



# 2017 Second-Quarter Earnings Conference Call July 31, 2017





# 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



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» *Introduction*

*Craig Barber*

*Senior Director,  
Investor Relations and  
Strategic Planning*

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» *Business Update*

*James Kamsickas*

*President and  
Chief Executive Officer*

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» *Financial Review*

*Jonathan Collins*

*Executive Vice President  
and Chief Financial Officer*





# Q2 Highlights

## » Delivered Strong Financial Results

- Sales of \$1.8 billion
  - 19% YOY sales growth, 11% organic
  - 8% sequential increase
- Adjusted EBITDA of \$217 million
  - 11.8% Margin
- Diluted Adjusted EPS of \$0.68
  - 28% increase over prior year
- Free Cash Flow of \$96 million

## » Raised Full-Year Financial Guidance

## » Continued Enterprise Strategy Execution

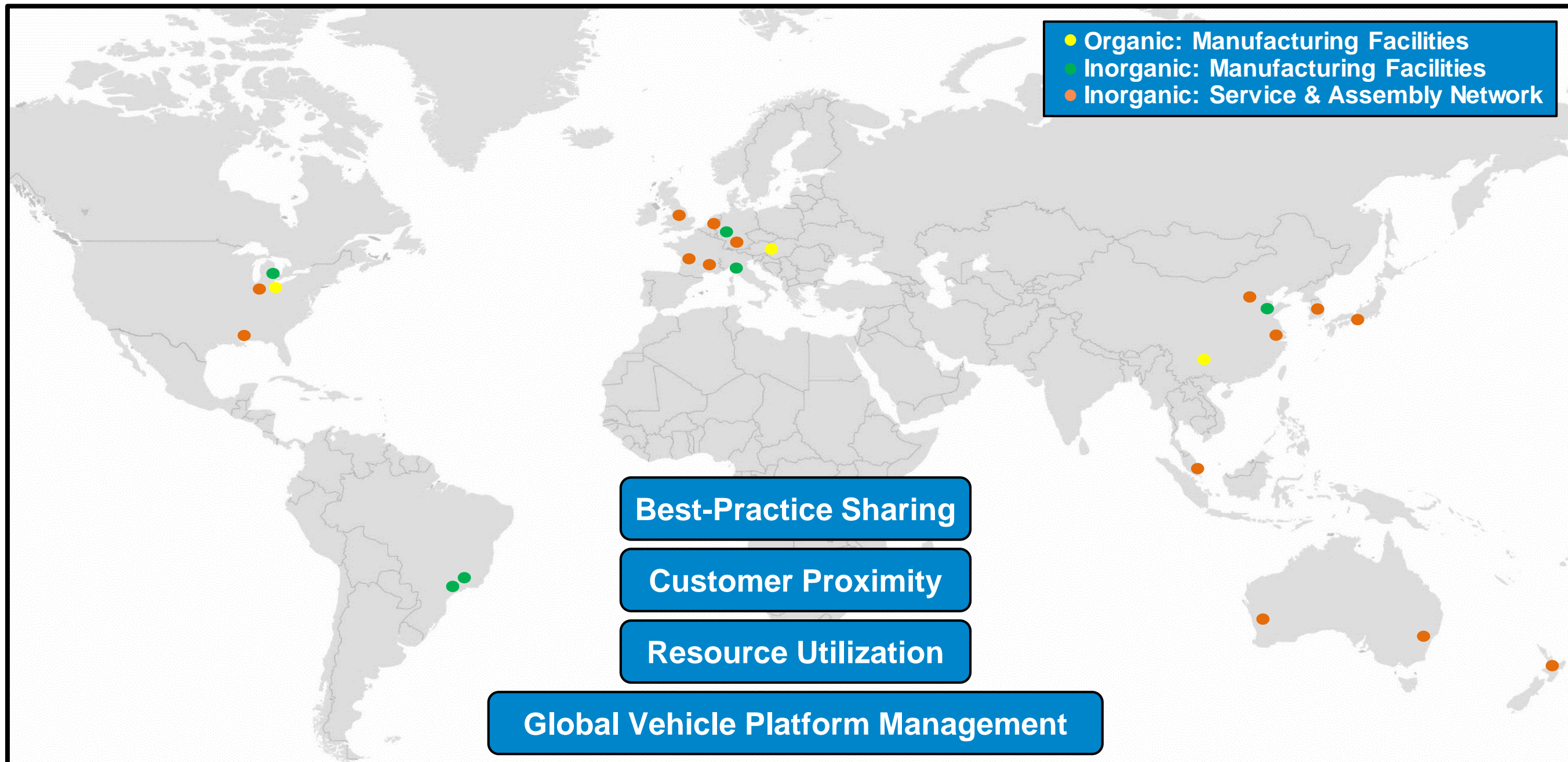


SHIFTING INTO  
**OVERDRIVE** >>>



# Enterprise Strategy Execution

## Expanding Global Footprint



# Enterprise Strategy Execution

## Customer Recognition of New Technology



*Innovation  
Supplier  
of the Year*



- » Recognizes extraordinary commitment to innovation
- » Exceptional advancements in heat exchanger technology



*World  
Excellence  
Award*



- » Awarded for exceptional innovation, quality and value
- » Industry leading axle technology with higher torque capacity and lower weight to achieve better fuel economy



*VW Crafter  
Van of  
the Year*



- » Driveline supplier for the International Van of the Year
- » Proprietary design integrates the all-wheel drive system with an electric locking differential



# Enterprise Strategy Execution

## Electrification Capabilities Leading to Business Growth



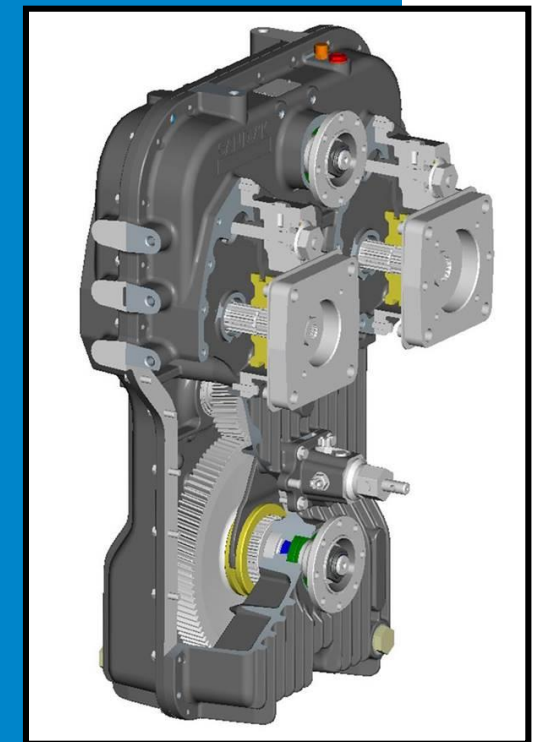
**SANDVIK**

THE DIFFERENCE IS ELECTRIFYING  
SANDVIK DD422iE



**SPICER**<sup>®</sup>  
ELECTRIFIED

- Industry-first, highly automatic mining vehicle with electric driveline
- Revolutionary driveline technology
- Reduces operating costs and environmental impact
- Dana electrification knowledge and experience transferable across:
  - End markets
  - Product portfolio



# Market Overview



## North America

- » North American economic growth stable
- » Light-truck production volume is expected to be flat in 2017
- » Class 8 truck production expected to be range of 220-240K units in 2017
- » Continued steady improvements in construction and mining end markets



## South America

- » Brazilian economic recovery tempered due to political uncertainty
- » Strong agriculture exports and decreased government spending in Brazil
- » Brazil medium/heavy-truck production has increased 15% YTD; bus production stabilizing
- » Argentinian economy now expected to grow by 2% in 2017



## Europe

- » Eurozone economic growth expected to be ~2% in 2017
- » Euro has strengthened against the U.S. dollar
- » Commercial-vehicle market expected to grow by 2%
- » Off-Highway end-markets moderately stronger; optimism returning to mining sector



## Asia Pacific

- » Strong economic growth expected in India, driven primarily by consumer spending and continued economic reforms
- » Chinese economic growth remains stable
- » Single-digit growth expected in light-truck market
- » Continued moderate growth in Australian mining market





# Business Overview



## Light Vehicle Driveline

- » Healthy sales volumes in light-truck platforms
  - Vehicle inventories in North America remain low
- » Light-truck volume in Argentina expected to be flat
  - Key Dana program Toyota Hilux remains strong
- » Jeep® Wrangler launch readiness proceeding as planned across multiple Dana facilities
- » Thailand light-truck production remains strong, +10% vs 2016



## Off-Highway Drive and Motion

- » Demand beginning to improve in mining end markets
- » Favorable product mix continues as construction end-markets remain healthy
- » Dana/Brevini customer cross-selling accelerating with new business wins
- » Brevini synergy plan yielding results



## Commercial Vehicle Driveline

- » Continued strong demand for specialty and medium-duty trucks in North America
- » Class 8 market showing resilience; Dana share in North America remains stable
- » Five Dana manufacturing facilities recognized with PACCAR quality award



## Power Technologies

- » Demand for light trucks driving favorable product mix
- » Sales benefiting from currency as the euro strengthens against the U.S. dollar
- » Six Dana manufacturing facilities recognized with GM supplier award





# Financial Review

2017 Second Quarter



# 2017 Q2 and H1 Financial Results



- 11% organic sales growth in Q2 driven primarily by converted backlog and higher end-market demand
- 100bps margin expansion in H1 due to strong conversion on sales growth
- EPS growth driven primarily by higher earnings

## Changes from Prior Year

(\$ in millions except EPS)

	<u>Q2 '17</u>	<u>Q2 '16</u>	<u>Change</u>	<u>H1 '17</u>	<u>H1 '16</u>	<u>Change</u>
<b>Sales</b>	\$ 1,840	\$ 1,546	\$ 294	\$ 3,541	\$ 2,995	\$ 546
<b>Adjusted EBITDA</b>	217	178	39	422	326	96
<b>Margin</b>	11.8%	11.5%	+30bps	11.9%	10.9%	+100bps
<b>EBIT</b>	130	125	5	259	221	38
<b>Interest Expense, Net</b>	25	28	(3)	49	52	(3)
<b>Income Tax Expense</b>	31	29	2	61	53	8
<b>Net Income</b> (attributable to Dana)	71	53	18	146	98	48
<b>Diluted Adjusted EPS</b>	\$ 0.68	\$ 0.53	\$ 0.15	\$ 1.31	\$ 0.87	\$ 0.44
<b>Cash Flow From Operations</b>	169	167	2	180	140	40
<b>Capital Spending</b>	73	59	14	169	130	39
<b>Free Cash Flow</b>	96	108	(12)	11	10	1

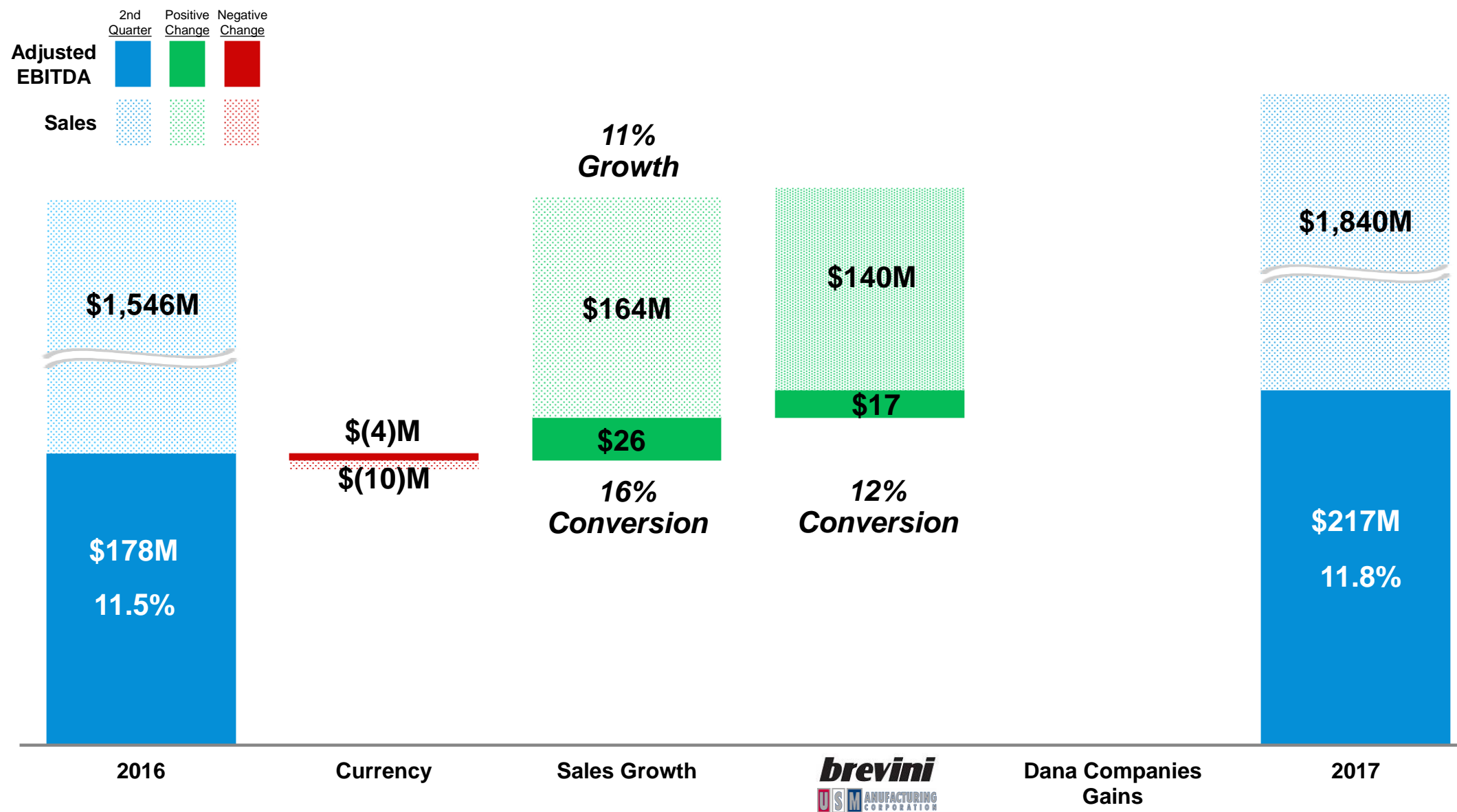
See appendix for comments regarding the presentation of non-GAAP measures





# 2017 Q2 Sales and Adj. EBITDA Changes

- Foreign currency remained a slight headwind to sales and profit
- 11% organic sales growth was a combination of converting backlog into sales and improved end-market demand
- Brevini and USM margins improved 300bps sequentially as synergies are achieved
- Dana Companies gains did not affect Q2 but rather will impact the FY



**19% sales growth delivered +30 bps growth**

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



# 2017 Q2 and H1 Free Cash Flow



- » Cash flow from operations were essentially flat in Q2 v. prior year as higher Adj. EBITDA was offset primarily by higher transactions costs and working capital
- » Q2 capital expenditures increased to support new business backlog
- » Free cash flow essentially flat in H1 as Adj. EBITDA growth used to fund a mix of organic and inorganic growth initiatives (restructuring, acquisitions, working capital, and capital expenditures)

Changes from Prior Year						
	(\$ in millions)					
	Q2 '17	Q2 '16	Change	H1 '17	H1 '16	Change
<b>Adjusted EBITDA</b>	\$ 217	\$ 178	\$ 39	\$ 422	\$ 326	\$ 96
<b>Interest, net</b>	(24)	(23)	(1)	(47)	(56)	9
<b>Taxes</b>	(17)	(14)	(3)	(36)	(33)	(3)
<b>Restructuring</b>	(5)	(4)	(1)	(19)	(7)	(12)
<b>Pension, net</b>	(1)	(2)	1	(3)	(9)	6
<b>Transaction Costs<sup>1</sup></b>	(8)	–	(8)	(21)	(3)	(18)
<b>Inter-Co. FX Hedge Settlements</b>	(3)	2	(5)	(2)	(7)	5
<b>USM Settlement of Trade Obligations</b>		–	–	(25)	–	(25)
<b>Working Capital / Other<sup>2</sup></b>	10	30	(20)	(89)	(71)	(18)
<b>Cash Flow from Operations</b>	169	167	2	180	140	40
<b>Capital Spending</b>	(73)	(59)	(14)	(169)	(130)	(39)
<b>Free Cash Flow</b>	\$ 96	\$ 108	(12)	\$ 11	\$ 10	1

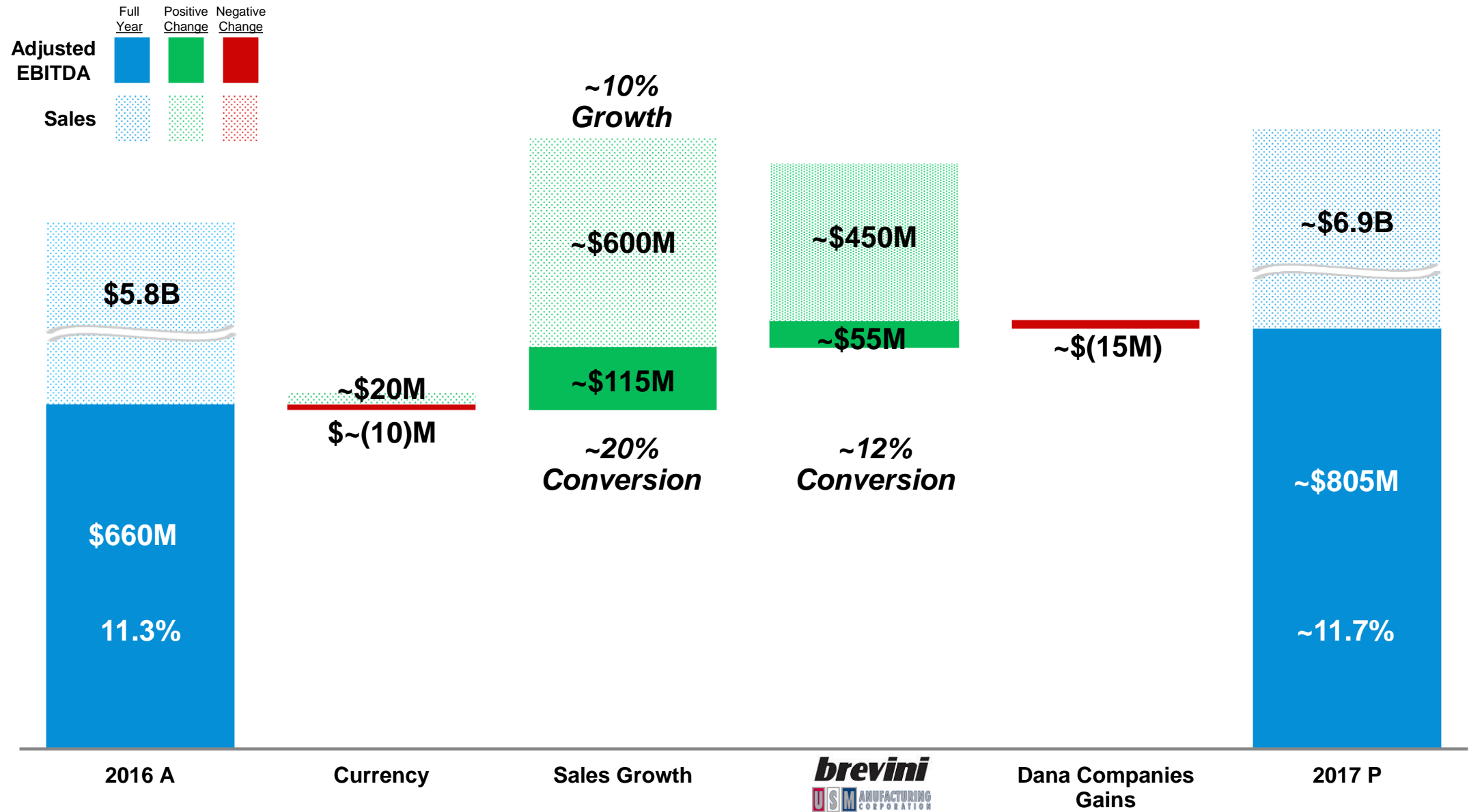
<sup>1</sup> Includes costs associated with business acquisitions and divestitures. <sup>2</sup> Changes in working capital relating to interest, taxes, restructuring and transactions costs are included in those respective categories. See appendix for comments regarding the presentation of non-GAAP measures





# 2017 FY Sales and Adj. EBITDA Changes

- Foreign currency translation expected to provide a modest benefit to sales while transactional losses detract from profit
- Approximately 1/3 of expected organic sales growth from conversion of new business backlog while remaining 2/3 from improved end-market demand
- Acquisitions that closed in the first quarter expected to provide material improvement to sales while compressing margins on a pre-synergy basis
- 2016 results included gains in Dana Companies, a subsidiary that was divested last year



**Poised to deliver profitable organic and inorganic growth**

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





# 2017 FY Free Cash Flow

- Majority of Adj. EBITDA growth to be re-invested in the business in both organic (restructuring and capital spending) and inorganic (transaction costs and USM trade settlement) growth initiatives
- FCF to improve from ~1% to ~1.5% of sales at peak capital spending level of ~6% of sales

## Full Year Changes from Prior Year

(\$ in millions)

	<u>2017P</u>	<u>2016A</u>	<u>Change</u>
<b>Adjusted EBITDA</b>	\$ ~805	\$ 660	\$ ~145
<b>Interest, net</b>	~(95)	(100)	~5
<b>Taxes</b>	~(85)	(89)	~5
<b>Restructuring</b>	~(35)	(15)	~(20)
<b>Transaction Costs<sup>1</sup></b>	~(25)	(9)	~(15)
<b>Pension, net</b>	~(5)	(16)	~10
<b>Inter-Co. FX Hedge Settlements</b>	~(5)	(21)	~15
<b>USM Settlement of Trade Obligations</b>	~(25)	–	~(25)
<b>Working Capital / Other<sup>2</sup></b>	~(30)	(26)	~(5)
<b>Cash Flow from Operations</b>	~500	384	~115
<b>Capital Spending</b>	~(400)	(322)	~(75)
<b>Free Cash Flow</b>	\$ ~100	\$ 62	~40

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

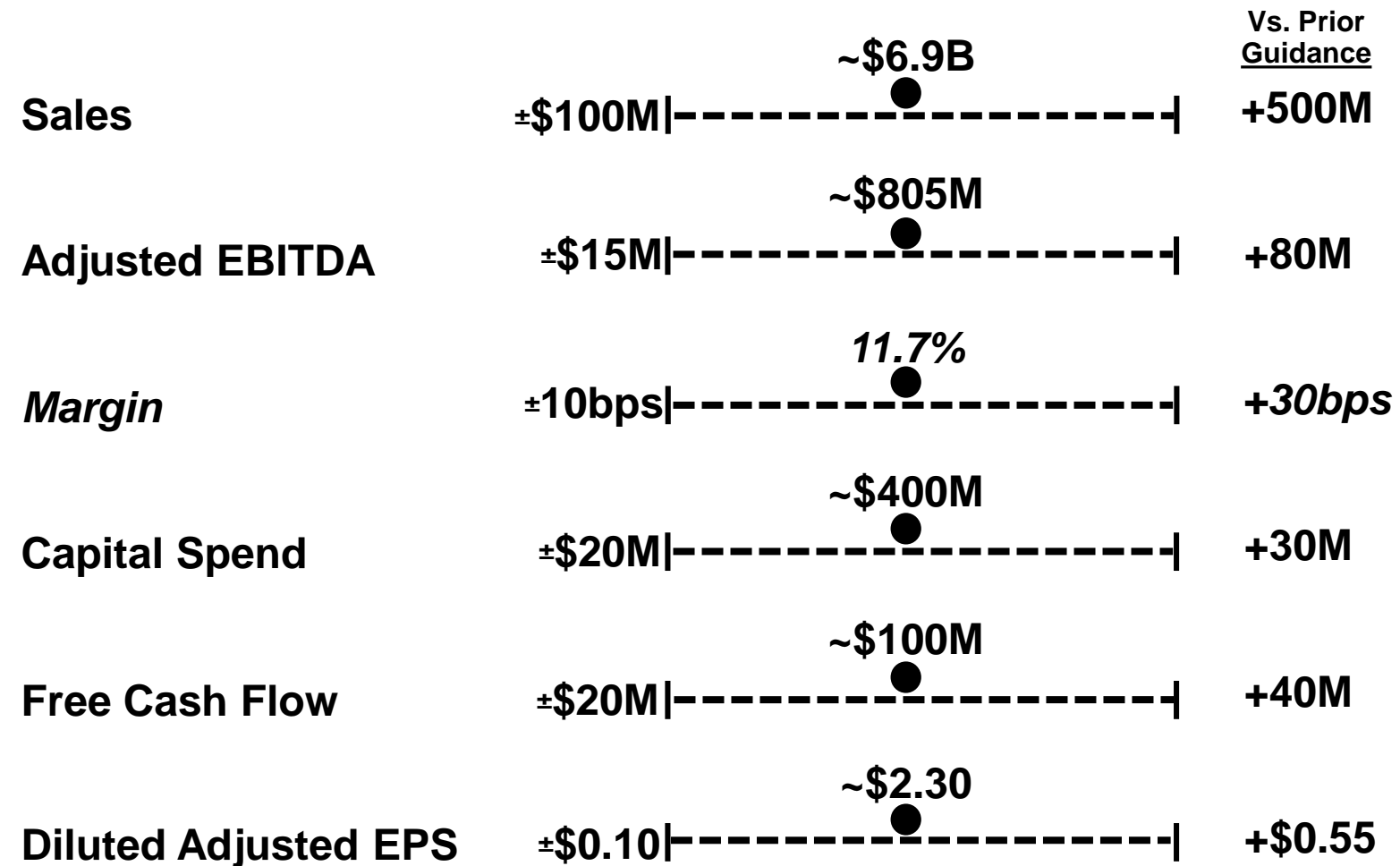




# 2017 FY Key Financial Metrics

- » Guidance was affirmed in April but indicated at high end of range for Sales, Adj. EBITDA, Margin, and Capital Expenditures
- » Sales guidance raised 8%
- » Adjusted EBITDA guidance raised 11%
- » Margin guidance raised 30 bps
- » FCF guidance raised over 65%
- » EPS guidance raised over 30%

## Revised Guidance



**Significant increase from prior guidance on all key metrics**

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

---| Guidance range





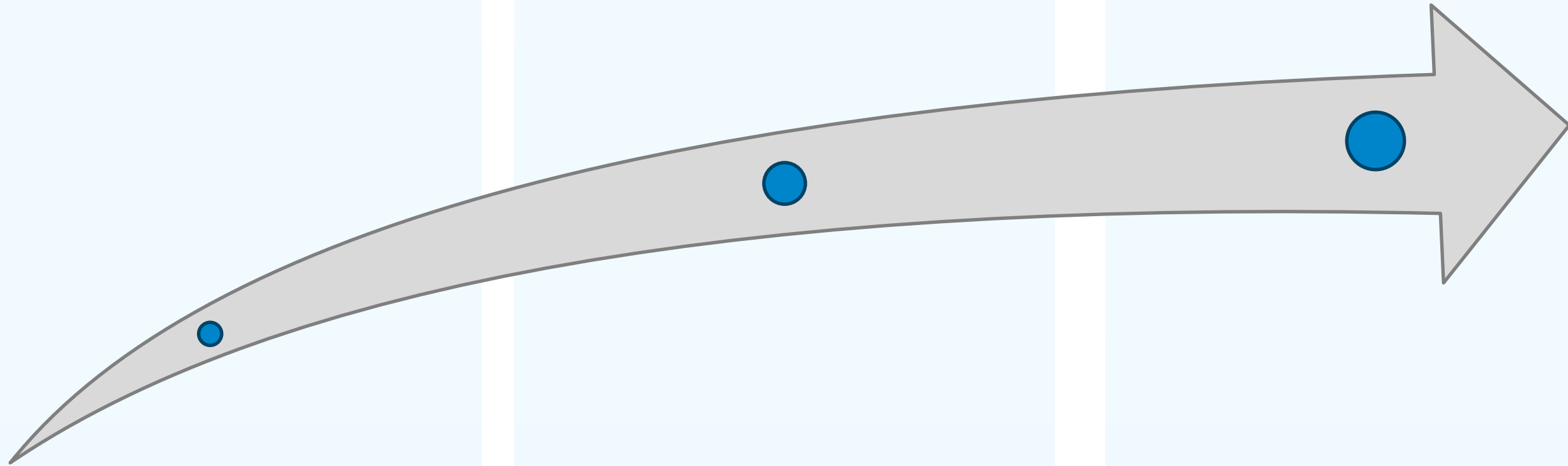
# Outlook



2016

2017

2018



- » Introduced Enterprise Strategy: Shifting Into Overdrive
- » Acquired Magnum and SIFCO operations and divested Dana Co. and Nippon Reinz
- » 50bps of margin expansion on cost discipline and improved execution
- » \$750M of 3-year sales backlog

- » Acquired Brevini and USM Warren
- » Sales grow by >\$1B as acquisitions are integrated, markets recover, and \$175M of sales backlog is converted
- » Margins expand by 40bps in spite of major program refreshes
- » >1% FCF/Sales at peak capital spending to deliver sales backlog

- » Acquisition cost synergies realized
- » \$300M of sales backlog comes on line
- » Significant margin expansion as markets continue to recover and major programs refreshes are complete
- » FCF improves as profit grows and capital spending returns to replacement levels





# Appendix





# 2017 Forecast Assumptions

## Key Production Assumptions

Units (000)	2016 Actuals	Prior 2017 Outlook	Revised 2017 Outlook
<b>North America</b>			
Lights Truck (Full Frame)	4,457	4,200 – 4,300	4,500 – 4,600
Light Vehicle Engines	15,913	15,800 – 16,200	15,000 – 15,300
Medium Truck (Class 5-7)	233	235 – 250	235 – 250
Heavy Truck (Class 8)	228	190 – 210	220 – 240
Agricultural Equipment	53	50 – 60	50 – 60
Construction/Mining Equipment	150	150 – 160	150 – 160
<b>Europe (Incl. Eastern Europe)</b>			
Light Trucks	9,306	9,300 – 9,500	9,900 – 10,100
Light Vehicle Engines	23,287	23,800 – 24,300	23,800 – 24,300
Medium/Heavy Truck	463	440 – 470	460 – 485
Agricultural Equipment	193	190 – 210	195 – 210
Construction/Mining Equipment	290	290 – 310	295 – 310
<b>South America</b>			
Light Trucks	980	1,000 – 1,050	1,100 – 1,150
Light Vehicle Engines	2,112	2,000 – 2,100	2,300 – 2,400
Medium/Heavy Truck	70	75 – 85	75 – 85
Agricultural Equipment	29	25 – 35	30 – 35
Construction/Mining Equipment	10	10 – 15	10 – 15
<b>Asia Pacific</b>			
Light Trucks	27,465	26,500 – 27,500	29,000 – 29,500
Light Vehicle Engines	50,533	50,000 – 51,500	51,000 – 52,000
Medium/Heavy Truck	1,661	1,450 – 1,550	1,700 – 1,800
Agricultural Equipment	648	680 – 720	640 – 670
Construction/Mining Equipment	396	380 – 410	400 – 420

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

## Key Financial Assumptions

### Currency

Euro / USD	1.07 - 1.13
USD / CAD	0.75 - 0.80
USD / BRL	3.20 - 3.50
USD / ARS	17.00 - 19.00
USD / MXN	18.00 - 20.00
GBP / USD	1.20 - 1.30

### Taxes

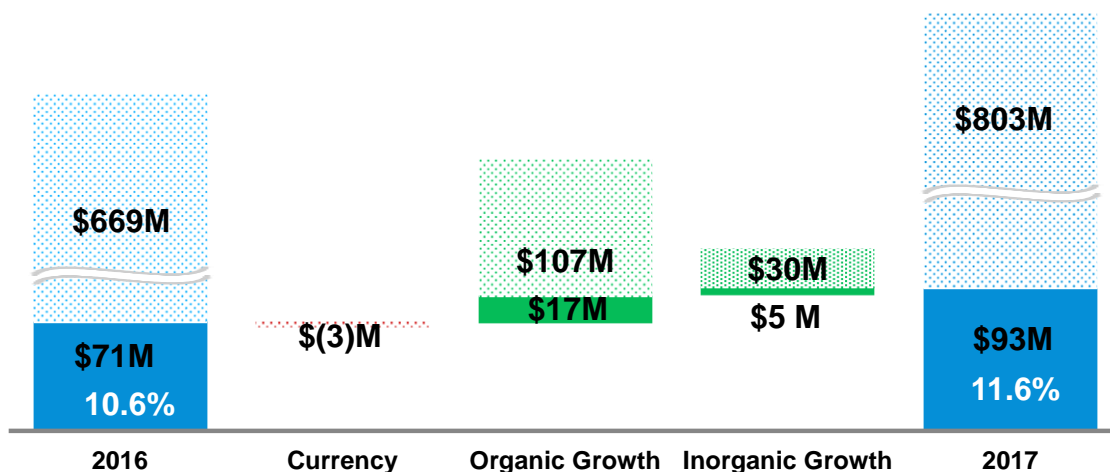
Effective Tax Rate (Dil. Adj EPS)	~28%
Cash Tax Rate	~22%



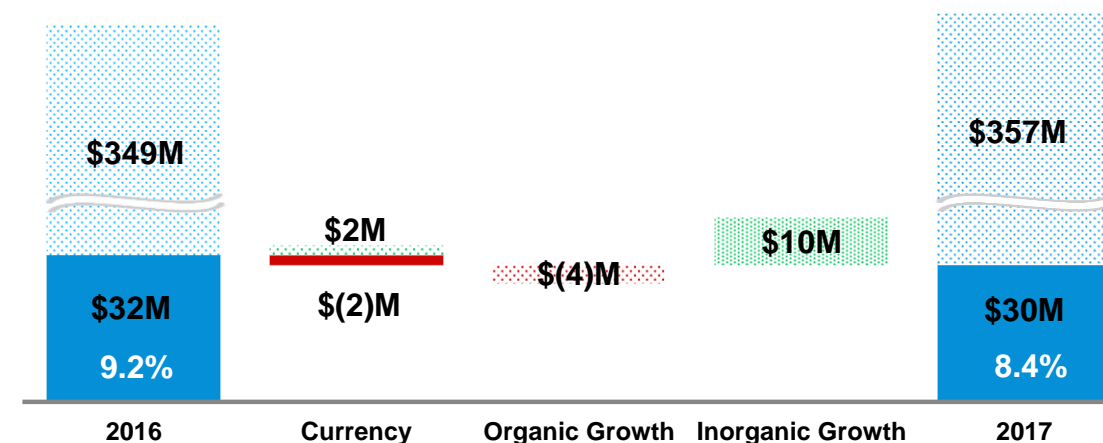
# Q2 Sales and Profit Change by Segment



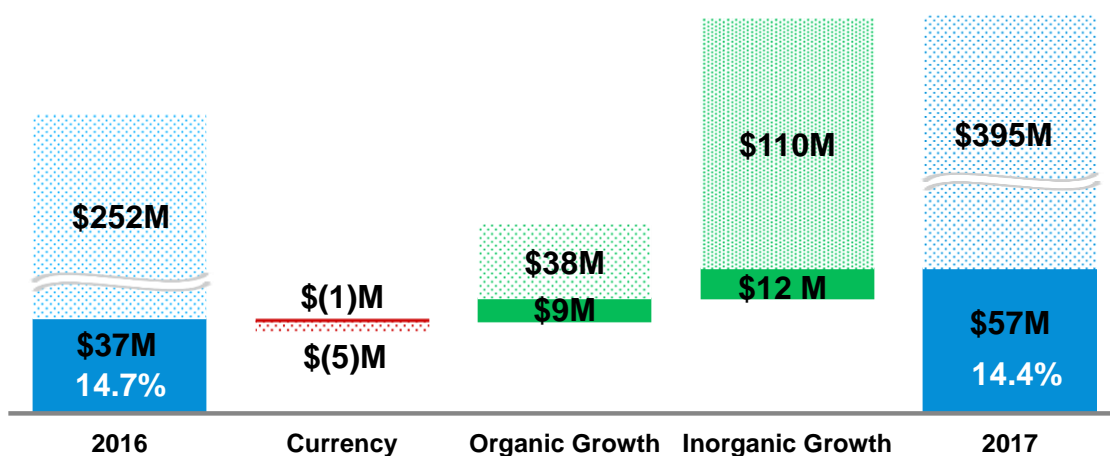
## Light Vehicle Driveline



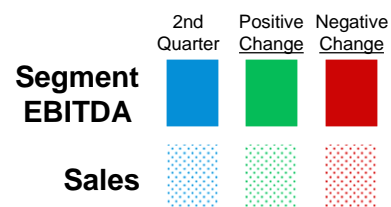
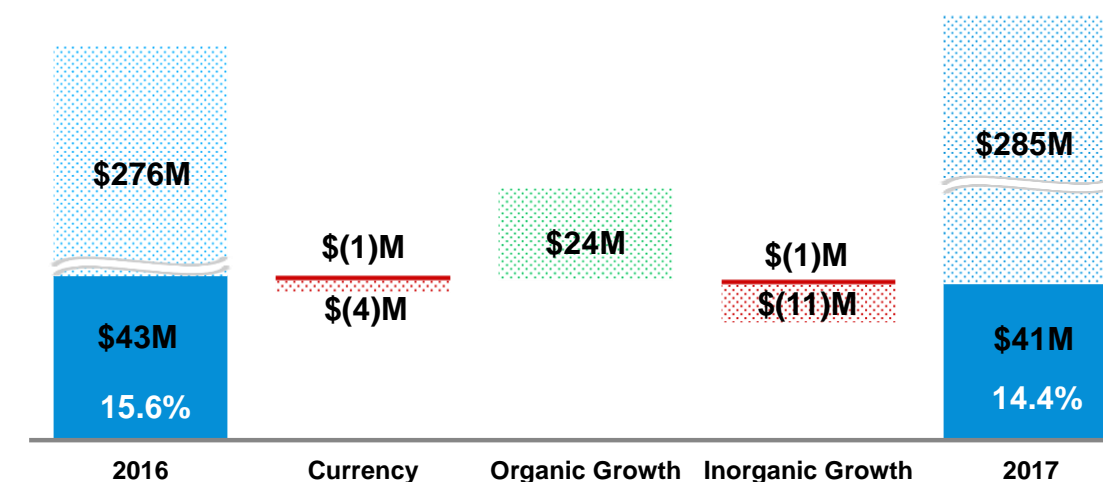
## Commercial Vehicle Driveline



## Off-Highway Drive and Motion



## Power Technologies



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



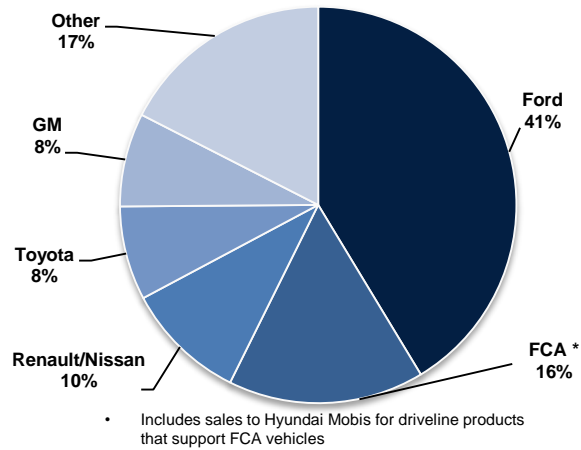
# Segment Profiles



## Customer Sales

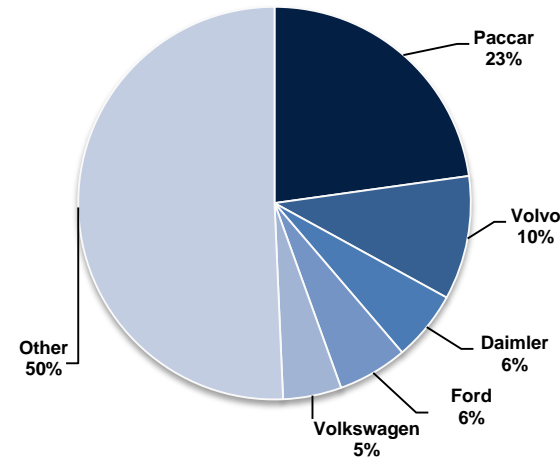
### Light Vehicle Driveline

Year to Date 6/30/2017



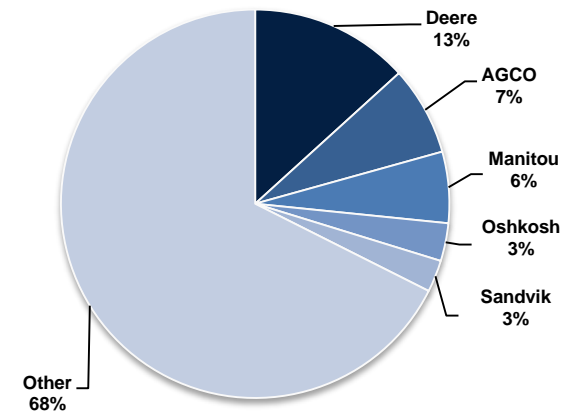
### Commercial Vehicle Driveline

Year to Date 6/30/2017



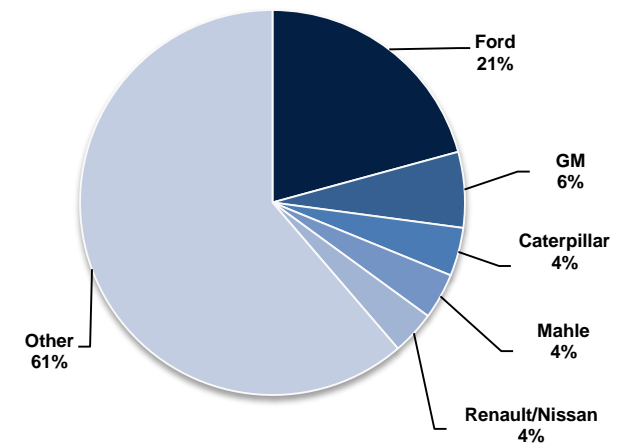
### Off-Highway Drive and Motion

Year to Date 6/30/2017

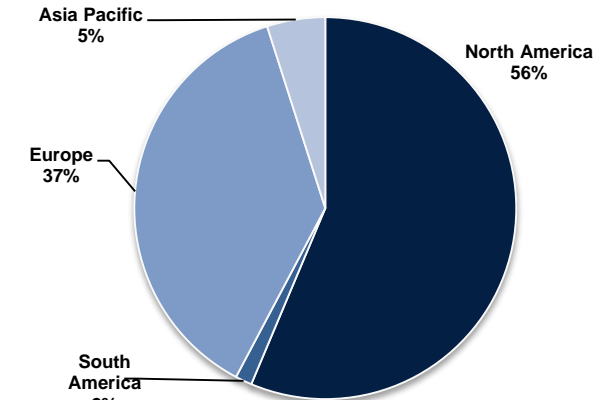
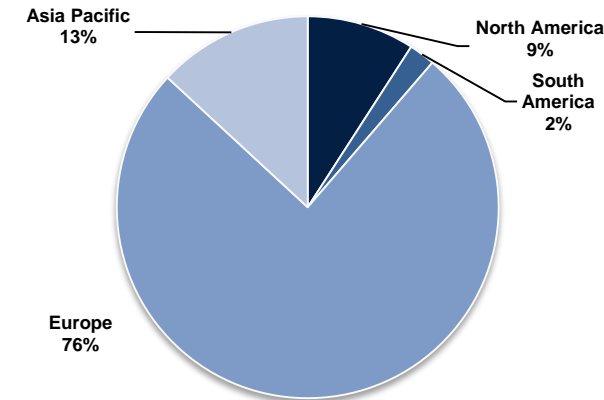
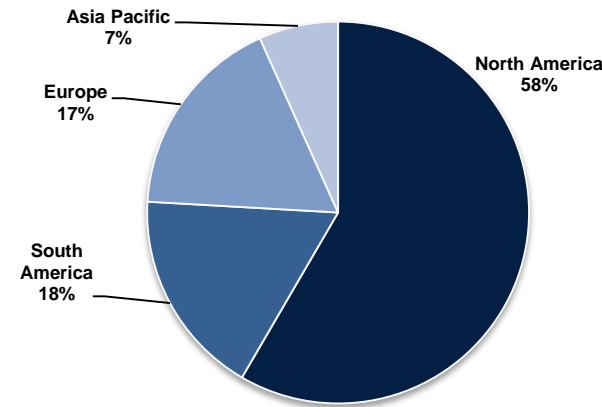
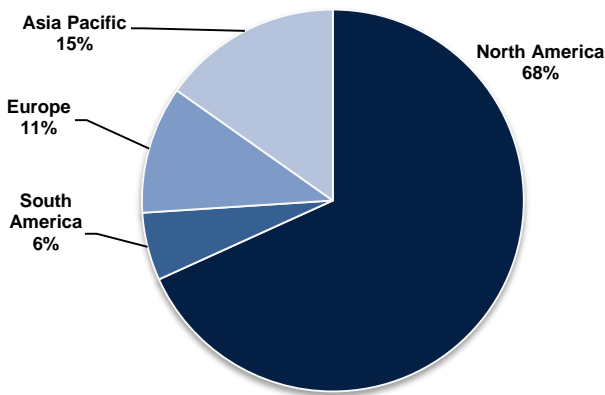


### Power Technologies

Year to Date 6/30/2017



## Regional Sales



## Performance

\$ Millions

	Q2		Year to Date	
	2017	2016	2017	2016
Sales	\$803	\$669	\$1,564	\$1,282
Segment EBITDA	\$93	\$71	\$182	\$129
EBITDA Margin	11.6%	10.6%	11.6%	10.1%

	Q2		Year to Date	
	2017	2016	2017	2016
Sales	\$357	\$349	\$686	\$682
Segment EBITDA	\$30	\$32	\$58	\$58
EBITDA Margin	8.4%	9.2%	8.5%	8.5%

	Q2		Year to Date	
	2017	2016	2017	2016
Sales	\$395	\$252	\$723	\$493
Segment EBITDA	\$57	\$37	\$102	\$69
EBITDA Margin	14.4%	14.7%	14.1%	14.0%

	Q2		Year to Date	
	2017	2016	2017	2016
Sales	\$285	\$276	\$568	\$538
Segment EBITDA	\$41	\$43	\$91	\$78
EBITDA Margin	14.4%	15.6%	16.0%	14.5%



# Diluted Adjusted EPS



**DANA INCORPORATED**  
**Diluted Adjusted EPS (Unaudited)**  
**For the Three Months Ended June 30, 2017 and 2016**

(In millions, except per share amounts)

	Three Months Ended	
	June 30,	
	2017	2016
<b>Net income attributable to parent company</b>	\$ 71	\$ 53
Items impacting income before income taxes:		
Restructuring charges	10	5
Amortization of intangibles	3	2
Loss on extinguishment of debt	6	17
Income on sale of subsidiary	(3)	
Strategic transaction expenses	6	1
Acquisition related inventory adjustments	8	
Other items	3	(1)
Items impacting income taxes:		
Net income tax expense on items above	(4)	(2)
Tax effects of legal entity restructuring		3
<b>Adjusted net income</b>	<u>\$ 100</u>	<u>\$ 78</u>
Diluted shares - as reported	146	147
Adjusted diluted shares	<u>146</u>	<u>147</u>
<b>Diluted adjusted EPS</b>	\$ 0.68	\$ 0.53

**DANA INCORPORATED**  
**Diluted Adjusted EPS (Unaudited)**  
**For the Six Months Ended June 30, 2017 and 2016**

(In millions, except per share amounts)

	Six Months Ended	
	June 30,	
	2017	2016
<b>Net income attributable to parent company</b>	\$ 146	\$ 98
Items impacting income before income taxes:		
Restructuring charges	12	6
Amortization of intangibles	6	4
Loss on extinguishment of debt	6	17
Income on sale of subsidiary	(3)	
Strategic transaction expenses	17	3
Acquisition related inventory adjustments	14	
Other items	3	(3)
Items impacting income taxes:		
Net income tax expense on items above	(9)	(2)
Tax effects of legal entity restructuring		6
<b>Adjusted net income</b>	<u>\$ 192</u>	<u>\$ 129</u>
Diluted shares - as reported	146	148
Adjusted diluted shares	<u>146</u>	<u>148</u>
<b>Diluted adjusted EPS</b>	\$ 1.31	\$ 0.87



# Segment Data



## DANA INCORPORATED Segment Sales and Segment EBITDA (Unaudited) For the Three Months Ended June 30, 2017 and 2016

(In millions)	Three Months Ended	
	June 30,	
	2017	2016
<b>Sales</b>		
Light Vehicle	\$ 803	\$ 669
Commercial Vehicle	357	349
Off-Highway	395	252
Power Technologies	285	276
<b>Total Sales</b>	<u>\$ 1,840</u>	<u>\$ 1,546</u>
<b>Segment EBITDA</b>		
Light Vehicle	\$ 93	\$ 71
Commercial Vehicle	30	32
Off-Highway	57	37
Power Technologies	41	43
<b>Total Segment EBITDA</b>	<u>221</u>	<u>183</u>
Corporate expense and other items, net	(4)	(5)
<b>Adjusted EBITDA</b>	<u>\$ 217</u>	<u>\$ 178</u>

## DANA INCORPORATED Segment Sales and Segment EBITDA (Unaudited) For the Six Months Ended June 30, 2017 and 2016

(In millions)	Six Months Ended	
	June 30,	
	2017	2016
<b>Sales</b>		
Light Vehicle	\$ 1,564	\$ 1,282
Commercial Vehicle	686	682
Off-Highway	723	493
Power Technologies	568	538
<b>Total Sales</b>	<u>\$ 3,541</u>	<u>\$ 2,995</u>
<b>Segment EBITDA</b>		
Light Vehicle	\$ 182	\$ 129
Commercial Vehicle	58	58
Off-Highway	102	69
Power Technologies	91	78
<b>Total Segment EBITDA</b>	<u>433</u>	<u>334</u>
Corporate expense and other items, net	(11)	(8)
<b>Adjusted EBITDA</b>	<u>\$ 422</u>	<u>\$ 326</u>



# Segment Data Continued



## DANA INCORPORATED

### Reconciliation of Segment and Adjusted EBITDA to Net Income (Unaudited) For the Three Months Ended June 30, 2017 and 2016

(In millions)	Three Months Ended	
	June 30,	
	2017	2016
<b>Segment EBITDA</b>	\$ 221	\$ 183
Corporate expense and other items, net	(4)	(5)
<b>Adjusted EBITDA</b>	217	178
Depreciation	(55)	(43)
Amortization of intangibles	(3)	(2)
Restructuring	(10)	(5)
Stock compensation expense	(6)	(5)
Strategic transaction expenses	(6)	(1)
Acquisition related inventory adjustments	(8)	
Other items	(2)	1
Amounts attributable to previously divested/closed operations	3	2
Loss on extinguishment of debt	(6)	(17)
Interest expense	(27)	(30)
Interest income	2	2
Income before income taxes	99	80
Income tax expense	31	29
Equity in earnings of affiliates	5	4
<b>Net income</b>	<b>\$ 73</b>	<b>\$ 55</b>

## DANA INCORPORATED

### Reconciliation of Segment and Adjusted EBITDA to Net Income (Unaudited) For the Six Months Ended June 30, 2017 and 2016

(In millions)	Six Months Ended	
	June 30,	
	2017	2016
<b>Segment EBITDA</b>	\$ 433	\$ 334
Corporate expense and other items, net	(11)	(8)
<b>Adjusted EBITDA</b>	422	326
Depreciation	(104)	(84)
Amortization of intangibles	(6)	(4)
Restructuring	(12)	(6)
Stock compensation expense	(10)	(7)
Strategic transaction expenses	(17)	(3)
Acquisition related inventory adjustments	(14)	
Other items	(3)	(4)
Amounts attributable to previously divested/closed operations	3	3
Loss on extinguishment of debt	(6)	(17)
Interest expense	(54)	(57)
Interest income	5	5
Income before income taxes	204	152
Income tax expense	61	53
Equity in earnings of affiliates	10	4
<b>Net income</b>	<b>\$ 153</b>	<b>\$ 103</b>







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

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

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

Please reference the “Non-GAAP financial information” accompanying our quarterly earnings conference call presentations on our website at [www.dana.com/investors](http://www.dana.com/investors) for 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.

