



2018 First-Quarter
Earnings Conference Call
April 30, 2018



People Finding A Better Way[®]





Safe Harbor Statement

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



Agenda



» *Introduction*

Craig Barber

*Senior Director,
Investor Relations and
Strategic Planning*

» *Business Review*

James Kamsickas

*President and
Chief Executive Officer*

» *Financial Review*

Jonathan Collins

*Executive Vice President
and Chief Financial Officer*



Q1 Highlights



» Higher Sales and Profit

- Sales of \$2.1 billion
 - 26% YOY sales growth, 17% organic
- Adjusted EBITDA of \$248 million
 - 21% YOY profit growth
 - 11.6% margin
- Net Income of \$108 million
 - 44% increase over prior year
- Diluted Adjusted EPS of \$0.75
 - 19% increase over prior year

» Raised Full-year Guidance

» Industry Recognition Continues...



Customer Centricity



 **Supplier of the Year**
Power Technologies

Supplier Excellence
Commercial Vehicle 



 **Supplier Quality**
Off-Highway

Partner-level Supplier
Power Technologies 




 **Superior Value Analysis**
Light Vehicle

VAVE and Localization
Light Vehicle 



 **Supplier Quality**
Commercial Vehicle

2017 Supplier Quality
Off-Highway 



2018 Jeep® Wrangler



2018 Jeep® Wrangler JL with Dana 44™ AdvanTEK®



Jeep® Wrangler JK with Ultimate Dana 80™ rear axle and Ultimate Dana 60™ front axle



2018 Jeep® Wrangler JL with Ultimate Dana 60™



Jeep® Wrangler JK with Ultimate Dana 60™

Jeep® Wrangler JK with Dana 44™ AdvanTEK®





Financial Review



2018 Q1 Results



- 26% sales growth in Q1 driven by backlog conversion, market demand, foreign currency translation, and acquisitions
- Margin headwinds due to expected higher launch costs vs. prior year
- Net income and EPS growth due to higher operating earnings
- Higher working capital usage to support launches and higher sales; mostly offset by higher earnings and lower capital spending

Changes from Prior Year

(\$ in millions)

	<u>Q1 '18</u>	<u>Q1 '17</u>	<u>Change</u>
Sales	\$ 2,138	\$ 1,701	\$ 437
Adjusted EBITDA	248	205	43
Margin	11.6%	12.1%	-50bps
EBIT	174	129	45
Interest Expense, Net	21	24	(3)
Income Tax Expense	48	30	18
Net Income (attributable to Dana)	108	75	33
Diluted Adjusted EPS	\$ 0.75	\$ 0.63	\$ 0.12
Operating Cash Flow	(28)	11	(39)
Capital Spending	65	96	(31)
Free Cash Flow	(93)	(85)	(8)

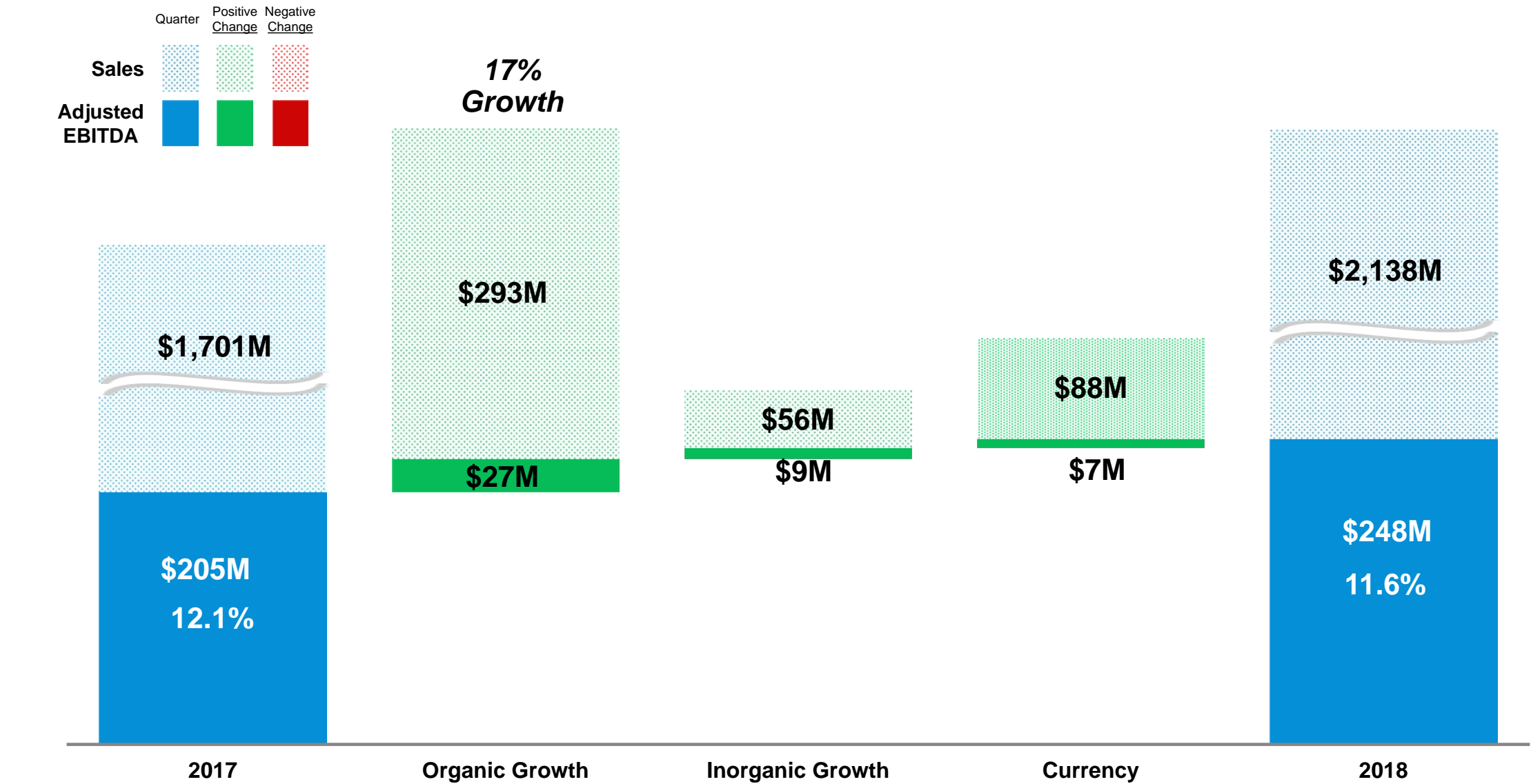
See appendix for comments regarding the presentation of non-GAAP measures





2018 Q1 Sales and Adj. EBITDA Changes

- 17% organic sales growth was a combination of converting backlog into sales and improved end-market demand
- All business units grew sales compared with last year's 1st quarter
- Higher launch costs muted margin on sales growth
- Acquisitions made in Q1 last year added sales and profit in their first full year
- Foreign currency, primarily the euro, provided tailwind to sales and profit



Delivered 26% sales growth

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



2018 Q1 Free Cash Flow



- Lower cash use for one-time costs due to higher acquisition and strategic expenses in Q1 2017 and lower restructuring payments
- Timing of cash interest has changed due to bond refinancing actions
- Higher working capital use, driven by higher incentive compensation payout in Q1 2018, as well as higher receivables and inventory due to increased sales
- Capital expenditures have normalized as Super Duty and Wrangler launches have been completed

First-Quarter Changes from Prior Year

(\$ in millions)

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Adjusted EBITDA	\$ 248	\$ 205	\$ 43
One Time Costs¹	(11)	(27)	16
Interest, net	(7)	(23)	16
Taxes	(21)	(19)	(2)
Working Capital / Other²	(237)	(125)	(112)
Operating Cash Flow	(28)	11	(39)
Capital Spending	(65)	(96)	31
Free Cash Flow	\$ (93)	\$ (85)	\$ (8)

First-quarter free cash flow in line with prior year

¹ Includes costs associated with business acquisitions, divestitures and restructuring. ² Changes in working capital relating to interest, taxes, restructuring and transaction costs are included in those respective categories. See appendix for comments regarding the presentation of non-GAAP measures



2018 FY Financial Guidance



- 4% increase in sales vs. original guidance due to currency translation and improving fundamentals in off-highway end markets driving increased customer demand
- Continued strong-market demand for light and commercial vehicles
- Adjusted EBITDA margin guidance improvement due to conversion on higher sales and the overachievement of synergy plans
- Free cash flow remains on target
- Diluted adjusted EPS guidance increased 5.5%

Sales

~\$7.9B

+/- \$150M

+\$300M vs original guide, 4% increase

Adjusted EBITDA

~\$980M

+/- \$30M, ~12.4% margin

+\$45M, +10bps vs original guide

Free Cash Flow

~3.5%

+130 bps vs 2017

Diluted Adjusted EPS

~\$2.90

+/- \$0.15

+\$0.15 vs original guide

Affirming recent full-year guidance increase

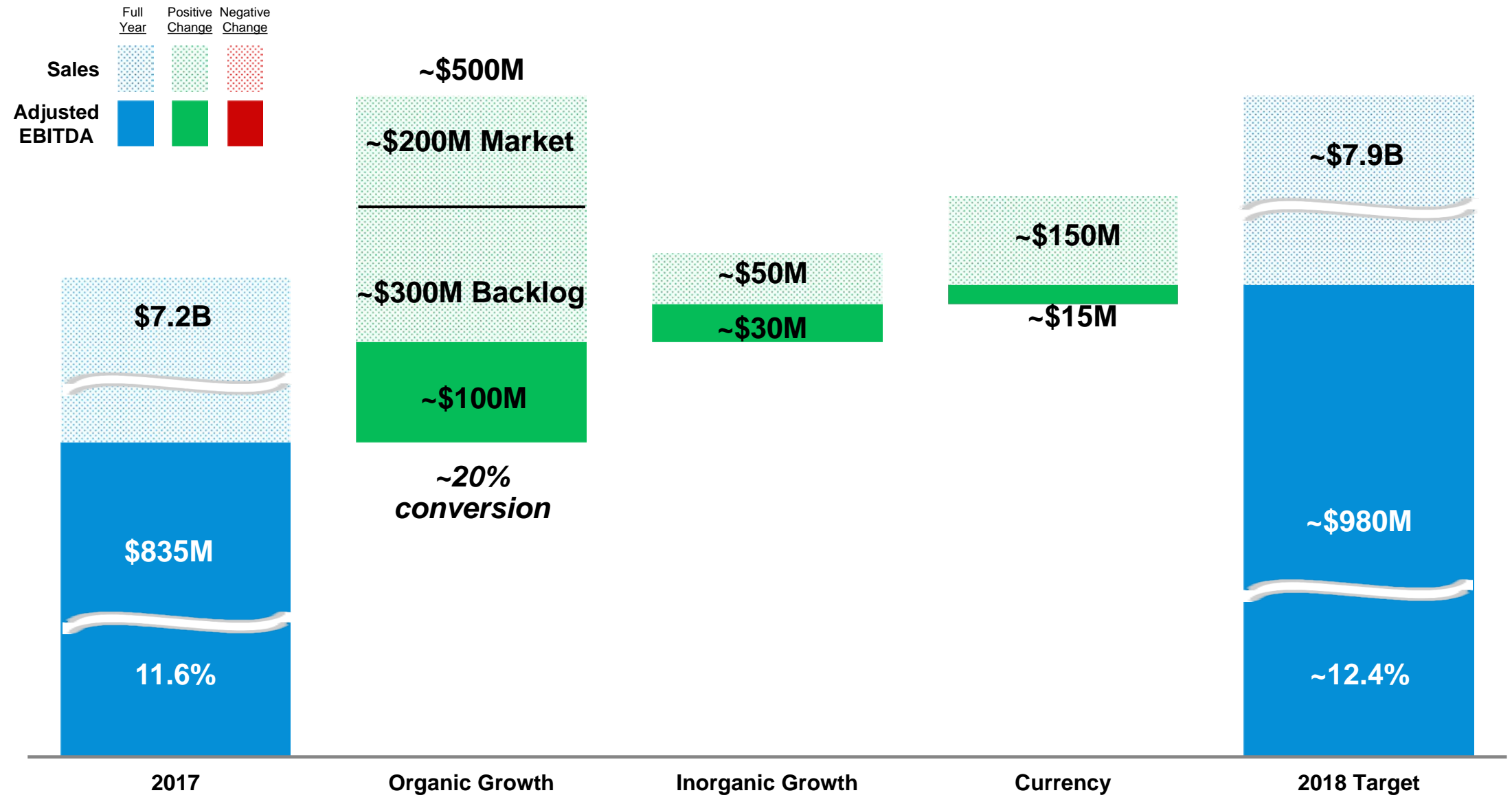
See appendix for comments regarding the presentation of non-GAAP measures





2018 FY Sales and Adj. EBITDA Changes

- » Sales growth of 10% compared with last year driven by conversion of backlog and improving end-market demand
- » Acquisitions that closed in the first quarter of 2017, net of divestiture expected in 2018, are increasing sales while expanding margins as cost synergies are realized faster than expected and at a higher rate
- » Foreign currency translation, primarily the euro, now expected to benefit full-year sales and profit



Growth and synergy execution driving +80 bps margin expansion

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



2018 FY Free Cash Flow Growth Drivers



- Lower one-time costs as 2017 acquisition integration and restructuring actions are completed
- Cash tax increase includes the one-time tax impacts of legal entity restructurings
- Higher working capital use driven primarily by timing of new business ramp-up and 2017 incentive compensation payments
- Capital spending levels subside in the wake of major program launch activity

Full-year Changes from Prior Year

(\$ in millions)

	<u>2018T</u>	<u>2017</u>	<u>Change</u>
Adjusted EBITDA	\$ ~980	\$ 835	\$ ~145
One Time Costs¹	~(30)	(57)	~30
Interest, net	~(95)	(94)	–
Taxes	~(145)	(87)	~(60)
Working Capital / Other²	~(110)	(43)	~(70)
Operating Cash Flow	~600	554	~45
Capital Spending	~(325)	(393)	~70
Free Cash Flow	\$~275	\$ 161	\$ ~115
	% of Sales	~3.5%	2.2%
			+130bps

Anticipating >80% profit growth conversion to FCF

¹ Includes costs associated with business acquisitions and divestitures and restructuring. ² Changes in working capital relating to interest, taxes, restructuring and transaction costs are included in those respective categories. See appendix for comments regarding the presentation of non-GAAP measures



Outlook



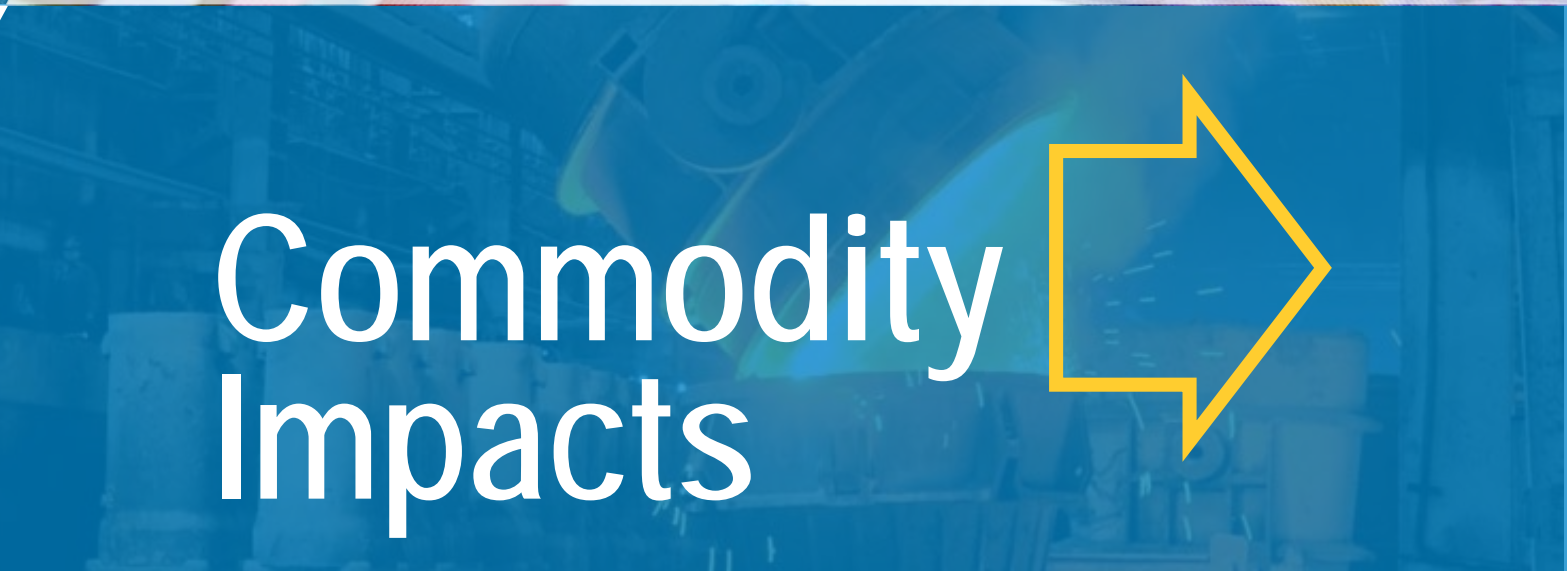
Mobility Markets



Currency



Backlog



Commodity Impacts



2018 sales and profit guidance exceed our long-term financial targets 1 year early

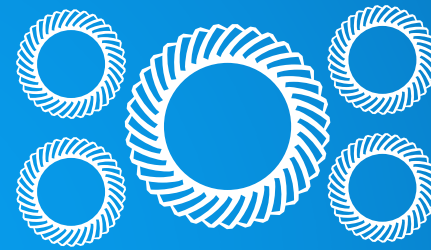




**Continued Strong
Financial Results**



**Growing New
Business Backlog**



**Advancing Enterprise
Strategy**



**Increasing
Shareholder Value**

People Finding A Better Way[®]



Appendix





2018 Forecast Assumptions

Key Production Assumptions

Units (000)	2017 Actuals	2018 Outlook
North America		
Light Trucks (Full Frame)	4,331	4,100 – 4,400
Light Vehicle Engines	14,828	14,800 – 15,100
Medium Truck (Class 5-7)	246	245 – 255
Heavy Truck (Class 8)	255	300 – 320
Agricultural Equipment	54	50 – 60
Construction/Mining Equipment	157	170 – 180
Europe (Incl. Eastern Europe)		
Light Trucks	10,276	10,600 – 10,900
Light Vehicle Engines	24,096	24,700 – 25,200
Medium/Heavy Truck	486	480 – 495
Agricultural Equipment	202	200 – 215
Construction/Mining Equipment	309	340 – 355
South America		
Light Trucks	1,235	1,300 – 1,500
Light Vehicle Engines	2,412	2,900 – 3,000
Medium/Heavy Truck	89	95 – 105
Agricultural Equipment	33	30 – 35
Construction/Mining Equipment	9	8 – 12
Asia Pacific		
Light Trucks	29,495	29,800 – 31,000
Light Vehicle Engines	52,543	52,500 – 53,500
Medium/Heavy Truck	2,039	1,850 – 2,050
Agricultural Equipment	653	640 – 670
Construction/Mining Equipment	441	485 – 505

Key Financial Assumptions

Currency

Euro / USD	1.20 - 1.30
USD / CAD	0.75 - 0.80
USD / BRL	3.30 - 3.50
USD / ARS	19.00 - 21.00
USD / MXN	17.50 - 19.50
GBP / USD	1.30 - 1.50

Taxes

Effective Tax Rate (Dil. Adj EPS)	~30%
Cash Tax Rate	~29%

SOURCE: IHS Global Insight, ACT, PSR, Dana Estimates

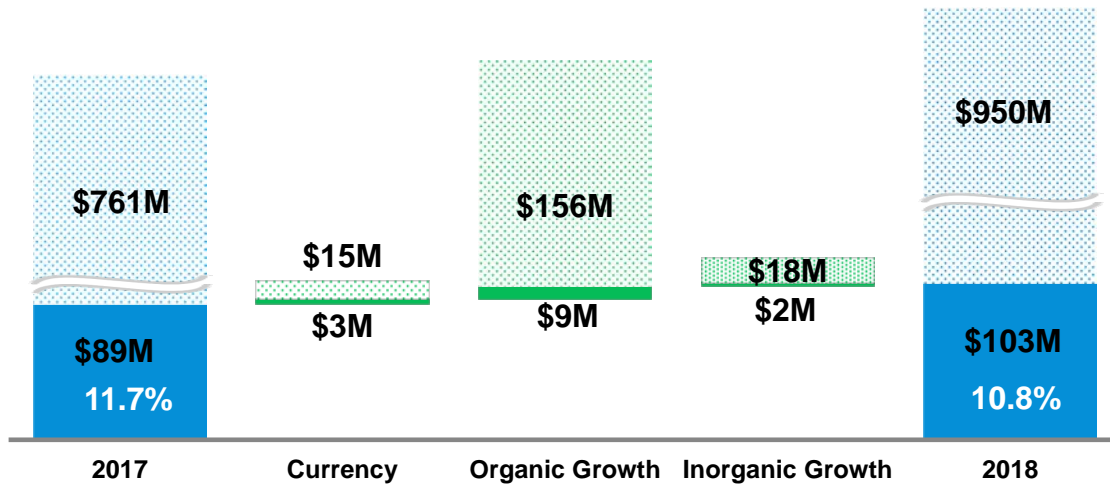




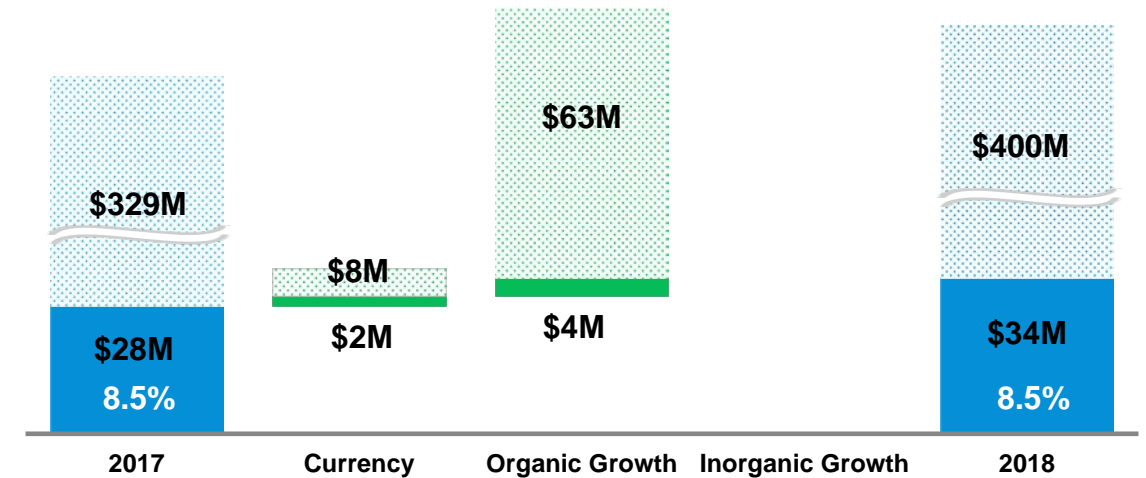
Q1 Sales and EBITDA Change by Segment



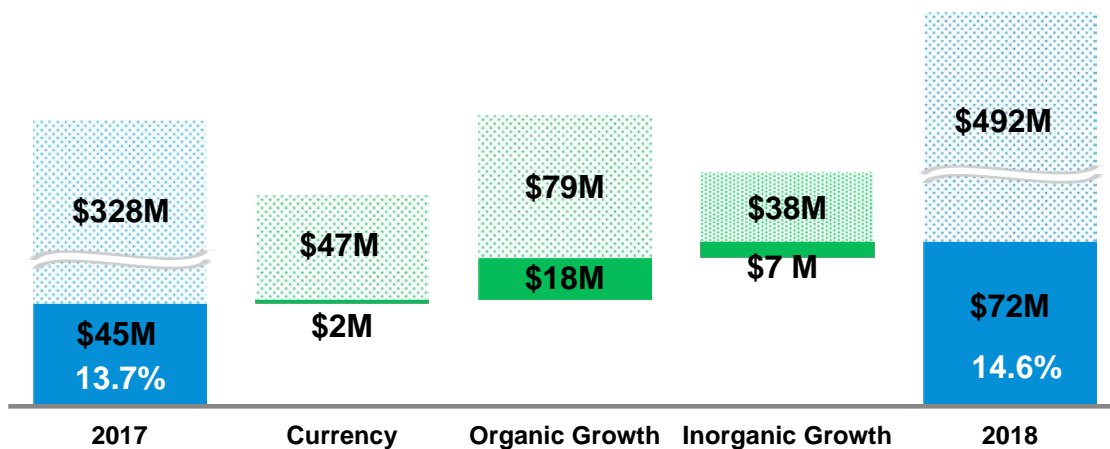
Light Vehicle Driveline



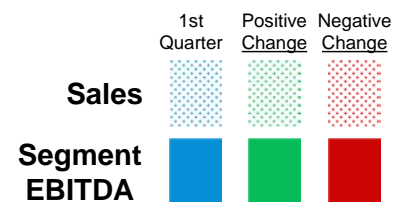
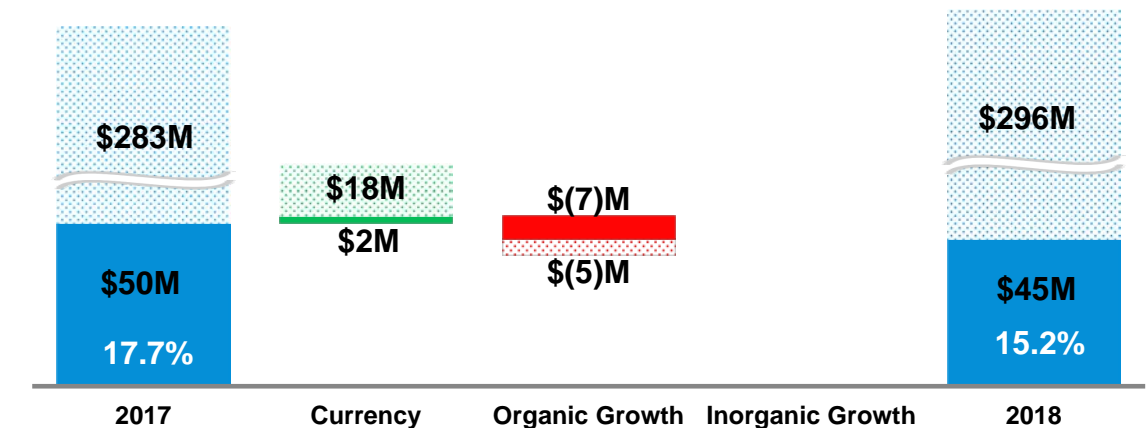
Commercial Vehicle Driveline



Off-Highway Drive and Motion



Power Technologies



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

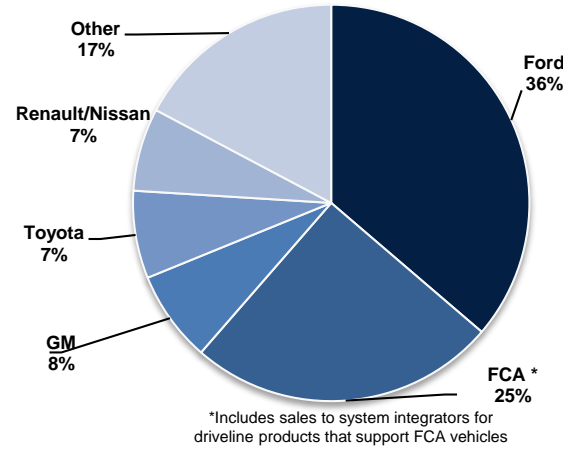


Segment Profiles

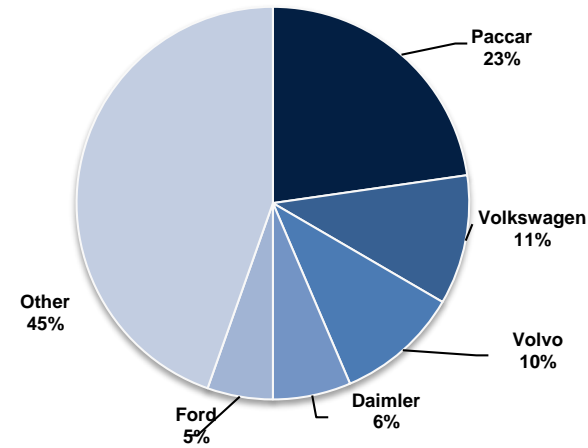


Customer Sales

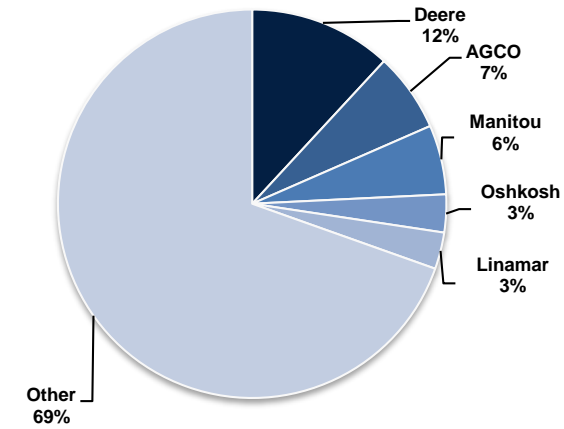
Light Vehicle Driveline
Year to Date 3/31/2018



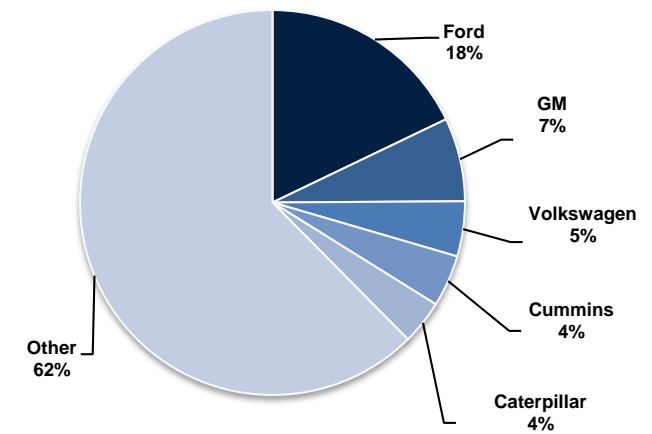
Commercial Vehicle Driveline
Year to Date 3/31/2018



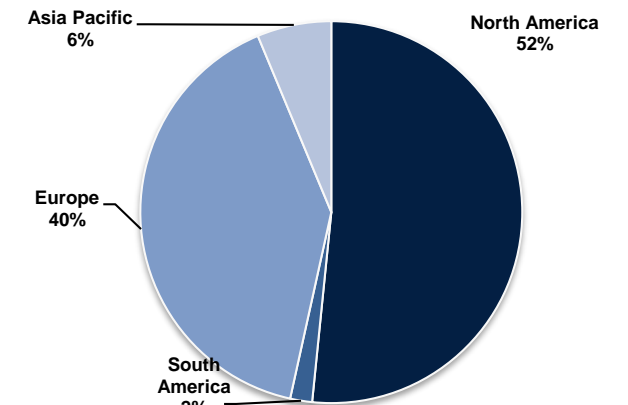
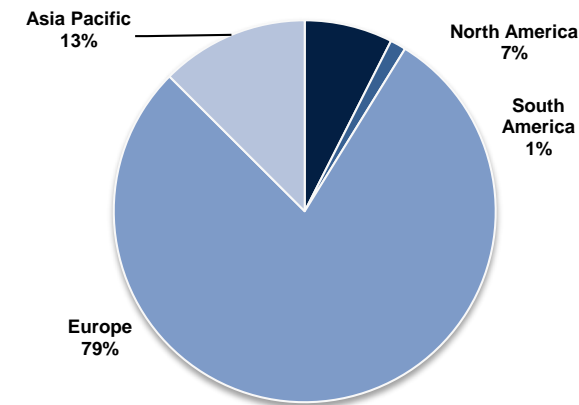
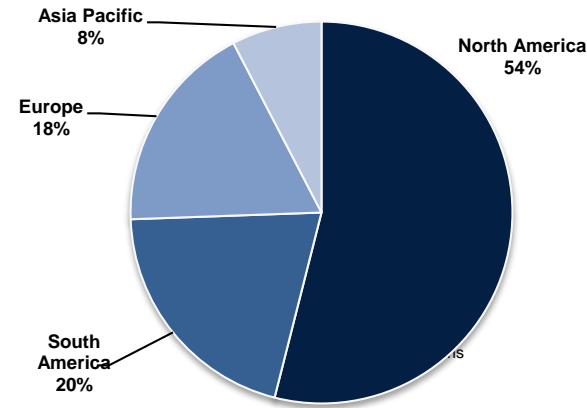
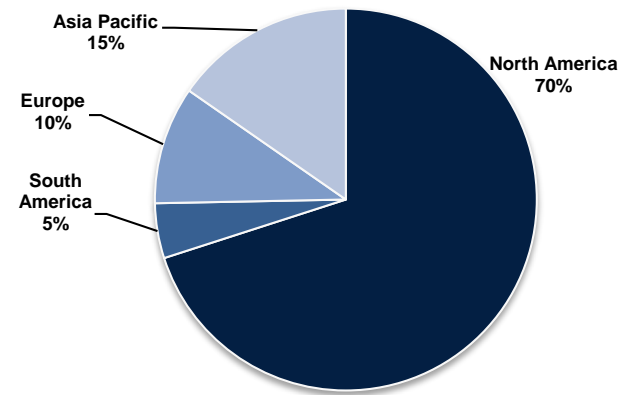
Off-Highway Drive and Motion
Year to Date 3/31/2018



Power Technologies
Year to Date 3/31/2018



Regional Sales



Performance

\$ Millions

	Q1	
	2018	2017
Sales	\$950	\$761
Segment EBITDA	\$103	\$89
EBITDA Margin	10.8%	11.7%

	Q1	
	2018	2017
Sales	\$400	\$329
Segment EBITDA	\$34	\$28
EBITDA Margin	8.5%	8.5%

	Q1	
	2018	2017
Sales	\$492	\$328
Segment EBITDA	\$72	\$45
EBITDA Margin	14.6%	13.7%

	Q1	
	2018	2017
Sales	\$296	\$283
Segment EBITDA	\$45	\$50
EBITDA Margin	15.2%	17.7%



Diluted Adjusted EPS



DANA INCORPORATED
Diluted Adjusted EPS (Unaudited)
For the Three Months Ended March 31, 2018 and 2017

(In millions, except per share amounts)

	Three Months Ended March 31,	
	2018	2017
Net income attributable to parent company	\$ 108	\$ 75
Items impacting income before income taxes:		
Restructuring charges	1	2
Amortization of intangibles	3	3
Strategic transaction expenses		11
Acquisition related inventory adjustments		6
Other items	(1)	
Items impacting income taxes:		
Net income tax expense on items above	(1)	(5)
Adjusted net income	<u>\$ 110</u>	<u>\$ 92</u>
Diluted shares - as reported	<u>147.5</u>	<u>145.9</u>
Adjusted diluted shares	<u>147.5</u>	<u>145.9</u>
Diluted adjusted EPS	\$ 0.75	\$ 0.63



Segment Data



DANA INCORPORATED

Segment Sales and Segment EBITDA (Unaudited) For the Three Months Ended March 31, 2018 and 2017

(In millions)	Three Months Ended	
	March 31,	
	2018	2017
Sales		
Light Vehicle	\$ 950	\$ 761
Commercial Vehicle	400	329
Off-Highway	492	328
Power Technologies	296	283
Total Sales	\$ 2,138	\$ 1,701
Segment EBITDA		
Light Vehicle	\$ 103	\$ 89
Commercial Vehicle	34	28
Off-Highway	72	45
Power Technologies	45	50
Total Segment EBITDA	254	212
Corporate expense and other items, net	(6)	(7)
Adjusted EBITDA	\$ 248	\$ 205

DANA INCORPORATED

Reconciliation of Segment and Adjusted EBITDA to Net Income (Unaudited) For the Three Months Ended March 31, 2018 and 2017

(In millions)	Three Months Ended	
	March 31,	
	2018	2017
Segment EBITDA	\$ 254	\$ 212
Corporate expense and other items, net	(6)	(7)
Adjusted EBITDA	248	205
Depreciation	(64)	(49)
Amortization of intangibles	(3)	(3)
Restructuring	(1)	(2)
Stock compensation expense	(4)	(4)
Strategic transaction expenses, net of transaction breakup fee income	1	(11)
Acquisition related inventory adjustments		(6)
Other items	(3)	(1)
Earnings before interest and income taxes	174	129
Interest expense	(24)	(27)
Interest income	3	3
Earnings before income taxes	153	105
Income tax expense	48	30
Equity in earnings of affiliates	6	5
Net income	\$ 111	\$ 80





Non-GAAP Financial Information

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

Diluted adjusted EPS is a non-GAAP financial measure, which we have defined as adjusted net income divided by adjusted diluted shares. We define adjusted net income as net income (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. This measure is considered useful for purposes of providing investors, analysts, and other interested parties with an indicator of ongoing financial performance that provides enhanced comparability to EPS reported by other companies. Diluted adjusted EPS is neither intended to represent nor be an alternative measure to diluted EPS reported under GAAP.

Free cash flow is a non-GAAP financial measure, which we have defined as cash provided by (used in) operating activities, less purchases of property, plant, and equipment. We believe this measure is useful to investors in evaluating the operational cash flow of the company inclusive of the spending required to maintain the operations. Free cash flow is neither intended to represent nor be an alternative to the measure of net cash provided by (used in) operating activities reported under GAAP. Free cash flow may not be comparable to similarly titled measures reported by other companies.

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

Please reference the “Non-GAAP financial information” on our website at www.dana.com/investors for our GAAP results and the reconciliations of these measures, where used, to the comparable GAAP measures.

