

## **DANA INCORPORATED**

### **Quarterly Financial Information and Reconciliations of Non-GAAP Financial Measures**

#### **Non-GAAP Financial Measures**

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

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

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

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

**DANA INCORPORATED**  
**Consolidated Statement of Operations (Unaudited)**  
**For the Three Months Ended September 30, 2020 and 2019**

(In millions, except per share amounts)

	Three Months Ended September 30,	
	2020	2019
<b>Net sales</b>	\$ 1,994	\$ 2,164
Costs and expenses		
Cost of sales	1,780	1,882
Selling, general and administrative expenses	111	128
Amortization of intangibles	4	2
Restructuring charges, net	2	5
Pension settlement charge		(2)
Other income (expense), net	(8)	(8)
Earnings before interest and income taxes	89	137
Interest income	3	3
Interest expense	38	31
Earnings before income taxes	54	109
Income tax expense	16	5
Equity in earnings of affiliates	7	8
<b>Net income</b>	45	112
Less: Noncontrolling interests net income	4	3
Less: Redeemable noncontrolling interests net loss	(4)	(2)
<b>Net income attributable to the parent company</b>	<u>\$ 45</u>	<u>\$ 111</u>
<b>Net income per share available to common stockholders</b>		
Basic	\$ 0.31	\$ 0.77
Diluted	\$ 0.31	\$ 0.77
Weighted-average shares outstanding - Basic	144.5	144.0
Weighted-average shares outstanding - Diluted	145.2	144.8

**DANA INCORPORATED**  
**Consolidated Statement of Operations (Unaudited)**  
**For the Nine Months Ended September 30, 2020 and 2019**

	Nine Months Ended	
	September 30,	
	2020	2019
(In millions, except per share amounts)		
<b>Net sales</b>	\$ 4,998	\$ 6,633
Costs and expenses		
Cost of sales	4,588	5,725
Selling, general and administrative expenses	299	404
Amortization of intangibles	10	8
Restructuring charges, net	21	23
Impairment of goodwill	(51)	
Pension settlement charge		(260)
Other income (expense), net	(5)	(31)
Earnings before interest and income taxes	24	182
Write-off deferred financing costs	(5)	
Interest income	7	8
Interest expense	99	92
Earnings (loss) before income taxes	(73)	98
Income tax expense (benefit)	34	(27)
Equity in earnings of affiliates	17	22
<b>Net income (loss)</b>	(90)	147
Less: Noncontrolling interests net income	6	9
Less: Redeemable noncontrolling interests net loss	(25)	(3)
<b>Net income (loss) attributable to the parent company</b>	<u>\$ (71)</u>	<u>\$ 141</u>
<b>Net income (loss) per share available to common stockholders</b>		
Basic	\$ (0.49)	\$ 0.98
Diluted	\$ (0.49)	\$ 0.97
Weighted-average shares outstanding - Basic	144.4	144.0
Weighted-average shares outstanding - Diluted	144.4	144.8

**DANA INCORPORATED**  
**Consolidated Statement of Comprehensive Income (Unaudited)**  
**For the Three Months Ended September 30, 2020 and 2019**

(In millions)

	Three Months Ended September 30,	
	2020	2019
<b>Net income</b>	\$ 45	\$ 112
Other comprehensive income (loss), net of tax:		
Currency translation adjustments	14	(46)
Hedging gains and losses	1	8
Defined benefit plans	4	5
Other comprehensive income (loss)	19	(33)
<b>Total comprehensive income</b>	64	79
Less: Comprehensive (income) loss attributable to noncontrolling interests	(15)	9
Less: Comprehensive (income) loss attributable to redeemable noncontrolling interests	8	(3)
<b>Comprehensive income attributable to the parent company</b>	<u>\$ 57</u>	<u>\$ 85</u>

**DANA INCORPORATED**  
**Consolidated Statement of Comprehensive Income (Unaudited)**  
**For the Nine Months Ended September 30, 2020 and 2019**

(In millions)

	Nine Months Ended September 30,	
	2020	2019
<b>Net income (loss)</b>	\$ (90)	\$ 147
Other comprehensive income (loss), net of tax:		
Currency translation adjustments	(133)	(16)
Hedging gains and losses	40	15
Defined benefit plans	11	365
Other comprehensive income (loss)	(82)	364
<b>Total comprehensive income (loss)</b>	(172)	511
Less: Comprehensive (income) loss attributable to noncontrolling interests	(7)	4
Less: Comprehensive (income) loss attributable to redeemable noncontrolling interests	25	(6)
<b>Comprehensive income (loss) attributable to the parent company</b>	<u>\$ (154)</u>	<u>\$ 509</u>

**DANA INCORPORATED**  
**Consolidated Balance Sheet (Unaudited)**  
**As of September 30, 2020 and December 31, 2019**

(In millions, except share and per share amounts)

	September 30, 2020	December 31, 2019
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 956	\$ 508
Marketable securities	22	19
Accounts receivable		
Trade, less allowance for doubtful accounts of \$7 in 2020 and \$9 in 2019	1,239	1,103
Other	171	202
Inventories	1,087	1,193
Other current assets	129	137
<b>Total current assets</b>	<b>3,604</b>	<b>3,162</b>
Goodwill	458	493
Intangibles	235	240
Deferred tax assets	594	580
Other noncurrent assets	126	120
Investments in affiliates	174	182
Operating lease assets	177	178
Property, plant and equipment, net	2,154	2,265
<b>Total assets</b>	<b>\$ 7,522</b>	<b>\$ 7,220</b>
<b>Liabilities and equity</b>		
Current liabilities		
Short-term debt	\$ 12	\$ 14
Current portion of long-term debt	35	20
Accounts payable	1,187	1,255
Accrued payroll and employee benefits	193	206
Taxes on income	59	46
Current portion of operating lease liabilities	43	42
Other accrued liabilities	308	262
<b>Total current liabilities</b>	<b>1,837</b>	<b>1,845</b>
Long-term debt, less debt issuance costs of \$31 in 2020 and \$28 in 2019	2,839	2,336
Noncurrent operating lease liabilities	141	140
Pension and postretirement obligations	457	459
Other noncurrent liabilities	303	305
<b>Total liabilities</b>	<b>5,577</b>	<b>5,085</b>
Commitments and contingencies		
Redeemable noncontrolling interests	152	167
Parent company stockholders' equity		
Preferred stock, 50,000,000 shares authorized, \$0.01 par value, no shares outstanding	-	-
Common stock, 450,000,000 shares authorized, \$0.01 par value, 144,491,212 and 143,942,539 shares outstanding	2	2
Additional paid-in capital	2,392	2,386
Retained earnings	535	622
Treasury stock, at cost (10,437,276 and 10,111,191 shares)	(156)	(150)
Accumulated other comprehensive loss	(1,070)	(987)
Total parent company stockholders' equity	<b>1,703</b>	<b>1,873</b>
Noncontrolling interests	90	95
<b>Total equity</b>	<b>1,793</b>	<b>1,968</b>
<b>Total liabilities and equity</b>	<b>\$ 7,522</b>	<b>\$ 7,220</b>

**DANA INCORPORATED**  
**Consolidated Statement of Cash Flows (Unaudited)**  
**For the Three Months Ended September 30, 2020 and 2019**

(In millions)

	Three Months Ended September 30,	
	2020	2019
<b>Operating activities</b>		
Net income	\$ 45	\$ 112
Depreciation	88	82
Amortization	6	4
Amortization of deferred financing charges	2	2
Earnings of affiliates, net of dividends received	(6)	(6)
Stock compensation expense	2	5
Deferred income taxes	(20)	(15)
Pension expense, net	1	
Change in working capital	178	50
Other, net	25	(3)
<b>Net cash provided by operating activities</b>	<b>321</b>	<b>231</b>
<b>Investing activities</b>		
Purchases of property, plant and equipment	(60)	(108)
Acquisition of businesses, net of cash acquired		(12)
Purchases of marketable securities	(21)	(12)
Proceeds from sales and maturities of marketable securities	19	7
Settlements of undesignated derivatives		(1)
Other, net	10	(6)
<b>Net cash used in investing activities</b>	<b>(52)</b>	<b>(132)</b>
<b>Financing activities</b>		
Net change in short-term debt	6	95
Proceeds from long-term debt	2	
Repayment of long-term debt	(9)	(102)
Deferred financing payments	(2)	(4)
Dividends paid to common stockholders		(14)
Distributions to noncontrolling interests	(7)	(2)
Sale of interest to noncontrolling shareholder		53
Contributions from noncontrolling interests	1	2
Other, net	(1)	
<b>Net cash provided by (used in) financing activities</b>	<b>(10)</b>	<b>28</b>
<b>Net increase in cash, cash equivalents and restricted cash</b>	<b>259</b>	<b>127</b>
Cash, cash equivalents and restricted cash – beginning of period	702	298
Effect of exchange rate changes on cash balances	5	(13)
<b>Cash, cash equivalents and restricted cash – end of period</b>	<b>\$ 966</b>	<b>\$ 412</b>

**DANA INCORPORATED**  
**Consolidated Statement of Cash Flows (Unaudited)**  
**For the Nine Months Ended September 30, 2020 and 2019**

(In millions)

	Nine Months Ended September 30,	
	2020	2019
<b>Operating activities</b>		
Net income (loss)	\$ (90)	\$ 147
Depreciation	257	235
Amortization	15	12
Amortization of deferred financing charges	6	5
Write-off of deferred financing costs	5	
Earnings of affiliates, net of dividends received	5	(3)
Stock compensation expense	5	15
Deferred income taxes	(28)	(120)
Pension expense, net	3	207
Impairment of goodwill	51	
Change in working capital	(50)	(197)
Other, net	16	(13)
<b>Net cash provided by operating activities</b>	<b>195</b>	<b>288</b>
<b>Investing activities</b>		
Purchases of property, plant and equipment	(181)	(298)
Acquisition of businesses, net of cash acquired	(6)	(666)
Purchases of marketable securities	(36)	(24)
Proceeds from sales and maturities of marketable securities	32	25
Settlements of undesignated derivatives	(5)	(20)
Other, net	3	(12)
<b>Net cash used in investing activities</b>	<b>(193)</b>	<b>(995)</b>
<b>Financing activities</b>		
Net change in short-term debt	(2)	92
Proceeds from long-term debt	512	675
Repayment of long-term debt	(12)	(121)
Deferred financing payments	(13)	(16)
Dividends paid to common stockholders	(15)	(43)
Distributions to noncontrolling interests	(10)	(14)
Sale of interest to noncontrolling shareholder		53
Contributions from noncontrolling interests	10	4
Payments to acquire noncontrolling interests	(1)	
Repurchases of common stock		(25)
Other, net	(3)	
<b>Net cash provided by financing activities</b>	<b>466</b>	<b>605</b>
<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>468</b>	<b>(102)</b>
Cash, cash equivalents and restricted cash – beginning of period	518	520
Effect of exchange rate changes on cash balances	(20)	(6)
<b>Cash, cash equivalents and restricted cash – end of period</b>	<b>\$ 966</b>	<b>\$ 412</b>



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

(In millions)	Three Months Ended	
	September 30,	
	2020	2019
<b>Net cash provided by operating activities</b>	\$ 321	\$ 231
Purchase of property, plant and equipment	(60)	(108)
<b>Free cash flow</b>	261	123
Discretionary pension contributions		2
<b>Adjusted free cash flow</b>	<u>\$ 261</u>	<u>\$ 125</u>

(In millions)	Nine Months Ended	
	September 30,	
	2020	2019
<b>Net cash provided by operating activities</b>	\$ 195	\$ 288
Purchase of property, plant and equipment	(181)	(298)
<b>Free cash flow</b>	14	(10)
Discretionary pension contributions		64
<b>Adjusted free cash flow</b>	<u>\$ 14</u>	<u>\$ 54</u>

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

(In millions)	Three Months Ended	
	September 30,	
	2020	2019
<b>Sales</b>		
Light Vehicle	\$ 913	\$ 930
Commercial Vehicle	314	398
Off-Highway	507	582
Power Technologies	260	254
<b>Total Sales</b>	<b>\$ 1,994</b>	<b>\$ 2,164</b>
<b>Segment EBITDA</b>		
Light Vehicle	\$ 89	\$ 113
Commercial Vehicle	16	33
Off-Highway	65	79
Power Technologies	34	28
<b>Total Segment EBITDA</b>	<b>204</b>	<b>253</b>
Corporate expense and other items, net	(3)	(3)
<b>Adjusted EBITDA</b>	<b>\$ 201</b>	<b>\$ 250</b>

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

(In millions)	Nine Months Ended	
	September 30,	
	2020	2019
<b>Sales</b>		
Light Vehicle	\$ 2,058	\$ 2,763
Commercial Vehicle	847	1,266
Off-Highway	1,440	1,808
Power Technologies	653	796
<b>Total Sales</b>	<b>\$ 4,998</b>	<b>\$ 6,633</b>
<b>Segment EBITDA</b>		
Light Vehicle	\$ 140	\$ 333
Commercial Vehicle	29	115
Off-Highway	175	264
Power Technologies	63	90
<b>Total Segment EBITDA</b>	<b>407</b>	<b>802</b>
Corporate expense and other items, net	(6)	(9)
<b>Adjusted EBITDA</b>	<b>\$ 401</b>	<b>\$ 793</b>

**DANA INCORPORATED****Reconciliation of Segment and Adjusted EBITDA to Net Income (Unaudited)****For the Three Months Ended September 30, 2020 and 2019**

(In millions)	Three Months Ended September 30,	
	2020	2019
<b>Segment EBITDA</b>	\$ 204	\$ 253
Corporate expense and other items, net	(3)	(3)
<b>Adjusted EBITDA</b>	201	250
Depreciation	(88)	(82)
Amortization	(6)	(4)
Non-service cost components of pension and OPEB costs	(3)	(4)
Restructuring charges, net	(2)	(5)
Stock compensation expense	(2)	(5)
Strategic transaction expenses	(4)	(8)
Acquisition related inventory adjustments		(3)
Pension settlement charges, net		(2)
Other items	(7)	
Earnings before interest and income taxes	89	137
Interest income	3	3
Interest expense	38	31
Earnings before income taxes	54	109
Income tax expense	16	5
Equity in earnings of affiliates	7	8
<b>Net income</b>	<u>\$ 45</u>	<u>\$ 112</u>

# DANA INCORPORATED

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

(In millions)

	Nine Months Ended September 30,	
	2020	2019
<b>Segment EBITDA</b>	\$ 407	\$ 802
Corporate expense and other items, net	(6)	(9)
<b>Adjusted EBITDA</b>	401	793
Depreciation	(257)	(235)
Amortization	(15)	(12)
Non-service cost components of pension and OPEB costs	(8)	(19)
Restructuring charges, net	(21)	(23)
Stock compensation expense	(5)	(15)
Strategic transaction expenses	(15)	(32)
Impairment of goodwill	(51)	
Acquisition related inventory adjustments		(12)
Non-income tax legal judgment		6
Pension settlement charges, net		(260)
Other items	(5)	(9)
Earnings before interest and income taxes	24	182
Write-off deferred financing costs	(5)	
Interest income	7	8
Interest expense	99	92
Earnings (loss) before income taxes	(73)	98
Income tax expense (benefit)	34	(27)
Equity in earnings of affiliates	17	22
<b>Net income (loss)</b>	<b>\$ (90)</b>	<b>\$ 147</b>

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

(In millions, except per share amounts)

	Three Months Ended September 30,	
	2020	2019
<b>Net income attributable to parent company</b>	<b>\$ 45</b>	<b>\$ 111</b>
Items impacting income before income taxes:		
Restructuring charges	3	5
Amortization	5	4
Strategic transaction expenses	4	8
Acquisition related inventory adjustments		3
Pension settlement charges		2
Other items		2
Items impacting income taxes:		
Net income tax expense on items above	(3)	(5)
Tax benefit attributable to utilization of federal tax credits, state tax law changes and valuation allowance adjustments	(1)	(22)
<b>Adjusted net income</b>	<b>\$ 53</b>	<b>\$ 108</b>
Diluted shares - as reported	145.2	144.8
Adjusted diluted shares	145.2	144.8
<b>Diluted adjusted EPS</b>	<b>\$ 0.37</b>	<b>\$ 0.74</b>

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

(In millions, except per share amounts)

	Nine Months Ended September 30,	
	2020	2019
<b>Net income (loss) attributable to parent company</b>	<b>\$ (71)</b>	<b>\$ 141</b>
Items impacting income before income taxes:		
Restructuring charges	21	23
Amortization	13	12
Strategic transaction expenses	15	32
Acquisition related inventory adjustments		12
Non-income tax legal judgment		(6)
Impairment of goodwill	31	
Pension settlement charges		260
Write-off deferred financing costs	5	
Loss on deal contingent forward		13
Items impacting income taxes:		
Net income tax expense on items above	(14)	(24)
Tax expense (benefit) attributable to utilization of federal tax credits, state tax law changes and valuation allowance adjustments	22	(116)
<b>Adjusted net income</b>	<b>\$ 22</b>	<b>\$ 347</b>
Diluted shares - as reported	144.9	144.8
Adjusted diluted shares	144.9	144.8
<b>Diluted adjusted EPS</b>	<b>\$ 0.15</b>	<b>\$ 2.40</b>