchase of property, plant and equipment	(121)	(190)
<b>Free cash flow</b>	(247)	(133)
Discretionary pension contributions	-	62
<b>Adjusted free cash flow</b>	<u>\$ (247)</u>	<u>\$ (71)</u>



# Non-GAAP Financial Information

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 earnings 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 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.