UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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: March 31, 2024

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: 1-1063

Dana Incorporated

(Exact name of registrant as specified in its charter)

Delaware	**26-1531856**
(State of incorporation)	*(IRS Employer Identification Number)*
3939 Technology Drive, Maumee, OH	**43537**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code: **(419) 887-3000**

Securities registered pursuant to Section 12(b) of the Act:

Common stock $0.01 par value	**DAN**	**New York Stock Exchange**
(Title of each class)	*(Trading Symbol)*	*(Name of 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	☑	Accelerated filer	☐
Non-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 Act). Yes ☐ No ☑

There were144,963,217 shares of the registrant's common stock outstanding at April 17, 2024.

DANA INCORPORATED – FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2024

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Dana Incorporated
Consolidated Statement of Operations (Unaudited)
(In millions, except per share amounts)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Net sales	$ 2,735	$ 2,644
Costs and expenses		
Cost of sales	2,491	2,415
Selling, general and administrative expenses	139	140
Amortization of intangibles	3	3
Restructuring charges, net	5	1
Loss on disposal group held for sale	(29)	
Other income (expense), net	2	5
Earnings before interest and income taxes	70	90
Interest income	4	4
Interest expense	39	34
Earnings before income taxes	35	60
Income tax expense	37	30
Equity in earnings of affiliates	2	1
Net income	—	31
Less: Noncontrolling interests net income	5	4
Less: Redeemable noncontrolling interests net loss	(8)	(1)
Net income attributable to the parent company	$ 3	$ 28
Net income per share available to common stockholders		
Basic	$ 0.02	$ 0.19
Diluted	$ 0.02	$ 0.19
Weighted-average common shares outstanding		
Basic	144.8	143.9
Diluted	144.8	144.3

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

Dana Incorporated
Consolidated Statement of Comprehensive Income (Unaudited)
(In millions)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Net income	$ —	$ 31
Other comprehensive income (loss), net of tax:		
Currency translation adjustments	(20)	25
Hedging gains and losses	(2)	15
Defined benefit plans	1	1
Other comprehensive income (loss)	(21)	41
Total comprehensive income (loss)	(21)	72
Less: Comprehensive income attributable to noncontrolling interests	(4)	(4)
Less: Comprehensive loss attributable to redeemable noncontrolling interests	11	
Comprehensive income (loss) attributable to the parent company	$ (14)	$ 68

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

Dana Incorporated
Consolidated Balance Sheet (Unaudited)
(In millions, except share and per share amounts)

	March 31, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	$ 351	$ 529
Accounts receivable		
Trade, less allowance for doubtful accounts of $14 in 2024 and $16 in 2023	1,526	1,371
Other	251	280
Inventories	1,625	1,676
Other current assets	287	247
Current assets of disposal group held for sale	62	
Total current assets	4,102	4,103
Goodwill	257	263
Intangibles	169	182
Deferred tax assets	507	516
Other noncurrent assets	158	140
Investments in affiliates	123	123
Operating lease assets	315	327
Property, plant and equipment, net	2,226	2,311
Total assets	$ 7,857	$ 7,965
Liabilities, redeemable noncontrolling interests and equity		
Current liabilities		
Short-term debt	$ 39	$ 22
Current portion of long-term debt	8	35
Accounts payable	1,697	1,756
Accrued payroll and employee benefits	316	288
Taxes on income	90	86
Current portion of operating lease liabilities	41	42
Other accrued liabilities	352	373
Current liabilities of disposal group held for sale	22	
Total current liabilities	2,565	2,602
Long-term debt, less debt issuance costs of $23 in 2024 and $24 in 2023	2,580	2,598
Noncurrent operating lease liabilities	271	284
Pension and postretirement obligations	318	334
Other noncurrent liabilities	318	319
Noncurrent liabilities of disposal group held for sale	4	
Total liabilities	6,056	6,137
Commitments and contingencies (Note 13)		
Redeemable noncontrolling interests	197	191
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, 144,954,645 and 144,386,484 shares outstanding	2	2
Additional paid-in capital	2,260	2,255
Retained earnings	297	317
Treasury stock, at cost (821,207 and 474,981 shares)	(13)	(9)
Accumulated other comprehensive loss	(1,007)	(990)
Total parent company stockholders' equity	1,539	1,575
Noncontrolling interests	65	62
Total equity	1,604	1,637
Total liabilities, redeemable noncontrolling interests and equity	$ 7,857	$ 7,965

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

Dana Incorporated
Consolidated Statement of Cash Flows (Unaudited)
(In millions)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Operating activities		
Net income	$ —	$ 31
Depreciation	101	92
Amortization	5	5
Amortization of deferred financing charges	1	1
Earnings of affiliates, net of dividends received	(2)	(1)
Stock compensation expense	6	6
Deferred income taxes	2	(8)
Pension expense, net	(7)	
Change in working capital	(251)	(304)
Loss on disposal group held for sale	29	
Other, net	14	8
Net cash used in operating activities	(102)	(170)
Investing activities		
Purchases of property, plant and equipment	(70)	(120)
Proceeds from sale of property, plant and equipment	4	2
Settlements of undesignated derivatives	(1)	
Other, net	4	
Net cash used in investing activities	(63)	(118)
Financing activities		
Net change in short-term debt	17	269
Repayment of long-term debt	(27)	(2)
Deferred financing payments		(2)
Dividends paid to common stockholders	(15)	(15)
Distributions to noncontrolling interests	(3)	(1)
Collection of note receivable from noncontrolling interest	11	
Contributions from redeemable noncontrolling interests	9	10
Other, net	9	(4)
Net cash provided by financing activities	1	255
Net decrease in cash, cash equivalents and restricted cash	(164)	(33)
Cash, cash equivalents and restricted cash – beginning of period	563	442
Effect of exchange rate changes on cash balances	(12)	10
Cash, cash equivalents and restricted cash – end of period (Note 5)	$ 387	$ 419
Non-cash investing activity		
Purchases of property, plant and equipment held in accounts payable	$ 44	$ 72

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

Dana Incorporated
Index to Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements (Unaudited)
(In millions, except share and per share amounts)

Note 1. Organization and Summary of Significant Accounting Policies

General

Dana Incorporated (Dana) is headquartered in Maumee, Ohio and was incorporated in Delaware in 2007. Dana is a global provider of high technology driveline (axles, driveshafts and transmissions); sealing and thermal-management products; and motors, power inverters, and control systems for electric vehicles with a customer base that includes virtually every major vehicle manufacturer in the global light vehicle, medium/heavy vehicle and off-highway markets.

The terms "Dana," "we," "our" and "us," when used in this report, are references to Dana. These references include the subsidiaries of Dana unless otherwise indicated or the context requires otherwise.

Summary of significant accounting policies

Basis of presentation — Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States (GAAP) for interim financial information. These statements are unaudited, but in the opinion of management include all adjustments (consisting only of normal recurring adjustments) necessary for a fair statement of the results for the interim periods. The results reported in these consolidated financial statements should not necessarily be taken as indicative of results that may be expected for the entire year. The financial information included herein should be read in conjunction with the consolidated financial statements in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2023 (the 2023 Form 10-K). Certain prior year amounts have been reclassified to conform to the current presentation.

Recently adopted accounting pronouncements

We did not adopt any new accounting pronouncements during the three months ended March 31, 2024.

Recently issued accounting pronouncements

We do not expect any recently issued accounting pronouncements to have a material effect on our financial statements.

In November 2023, the Financial Accounting Standards Board (FASB) issued ASU 2023-07, Segment Reporting (Topic 280). The guidance enhances reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The guidance becomes effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of the guidance on our financial statement disclosures.

In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures. This guidance requires disaggregated income tax disclosures on the rate reconciliation and income taxes paid. The guidance becomes effective for annual periods beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of the guidance on our financial statement disclosures.

Table of Contents

Note 2. Disposal Group Held for Sale

In February 2024, we entered into a definitive agreement to sell our European hydraulics business to HPIH S.à r.l. for approximately $40. The sale price is subject to adjustment based on net working capital and net financial position balances as of the closing date. The results of operations of the European hydraulics business are reported within our Off-Highway operating segment. We classified the disposal group as held for sale, recognizing a $29 loss to adjust the carrying value of net assets to fair value less estimated costs to sell. The sale is expected to close during the second quarter of 2024. The carrying amounts of the major classes of assets and liabilities of our European hydraulics business are as follows:

	March 31, 2024
Accounts receivable - Trade	$ 17
Accounts receivable - Other	1
Inventories	44
Current assets of disposal group held for sale	$ 62
Accounts payable	$ 14
Accrued payroll and employee benefits	4
Current portion of operating lease liabilities	1
Other accrued liabilities	3
Current liabilities of disposal group held for sale	$ 22
Noncurrent operating lease liabilities	$ 1
Pension and postretirement obligations	2
Other noncurrent liabilities	1
Noncurrent liabilities of disposal group held for sale	$ 4

Note 3. Goodwill and Other Intangible Assets

Changes in the carrying amount of goodwill by segment —

	Off-Highway
Balance, December 31, 2023	$ 263
Reclassified to disposal group held for sale	(2)
Currency impact	(4)
Balance, March 31, 2024	$ 257

Components of other intangible assets —

		March 31, 2024			December 31, 2023		
	Weighted Average Useful Life (years)	Gross Carrying Amount	Accumulated Impairment and Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Impairment and Amortization	Net Carrying Amount
Amortizable intangible assets							
Core technology	8	$ 158	$ (127)	$ 31	$ 159	$ (126)	$ 33
Trademarks and trade names	13	25	(14)	11	29	(15)	14
Customer relationships	8	492	(437)	55	503	(441)	62
Non-amortizable intangible assets							
Trademarks and trade names		72		72	73		73
		$ 747	$ (578)	$ 169	$ 764	$ (582)	$ 182

Net carrying amounts of intangible assets, other than goodwill, attributable to each of our operating segments—

	March 31, 2024
Light Vehicle	$ 13
Commercial Vehicle	56
Off-Highway	96
Power Technologies	4
	$ 169

Amortization expense related to amortizable intangible assets —

	Three Months Ended March 31,	
	2024	2023
Charged to cost of sales	$ 2	$ 2
Charged to amortization of intangibles	3	3
Total amortization	$ 5	$ 5

Note 4. Restructuring of Operations

Our restructuring activities have historically included rationalizing our operating footprint by consolidating facilities, positioning operations in lower cost locations, and reducing overhead costs. Restructuring expense includes costs associated with current and previously announced actions and is comprised of contractual and noncontractual separation costs and exit costs. During the first quarter of 2024, our restructuring charges were primarily comprised of separation costs related to the rationalization of the global administrative and functional services that support our manufacturing and assembly facilities and technical centers.

Accrued restructuring costs and activity —

	Employee Termination Benefits	Exit Costs	Total
Balance, December 31, 2023	$ 10	$ —	$ 10
Charges to restructuring	2	3	5
Cash payments	(2)	(3)	(5)
Balance, March 31, 2024	$ 10	$ —	$ 10

At March 31, 2024, the accrued employee termination benefits include costs to reduce approximately 300 employees to be completed over the next year.

Note 5. Supplemental Balance Sheet and Cash Flow Information

Supplier finance programs —

As of March 31, 2024 and December 31, 2023, we had $74 and $69, respectively, of confirmed obligations subject to supplier finance programs presented as accounts payable within total current liabilities on the consolidated balance sheet.

Inventory components —

	March 31, 2024	December 31, 2023
Raw materials	$ 679	$ 681
Work in process and finished goods	946	995
Total	$ 1,625	$ 1,676

Cash, cash equivalents and restricted cash —

	March 31, 2024	December 31, 2023	March 31, 2023	December 31, 2022
Cash and cash equivalents	$ 351	$ 529	$ 401	$ 425
Restricted cash included in other current assets	25	23	7	7
Restricted cash included in other noncurrent assets	11	11	11	10
Total cash, cash equivalents and restricted cash	$ 387	$ 563	$ 419	$ 442

Note 6. Stockholders' Equity

Common stock — Our Board of Directors declared a cash dividend of ten cents per share of common stock in the first quarter of 2024. Dividends accrue on restricted stock units (RSUs) granted under our stock compensation program and will be paid in cash or additional units when the underlying units vest.

Changes in equity —

2024	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Non-controlling Interests	Total Equity
Balance, December 31, 2023	$ 2	$ 2,255	$ 317	$ (9)	$ (990)	$ 62	$ 1,637
Net income			3			5	8
Other comprehensive loss					(17)	(1)	(18)
Common stock dividends and dividend equivalents			(15)				(15)
Distributions to noncontrolling interests						(1)	(1)
Redeemable noncontrolling interest adjustment to redemption value			(8)				(8)
Stock compensation		5					5
Stock withheld for employee taxes				(4)			(4)
Balance, March 31, 2024	$ 2	$ 2,260	$ 297	$ (13)	$ (1,007)	$ 65	$ 1,604

2023	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Non-controlling Interests	Total Equity
Balance, December 31, 2022	$ 2	$ 2,229	$ 321	$ —	$ (1,001)	$ 52	$ 1,603
Net income			28			4	32
Other comprehensive income					40		40
Common stock dividends and dividend equivalents			(15)				(15)
Distributions to noncontrolling interests						(1)	(1)
Redeemable noncontrolling interest adjustment to redemption value			(1)				(1)
Stock compensation		8					8
Stock withheld for employee taxes				(8)			(8)
Balance, March 31, 2023	$ 2	$ 2,237	$ 333	$ (8)	$ (961)	$ 55	$ 1,658

Changes in each component of accumulated other comprehensive income (loss) (AOCI) of the parent —

	Parent Company Stockholders			
2024	Foreign Currency Translation	Hedging	Defined Benefit Plans	Accumulated Other Comprehensive Loss
Balance, December 31, 2023	$ (868)	$ 20	$ (142)	$ (990)
Currency translation adjustments	(16)			(16)
Holding gains and losses		9		9
Reclassification of amount to net income (a)		(11)		(11)
Reclassification adjustment for net actuarial losses included in net periodic benefit cost (b)			1	1
Tax expense				—
Other comprehensive income (loss)	(16)	(2)	1	(17)
Balance, March 31, 2024	$ (884)	$ 18	$ (141)	$ (1,007)

	Parent Company Stockholders			
2023	Foreign Currency Translation	Hedging	Defined Benefit Plans	Accumulated Other Comprehensive Loss
Balance, December 31, 2022	$ (895)	$ 21	$ (127)	$ (1,001)
Currency translation adjustments	24			24
Holding gains and losses		16		16
Reclassification adjustment for net actuarial losses included in net periodic benefit cost (b)			1	1
Tax expense		(1)		(1)
Other comprehensive income (loss)	24	15	1	40
Balance, March 31, 2023	$ (871)	$ 36	$ (126)	$ (961)

(a) Realized gains and losses from currency-related forward contracts associated with forecasted transactions or from other derivative instruments treated as cash flow hedges are reclassified from AOCI into the same line item in the consolidated statement of operations in which the underlying forecasted transaction or other hedged item is recorded. See Note 12 for additional details.

(b) See Note 10 for additional details.

Note 7. Redeemable Noncontrolling Interests

Hydro-Québec owns a 45% redeemable noncontrolling interest in Dana TM4 Inc., Dana TM4 Electric Holdings BV and Dana TM4 USA, LLC. The terms of the joint venture agreement provide Hydro-Québec with the right to put all, and not less than all, of its ownership interests in Dana TM4 Inc., Dana TM4 Electric Holdings BV and Dana TM4 USA, LLC to Dana at fair value.

Redeemable noncontrolling interests reflected as of the balance sheet date are the greater of the redeemable noncontrolling interest balances adjusted for comprehensive income (loss) items and distributions or the redemption value. Redeemable noncontrolling interest adjustments of redemption value are recorded in retained earnings. We estimate the fair value of the redemption value using an income-based approach based on discounted cash flow projections. In determining fair value using discounted cash flow projections, we make significant assumptions and estimates about the extent and timing of future cash flows, including revenue growth rates, projected EBITDA, discount rates, and terminal growth rates.

Reconciliation of changes in redeemable noncontrolling interests —

	Three Months Ended March 31,	
	2024	2023
Balance, beginning of period	$ 191	$ 195
Capital contribution from redeemable noncontrolling interests	9	10
Adjustment to redemption value	8	1
Comprehensive income (loss) adjustments:		
Net loss attributable to redeemable noncontrolling interests	(8)	(1)
Other comprehensive income (loss) attributable to redeemable noncontrolling interests	(3)	1
Balance, end of period	$ 197	$ 206

Note 8. Earnings per Share

Reconciliation of the numerators and denominators of the earnings per share calculations —

	Three Months Ended March 31,	
	2024	2023
Net income available to common stockholders - Numerator basic and diluted	$ 3	$ 28
Denominator:		
Weighted-average common shares outstanding - Basic	144.8	143.9
Employee compensation-related shares	—	0.4
Weighted-average common shares outstanding - Diluted	144.8	144.3

The share count for diluted earnings per share is computed on the basis of the weighted-average number of common shares outstanding plus the effects of dilutive common stock equivalents (CSEs) outstanding during the period. We excluded 2.2 million and 0.2 million CSEs from the calculation of diluted earnings per share for the first quarters of 2024 and 2023 as the effect of including them would have been anti-dilutive.

Note 9. Stock Compensation

The Compensation Committee of our Board of Directors approved the grant of RSUs and performance share units (PSUs) shown in the table below during 2024.

	Granted (In millions)	Grant Date Fair Value*
RSUs	1.6	$ 13.23
PSUs	0.7	$ 13.31

* Weighted-average per share

We calculated the fair value of the RSUs at grant date based on the closing market price of our common stock at the date of grant. The number of PSUs that ultimately vest is contingent on achieving specified financial targets and specified total shareholder return targets relative to peer companies. For the portion of the award based on financial metrics, we estimated the fair value of the PSUs at grant date based on the closing market price of our common stock at the date of grant adjusted for the value of assumed dividends over the period because the awards are not dividend protected. For the portion of the award based on shareholder returns, we estimated the fair value of the PSUs at grant date using various assumptions as part of a Monte Carlo simulation. The expected term represents the period from the grant date to the end of the three-year performance period. The risk-free interest rate of 4.39% was based on U.S. Treasury constant maturity rates at the grant date. The dividend yield of 2.7% was calculated using our historical approach calculated by dividing the expected annual dividend by the average stock price over the prior year. The estimated volatility of 47.7% was based on observed historical volatility of daily stock returns for the 3-year period preceding the grant date.

During 2024, we paid $2 of cash to settle RSUs and issued 0.9 million shares of common stock based on the vesting of RSUs. We recognized stock compensation expense of $6 in both the first quarter of 2024 and 2023. At March 31, 2024, the total unrecognized compensation cost related to the nonvested awards granted and expected to vest was $49. This cost is expected to be recognized over a weighted-average period of 2.1 years.

Note 10. Pension and Postretirement Benefit Plans

We have a number of defined contribution and defined benefit, qualified and nonqualified, pension plans covering eligible employees. Other postretirement benefits (OPEB), including medical and life insurance, are provided for certain employees upon retirement.

Components of net periodic benefit cost (credit) —

	Pension				OPEB	
	2024		2023		2024	2023
Three Months Ended March 31,	U.S.	Non-U.S.	U.S.	Non-U.S.	Non-U.S.	Non-U.S.
Interest cost	$ 7	$ 3	$ 7	$ 3	$ 1	$ 1
Expected return on plan assets	(7)	(1)	(8)	(1)		
Service cost		2		1		
Amortization of net actuarial (gain) loss	2		2		(1)	(1)
Net periodic benefit cost	$ 2	$ 4	$ 1	$ 3	$ —	$ —

The service cost components of net periodic pension and OPEB costs are included in cost of sales and selling, general and administrative expenses as part of compensation cost and are eligible for capitalization in inventory and other assets. The non-service components are reported in other income (expense), net and are not eligible for capitalization.

Note 11. Financing Agreements

Long-term debt at —

	Interest Rate		March 31, 2024	December 31, 2023
Senior Notes due April 15, 2025	5.750%	*	$ 200	$ 200
Senior Notes due November 15, 2027	5.375%		400	400
Senior Notes due June 15, 2028	5.625%		400	400
Senior Euro Notes due July 15, 2029	3.000%		351	359
Senior Notes due September 1, 2030	4.250%		400	400
Senior Euro Notes due July 15, 2031	8.500%		459	469
Senior Notes due February 15, 2032	4.500%		350	350
Other indebtedness			51	79
Debt issuance costs			(23)	(24)
			2,588	2,633
Less: Current portion of long-term debt			8	35
Long-term debt, less debt issuance costs			$ 2,580	$ 2,598

* In conjunction with the issuance of the April 2025 Notes, we entered into 8-year fixed-to-fixed cross-currency swaps which have the effect of economically converting the April 2025 Notes to euro-denominated debt at a fixed rate of 3.850%. See Note 12 for additional information.

Interest on the senior notes is payable semi-annually. Other indebtedness includes borrowings from various financial institutions and finance lease obligations.

Senior notes activity — On May 24, 2023, Dana Financing Luxembourg S.à.r.l. (Dana Financing), a wholly-owned subsidiary of Dana, completed the sale of €425 ($458 as of May 24, 2023) in senior unsecured notes (July 2031 Notes) at 8.500%. The July 2031 Notes are fully and unconditionally guaranteed by Dana. The July 2031 Notes were issued through a private placement and will not be registered under the U.S. Securities Act of 1933, as amended (the Securities Act). The July 2031 Notes were offered only to qualified institutional buyers in reliance on Rule 144A under the Securities Act and, outside the United States, only to non-U.S. investors in reliance on Regulation S under the Securities Act. The July 2031 Notes rank equally with Dana's other unsecured senior notes. Interest on the notes is payable on January 15 and July 15 of each year, beginning on January 15, 2024. The July 2031 Notes will mature on July 15, 2031. Net proceeds of the offering totaled €419 ($451 as of May 24, 2023). Financing costs of €6 ($7 as of May 24, 2023) were recorded as deferred costs and are being amortized to interest expense over the life of the notes. The proceeds from the offering were used to redeem $200 of our April 2025 Notes and to make payments against borrowings on our Revolving Facility. On June 9, 2023 we redeemed $200 of our April 2025 Notes at a price equal to 100.00% plus accrued and unpaid interest. The $1 loss on extinguishment of debt is comprised of the write-off of previously deferred financing costs associated with the April 2025 Notes.

Senior notes redemption provisions — We may redeem some or all of the senior notes at the following redemption prices (expressed as percentages of principal amount), plus accrued and unpaid interest to the redemption date, if redeemed during the 12-month period commencing on the anniversary date of the senior notes in the year set forth below:

	Redemption Price						
Year	April 2025 Notes	November 2027 Notes	June 2028 Notes	July 2029 Notes	September 2030 Notes	July 2031 Notes	February 2032 Notes
2023	100.000%	101.344%	102.813%				
2024	100.000%	100.000%	101.406%	101.500%			
2025		100.000%	100.000%	100.750%			
2026		100.000%	100.000%	100.000%	102.125%	104.250%	
2027			100.000%	100.000%	101.417%	102.125%	102.250%
2028				100.000%	100.708%	100.000%	101.500%
2029					100.000%	100.000%	100.750%
2030						100.000%	100.000%
2031							100.000%

At any time prior to July 15, 2024, we may redeem up to 40% of the aggregate principal amount of the July 2029 Notes in an amount not to exceed the amount of proceeds of one or more equity offerings, at a price equal to 103.000% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date, provided that at least 50% of the aggregate principal amount of the July 2029 Notes remain outstanding after the redemption. Prior to July 15, 2024, we may also redeem some or all of the July 2029 Notes at a redemption price equal to 100% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date plus a "make-whole" premium. We have not separated the make-whole premium from the underlying debt instrument to account for it as a derivative instrument as the economic characteristics and the risks of this embedded derivative are clearly and closely related to the economic characteristics and risks of the underlying debt.

At any time prior to May 1, 2024, we may redeem up to 40% of the aggregate principal amount of the September 2030 Notes in an amount not to exceed the amount of proceeds of one or more equity offerings, at a price equal to 104.250% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, provided that at least 50% of the aggregate principal amount of the September 2030 Notes remains outstanding after the redemption. Prior to May 1, 2026, we may redeem some or all of the September 2030 Notes at a redemption price equal to 100% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date plus a "make-whole" premium. We have not separated the make-whole premium from the underlying debt instrument to account for it as a derivative instrument as the economic characteristics and the risks of this embedded derivative are clearly and closely related to the economic characteristics and risks of the underlying debt.

At any time prior to July 15, 2026, we may redeem up to 40% of the aggregate principal amount of the July 2031 Notes in an amount not to exceed the amount of proceeds of one or more equity offerings, at a price equal to 108.500% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date, provided that at least 50% of the aggregate principal amount of the July 2031 Notes remain outstanding after the redemption. Prior to July 15, 2026, we may also redeem some or all of the July 2031 Notes at a redemption price equal to 100% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date plus a "make-whole" premium. We have not separated the make-whole premium from the underlying debt instrument to account for it as a derivative instrument as the economic characteristics and the risks of this embedded derivative are clearly and closely related to the economic characteristics and risks of the underlying debt.

At any time prior to February 15, 2025, we may redeem up to 40% of the aggregate principal amount of the February 2032 Notes in an amount not to exceed the amount of proceeds of one or more equity offerings, at a price equal to 104.500% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, provided that at least 50% of the aggregate principal amount of the February 2032 Notes remains outstanding after the redemption. Prior to February 15, 2027, we may redeem some or all of the February 2032 Notes at a redemption price equal to 100% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date plus a "make-whole" premium. We have not separated the make-whole premium from the underlying debt instrument to account for it as a derivative instrument as the economic characteristics and the risks of this embedded derivative are clearly and closely related to the economic characteristics and risks of the underlying debt.

Credit agreement — On March 14, 2023, we amended our credit and guaranty agreement, extending its maturity to March 14, 2028. We recorded deferred fees of $2 related to the amendment. The deferred fees are being amortized over the life of the Revolving Facility. Deferred financing costs on our Revolving Facility are included in other noncurrent assets.

The Revolving Facility is guaranteed by all of our wholly-owned domestic subsidiaries subject to certain exceptions (the guarantors) and are secured by a first-priority lien on substantially all of the assets of Dana and the guarantors, subject to certain exceptions.

Advances under the Revolving Facility bear interest at a floating rate based on, at our option, the base rate or the Term Secured Overnight Financing Rate ("SOFR") (each as described in the credit agreement) plus a margin as set forth below:

	Margin	
Total Net Leverage Ratio	Base Rate	SOFR Rate
Less than or equal to 1.00:1.00	0.25%	1.25%
Greater than 1.00:1.00 but less than or equal to 2.00:1.00	0.50%	1.50%
Greater than 2.00:1.00	0.75%	1.75%

Commitment fees are applied based on the average daily unused portion of the available amounts under the Revolving Facility as set forth below:

Total Net Leverage Ratio	Commitment Fee
Less than or equal to 1.00:1.00	0.250%
Greater than 1.00:1.00 but less than or equal to 2.00:1.00	0.375%
Greater than 2.00:1.00	0.500%

Up to $275 of the Revolving Facility may be applied to letters of credit, which reduces availability. We pay a fee for issued and undrawn letters of credit in an amount per annum equal to the applicable margin for SOFR rate advances based on a quarterly average availability under issued and undrawn letters of credit under the Revolving Facility and a per annum fronting fee of 0.125%, payable quarterly.

At March 31, 2024, we had $15 of outstanding borrowings under the Revolving Facility and had utilized $9 for letters of credit. We had availability at March 31, 2024 under the Revolving Facility of $1,126 after deducting the outstanding letters of credit.

Debt covenants — At March 31, 2024, we were in compliance with the covenants of our financing agreements. Under the Revolving Facility and the senior notes, we are required to comply with certain incurrence-based covenants customary for facilities of these types and, in the case of the Revolving Facility, a maintenance covenant tested on the last day of each fiscal quarter requiring us to maintain a first lien net leverage ratio not to exceed 2.00 to 1.00.

Note 12. Fair Value Measurements and Derivatives

In measuring the fair value of our assets and liabilities, we use market data or assumptions that we believe market participants would use in pricing an asset or liability including assumptions about risk when appropriate. Our valuation techniques include a combination of observable and unobservable inputs.

Fair value measurements on a recurring basis — Assets and liabilities that are carried in our balance sheets at fair value are as follows:

			Fair Value	
Category	Balance Sheet Location	Fair Value Level	March 31, 2024	December 31, 2023
Currency forward contracts				
Cash flow hedges	Accounts receivable - Other	2	$ 25	$ 43
Cash flow hedges	Other accrued liabilities	2	1	7
Undesignated	Accounts receivable - Other	2	3	3
Undesignated	Other accrued liabilities	2	2	5
Currency swaps				
Cash flow hedges	Other noncurrent assets	2	4	
Cash flow hedges	Other noncurrent liabilities	2		11
Undesignated	Other noncurrent liabilities	2	8	9

Fair Value Level 2 assets and liabilities reflect the use of significant other observable inputs.

Fair value of financial instruments — The financial instruments that are not carried in our balance sheets at fair value are as follows:

		March 31, 2024		December 31, 2023	
	Fair Value Level	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt	2	$ 2,540	$ 2,465	$ 2,582	$ 2,495

Foreign currency derivatives — Our foreign currency derivatives include forward contracts associated with forecasted transactions, primarily involving the purchases and sales of inventory, as well as currency swaps associated with certain recorded external notes payable and intercompany loans receivable and payable. Periodically, our foreign currency derivatives also include net investment hedges of certain of our investments in foreign operations.

We have executed fixed-to-fixed cross-currency swaps in conjunction with the issuance of certain notes to eliminate the variability in the functional-currency-equivalent cash flows due to changes in exchange rates associated with the forecasted principal and interest payments. All of the underlying designated financial instruments have been designated as the hedged items in each respective cash flow hedge relationship, as shown in the table below. Designated as cash flow hedges of the forecasted principal and interest payments of the underlying designated financial instruments, all of the swaps economically convert the underlying designated financial instruments into the functional currency of each respective holder. The impact of the interest rate differential between the inflow and outflow rates on fixed-to-fixed cross-currency swaps is recognized during each period as a component of interest expense for hedges of external debt and as a component of other income (expense), net for hedges of intercompany debt.

The following fixed-to-fixed cross-currency swaps were outstanding at March 31, 2024:

Underlying Financial Instrument				Derivative Financial Instrument			
Description	Type	Face Amount	Rate	Notional Amount	Traded Amount	Inflow Rate	Outflow Rate
April 2025 Notes	Payable	$ 200	5.75%	$ 200	€ 185	5.75%	3.85%
Luxembourg Intercompany Notes	Receivable	€ 93	3.85%	$ 100	€ 93	5.75%	3.85%
Luxembourg Intercompany Notes	Receivable	€ 278	3.70%	€ 278	$ 300	5.38%	3.70%
Undesignated 2026 Swap				$ 188	€ 169	6.50%	5.14%
Undesignated Offset 2026 Swap				€ 169	$ 188	3.13%	6.50%

The designated swaps are expected to be highly effective in offsetting the corresponding currency-based changes in cash outflows related to the underlying designated financial instruments. Based on our qualitative assessment that the critical terms of the underlying designated financial instruments and the associated swaps match and that all other required criteria have been met, we do not expect to incur any ineffectiveness. As effective cash flow hedges, changes in the fair value of the swaps will be recorded in OCI during each period. Additionally, to the extent the swaps remain effective, the appropriate portion of AOCI will be reclassified to earnings each period as an offset to the foreign exchange gain or loss resulting from the remeasurement of the underlying designated financial instruments. See Note 11 for additional information about the April 2025 Notes. To the extent the swaps are no longer effective, changes in their fair values will be recorded in earnings.

The total notional amount of outstanding foreign currency forward contracts, involving the exchange of various currencies, was $947 at March 31, 2024 and $776 at December 31, 2023. The total notional amount of outstanding foreign currency swaps, including the fixed-to-fixed cross-currency swaps, was $970 at March 31, 2024 and $981 at December 31, 2023.

The following currency derivatives were outstanding at March 31, 2024:

		Notional Amount (U.S. Dollar Equivalent)			
Functional Currency	Traded Currency	Designated	Undesignated	Total	Maturity
U.S. dollar	Mexican peso, Thai baht, Indian rupee	$ 307	$ 36	$ 343	Mar-2025
Euro	U.S. dollar, Australian dollar, Swiss franc, Chinese renminbi, British pound, Hungarian forint, Indian rupee, Mexican peso, Norwegian krone, Swedish krona, South African rand	291	18	309	Sep-2027
British pound	U.S. dollar, euro	4	5	9	Dec-2024
South African rand	U.S. dollar, euro, Thai baht		11	11	May-2024
Thai baht	U.S. dollar		26	26	Apr-2024
Canadian dollar	U.S. dollar	3	19	22	Oct-2024
Brazilian real	U.S. dollar, euro	75	10	85	Mar-2025
Indian rupee	U.S. dollar, euro, British pound		129	129	Jun-2025
Chinese renminbi	U.S. dollar, euro, Canadian dollar		8	8	Apr-2024
Mexican peso	U.S. dollar		5	5	Apr-2024
Total forward contracts		680	267	947	
U.S. dollar	euro	300	182	482	Nov-2027
Euro	U.S. dollar	300	188	488	Jun-2026
Total currency swaps		600	370	970	
Total currency derivatives		$ 1,280	$ 637	$ 1,917	

Designated cash flow hedges — With respect to contracts designated as cash flow hedges, changes in fair value during the period in which the contracts remain outstanding are reported in OCI to the extent such contracts remain effective. Effectiveness is measured by using regression analysis to determine the degree of correlation between the change in the fair value of the derivative instrument and the change in the associated foreign currency exchange rates. Changes in the fair value of contracts not designated as cash flow hedges or as net investment hedges are recognized in other income (expense), net in the period in which the changes occur. Realized gains and losses from currency-related forward contracts associated with forecasted transactions or from other derivative instruments, including those that have been designated as cash flow hedges and those that have not been designated, are recognized in the same line item in the consolidated statement of operations in which the underlying forecasted transaction or other hedged item is recorded. Accordingly, amounts are potentially recorded in sales, cost of sales or, in certain circumstances, other income (expense), net.

The following table provides a summary of deferred gains (losses) reported in AOCI as well as the amount expected to be reclassified to income in one year or less:

	Deferred Gain (Loss) in AOCI		
	March 31, 2024	December 31, 2023	Gain (loss) expected to be reclassified into income in one year or less
Forward Contracts	$ 19	$ 20	$ 19
Cross-Currency Swaps		1	
Total	$ 19	$ 21	$ 19

The following table provides a summary of the location and amount of gains or losses recognized in the consolidated statement of operations associated with cash flow hedging relationships:

Derivatives Designated as Cash Flow Hedges	Three Months Ended March 31, 2024	2023
Total amounts of income and expense line items presented in the consolidated statement of operations in which the effects of cash flow hedges are recorded		
Net sales	$ 2,735	$ 2,644
Cost of sales	2,491	2,415
Other income (expense), net	2	5
(Gain) or loss on cash flow hedging relationships		
Foreign currency forwards		
Amount of (gain) loss reclassified from AOCI into income		
Cost of sales	(9)	(5)
Other income (expense), net	11	(2)
Cross-currency swaps		
Amount of (gain) loss reclassified from AOCI into income		
Other income (expense), net	(14)	7

The amounts reclassified from AOCI into income for the cross-currency swaps represent an offset to a foreign exchange loss on our foreign currency-denominated intercompany and external debt instruments.

Certain of our hedges of forecasted transactions have not formally been designated as cash flow hedges. As undesignated forward contracts, the changes in the fair value of such contracts are included in earnings for the duration of the outstanding forward contract. Any realized gain or loss on the settlement of such contracts is recognized in the same period and in the same line item in the consolidated statement of operations as the underlying transaction. The following table provides a summary of the location and amount of gains or losses recognized in the consolidated statement of operations associated with undesignated hedging relationships.

Derivatives Not Designated as Hedging Instruments	Three Months Ended March 31, 2024	2023
Gain (loss) recognized in income		
Foreign currency forward contracts		
Cost of sales	$ —	$ (1)
Other income (expense), net	2	3

Net investment hedges — We periodically designate derivative contracts or underlying non-derivative financial instruments as net investment hedges. With respect to contracts designated as net investment hedges, we apply the forward method, but for non-derivative financial instruments designated as net investment hedges, we apply the spot method. Under both methods, we report changes in fair value in the cumulative translation adjustment (CTA) component of OCI during the period in which the contracts remain outstanding to the extent such contracts and non-derivative financial instruments remain effective.

Note 13. Commitments and Contingencies

Environmental liabilities — Accrued environmental liabilities were $6 both at March 31, 2024 and December 31, 2023. We consider the most probable method of remediation, current laws and regulations and existing technology in estimating our environmental liabilities.

Guarantee of lease obligations — In connection with the divestiture of our Structural Products business in 2010, leases covering three U.S. facilities were assigned to a U.S. affiliate of Metalsa. Under the terms of the sale agreement, we will guarantee the affiliate's performance under the leases, which run through June 2025, including approximately $6 of annual payments. In the event of a required payment by Dana as guarantor, we are entitled to pursue full recovery from Metalsa of the amounts paid under the guarantee and to take possession of the leased property.

Other legal matters — We are subject to various pending or threatened legal proceedings arising out of the normal course of business or operations. In view of the inherent difficulty of predicting the outcome of such matters, we cannot state the eventual outcome of these matters. However, based on current knowledge and after consultation with legal counsel, we believe that any liabilities that may result from these proceedings will not have a material adverse effect on our liquidity, financial condition or results of operations.

Note 14. Warranty Obligations

We record a liability for estimated warranty obligations at the dates our products are sold. We record the liability based on our estimate of costs to settle future claims. Adjustments to our estimated costs at time of sale are made as claim experience and other new information becomes available. Obligations for service campaigns and other occurrences are recognized as adjustments to prior estimates when the obligation is probable and can be reasonably estimated.

Changes in warranty liabilities —

	Three Months Ended March 31,	
	2024	2023
Balance, beginning of period	$ 116	$ 108
Amounts accrued for current period sales	10	10
Adjustments of prior estimates	2	8
Settlements of warranty claims	(12)	(17)
Currency impact	(1)	(1)
Balance, end of period	$ 115	$ 108

Note 15. Income Taxes

We estimate the effective tax rate expected to be applicable for the full fiscal year and use that rate to provide for income taxes in interim reporting periods. We also recognize the tax impact of certain unusual or infrequently occurring items, including changes in judgment about valuation allowances and effects of changes in tax laws or rates, in the interim period in which they occur.

We have generally not recognized tax benefits on losses generated in several entities where the recent history of operating losses does not allow us to satisfy the "more likely than not" criterion for the recognition of deferred tax assets. Consequently, there is no income tax expense or benefit recognized on the pre-tax income or losses in these jurisdictions as valuation allowances are adjusted to offset the associated tax expense or benefit.

We record interest and penalties related to uncertain tax positions as a component of income tax expense. Net interest expense for the periods presented herein is not significant.

We reported income tax expense of $37 and $30 for the first quarter of 2024 and 2023, respectively. Our effective tax rates were 106% and 50% for the first three months ended March 31, 2024 and 2023. During the first quarter of 2024, we recorded tax expense of $11 for valuation allowances related to foreign locations. Our effective income tax rates vary from the U.S. federal statutory rate of 21% due to establishment, release, and adjustment of valuation allowances in several countries, nondeductible expenses and deemed income, local tax incentives in several countries outside the U.S., different statutory tax rates outside the U.S. and withholding taxes related to repatriations of international earnings. The effective income tax rate may vary significantly due to fluctuations in the amounts and sources, both foreign and domestic, of pretax income and changes in the amounts of non-deductible expenses.

Note 16. Other Income (Expense), Net

	Three Months Ended March 31,	
	2024	2023
Non-service cost components of pension and OPEB costs	$ (4)	$ (3)
Government assistance	1	1
Foreign exchange gain (loss)	1	4
Strategic transaction expenses	(2)	(1)
Other, net	6	4
Other income (expense), net	$ 2	$ 5

Foreign exchange gains and losses on cross-currency intercompany loan balances that are not of a long-term investment nature are included above. Foreign exchange gains and losses on intercompany loans that are permanently invested are reported in OCI.

Strategic transaction expenses relate primarily to costs incurred in connection with acquisition and divestiture related activities, including costs to complete the transaction and post-closing integration costs, and other strategic initiatives. Strategic transaction expenses in the three months ended March 31, 2024 and 2023 were primarily attributable to investigating potential acquisitions and business ventures and other strategic initiatives.

Note 17. Revenue from Contracts with Customers

We generate revenue from selling production parts to original equipment manufacturers (OEMs) and service parts to OEMs and aftermarket customers. While we provide production and service parts to certain OEMs under awarded multi-year programs, these multi-year programs do not contain any commitment to volume by the customer. As such, individual customer releases or purchase orders represent the contract with the customer. Our customer contracts do not provide us with an enforceable right to payment for performance completed to date throughout the contract term. As such, we recognize part sales revenue at the point in time when the parts are shipped, and risk of loss has transferred to the customer. We have elected to continue to include shipping and handling fees billed to customers in revenue, while including costs of shipping and handling in costs of sales. Taxes collected from customers are excluded from revenues and credited directly to obligations to the appropriate government agencies. Payment terms with our customers are established based on industry and regional practices and generally do not exceed 180 days.

We continually seek new business opportunities and at times provide incentives to our customers for new program awards. We evaluate the underlying economics of each payment made to our customers to determine the proper accounting by understanding the nature of the payment, the rights and obligations in the contract, and other relevant facts and circumstances. Upfront payments to our customers are capitalized if we determine that the payments are incremental and incurred only if the new business is obtained and we expect to recover these amounts from the customer over the term of the new business program. We recognize a reduction to revenue as products that the upfront payments are related to are transferred to the customer, based on the total amount of products expected to be sold over the term of the program. We evaluate the amounts capitalized each period for recoverability and expense any amounts that are no longer expected to be recovered. We had $5 and $5 recorded in other current assets and $33 and $34 recorded in other noncurrent assets at March 31, 2024 and December 31, 2023.

Certain of our customer contracts include rebate incentives. We estimate expected rebates and accrue the corresponding refund liability, as a reduction of revenue, at the time covered product is sold to the customer based on anticipated customer purchases during the rebate period and contractual rebate percentages. Refund liabilities are included in other accrued liabilities on our consolidated balance sheets. We provide standard fitness for use warranties on the products we sell, accruing for estimated costs related to product warranty obligations at time of sale. See Note 14 for additional information.

Contract liabilities are primarily comprised of cash deposits made by customers with cash in advance payment terms. Generally, our contract liabilities turn over frequently given our relatively short production cycles. Contract liabilities were $57 and $50 at March 31, 2024 and December 31, 2023. Contract liabilities are included in other accrued liabilities on our consolidated balance sheets.

Disaggregation of revenue —

The following table disaggregates revenue for each of our operating segments by geographical market:

	Three Months Ended March 31,	
	2024	2023
Light Vehicle		
North America	$ 755	$ 640
Europe	149	132
South America	62	53
Asia Pacific	132	137
Total	$ 1,098	$ 962
Commercial Vehicle		
North America	$ 293	$ 287
Europe	84	81
South America	109	103
Asia Pacific	38	51
Total	$ 524	$ 522
Off-Highway		
North America	$ 92	$ 97
Europe	525	573
South America	5	4
Asia Pacific	159	168
Total	$ 781	$ 842
Power Technologies		
North America	$ 187	$ 159
Europe	117	134
South America	8	8
Asia Pacific	20	17
Total	$ 332	$ 318
Total		
North America	$ 1,327	$ 1,183
Europe	875	920
South America	184	168
Asia Pacific	349	373
Total	$ 2,735	$ 2,644

Note 18. Segments

We are a global provider of high technology products to virtually every major vehicle manufacturer in the world. We also serve the stationary industrial market. Our technologies include drive systems (axles, driveshafts, transmissions, and wheel and track drives); motion systems (winches, slew drives, and hub drives); electrodynamic technologies (motors, inverters, software and control systems, battery-management systems, and fuel cell plates); sealing solutions (gaskets, seals, cam covers, and oil pan modules); thermal-management technologies (transmission and engine oil cooling, battery and electronics cooling, charge air cooling, and thermal-acoustical protective shielding); and digital solutions (active and passive system controls and descriptive and predictive analytics). We serve our global light vehicle, medium/heavy vehicle and off-highway markets through four operating segments – Light Vehicle Drive Systems (Light Vehicle), Commercial Vehicle Drive and Motion Systems (Commercial Vehicle), Off-Highway Drive and Motion Systems (Off-Highway), and Power Technologies, which is the center of excellence for sealing and thermal-management technologies that span all customers in our on-highway and off-highway markets. These operating segments have global responsibility and accountability for business commercial activities and financial performance.

Dana evaluates the performance of its operating segments based on external sales and segment EBITDA. Segment EBITDA is a primary driver of cash flows from operations and a measure of our ability to maintain and continue to invest in our operations and provide shareholder returns. Our segments are charged for corporate and other shared administrative costs. Segment EBITDA may not be comparable to similarly titled measures reported by other companies.

Segment information —

	2024			2023		
Three Months Ended March 31,	External Sales	Inter-Segment Sales	Segment EBITDA	External Sales	Inter-Segment Sales	Segment EBITDA
Light Vehicle	$ 1,098	$ 51	$ 67	$ 962	$ 52	$ 49
Commercial Vehicle	524	29	17	522	32	17
Off-Highway	781	17	115	842	17	118
Power Technologies	332	6	27	318	8	23
Eliminations and other		(103)			(109)	
Total	$ 2,735	$ —	$ 226	$ 2,644	$ —	$ 207

Reconciliation of segment EBITDA to consolidated net income —

	Three Months Ended March 31, 2024	2023
Segment EBITDA	$ 226	$ 207
Corporate expense and other items, net	(3)	(3)
Depreciation	(101)	(92)
Amortization	(5)	(5)
Non-service cost components of pension and OPEB costs	(4)	(3)
Restructuring charges, net	(5)	(1)
Stock compensation expense	(6)	(6)
Strategic transaction expenses	(2)	(1)
Distressed supplier costs		(8)
Loss on disposal group held for sale	(29)	
Other items	(1)	2
Earnings before interest and income taxes	70	90
Interest income	4	4
Interest expense	39	34
Earnings before income taxes	35	60
Income tax expense	37	30
Equity in earnings of affiliates	2	1
Net income	$ —	$ 31

Note 19. Equity Affiliates

We have a number of investments in entities that engage in the manufacture and supply of vehicular parts (primarily axles, axle housings and driveshafts).

Equity method investments at March 31, 2024 —

	Ownership Percentage	Investment
Dongfeng Dana Axle Co., Ltd.	50%	$ 52
ROC-Spicer, Ltd.	50%	22
Axles India Limited	48%	15
Tai Ya Investment (HK) Co., Limited	50%	4
All others as a group		6
Investments in equity affiliates		99
Investments in affiliates carried at cost		24
Investments in affiliates		$ 123

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations (Dollars in millions)***

Management's discussion and analysis of financial condition and results of operations should be read in conjunction with the financial statements and accompanying notes in this report.

Forward-Looking Information

Statements in this report (or otherwise made by us or on our behalf) that are not entirely historical constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements can often be identified by words such as “anticipates,” “expects,” “believes,” “intends,” “plans,” “predicts,” “seeks,” “estimates,” “projects,” “outlook,” “may,” “will,” “should,” “would,” “could,” “potential,” “continue,” “ongoing” and similar expressions, variations or negatives of these words. These statements represent the present expectations of Dana Incorporated and its consolidated subsidiaries (Dana) based on our current information and assumptions. Forward-looking statements are inherently subject to risks and uncertainties. Our plans, actions and actual results could differ materially from our present expectations due to a number of factors, including those discussed below and elsewhere in this report and in our other filings with the Securities and Exchange Commission (SEC). All forward-looking statements speak only as of the date made and we undertake no obligation to publicly update or revise any forward-looking statement to reflect events or circumstances that may arise after the date of this report.

Management Overview

Dana, with history dating back to 1904, is headquartered in Maumee, Ohio. We are a world leader in providing power-conveyance and energy-management solutions for vehicles and machinery. The company's portfolio improves the efficiency, performance, and sustainability of light vehicles, commercial vehicles, and off-highway equipment. Our technologies include drive systems (axles, driveshafts, transmissions, and wheel and track drives); motion systems (winches, slew drives, and hub drives); electrodynamic technologies (motors, inverters, software and control systems, battery-management systems, and fuel cell plates); sealing solutions (gaskets, seals, cam covers, and oil pan modules); thermal-management technologies (transmission and engine oil cooling, battery and electronics cooling, charge air cooling, and thermal-acoustical protective shielding); and digital solutions (active and passive system controls and descriptive and predictive analytics). We serve our global light vehicle, medium/heavy vehicle and off-highway markets through four business units – Light Vehicle Drive Systems (Light Vehicle), Commercial Vehicle Drive and Motion Systems (Commercial Vehicle), Off-Highway Drive and Motion Systems (Off-Highway) and Power Technologies, which is the center of excellence for sealing and thermal-management technologies that span all customers in our on-highway and off-highway markets. We have a diverse customer base and geographic footprint which minimizes our exposure to individual market and segment declines. At March 31, 2024, we employed approximately 42,000 people and operated in 31 countries.

External sales by operating segment for the periods ended March 31, 2024 and 2023 are as follows:

	Three Months Ended March 31,			
	2024		2023	
	Dollars	% of Total	Dollars	% of Total
Light Vehicle	$ 1,098	40.1%	$ 962	36.4%
Commercial Vehicle	524	19.2%	522	19.7%
Off-Highway	781	28.6%	842	31.9%
Power Technologies	332	12.1%	318	12.0%
Total	$ 2,735		$ 2,644	

See Note 18 to our consolidated financial statements in Item 1 of Part I for further financial information about our operating segments.

Our internet address is www.dana.com. The inclusion of our website address in this report is an inactive textual reference only and is not intended to include or incorporate by reference the information on our website into this report.

Operational and Strategic Initiatives

Our enterprise strategy builds on our strong technology foundation and leverages our resources across the organization while driving a customer-centric focus, expanding our global markets, and delivering innovative solutions as we evolve into the era of vehicle electrification.

Central to our strategy is *leveraging our core operations*. This foundational element enables us to infuse strong operational disciplines throughout the strategy, making it practical, actionable, and effective. It enables us to capitalize on being a major drive systems supplier across all three end mobility markets. We are achieving improved profitability by actively seeking synergies across our engineering, purchasing, and manufacturing base. We have strengthened the portfolio by acquiring critical assets, and we are utilizing our physical and intellectual capital to amplify innovation across the enterprise. Leveraging these core elements can further expand the cost efficiencies of our common technologies and deliver a sustainable competitive advantage for Dana.

Driving customer centricity continues to be at the heart of who we are. Putting our customers at the center of our value system is firmly embedded in our culture and is driving growth by focusing on customer relationships and providing value to our customers. These relationships are strengthened as we are physically located where we need to be in order to provide unparalleled service, and we are prioritizing our customers' needs as we engineer solutions that differentiate their products, while making it easier to do business with Dana by digitizing their experience. Our customer-centric focus has uniquely positioned us to win more than our fair share of new business and capitalize on future customer outsourcing initiatives.

Expanding global markets means utilizing our global capabilities and presence to further penetrate growth markets, focusing on Asia due to its position as the largest mobility market in the world with the highest market growth rate as well as its lead in the adoption of new energy vehicles. We are investing across various avenues to increase our presence in Asia Pacific by forging new partnerships, expanding inorganically, and growing organically. We continue to operate in this region through wholly owned and joint ventures with local market partners. We have recently made acquisitions that have augmented our footprint in the region, specifically in India and China. All the while, we have been making meaningful organic investments to grow with existing and new customers, primarily in Thailand, India, and China. These added capabilities have enabled us to target the domestic Asia Pacific markets and utilize the capacity for export to other global markets. We continue to enhance and expand our global footprint, optimizing it to capture growth across all of our end markets.

Delivering innovative solutions enables us to capitalize on market growth trends as we evolve our core technology capabilities. We are also focused on enhancing our physical products with digital content to provide smart systems, and we see an opportunity to become a digital systems provider by delivering software as a service to our traditional end customers. This focus on delivering solutions based on our core technology is leading to new business wins and increasing our content per vehicle. We have made significant investments - both organically and inorganically - allowing us to move to the next phase, which is to *Lead electric propulsion*.

We continue to deliver on our goal to accelerate vehicle electrification through both core Dana technologies and targeted strategic acquisitions and are positioned today to lead the market. Our investments in electrodynamic expertise and technologies combined with Dana's longstanding mechatronics capabilities has allowed us to develop and deliver fully integrated e-Propulsion systems that are power-dense and achieve optimal efficiency through the integration of the components that we offer due to our mechatronics capabilities. With recent electric vehicle program awards, we are well on our way to achieving our growth objectives in this emerging market.

The development and implementation of our enterprise strategy is positioning Dana to grow profitably due to increased customer focus as we leverage our core capabilities, expand into new markets, develop and commercialize new technologies, including for electric vehicles.

Capital Structure Initiatives

In addition to investing in our business, we plan to prioritize a balanced allocation of capital while maintaining a strong balance sheet.

Shareholder return actions — When evaluating capital structure initiatives, we balance our growth opportunities and shareholder value initiatives with maintaining a strong balance sheet and returning capital to shareholders. Except for three quarters in 2020, when we temporarily suspended dividends to common shareholders in response to the global COVID pandemic, we have paid quarterly dividends to our common shareholders since the first quarter of 2012.

Financing actions — Our current portfolio of unsecured senior notes is structured such that no more than $459 of senior notes comes due in any calendar year, with no maturities until the second quarter of 2025. Our $1,150 revolving credit facility matures on March 14, 2028. See Note 11 to our consolidated financial statements in Item 1 of Part I for additional information.

Other Initiatives

Aftermarket opportunities — We have a global group dedicated to identifying and developing aftermarket growth opportunities that leverage the capabilities within our existing businesses – targeting increased future aftermarket sales. Powered by recognized brands such as Dana®, Spicer®, Spicer Electrified™, Victor Reinz®, Glaser®, GWB®, Thompson®, Tru-Cool®, SVL®, and Transejes™, Dana delivers a broad range of aftermarket solutions – including genuine, all makes, and value lines – servicing passenger, commercial, and off-highway vehicles across the globe.

Selective acquisitions — Although transformational opportunities will be considered when strategically and economically attractive, our acquisition focus is principally directed at "bolt-on" or adjacent acquisition opportunities that have a strategic fit with our existing core businesses, particularly opportunities that support our enterprise strategy and enhance the value proposition of our product offerings. Any potential acquisition will be evaluated in the same manner we currently consider customer program opportunities and other uses of capital – with a disciplined financial approach designed to ensure profitable growth and increased shareholder value.

Trends in Our Markets

We serve our customers in three core global end markets: light vehicle, primarily full-frame trucks and SUVs; commercial vehicle, including medium- and heavy-duty trucks and busses; and off-highway, including construction, mining, and agriculture equipment.

Each of our end-markets has unique cyclical dynamics and market drivers. These cycles are impacted by periods of investment where end-user vehicle fleets are refreshed or expanded in reaction to demand usage patterns, regulatory changes, or when the age of vehicles in service reach their useful life. Key market drivers include regional economic growth rates; cost and availability of end customer financing; industrial output; commodity production and pricing; and residential and nonresidential construction rates. Our multi-market coverage and broad customer base help provide stability across the cycles while mitigating secular variability. During 2023, we saw incremental improvements across our end markets despite continuing, but lessening, global supply chain disruptions.

Light vehicle markets — Our driveline business is weighted more heavily to the truck and SUV segments of the light-vehicle market versus the passenger-car segment. Our vehicle content is greater on rear-wheel drive, four-wheel drive, and all-wheel drive vehicles, as well as hybrid and electric vehicles. During 2023, light-truck markets improved across all regions except North America, which was negatively impacted by labor strikes during the fourth quarter of 2023 at the U.S. operations of several original equipment manufacturers. The outlook for the full year of 2024 reflects global light-truck production being relatively stable across all regions in comparison with the prior year.

Commercial vehicle markets — Our primary business is driveline systems for medium and heavy-duty trucks and busses, including the emerging market for hybrid and electric vehicles. Key regional markets are North America, South America (primarily Brazil) and Asia Pacific. During 2023, production of Class-8 trucks in North America increased 8% over 2022 reflecting increased demand driven by higher freight volumes and rates during the first half of 2023, with demand tapering during the second half of 2023 as freight volumes and rates trended downward. The outlook for 2024 is for weakening demand with production down moderately from 2023 levels driven by lower year-over-year freight volumes and rates. Medium-duty truck production in North America experienced a modest 9% year-over-year increase from 2022 to 2023. The outlook for 2024 is for a modest decrease in production over the prior year. Outside of North America, production of medium- and heavy-duty trucks in South America declined 32% in 2023 reflecting weak economic conditions in the region. The 2024 outlook for South America is for a modest increase in production from 2023 as local economic conditions are expected to somewhat improve. Production of medium- and heavy-duty trucks in Asia Pacific, driven by China and India, increased 18% in 2023. The 2024 outlook for Asia Pacific is for a modest increase in production from the prior year.

Off-highway markets — Our off-highway business has a large presence outside of North America, with 68% of its 2023 sales coming from products manufactured in Europe; however, a large portion of these products are utilized in vehicle production outside the region. The construction equipment segment of the off-highway market is closely related to global economic growth and infrastructure investment. The global construction equipment market continued to rebound in 2023 with production up 5% over the prior year. The outlook for 2024 is for modest growth in North America, South America and Asia Pacific, partially offset by moderately lower production levels in Europe. End-user investment in the mining equipment segment is driven by prices for commodity products produced by underground mining. The global mining equipment market has been mostly stable over the past several years as industry participants have maintained vehicle inventory levels to match commodity output, and this trend is expected to continue in 2024. The agriculture equipment market is the third of our key off-highway segments. Like the underground mining segment, investment in agriculture equipment is primarily driven by prices for commodities. Farm commodity price decreases in 2023 spurred a 2% decrease in agriculture equipment production. The outlook for 2024 is for global end-market demand to soften, reflecting a modest decrease from the prior year.

Foreign currency — With 54% of our first quarter 2024 sales coming from outside the U.S., international currency movements can have a significant effect on our sales and results of operations. The euro zone countries accounted for 50% of our first quarter 2024 non-U.S. sales, while India, Brazil and China accounted for 10%, 9% and 7%, respectively. Although sales in South Africa are less than 5% of our non-U.S. sales, the rand has been volatile and significantly impacted sales from time to time. International currencies strengthened against the U.S. dollar in the first quarter of 2024, increasing sales by $3. A stronger euro and Brazilian real were partially offset by a weaker Chinese renminbi, Thai baht and South African rand.

Argentina has experienced significant inflationary pressures the past few years, contributing to significant devaluation of its currency among other economic challenges. Our Argentine operation supports our Light Vehicle operating segment. Our sales in Argentina for the first three months of 2024 of approximately $45 are 2% of our consolidated sales and our net asset exposure related to Argentina was approximately $56, including $20 of net fixed assets, at March 31, 2024. During the second quarter of 2018, we determined that Argentina's economy met the GAAP definition of a highly inflationary economy. In assessing Argentina's economy as highly inflationary we considered its three-year cumulative inflation rate along with other factors. As a result, effective July 1, 2018, the U.S. dollar is the functional currency for our Argentine operations, rather than the Argentine peso. Beginning July 1, 2018, peso-denominated monetary assets and liabilities are remeasured into U.S. dollars using current Argentine peso exchange rates with resulting translation gains or losses included in results of operations. Nonmonetary assets and liabilities are remeasured into U.S. dollar using historic Argentine peso exchange rates.

Commodity costs — The cost of our products may be significantly impacted by changes in raw material commodity prices, the most important to us being those of various grades of steel, aluminum, copper, brass and rare earth materials. The effects of changes in commodity prices are reflected directly in our purchases of commodities and indirectly through our purchases of products such as castings, forgings, bearings, batteries and component parts that include commodities. Most of our major customer agreements provide for the sharing of significant commodity price changes with those customers based on the movement in various published commodity indexes. Where such formal agreements are not present, we have historically been successful implementing price adjustments that largely compensate for the inflationary impact of material costs. Material cost changes will customarily have some impact on our financial results as customer pricing adjustments typically lag commodity price changes. Lower year-over-year commodity prices increased earnings during the first quarter of 2024 by $5. Material cost recovery pricing actions decreased earnings in the first quarter of 2024 by $10.

Sales, Earnings and Cash Flow Outlook

	2024 Outlook	2023	2022
Sales	$10,650 - $11,150	$ 10,555	$ 10,156
Adjusted EBITDA	$875 - $975	$ 845	$ 700
Net cash provided by operating activities	$500 - $550	$ 476	$ 649
Purchases of property, plant and equipment	~4% of sales	$ 501	$ 440
Free cash flow	$50 - $100	$ (25)	$ 209

Adjusted EBITDA and free cash flow are non-GAAP financial measures. See the Non-GAAP Financial Measures discussion below for definitions of our non-GAAP financial measures and reconciliations to the most directly comparable U.S. generally accepted accounting principles (GAAP) measures. We have not provided a reconciliation of our adjusted EBITDA outlook to the most comparable GAAP measure of net income. Providing net income 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, 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.

Our 2024 sales outlook is $10,650 to $11,150, reflecting a modest improvement in global market demand and $350 of net new business backlog. Based on our current sales and exchange rate outlook for 2024, we expect overall stability in international currencies with a modest headwind to sales primarily due to a weaker euro, Chinese renminbi and Thai baht. At sales levels in our current outlook for 2024, a 5% movement on the euro would impact our annual sales by approximately $100. A 5% change on the Chinese renminbi, Indian rupee or Brazilian real rates would impact our annual sales in each of those countries by approximately $20. At our current sales outlook for 2024, we expect full year 2024 adjusted EBITDA to approximate $875 to $975. Adjusted EBITDA Margin is expected to be 8.5% at the midpoint of our guidance range, a 50 basis-point improvement over 2023, reflecting higher margin net new business and improving operational performance being partially offset by the benefit of the material cost recovery tailwind experienced in 2023 dissipating in 2024, as commodity prices stabilize, and increased investment to support our electrification strategy. We expect to generate free cash flow of approximately $75 at the midpoint of our guidance range reflecting the benefit of higher year-over-year adjusted EBITDA and lower capital spending being largely offset by higher year-over-year cash paid for interest and income taxes and increased working capital to support higher sales levels.

Table of Contents

Summary Consolidated Results of Operations (First Quarter, 2024 versus 2023)

	Three Months Ended March 31,				
	2024		2023		
	Dollars	% of Net Sales	Dollars	% of Net Sales	Increase/ (Decrease)
Net sales	$ 2,735		$ 2,644		$ 91
Cost of sales	2,491	91.1%	2,415	91.3%	76
Gross margin	244	8.9%	229	8.7%	15
Selling, general and administrative expenses	139	5.1%	140	5.3%	(1)
Amortization of intangibles	3		3		—
Restructuring charges, net	5		1		4
Loss on disposal group held for sale	(29)				(29)
Other income (expense), net	2		5		(3)
Earnings before interest and income taxes	70		90		(20)
Interest income	4		4		—
Interest expense	39		34		5
Earnings before income taxes	35		60		(25)
Income tax expense	37		30		7
Equity in earnings of affiliates	2		1		1
Net income	—		31		(31)
Less: Noncontrolling interests net income	5		4		1
Less: Redeemable noncontrolling interests net loss	(8)		(1)		(7)
Net income attributable to the parent company	$ 3		$ 28		$ (25)

Sales — The following table shows changes in our sales by geographic region.

	Three Months Ended March 31,			Amount of Change Due To		
	2024	2023	Increase/ (Decrease)	Currency Effects	Acquisitions (Divestitures)	Organic Change
North America	$ 1,327	$ 1,183	$ 144	$ 1	$ —	$ 143
Europe	875	920	(45)	6		(51)
South America	184	168	16	5		11
Asia Pacific	349	373	(24)	(9)		(15)
Total	$ 2,735	$ 2,644	$ 91	$ 3	$ —	$ 88

Sales in the first quarter of 2024 were $91 higher than in 2023. Stronger international currencies increased sales by $3, principally due to a stronger euro and Brazilian real, partially offset by a weaker Chinese renminbi, Thai baht and South African rand. The organic sales increase of $88, or 3%, resulted from having a full quarter of production on a full-frame light-truck customer program that launched and was ramping up production in the first quarter of last year, higher light-vehicle engine production volumes in North America and the conversion of sales backlog, partially offset by softening construction/mining and agricultural equipment markets. Pricing actions and recoveries, including material commodity price and inflationary cost adjustments, increased sales by $35.

The North America organic sales increase of 12% was driven principally by having a full quarter of production on a full-frame light-truck customer program that launched and was ramping up production in the first quarter of last year, higher light-vehicle engine production levels and the conversion of sales backlog, partially offset by lower medium- and heavy-duty truck production volumes. First quarter 2024 light-vehicle engine production was up 2%, while year-over-year Class 8 production was down 2% and Classes 5-7 was down 3%. Excluding currency effects, sales in Europe were down 6% compared with 2023. With our significant Off-Highway presence in the region, weaker construction/mining and agricultural equipment markets were a major factor. Organic sales in this operating segment were down 7% compared with the first quarter of 2023. Excluding currency effects, sales in South America were up 7% compared with 2023, reflecting improved medium- and heavy-duty truck production volumes. Excluding currency effects, sales in Asia Pacific decreased 4% compared to 2023, reflecting lower electric vehicle related product sales.

Cost of sales and gross margin — Cost of sales for the first quarter of 2024 increased $76, or 3%, when compared to 2023. Cost of sales as a percent of sales was 20 basis points lower than in the previous year. Incremental margins provided by increased sales volumes, higher material cost savings of $35, lower premium freight costs of $15, lower warranty expense of $6, lower commodity costs of $5 and lower program launch costs of $3 were partially offset by non-material inflationary cost impacts of $45, higher spending on electrification initiatives of $10, operational inefficiencies of $9 and unfavorable product mix. Commodity costs are primarily driven by certain grades of steel and aluminum. Non-material inflation includes higher labor, energy and transportation rates.

Gross margin of $244 for the first quarter of 2024 increased $15 from 2023. Gross margin as a percent of sales was 8.9% in the first quarter of 2024, 20 basis points higher than in 2023. The improvement in gross margin as a percent of sales was driven principally by the cost of sales factors referenced above. Material cost recovery mechanisms with our customers lag material cost changes by our suppliers by approximately 90 days. With commodity costs abating during the first quarter of 2024, gross margin was negatively impacted by net material cost recoveries on both a dollar and percentage basis. The recovery of non-material inflation is not specifically provided for in our current contracts with customers resulting in prolonged negotiations and indeterminate recoveries.

Selling, general and administrative expenses (SG&A) — SG&A expenses in the first quarter of 2024 were $139 (5.1% of sales) as compared to $140 (5.3% of sales) in the first quarter of 2023. SG&A expenses were $1 lower in the first quarter of 2024 with higher salaried employee wages and incentive compensation and increased software technology investments being offset by lower provisions for doubtful accounts and lower professional services and consulting costs.

Amortization of intangibles — Amortization expense was $3 in both the first quarter of 2024 and the first quarter of 2023. See Note 3 of our consolidated financial statements in Item 1 of Part I for additional information.

Restructuring charges, net — Net restructuring charges were $5 in the first quarter of 2024 and $1 in the first quarter of 2023. See Note 4 of our consolidated financial statements in Item 1 of Part I for additional information.

Loss on disposal group held for sale — In February 2024, we entered into a definitive agreement to sell our European hydraulics business to HPIH S.à r.l. for approximately $40. The sale price is subject to adjustment based on net working capital and net financial position balances as of the closing date. We classified the disposal group as held for sale, recognizing a $29 loss to adjust the carrying value of net assets to fair value less estimated costs to sell. See Note 2 of our consolidated financial statements in Item 1 of Part I for additional information.

Other income (expense), net — The following table shows the major components of other income (expense), net.

	Three Months Ended March 31,	
	2024	2023
Non-service cost components of pension and OPEB costs	$ (4)	$ (3)
Government assistance	1	1
Foreign exchange gain	1	4
Strategic transaction expenses	(2)	(1)
Other, net	6	4
Other income (expense), net	$ 2	$ 5

Strategic transaction expenses relate primarily to costs incurred in connection with acquisition and divestiture related activities, including costs to complete the transaction and post-closing integration costs, and other strategic initiatives. Strategic transaction expenses in the first quarter of 2024 and 2023 were primarily attributable to investigating potential acquisitions and business ventures and other strategic initiatives.

Interest income and interest expense — Interest income was $4 in both the first quarter of 2024 and the first quarter of 2023. Interest expense increased from $34 in the first quarter of 2023 to $39 in the first quarter of 2024, due to higher interest rates on outstanding borrowings. Average effective interest rates, inclusive of amortization of debt issuance costs, approximated 5.8% in the first quarter of 2024 and 5.0% in the first quarter of 2023.

Income tax expense — We reported income tax expense of $37 and $30 for the first quarter of 2024 and 2023, respectively. Our effective tax rates were 106% and 50% for the first quarter of 2024 and 2023, respectively. During the first quarter of 2024, we recorded tax expense of $11 for valuation allowances related to foreign locations. Our effective income tax rates vary from the U.S. federal statutory rate of 21% due to establishment, release and adjustment of valuation allowances in several countries outside the U.S., different statutory tax rates outside the U.S. and withholding taxes related to repatriations of international earnings. The effective income tax rate may vary significantly due to fluctuations in the amounts and sources, both foreign and domestic, of pretax income and changes in the amounts of nondeductible expenses.

Equity in earnings of affiliates — Net earnings from equity investments was $2 in the first quarter of 2024 and $1 in the first quarter of 2023. Net earnings from Dongfeng Dana Axle Co., Ltd. (DDAC) were de minimis in the first quarter of 2024 and the first quarter of 2023.

Segment Results of Operations (2024 versus 2023)

Light Vehicle

	Three Months				
	Sales		Segment EBITDA		Segment EBITDA Margin
2023	$	962	$	49	5.1%
Volume and mix		113		28	
Performance		27		(9)	
Currency effects		(4)		(1)	
2024	$	1,098	$	67	6.1%

Light Vehicle sales in the first quarter of 2024, exclusive of currency effects, were 15% higher than 2023 reflecting mixed global markets, having a full quarter of production on a full-frame light-truck customer program that launched and was ramping up production in the first quarter of last year, the conversion of sales backlog and the benefit of net customer pricing and cost recovery actions. Year-over-year North America full-frame light-truck production was flat in this year's first quarter while light-truck production in Asia Pacific increased 2%. Year-over-year light-truck production in Europe and South America both decreased 3% in this year's first quarter. Net customer pricing and cost recovery actions increased year-over-year sales by $27.

Light Vehicle first-quarter segment EBITDA increased by $18 compared to the prior year. Higher sales volumes increased year-over-year earnings by $28 (25% incremental margin). The year-over-year performance-related earnings decrease was driven by inflationary cost increases of $44, higher spending on electrification initiatives of $11, operational inefficiencies of $5, commodity cost increases of $4 and higher incentive compensation expense of $1. Partially offsetting these performance-related earnings decreases were net customer pricing and cost recovery actions of $27, higher material cost savings of $13, lower premium freight costs of $7, lower warranty expense of $5 and lower program launch costs of $4.

Commercial Vehicle

	Three Months				
	Sales		Segment EBITDA		Segment EBITDA Margin
2023	$	522	$	17	3.3%
Volume and mix		(9)		(16)	
Performance		7		16	
Currency effects		4			
2024	$	524	$	17	3.2%

Commercial Vehicle sales in the first quarter of 2024, exclusive of currency effects, were flat with 2023 reflecting mixed global markets, the conversion of sales backlog and the benefit of net customer pricing and cost recovery actions. Year-over-year Class 8 production in North America was down 2% while Classes 5-7 was down 3% in this year's first quarter. Year-over-year medium/heavy-truck production in Europe was down 15% while medium/heavy-truck production in South America was up 17%. Year-over-year our sales in Asia Pacific decreased due to lower electric-vehicle product orders. Net customer pricing and cost recovery actions increased year-over-year sales by $7.

Commercial Vehicle first-quarter segment EBITDA was flat compared to the prior year. Lower sales volumes decreased year-over-year earnings by $16 (178% decremental margin) with product mix significantly impacting margins. The year-over-year performance-related earnings increase was driven by lower spending on electrification initiatives of $8, net customer pricing and cost recovery actions of $7, higher material cost savings of $7 and lower premium freight costs of $5. Partially offsetting these performance-related earnings increases were operational inefficiencies of $7, inflationary cost increases of $2, higher warranty expense of $1 and higher program launch costs of $1.

Off-Highway

	Three Months		
	Sales	Segment EBITDA	Segment EBITDA Margin
2023	$ 842	$ 118	14.0%
Volume and mix	(55)	(17)	
Performance	(8)	14	
Currency effects	2		
2024	$ 781	$ 115	14.7%

Off-Highway sales in the first quarter of 2024, exclusive of currency effects, were 7% lower than 2023 reflecting softening global markets and the impact of net customer pricing and cost recovery actions, partially offset by the conversion of sales backlog. Year-over-year global construction/mining equipment and agricultural equipment markets are showing signs of softening, especially in Europe. Year-over-year first quarter construction/mining equipment and agricultural equipment production in Europe were down 10% and 15%, respectively. Net customer pricing and cost recovery actions decreased year-over-year sales by $8.

Off-Highway first-quarter segment EBITDA decreased by $3 comparted to the prior year. Lower sales volumes decreased year-over-year earnings by $17 (31% decremental margin). The year-over-year performance-related earnings increase was driven by higher material cost savings of $9, commodity cost decreases of $7, lower warranty expense of $2, lower premium freight costs of $2, operational efficiencies of $2 and non-material cost decreases of $1. These performance-related earnings increases were partially offset by net customer pricing and cost recovery actions of $8 and higher incentive compensation expense of $1.

Power Technologies

	Three Months		
	Sales	Segment EBITDA	Segment EBITDA Margin
2023	$ 318	$ 23	7.2%
Volume and mix	4		
Performance	9	4	
Currency effects	1		
2024	$ 332	$ 27	8.1%

Power Technologies primarily serves the light-vehicle market but also sells product to the medium/heavy-truck and off-highway markets. Power Technologies sales in the first quarter of 2024, exclusive of currency effects, were 4% higher than 2023, reflecting mixed global markets, the conversion of sales backlog and the impact of net customer pricing actions. Year-over-year light vehicle engine products was up 2% in North America and down 3% in Europe. In addition, our first quarter sales in Europe were impacted by lower electric-vehicle product orders. Net customer pricing and cost recovery actions increased year-over-year sales by $9.

Power Technologies first-quarter segment EBITDA increased by $4 compared to the prior year. The EBITDA benefit of higher sales volumes was offset by unfavorable product mix. The year-over-year performance-related earnings increase was driven by net customer pricing and cost recovery actions of $9, higher material cost savings of $6, commodity cost decreases of $2 and lower premium freight costs of $1. These performance-related earnings increases were partially offset by operational inefficiencies of $12 and inflationary cost increases of $2.

Non-GAAP Financial Measures

Adjusted EBITDA

We have defined adjusted EBITDA as net income (loss) before interest, income taxes, depreciation, amortization, equity grant expense, restructuring expense, non-service cost components of pension and other postretirement benefits (OPEB) 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.

The following table provides a reconciliation of net income to adjusted EBITDA.

	Three Months Ended March 31,	
	2024	2023
Net income	$ —	$ 31
Equity in earnings of affiliates	2	1
Income tax expense	37	30
Earnings before income taxes	35	60
Depreciation and amortization	106	97
Restructuring charges, net	5	1
Interest expense, net	35	30
Distressed supplier costs		8
Loss on disposal group held for sale	29	
Other*	13	8
Adjusted EBITDA	$ 223	$ 204

* Other includes stock compensation expense, non-service cost components of pension and OPEB costs, strategic transaction expenses and other items. See Note 18 to our consolidated financial statements in Item 1 of Part I for additional details.

Free Cash Flow

We have defined free cash flow as cash provided by operating activities less purchases of property, plant and equipment. We believe free cash flow 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 not intended to represent nor be an alternative to the measure of net cash provided by operating activities reported in accordance with GAAP. Free cash flow may not be comparable to similarly titled measures reported by other companies.

The following table reconciles net cash flows provided by operating activities to free cash flow.

	Three Months Ended March 31,	
	2024	2023
Net cash used in operating activities	$ (102)	$ (170)
Purchases of property, plant and equipment	(70)	(120)
Free cash flow	$ (172)	$ (290)

Liquidity

The following table provides a reconciliation of cash and cash equivalents to liquidity, a non-GAAP measure, at March 31, 2024:

Cash and cash equivalents	$ 351
Less: Deposits supporting obligations	—
Available cash	351
Additional cash availability from Revolving Facility	1,126
Total liquidity	$ 1,477

We had availability of $1,126 at March 31, 2024 under our Revolving Facility after deducting $15 of outstanding borrowings and $9 of outstanding letters of credit.

The components of our March 31, 2024 consolidated cash balance were as follows:

	U.S.	Non-U.S.	Total
Cash and cash equivalents	$ —	$ 240	$ 240
Cash and cash equivalents held at less than wholly-owned subsidiaries	3	108	111
Consolidated cash balance	$ 3	$ 348	$ 351

A portion of the non-U.S. cash and cash equivalents is utilized for working capital and other operating purposes. Several countries have local regulatory requirements that restrict the ability of our operations to repatriate this cash. Beyond these restrictions, there are practical limitations on repatriation of cash from certain subsidiaries because of the resulting tax withholdings and subsidiary by-law restrictions which could limit our ability to access cash and other assets.

At March 31, 2024, we were in compliance with the covenants of our financing agreements. Under the Revolving Facility and our senior notes, we are required to comply with certain incurrence-based covenants customary for facilities of these types. The incurrence-based covenants in the Revolving Facility permit us to, among other things, (i) issue foreign subsidiary indebtedness, (ii) incur general secured indebtedness subject to a pro forma first lien net leverage ratio not to exceed 1.50:1.00 in the case of first lien debt and a pro forma secured net leverage ratio of 2.50:1.00 in the case of other secured debt and (iii) incur additional unsecured debt subject to a pro forma total net leverage ratio not to exceed 3.50:1.00, tested at the time of incurrence. We may also make dividend payments in respect of our common stock as well as certain investments and acquisitions subject to a pro forma total net leverage ratio of 2.75:1.00. In addition, the Revolving Facility is subject to a financial covenant requiring us to maintain a first lien net leverage ratio not to exceed 2.00:1.00. The indentures governing the senior notes include other incurrence-based covenants that may subject us to additional specified limitations.

From time to time, depending upon market, pricing and other conditions, as well as our cash balances and liquidity, we may seek to acquire our senior notes or other indebtedness through open market purchases, privately negotiated transactions, tender offers, exchange offers or otherwise, upon such terms and at such prices as we may determine (or as may be provided for in the indentures governing the notes), for cash, securities or other consideration. In addition, we may enter into sale-leaseback transactions related to certain of our real estate holdings and factor receivables. There can be no assurance that we will pursue any such transactions in the future, as the pursuit of any alternative will depend upon numerous factors such as market conditions, our financial performance and the limitations applicable to such transactions under our financing and governance documents.

The principal sources of liquidity available for our future cash requirements are expected to be (i) cash flows from operations, (ii) cash and cash equivalents on hand and (iii) borrowings from our Revolving Facility. We believe that our overall liquidity and operating cash flow will be sufficient to meet our anticipated cash requirements for capital expenditures, working capital, debt obligations and other commitments during the next twelve months. While uncertainty surrounding the current economic environment could adversely impact our business, based on our current financial position, we believe it is unlikely that any such effects would preclude us from maintaining sufficient liquidity.

Cash Flow

The following table summarizes our consolidated statement of cash flows:

	Three Months Ended March 31,	
	2024	2023
Cash used for changes in working capital	$ (251)	$ (304)
Other cash provided by operations	149	134
Net cash used in operating activities	(102)	(170)
Net cash used in investing activities	(63)	(118)
Net cash provided by financing activities	1	255
Net decrease in cash, cash equivalents and restricted cash	$ (164)	$ (33)

Operating activities — Exclusive of working capital, other cash provided by operations was $149 in 2024 and $134 in 2023. The year-over-year increase is primarily attributable to higher operating earnings in 2024, partially offset by higher year-over-year cash paid for interest.

Working capital used cash of $251 and $304 in 2024 and 2023. Cash of $169 and $270 was used to finance receivables in 2024 and 2023, respectively. Cash of $18 and $104 was used to fund higher inventory levels in 2024 and 2023, respectively. Decreases in accounts payable and other net liabilities used cash of $64 in 2024 while increases in accounts payable and other net liabilities provided cash of $70 in 2023.

Investing activities — Expenditures for property, plant and equipment were $70 and $120 during 2024 and 2023. The decrease in capital spending during 2024 is primarily due to the year-over-year calendarization of capital spend being lower in this year’s first quarter.

Financing activities — During 2024 and 2023, we had net borrowings of $15 and $270 on our Revolving Facility. During 2024, we paid the $25 note payable due to the former owners of SME S.p.A. During 2023, we paid financing costs of $2 to amend our credit and guaranty agreement, extending the Revolving Facility maturity to March 14, 2028. We used cash of $15 for dividend payments to common stockholders during both 2024 and 2023. Distributions to noncontrolling interests totaled $3 in 2024 and $1 in 2023. Hydro-Québec made cash contributions to Dana TM4 of $9 in 2024 and $10 in 2023. During 2024, we received $11 from Hydro-Québec, which represents deferred purchase consideration associated with their acquisition of a 45% ownership interest in SME S.p.A. from Dana.

Off-Balance Sheet Arrangements

There have been no material changes at March 31, 2024 in our off-balance sheet arrangements from those reported or estimated in the disclosures in Item 7 of our 2023 Form 10-K.

Contractual Obligations

There have been no material changes in our contractual obligations from those disclosed in Item 7 of our 2023 From 10-K.

Contingencies

For a summary of litigation and other contingencies, see Note 13 to our consolidated financial statements in Item 1 of Part I. Based on information available to us at the present time, we do not believe that any liabilities beyond the amounts already accrued that may result from these contingencies will have a material adverse effect on our liquidity, financial condition or results of operations.

Critical Accounting Estimates

The preparation of our consolidated financial statements in accordance with GAAP requires us to use estimates and make judgments and assumptions about future events that affect the reported amounts of assets, liabilities, revenue and expenses and the related disclosures. See Item 7 in our 2023 Form 10-K for a description of our critical accounting estimates and Note 1 to our consolidated financial statements in Item 8 of our 2023 Form 10-K for our significant accounting policies. There were no changes to our critical accounting estimates in the three months ended March 31, 2024. See Note 1 to our consolidated financial statements in this Form 10-Q for a discussion of new accounting guidance adopted during the first three months of 2024.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

There have been no material changes to market risk exposures related to changes in currency exchange rates, interest rates or commodity costs from those discussed in Item 7A of our 2023 Form 10-K.

Item 4. *Controls and Procedures*

Disclosure controls and procedures — We maintain disclosure controls and procedures that are designed to ensure that the information disclosed in the reports we file with the SEC under the Securities Exchange Act of 1934, as amended (the Exchange Act), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), as appropriate, to allow timely decisions regarding required disclosure.

Our management, with the participation of our CEO and CFO, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Our CEO and CFO have concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective.

Changes in internal control over financial reporting — There was no change in our internal control over financial reporting that occurred during our fiscal quarter ended March 31, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

CEO and CFO certifications — The certifications of our CEO and CFO that are attached to this report as Exhibits 31.1 and 31.2 include information about our disclosure controls and procedures and internal control over financial reporting. These certifications should be read in conjunction with the information contained in this Item 4 and in Item 9A of Part II of our 2023 Form 10-K for a more complete understanding of the matters covered by the certifications.

PART II – OTHER INFORMATION

Item 1. ***Legal Proceedings***

We are a party to various pending judicial and administrative proceedings that arose in the ordinary course of business. After reviewing the currently pending lawsuits and proceedings (including the probable outcomes, reasonably anticipated costs and expenses and our established reserves for uninsured liabilities), we do not believe that any liabilities that may result from these proceedings are reasonably likely to have a material adverse effect on our liquidity, financial condition or results of operations. Legal proceedings are also discussed in Note 13 to our consolidated financial statements in Item 1 of Part I of this Form 10-Q.

Item 1A. ***Risk Factors***

There have been no material changes in our risk factors disclosed in Item 1A of our 2023 Form 10-K.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

Issuer's purchases of equity securities — No shares of our common stock were repurchased during the first quarter of 2024.

Item 5. ***Other Information***

During the three months ended March 31, 2024, none of the Company’s directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any “non-Rule 10b5-1 trading arrangement".

Item 6. ***Exhibits***

Exhibit No.	Description
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer. Filed with this Report.
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer. Filed with this Report.
32	Section 1350 Certifications (pursuant to Section 906 of the Sarbanes-Oxley Act of 2002). Filed with this Report.
101	The following materials from Dana Incorporated’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Consolidated Statement of Operations, (ii) the Consolidated Statement of Comprehensive Income, (iii) the Consolidated Balance Sheet, (iv) the Consolidated Statement of Cash Flows and (v) Notes to the Consolidated Financial Statements. Filed with this Report.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

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, hereunto duly authorized.

	DANA INCORPORATED
Date: April 30, 2024	By: /s/ Timothy R. Kraus
	Timothy R. Kraus
	Senior Vice President and
	Chief Financial Officer

EXHIBIT 31.1

Certification of Chief Executive Officer

I, James K. Kamsickas, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Dana Incorporated;

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: April 30, 2024

/s/ James K. Kamsickas
James K. Kamsickas
Chairman and Chief Executive Officer

EXHIBIT 31.2

Certification of Chief Financial Officer

I, Timothy R. Kraus, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Dana Incorporated;

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: April 30, 2024

/s/ Timothy R. Kraus
Timothy R. Kraus
Senior Vice President and Chief Financial Officer

EXHIBIT 32

Certifications Pursuant to 18 U.S.C. Section 1350

In connection with the Quarterly Report of Dana Incorporated (Dana) on Form 10-Q for the three months ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the Report), each of the undersigned officers of Dana certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Dana as of the dates and for the periods expressed in the Report.

Date: April 30, 2024

/s/ James K. Kamsickas
James K. Kamsickas
Chairman and Chief Executive Officer

/s/ Timothy R. Kraus
Timothy R. Kraus
Senior Vice President and Chief Financial Officer