



**Dana Incorporated**  
Deutsche Bank  
Global Auto Industry Conference  
January 17, 2018

**James Kamsickas**

President and Chief Executive Officer

**Jonathan Collins**

Executive Vice President and Chief Financial Officer





# 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.





# Snapshot

➤ Founded in **1904**

\$ 2017 preliminary sales:  
**\$7.2 billion**

Over **100 major facilities**  
**33 countries** on **6 continents**  
With customers in **130+ countries**

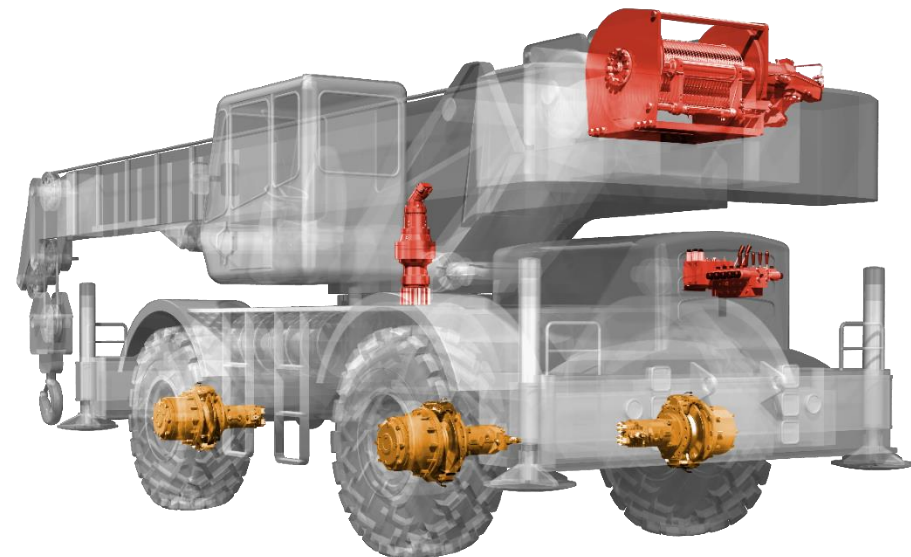
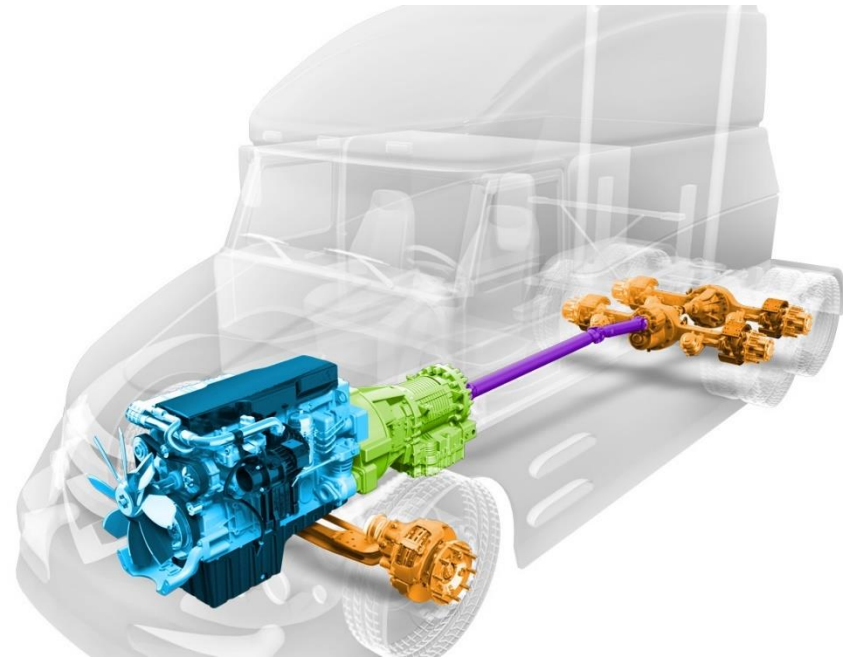
Based in  
**Maumee,  
Ohio, USA**

  
**~30,000**  
people

  
**16**  
Technical Centers



# Product Overview



## Engine

- Seals & Gaskets
- Battery Cooling
- Electronics Cooling
- Engine Cooling

## Driveshaft

- Aluminum Driveshafts
- Steel Driveshafts
- Industrial Driveshafts
- Universal Joints
- Constant Velocity Joints

## Motion

- Hydraulics Motors & Pumps
- Gearboxes
- Winches
- Valves & Electronic Controls

## Transmission

- Sealing & Cooling
- Active Warm Up
- Transmissions
  - Hydrostatic
  - Hydrodynamic
  - Hydromechanical Variable
  - Continuously Variable Planetary

## Axles & Drives

- Drive Axles
- Steer Axles
- Electric Axles
- AWD Systems
- Disconnect Systems
- Active Differential Seals
- Wheel Drives
- Track Drives



# End Markets and Customers



Light Vehicles



51%



Commercial Vehicles



30%



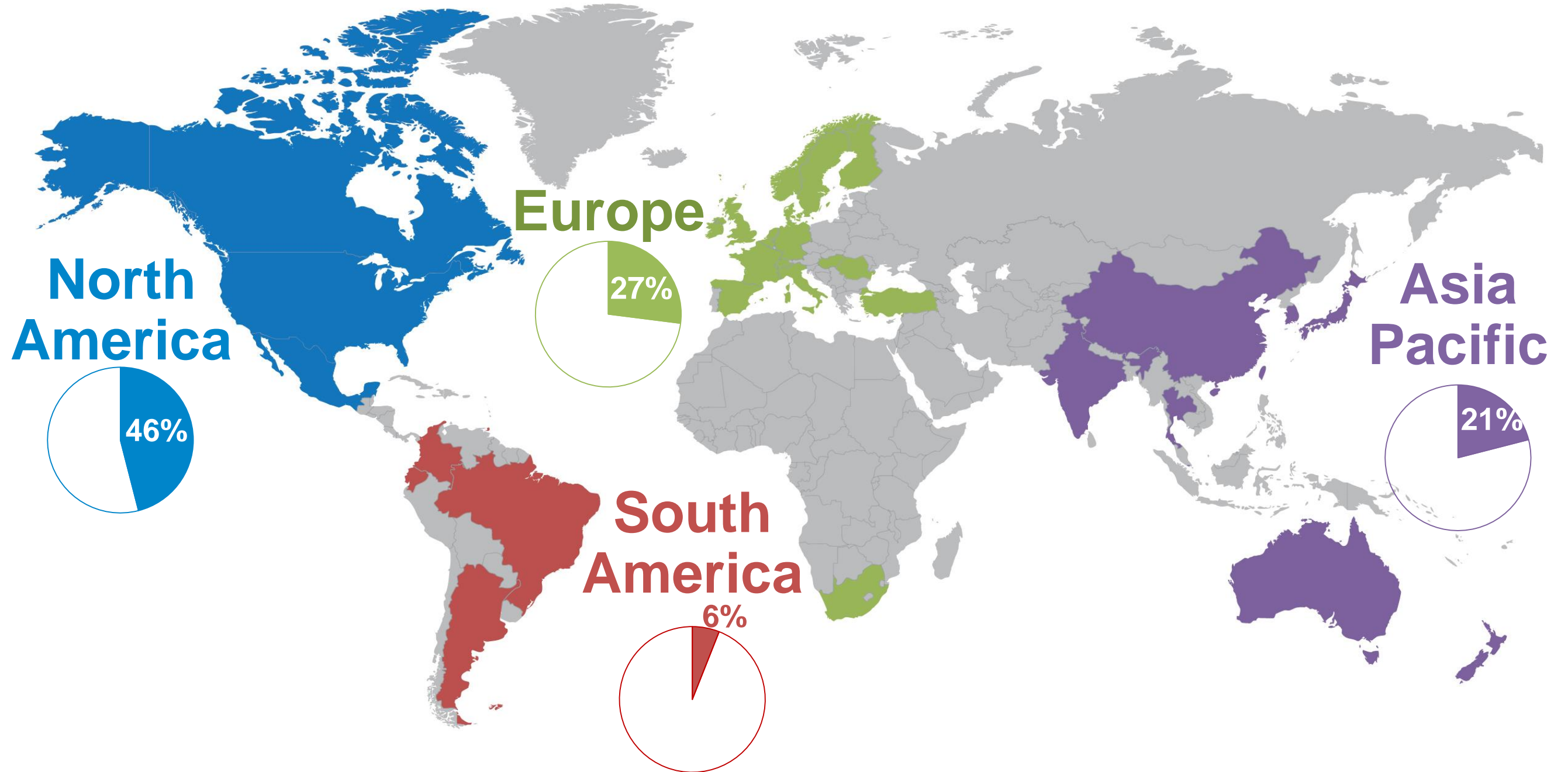
Off-Highway

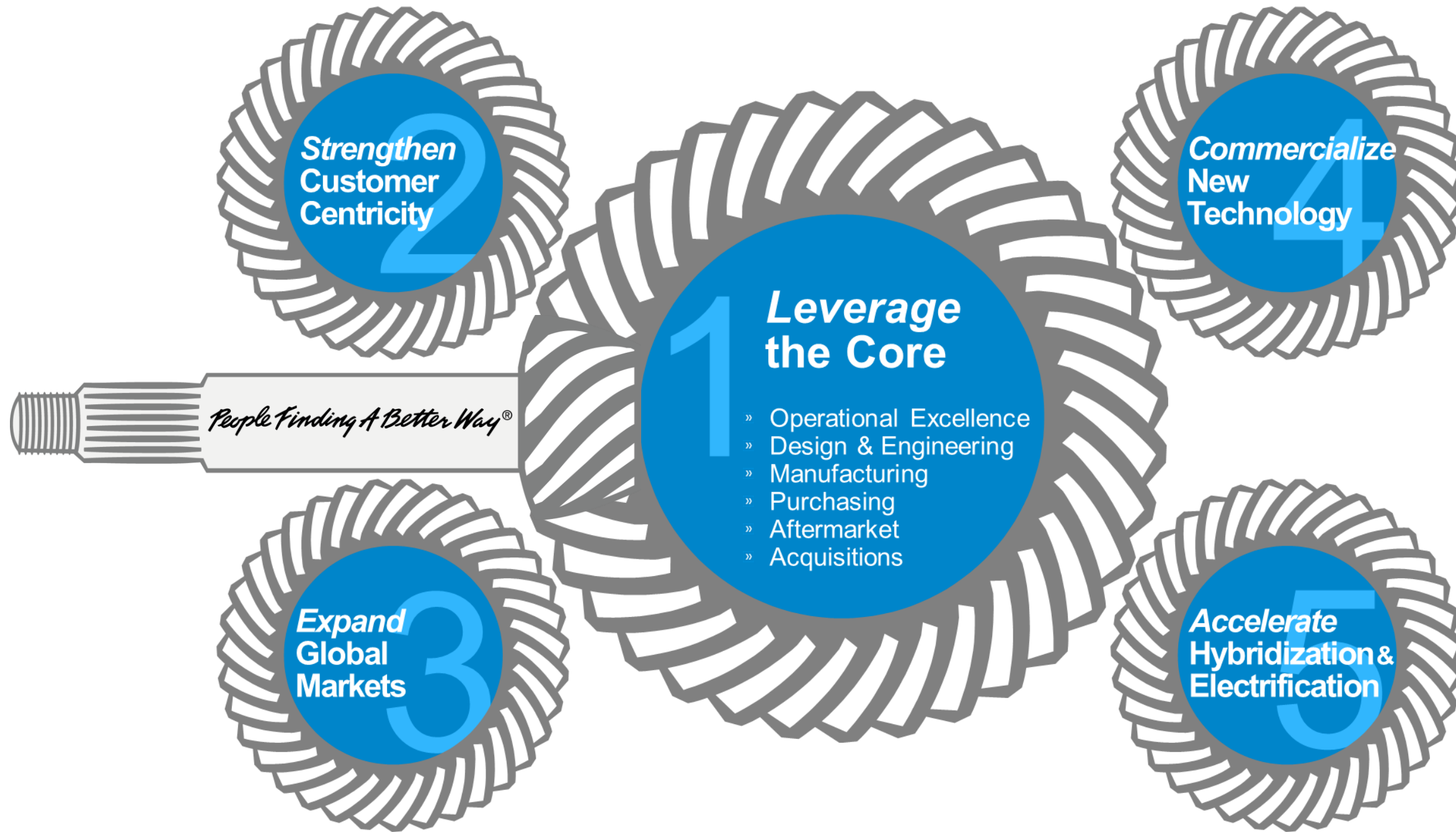


19%



# Regional Diversity





# Enterprise Strategy Execution



**FCA**  
FIAT CHRYSLER AUTOMOBILES  
Innovation Supplier  
of the Year

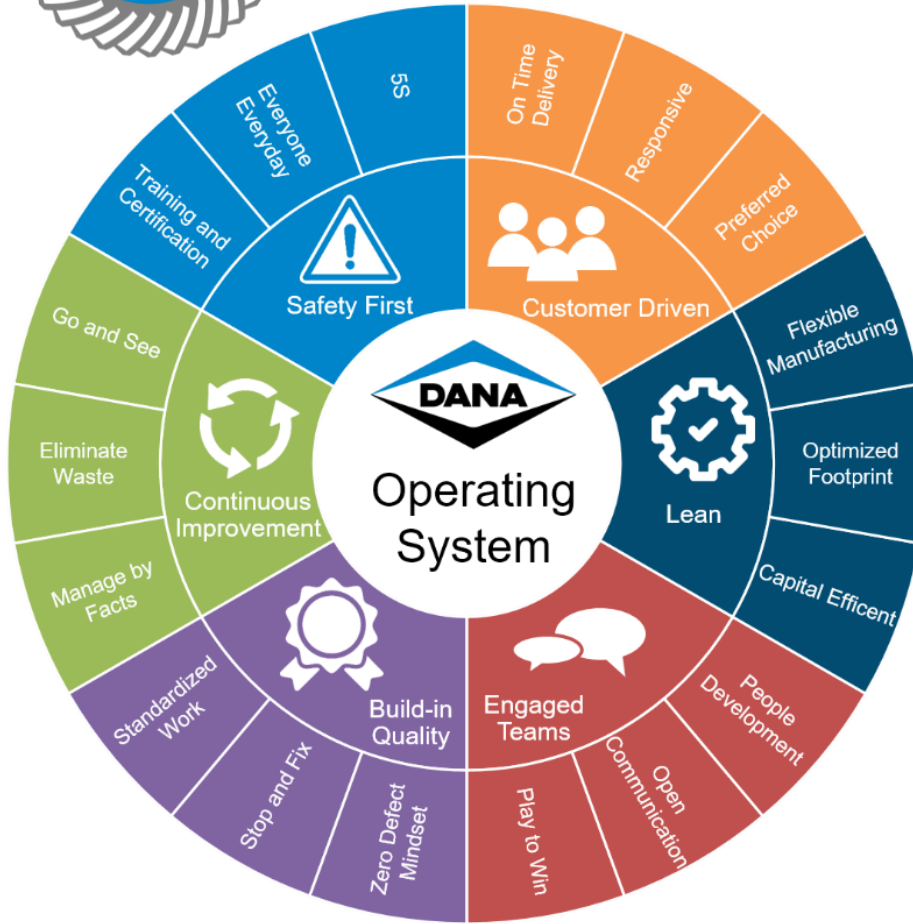
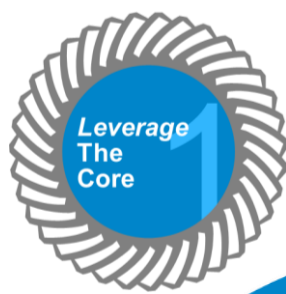
**Ford**  
World Excellence  
Award

**CATERPILLAR**  
Supplier Quality  
Excellence

**MANITOU**  
HANDLING YOUR WORLD  
Best Supplier Award

**MANI**  
Excellence in  
Innovation

**VOLVO**  
Supplier Excellence  
Award



**SPICER**  
SmartConnect

**SPICER**  
PerformanceTrak

**VICTOR REINZ**  
Sealing Products

**SPICER**  
Drivetrain Systems

**PAGE AWARD 2018 FINALIST**



**Chongqing Manufacturing**

**Yancheng Manufacturing**

**Toledo Manufacturing**

**Győr Gear Plant**



**DANA SPICER ELECTRIFIED**

**Electric Drive Units**

**Integrated E-Axes**

**Electric Wheel & Track Drives**

**Battery & Electronics Cooling**

**Enterprise Strategy Driving Growth: \$800M Backlog Through 2020**





# 2018 Market and Business Update



## North America

Economic Growth

LV New Business

Class 8 Production

- » Housing starts continue to drive recovery in construction market
- » Demand for key light vehicle programs remains strong
- » Commercial vehicle production improving
- » Class 8 customer share remains stable



## Europe

Economic Growth

Construction Mining

Euro Stable

- » Eurozone economic growth expected to improve
- » Global demand for construction and mining equipment is expected to remain strong
- » Brevini integration on track; will realize synergies this year
- » Euro stable compared to U.S. dollar



## South America

Brazil Economy

Brazil Truck Prod

Argentina Economy

- » Brazilian end markets have stabilized, recovery may be tempered due to political uncertainty
- » Heavy and medium duty truck production expected to be up 10% over last year but still below normalized levels
- » Argentina expected to see 3% economic growth
- » Divesting non-core, underperforming operation



## Asia Pacific

India Economy

China Economy

Asia LT Prod

- » India end-market demand strengthening due to infrastructure spending and mining
- » On-highway market growth in China expected to slow; while off-highway markets remain strong
- » Regional light truck production expected to be up slightly
- » Light vehicle sales in Thailand forecasted to grow by 6%-8%



# Major Program Launches



## Wrangler



- » Launch on-track
- » Multiple variants, all feature Dana:
  - Axles and propshafts
  - Thermal heat shields, valve stem seals and axle gaskets
- » Expected to be at full run-rate in 1<sup>st</sup> half of 2018

## All Wheel Drive Vehicles



- » Global program manufactured in China and the U.S.
- » Dana will supply:
  - Disconnecting AWD Rear Drive Unit
  - Active warm up units, thermal heat shields, valve stem seals, and gaskets
- » Launching 2<sup>nd</sup> half of 2018

## Ranger



- » Dana Toledo Facility
- » Dana will supply:
  - Axles and propshafts
  - Thermal heat shields, engine oil coolers, valve stem seals and gaskets
- » Production anticipated late 2018



# All-New Ford Ranger



# ALL-NEW FORD RANGER

Adventure-ready 2019 Ford Ranger brings Built Ford Tough capability, innovation to America's midsize trucks

AVAILABLE EARLY 2019



✓ Dana® AdvanTEK® independent front and solid rear axles with optional electronic-locking rear axle



Pre-production model shown.  
†Dana independent front axle available on 4WD models only.

## BUILT FORD TOUGH

- ✓ Fully boxed high-strength steel frame
- ✓ Frame-mounted front and rear steel bumpers
- ✓ Double-wishbone suspension, monotube shocks
- ✓ Parabolic rear leaf springs
- ✓ Designed, engineered and tested to F-150 standards
- ✓ Advanced driver-assist and connectivity technologies

## ADVENTURE-READY

- ✓ Available FX4 Off-Road Package
- ✓ Powerful and versatile 2.3-liter EcoBoost® engine
- ✓ Class-exclusive 10-speed automatic transmission
- ✓ Available Terrain Management System™ and Trail Control™
- ✓ Wide approach and departure angles, front and rear
- ✓ Steel front bash plate\*, underbody skid plates (4x4 only)
- ✓ Electronic shift-on-the-fly transfer case\*\* (4x4 only)
- ✓ Dana® AdvanTEK® independent front and solid rear axles with optional electronic-locking rear axle





# Major New Program Wins

## Light Vehicle

Jeep



## Commercial Vehicle



## Off-Highway



LIEBHERR



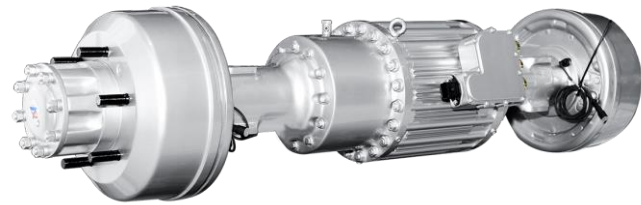
- » Dana will supply:
  - Front and rear axles
  - Propshafts
- » Thermal heat shields, valve stem seals, and axle gaskets

- » 2019 Silverado
  - Class 4 medium duty
  - Class 5 medium duty
- » Production anticipated late 2018

- » TE14 powershift transmission
- » Dana Smart-suite system for monitoring and control
- » Production anticipated 1<sup>st</sup> half of 2018



# e-Propulsion Systems



Mini-bus market: Weighing less than 8,000 kilograms  
Launch: Q1 2018



Transit bus market: Weighing less than 12,000 kilograms  
Launch: Q1 2019

## Spicer® Integrated e-Axle

- » For electric transit bus segments
- » Fulfilling the needs of 'zero emission zones'
- » Supplements front of vehicle power source with an integrated e-Axle
- » Optimized for weight savings and efficiency
- » Production beginning this year



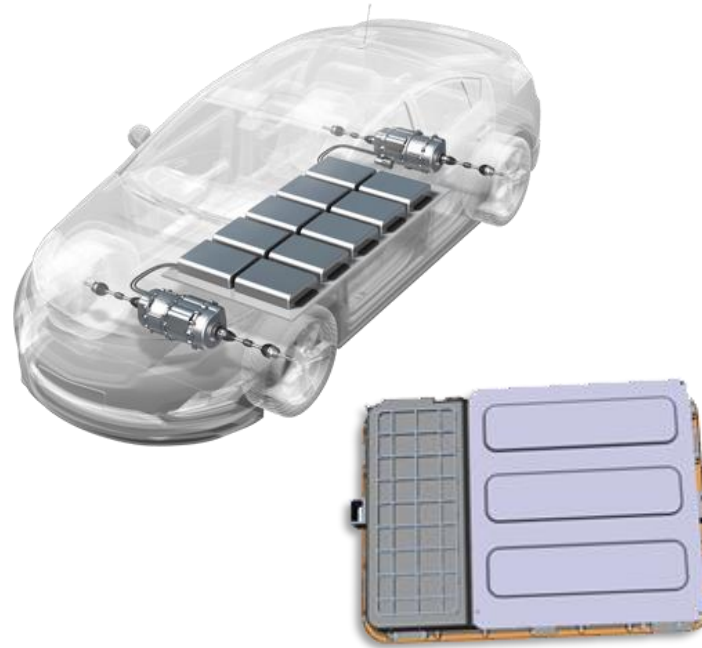
# e-Thermal Systems



## Battery Cooling



## Battery Enclosure



## Electronics Cooling



- » Major supplier of Battery and Electronics Cooling
- » Partnering with over 20 customers in North America, Asia, and Europe
- » New program wins across our customer base



# Digital Services Offerings



*“This system helps us leverage our buying power with data...it’s kind of hard to imagine, Dana, a manufacturer, moving into this technology space, but they are...”*

Daniel J. Murphy, President & CEO

**IDEALEASE**

## SaaS Features and Functionality

- » Mobile device data collection
- » Measures tire wear trends
- » Delivers predictive analytics
- » Preemptively minimizes downtime
- » Establishes optimal timeframes for scheduled replacement
- » Leverages Dana’s drive system expertise to solve real-world customer problems





# Outlook and Financials

**Jonathan Collins**

Executive Vice President and Chief Financial Officer







# 2017 Preliminary Financial Results

- » Sales met prior long term financial targets two years earlier than anticipated as market recovery exceeded original expectations
- » Adjusted EBITDA growth largely driven by profit conversion on market recovery and sales backlog
- » Margin growth impeded by one time gains in 2016 as well as pre-synergy conversion of M&A
- » Free cash flow expected near mid to upper end of previous guidance range on strong conversion of profit growth into cash

## Sales

~\$7.2B

**+\$1.4B vs 2016, 24% growth**

## Adjusted EBITDA

~\$835M

**+\$175M vs 2016, 27% growth**

## Margin

~11.6%

**+30 bps vs 2016, +80 bps vs 2015**

## Free Cash Flow % of Sales\*

~2%

**More than doubled vs 2016**

**Preliminary results largely in-line with expectations**

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

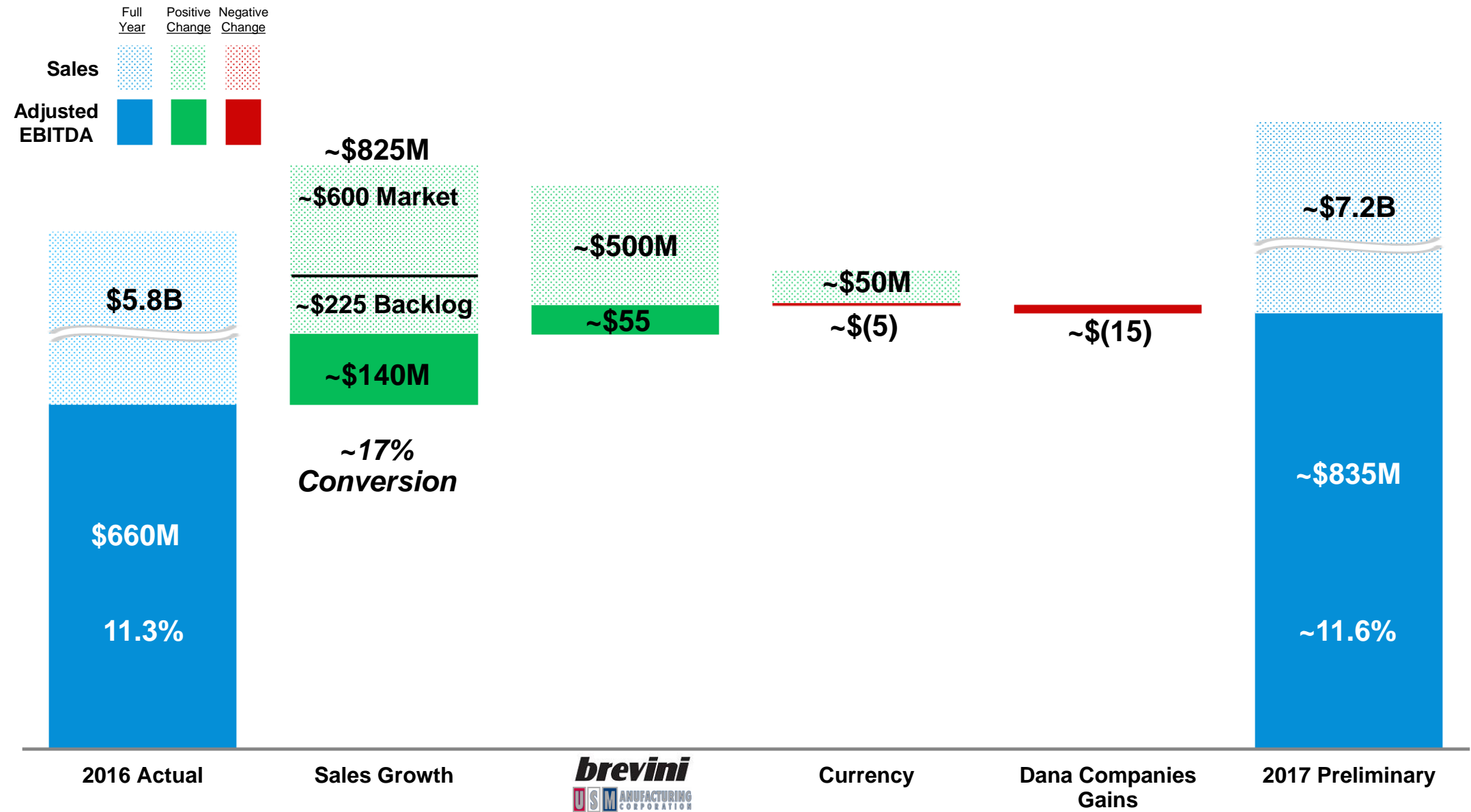
\*2017 Target





# 2017 Sales and Profit Growth

- » Sales growth of 24% driven by strong end market demand and conversion of backlog
- » Acquisitions that closed in the first quarter of 2017 increased sales while compressing margins on a pre-synergy basis
- » Foreign currency translation provide a modest benefit to sales while transaction losses compressed margins
- » 2016 results included gains in Dana Companies, a subsidiary that was divested at the end of that year



**Delivered \$1.4B of sales and \$175M of profit growth**

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

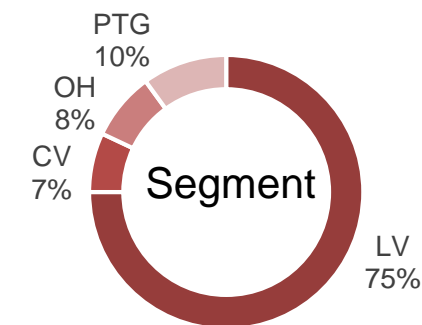
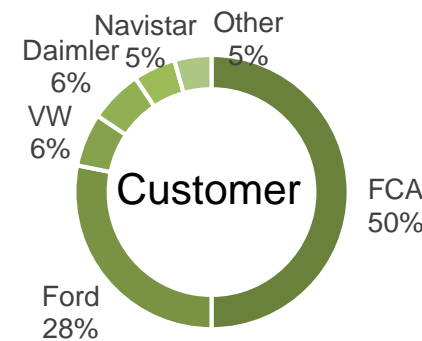
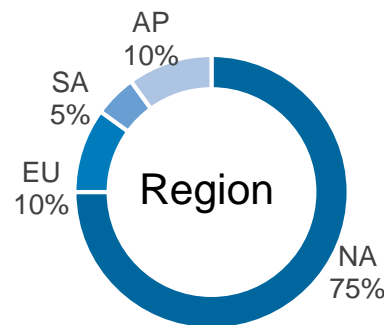
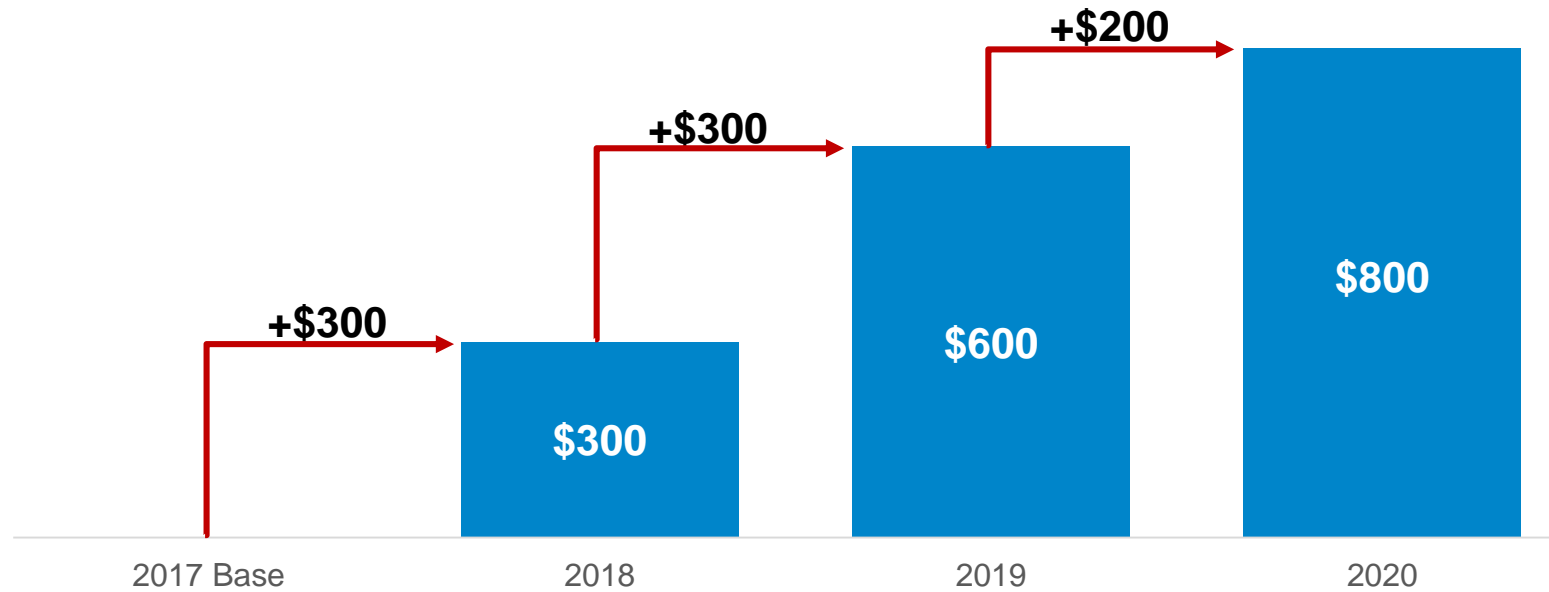




# 2018 – 2020 Sales Backlog: \$800 Million

- Backlog includes booked incremental new business net of any lost replacement business
- Increased by \$50M or 7% over prior three year disclosure
- Backlog increase due to new business wins as currency and market expectations remain stable

\$ in Millions



## Key Platforms



**Future growth will outperform market due to booked business**



# 2018 Guidance



- » Sales guidance exceeds prior long term financial targets one year early largely due to pace of market recovery
- » Adjusted EBITDA guidance exceeds prior 2019 targets by \$15M while margin progresses nicely towards 12.8% target
- » Cash flow guidance continues to progress towards 5% target as profits grow and capital expenditures return to ambient levels
- » Diluted adjusted EPS benefits by \$0.10 as a result of U.S. tax reform

## Sales

~\$7.6B

+/- \$100M  
+\$400M vs 2017P, 6% growth

## Adjusted EBITDA / Margin

~\$935M / ~12.3%

+/- \$25M / 20 bps  
+\$100M vs 2017P, 12% growth

## Free Cash Flow

~3.5%

+/- 30 bps  
+150 bps vs 2017T

## Diluted Adjusted EPS

~\$2.75

+/- \$0.15  
+\$0.35 vs 2017T

**Significant improvements across all key financial metrics**

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

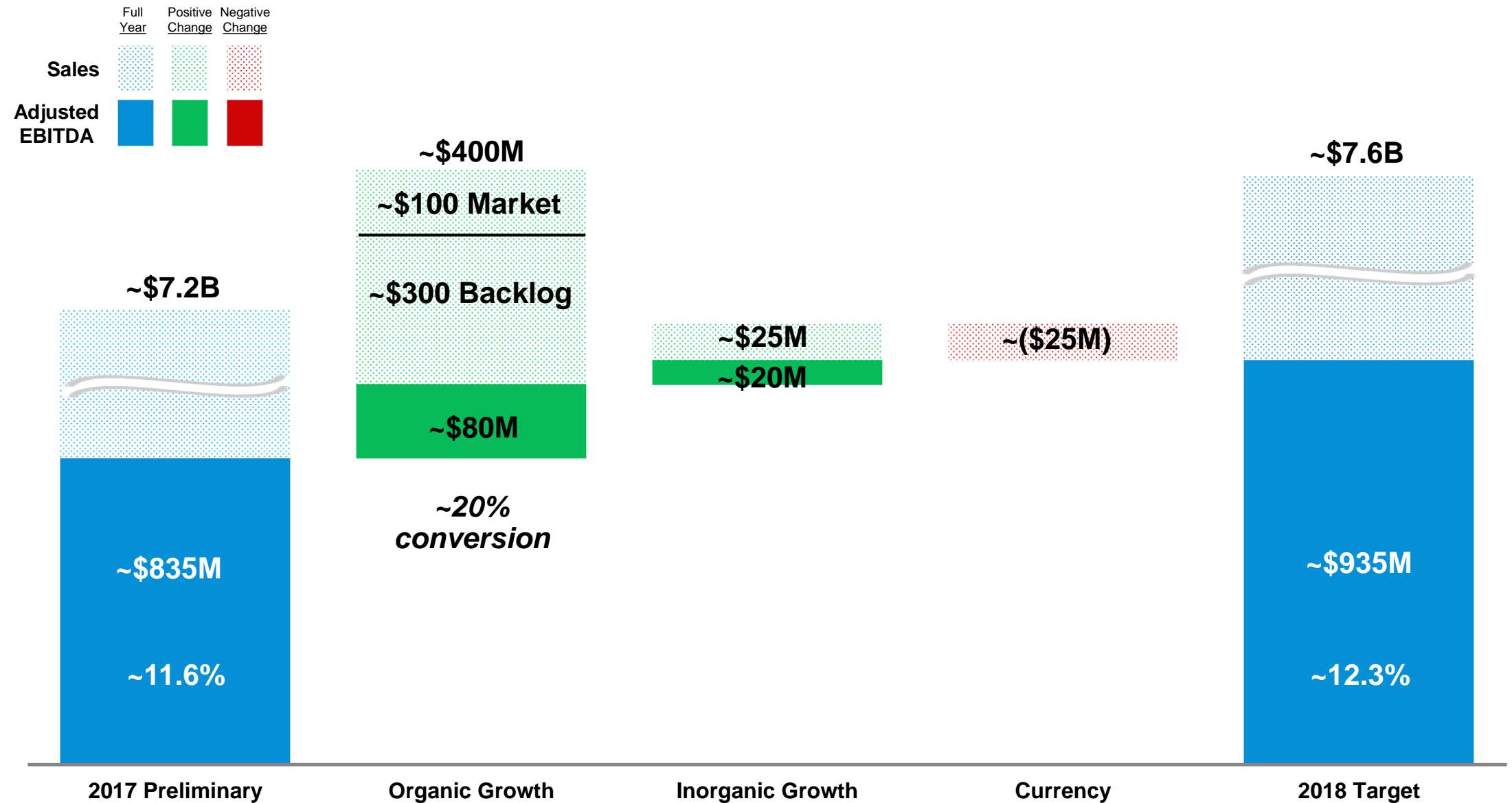
P=Preliminary; T=Target





# 2018 Sales and Profit Growth

- » Sales growth of 6% driven by conversion of backlog and stable end market demand
- » Acquisitions that closed in the first quarter of 2017, net of divestiture expected in 2018, will increase sales; while expanding margins as cost synergies are realized
- » Foreign currency translation expected to cause a modest headwind to sales and a negligible impact on profit



**Improved conversion and M&A synergies drives +70 bps margin**



# 2019 Revised Outlook



- » Sales guidance exceeds prior long term financial targets largely due to pace of market recovery
- » Adjusted EBITDA outlook exceeds prior target while margin reaches 12.8% as originally expected
- » Strong profit conversion and normalized capital expenditures drive continued conviction in FCF target at 5% of sales

## Sales

~\$7.9B

+/- \$100M

**+\$700M vs prior target**

## Adjusted EBITDA / Margin

>\$1B / ~12.8%

+/- \$25M / 20 bps

**+90M vs prior target**

## Free Cash Flow

~5%

+/- 30 bps

**Consistent with prior target**

## Diluted Adjusted EPS

~\$3.00

+/- \$0.15

**+\$0.40 vs prior target**

**Outlook exceeds prior 2019 \$ targets and confirms % targets**

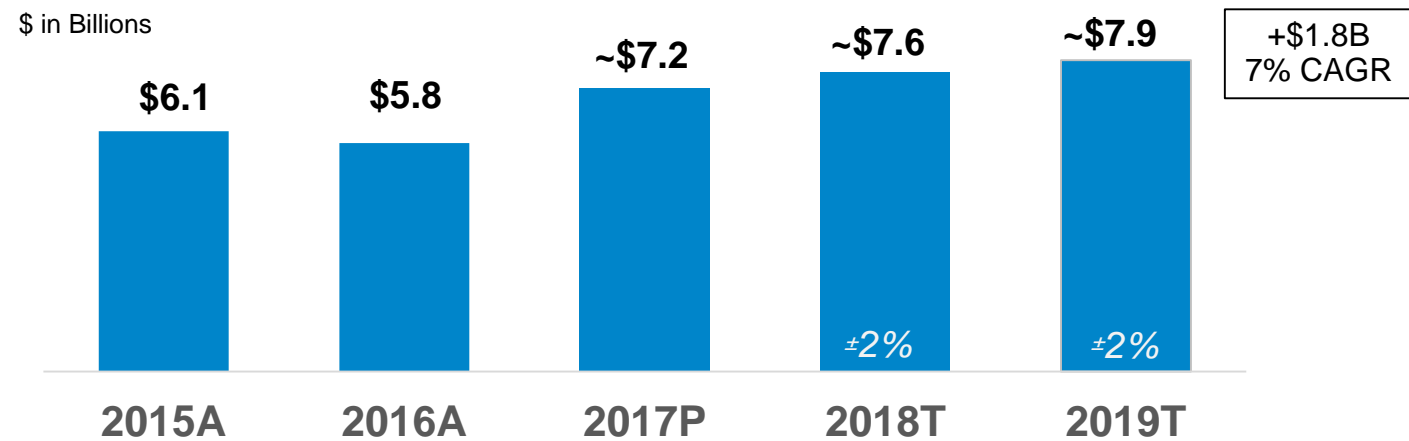
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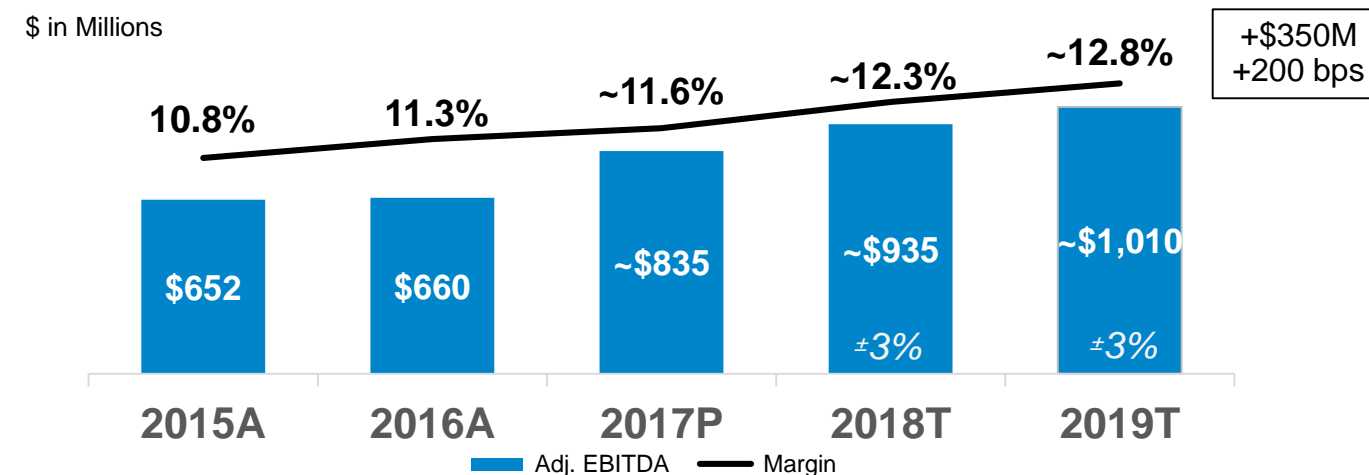


# 5 Year Financial Trends: Updated

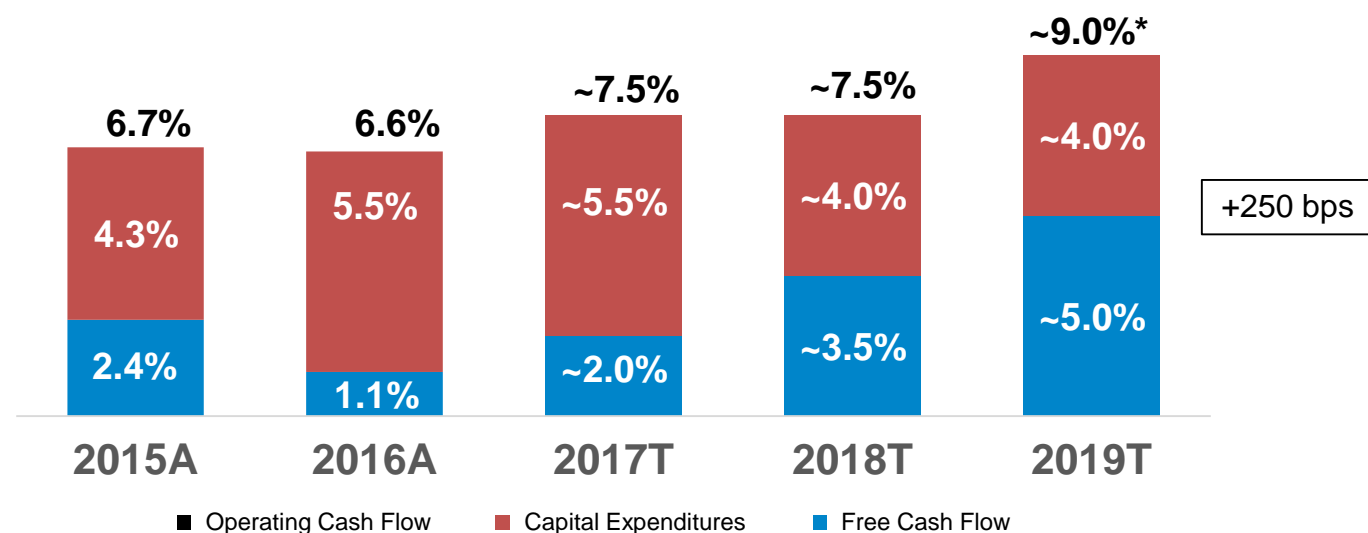
## Sales



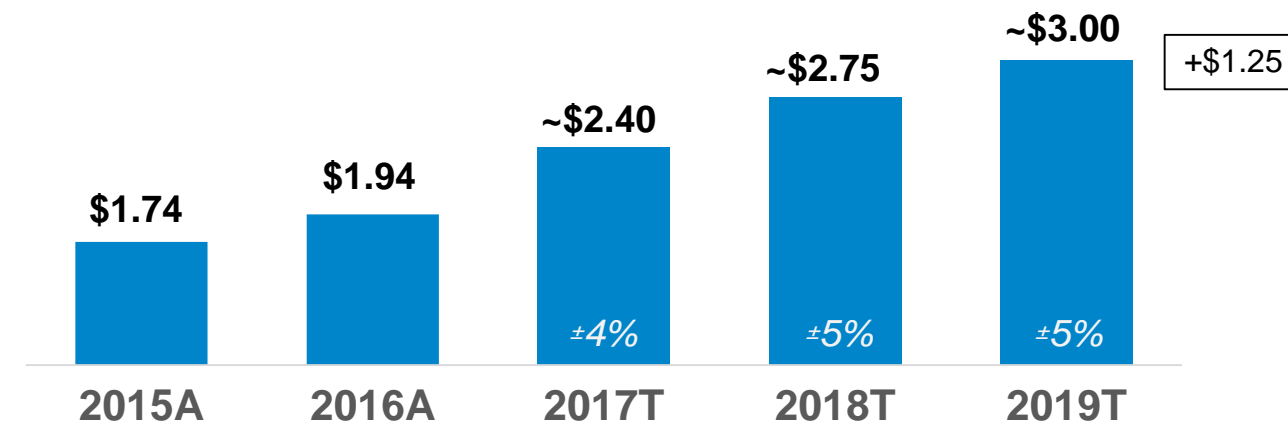
## Adjusted EBITDA



## Cash Flow % of Sales



## Diluted Adjusted EPS



\* Excludes voluntary pension funding associated with plan termination

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

A=Actual; P=Preliminary; T=Target



# Capital Allocation Priorities

- » Capital expenditures expected to normalize at ~4% of sales as major program refreshes are complete (i.e. Super Duty and Wrangler)
- » Disciplined M&A process continues to create options to generate attractive risk adjusted returns
- » As cash flows increase, excess cash will be used to improve credit metrics
- » Increase quarterly dividend by 67% from \$0.06 to \$0.10 per share to align payout ratio and yield with peer group

## 1 Organic Growth

- » Investing to deliver backlog generates attractive returns
- » Targeting consistent capital spend levels at ~4% of sales

## 2 Inorganic Growth

- » Selectively expand product technology
- » Enhance geographic presence

## 3 Capital Structure

- » Reduce debt and pension liabilities
- » Drive towards investment grade credit metrics

## 4 Cash Repatriation

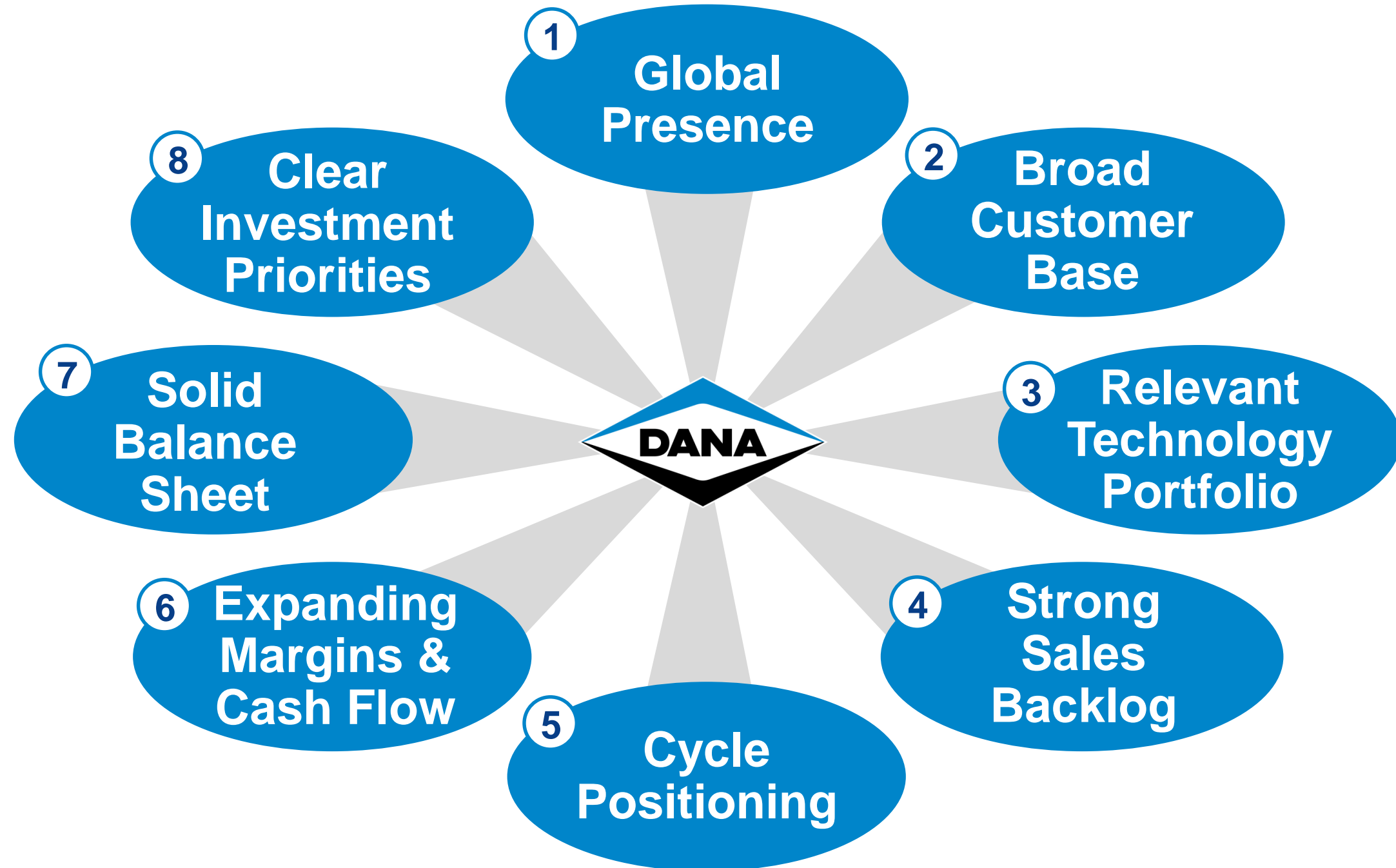
- » Pay competitive dividend; increase from \$0.06 to \$0.10 per share
- » Ambient level of share repurchase to mitigate dilution; \$100M, 2 yr. authorization

***Investing in growth and further strengthening balance sheet***





# Investment Highlights





# 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 reconciliations of these non-GAAP measures with the most comparable GAAP measures for the historical periods presented on our website are indicative of the reconciliations that will be prepared upon completion of the periods covered by the non-GAAP guidance.

