



**2021 Fourth-quarter  
Earnings Conference Call**

February 23, 2022

*People Finding A Better Way<sup>®</sup>*



Empowering  
People

employee development  
health and wellness  
workplace safety  
inclusion and diversity

Innovating  
Products

product safety and quality  
advanced technology

Protecting the  
Planet

environment  
supply chain  
community



# 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*

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- **Business Review**

**James Kamsickas**

*Chairman and  
Chief Executive Officer*

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- **Financial Review**

**Timothy Kraus**

*Senior Vice President  
and Chief Financial Officer*



# 2021 Business Highlights

## FINANCIAL RESULTS

sales  
**\$8.9 billion**

↑ \$1.8B from prior year

adjusted EBITDA  
**\$795 million**

↑ \$202M from prior year

free cash flow  
**\$(211) million**

↓ \$271M from prior year

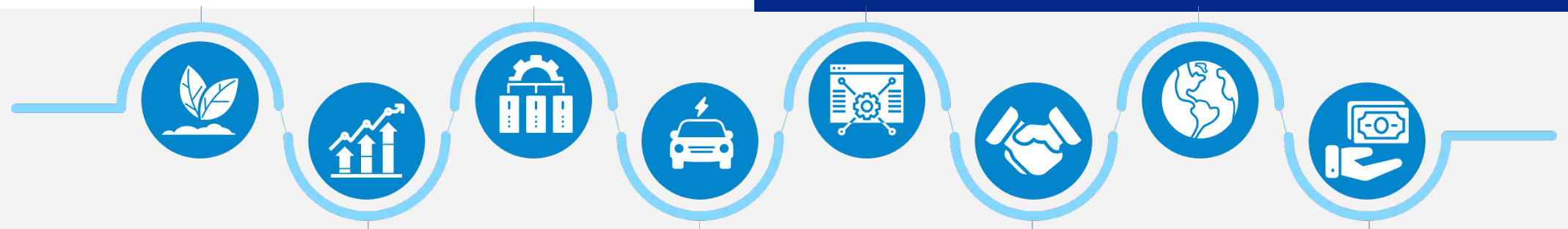
diluted adjusted EPS  
**\$1.66**

↑ \$1.27 from prior year

## KEY HIGHLIGHTS

- 1 Secured \$800M in incremental new sales backlog; ~50% from EVs
- 2 Launching vertically integrated e-Propulsion systems across end markets
- 3 Relentless commitment to ESG to achieve leadership in Sustainability
- 4 Navigated pandemic related cost inflation; and unprecedented supply-chain, labor and logistics constraints

Electrification.  
**Delivered.**<sup>TM</sup>

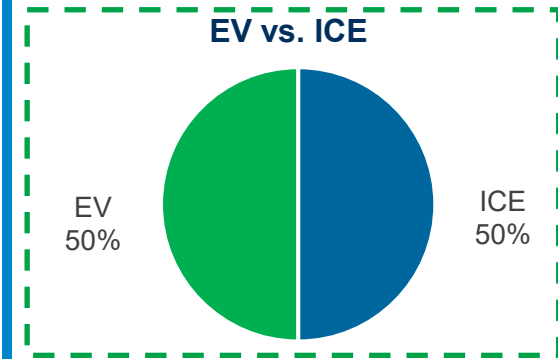
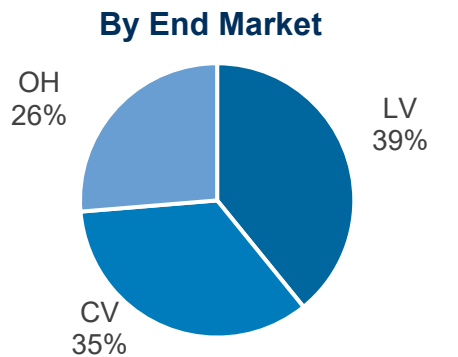
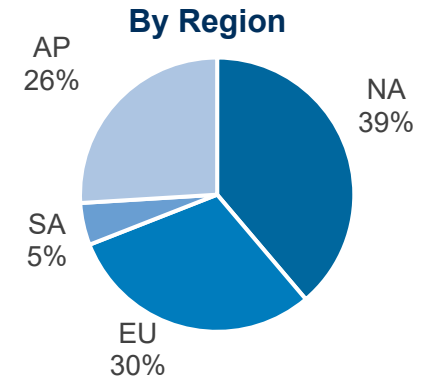
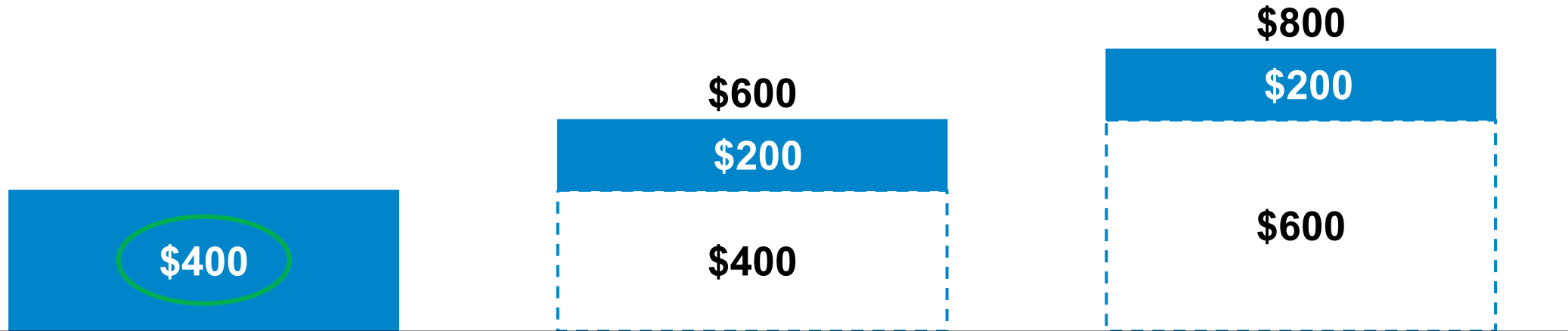




# 2022-2024 Sales Backlog: \$800 Million

\$ in Millions

**+\$200**  
Increase  
from Prior  
Backlog



### 2022

- ↑
- ↑
- ↑
- ↑

### 2023

- ↑
- ↓
- ↑
- ↑

### 2024

- ↑
- ↑
- ↑

**\$400M 2022 backlog represents incremental growth vs. market**

# EV Programs in Development



Komatsu Electric Mining Drill

e-Direct Drive

DANA SPICER

KOMATSU

Taylor Next-generation Battery-electric Container Handler

TAYLOR

Heavy-duty e-Torque Hubs and SUMO LD™ e-Motor and Power Inverter

DANA TM4

Navistar Electric Medium-duty Truck

e-Direct Drive

DANA SPICER

INTERMATION

MV

PACCAR Next-generation Global Electric Medium-duty Truck

e-Pulsion System

CONFIDENTIAL

DANA SPICER

DAF

KENWORTH

Peterbilt

Major European OEM Heavy-duty Electric Vehicle Lineup

MOTIVE™ e-Motor

DANA TM4

Navistar Electric School Bus

e-Direct Drive

DANA SPICER

ICE

Major North American OEM Electric Class-8 Truck

e-Axles

DANA SPICER

Hybrid-electric Super Car

e-Transmission

CONFIDENTIAL

DANA SPICER

Electric Lifestyle Vehicle

Independent e-Axle

DANA SPICER

Rivian R1T Electric Pickup Truck

Battery Cooling Plates

DANA LONG

RIVIAN

Ford Electric F-150 Lightning

Battery Cooling Plates

DANA LONG

Nikola Tre Fuel-cell Electric Class-8 Truck

Metallic Bipolar Plates

DANA HYDROSEAL

NIKOLA TRE

BOSCH

Customers across all major mobility markets are selecting Dana's EV solutions

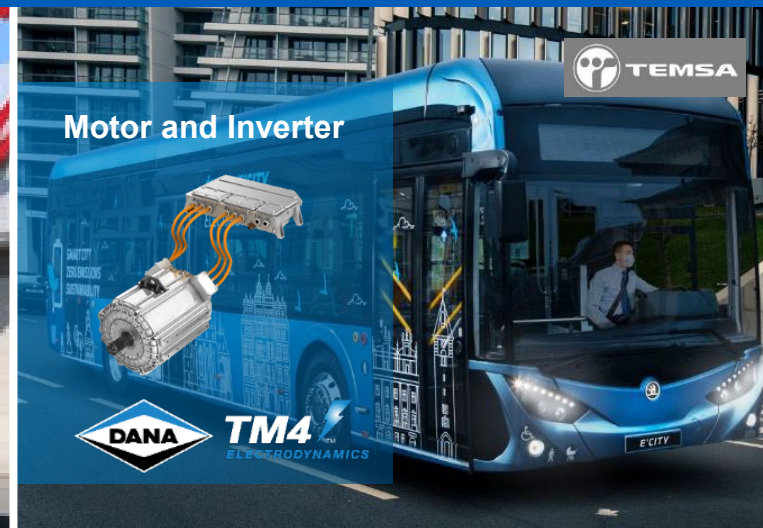
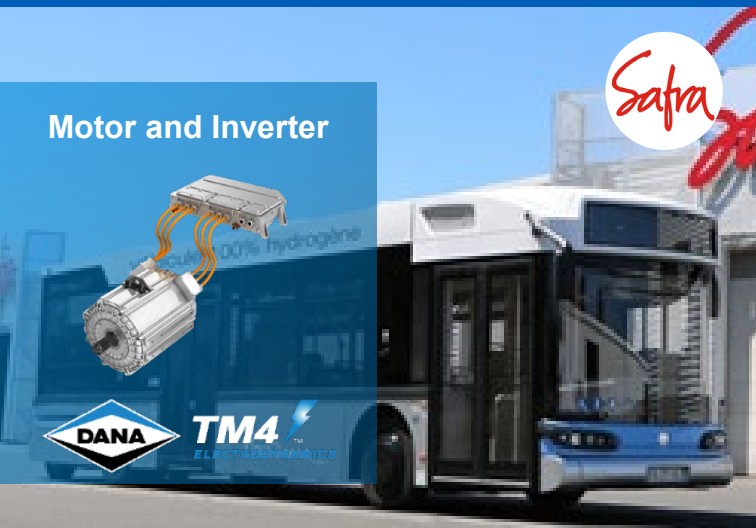


# Leadership in Electric Buses

## North America



## Europe



## Asia

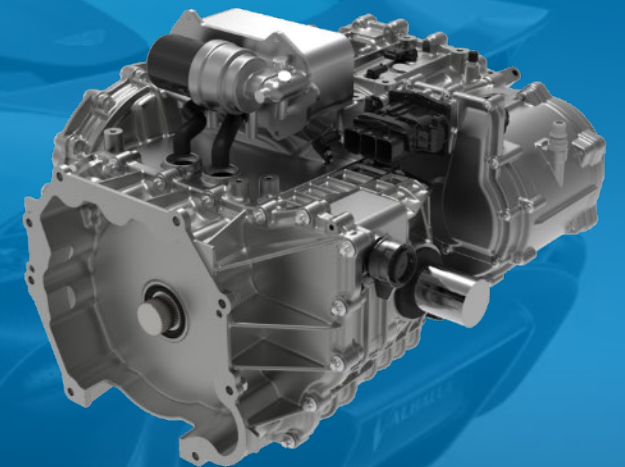


*Dana powering mass transit across the globe*

# Cutting-Edge Technology for Electric Supercars



Hybrid Dual-clutch  
e-Transmission



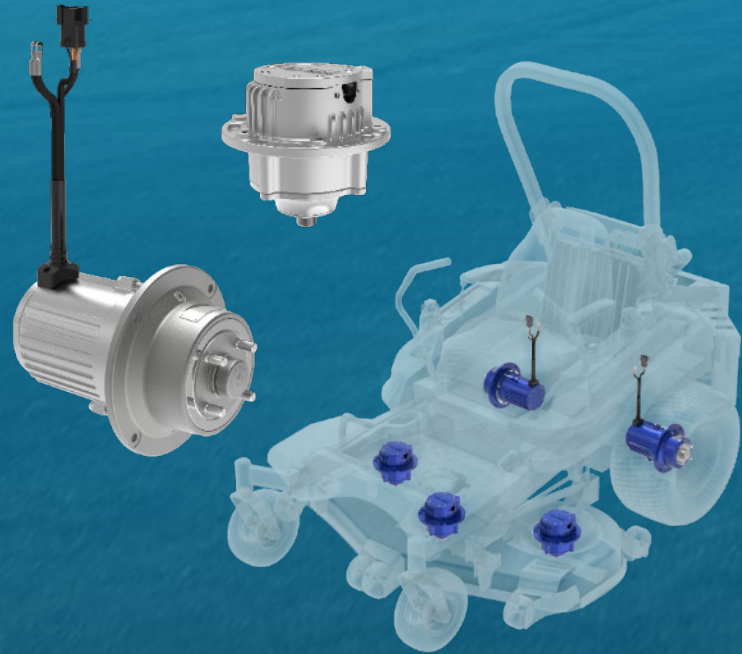
**GRAZIANO**<sup>TM</sup>  
HIGH-PERFORMANCE ELECTRIFIED





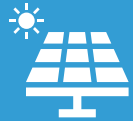
# Powering Into New Electric Markets

Integrated e-Wheel Drives  
and Auxiliary e-Motors





# Sustainability: 300+ Initiatives in Process



Energy Efficiency



Renewable Energy



Waste Elimination



Water Conservation



## LED Lighting

Reduction of **>1,500 megawatt-hours** of electricity consumed



## Machine Optimization

Reduction of **~3,200 megawatt-hours** of electricity consumed



## Solar Power

Solar arrays at several facilities produce **~7,000 megawatt-hours** in renewable electricity annually



## Water Conservation

Recirculating systems in manufacturing facilities save **~7 million gallons** of water annually

Goal: Reduce annual greenhouse gas emissions by more than 50% by ~~2035~~ **2030.**

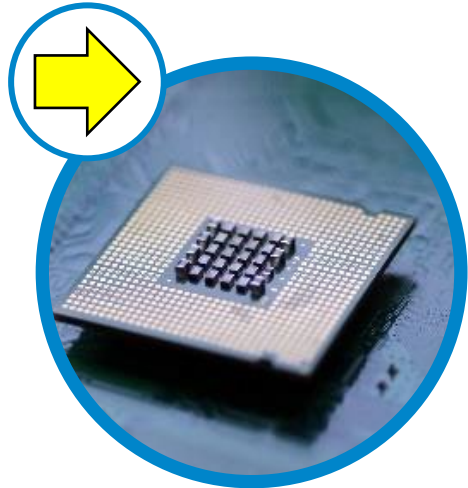
**Dana has placed in the 90th percentile in our sector on the S&P Global Corporate Sustainability Assessment**

Sustainability Yearbook

Member 2022



# 2022 Market Dynamics Outlook



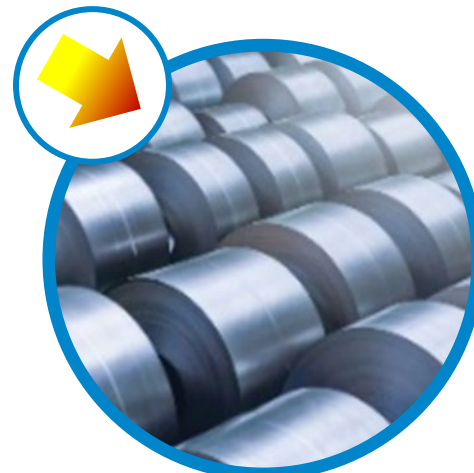
Semiconductor shortage



Transportation costs



Labor economics



Commodity costs

Legend: = 2022 Market Impact to Dana

- OEM production disruptions caused by shortage of semiconductors and other key components likely to continue through the first half of the year
- Transportation costs expected to remain at a premium this year
- Labor availability improving, albeit at a higher cost
- Commodity costs, primarily steel products, expected to remain elevated through most of this year

***Volume rebounding but margin pressures expected to remain through most of 2022***

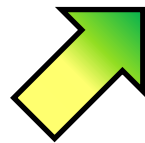
# 2022 Market Demand Outlook



## Light Vehicle



Full-frame Truck

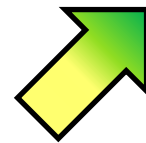


>+3%

## Commercial Vehicle



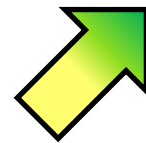
Medium Duty



>+3%



Heavy Duty

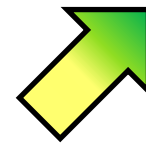


>+3%

## Off-Highway



Agriculture



>+3%



Construction



>+10%

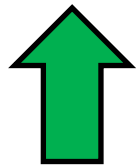


Mining



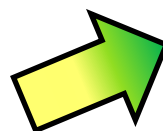
>+10%

North America



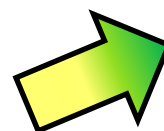
>+10%

Europe



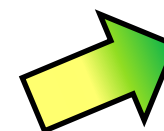
<+3%

Asia Pacific



<+3%

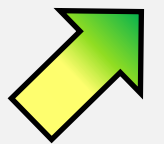
South America



<+3%



Impact



+\$240M

Primary Third-Party Sources



*End-market demand improving in all segments and regions*



# Financial Review

*People Finding A Better Way<sup>®</sup>*

DAN

LISTED

NYSE

# 2021 Financial Results



- Sales growth in Q4 was primarily due to demand recovery in heavy-vehicle markets
- Profit margin compression primarily due to higher input costs, including raw material cost inflation
- Net income includes the benefit of \$51 million from sale-leaseback transactions. This benefit is not included in diluted adjusted EPS
- Net income reduced by net impact of ~\$18 million tax valuation allowances
- Fourth-quarter includes a \$17 million period cost for new U.S. labor agreement
- Lower YOY free cash flow due to higher working capital requirements resulting from customer schedule disruptions and supply chain challenges

## Changes from Prior Year

(\$ in millions, except EPS)

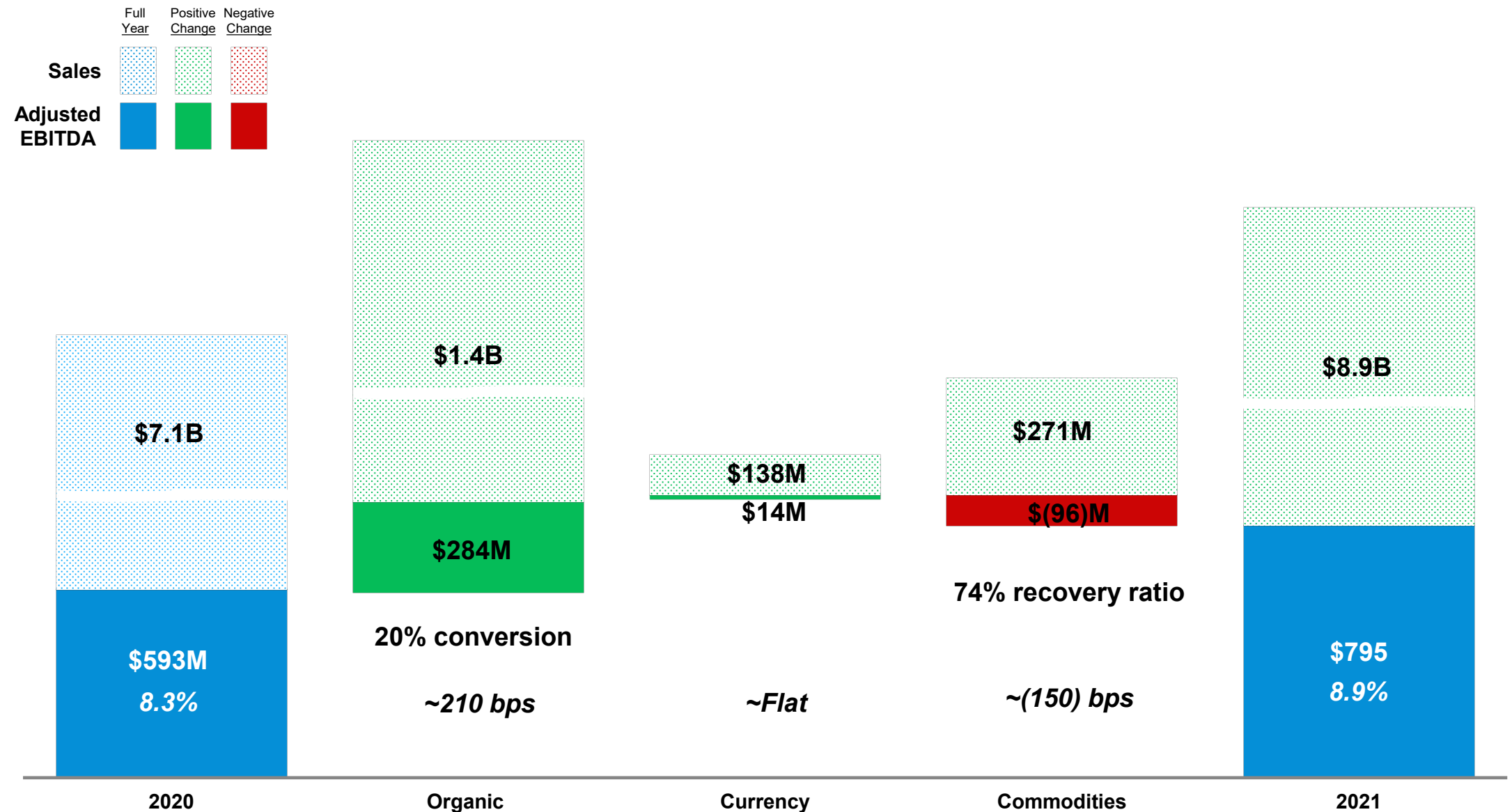
	<u>Q4 '21</u>	<u>Q4 '20</u>	<u>Change</u>	<u>FY '21</u>	<u>FY '20</u>	<u>Change</u>
<b>Sales</b>	\$ 2,273	\$ 2,108	\$ 165	\$ 8,945	\$ 7,106	\$ 1,839
<b>Adjusted EBITDA</b>	118	192	(74)	795	593	202
<b>Margin</b>	5.2%	9.1%	(390) bps	8.9%	8.3%	60 bps
<b>EBIT</b>	80	100	(20)	395	124	271
<b>Interest Expense, Net</b>	29	37	(8)	122	129	(7)
<b>Income Tax Expense</b>	16	24	(8)	72	58	14
<b>Net Income (Loss)</b> (attributable to Dana)	25	40	(15)	197	(31)	228
<b>Diluted Adjusted EPS</b>	\$ 0.00	\$ 0.24	\$ (0.24)	\$ 1.66	\$ 0.39	\$ 1.27
<b>Operating Cash Flow</b>	139	191	(52)	158	386	(228)
<b>Capital Spending</b>	(141)	(145)	(4)	(369)	(326)	43
<b>Free Cash Flow</b>	(2)	46	(48)	(211)	60	(271)

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

**Commodity inflation compressing margin and operating conditions, pressuring cash flow**

# 2021 FY Sales and Profit Changes

- Sales growth driven primarily by market recovery and conversion of sales backlog
- Incremental margin headwinds from production inefficiencies caused by OEM supply chain disruptions, and cost inflation in transportation, energy, and labor
- Currency tailwind to sales and profit as USD has weakened against basket of currencies
- Commodity costs were \$367 million higher year-over-year, generating significant margin headwind



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

**Margin expansion hampered by commodity inflation**



# 2021 FY Free Cash Flow

- Free cash flow use driven by higher working capital requirements resulting from customer schedule disruptions and supply chain challenges
- Expected inventory reduction in Q4 did not occur, as customers were unable to draw at forecasted levels due to their supply chain and production constraints
- Pandemic related disruptions in our supply chain extended lead times for critical components, requiring higher inventory to protect against shortages for expected higher 2022 demand
- Transportation delays caused more inventory than normal to be in transit for a longer period of time

## Changes from Prior Year

(\$ in millions)

	<u>FY '21</u>	<u>FY '20</u>	<u>Change</u>
<b>Adjusted EBITDA</b>	\$ 795	\$ 593	\$ 202
<b>One-time Costs<sup>1</sup></b>	(31)	(39)	8
<b>Interest, Net</b>	(101)	(120)	19
<b>Taxes</b>	(99)	(98)	(1)
<b>Working Capital / Other<sup>2</sup></b>	(406)	50	(456)
<b>Capital Spending</b>	(369)	(326)	(43)
<b>Free Cash Flow</b>	\$ (211)	\$ 60	\$ (271)

<sup>1</sup> Includes costs associated with business acquisitions and divestitures and restructuring. <sup>2</sup> 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.

***Temporary elevated inventory levels drove free cash flow use***

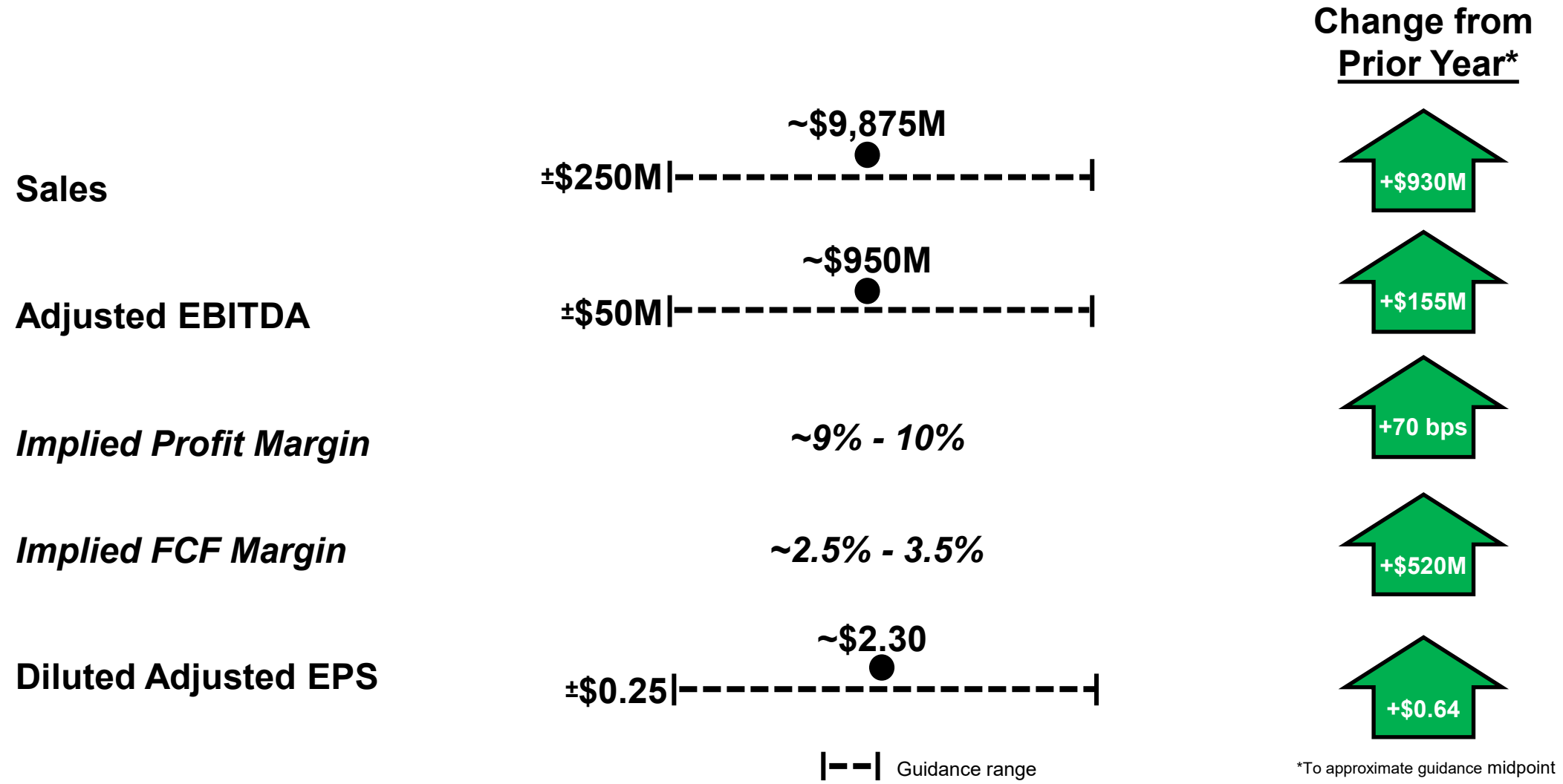




# FY 2022 Financial Guide

- Expecting strong sales growth as OEM production schedules normalize, supported by strong end-market demand
- Profit margin improvement expected as commodity and other input cost headwinds moderate later in the year
- Free cash flow improvement driven by lower inventory requirements as pandemic era logistics and demand pattern disruptions abate

## Guidance Ranges

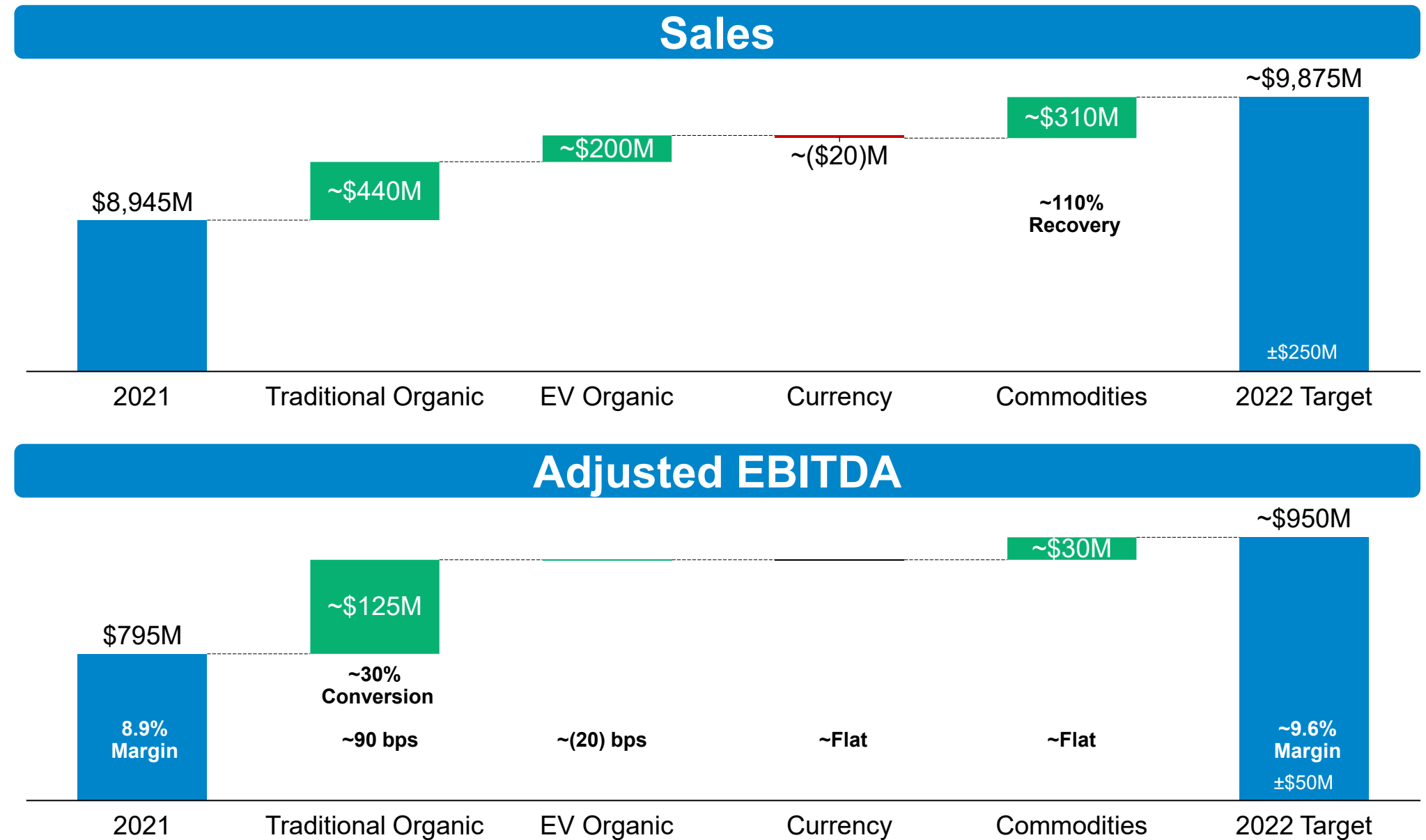


**Significant growth in all metrics as market pressures alleviate through 2022**



# 2022 FY Sales and Profit Changes

- End-market growth driven by increased production in light vehicles and continued recovery in heavy-vehicle markets
- Strong backlog with ~50% coming from electric vehicle programs
- EV growth driving higher investment, offsetting profit contribution from early low-volume programs
- Overall margin improvement expected as cost inflation begins to abate and commodity rates decline late in the year
- Lagging commodity recoveries from last year expected to deliver incremental profit later in 2022



**Growth and margin improvement expected upon easing of market and inflation constraints**



# 2022 Free Cash Flow Outlook

- Free cash flow improving as temporarily elevated inventory levels return to normalized rate
- Refining inventory requirements for uneven customer demand patterns

## Changes from Prior Year

(\$ in millions)

	<u>2022T</u>	<u>2021A</u>	<u>Change</u>
<b>Adjusted EBITDA</b>	\$ ~950	\$ 795	\$ ~155
<b>One-time Costs<sup>1</sup></b>	~(25)	(31)	~5
<b>Interest, net</b>	~(100)	(101)	-
<b>Taxes</b>	~(150)	(99)	~(50)
<b>Working Capital / Other<sup>2</sup></b>	~10	(406)	~415
<b>Capital Spending</b>	~(375)	(369)	~(5)
<b>Free Cash Flow</b>	\$ ~310	\$ (211)	\$ ~520

<sup>1</sup> Includes costs associated with business acquisitions and divestitures and restructuring. <sup>2</sup> 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.

***Increased profit and lower working capital driving improved free cash flow***

# Outlook

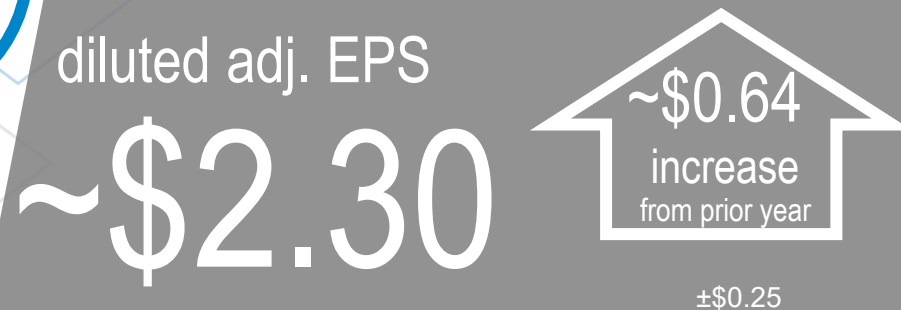
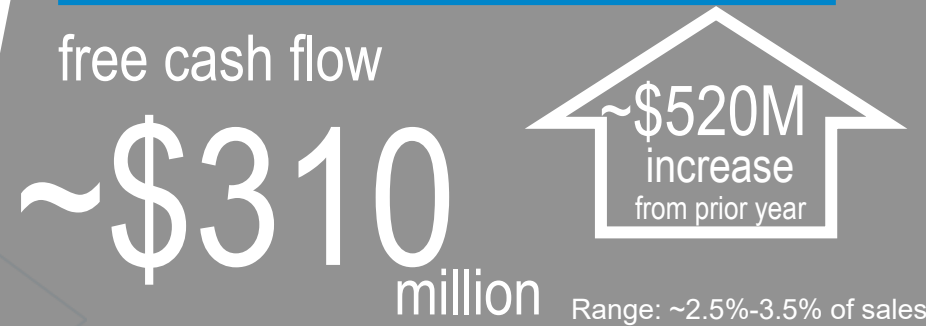
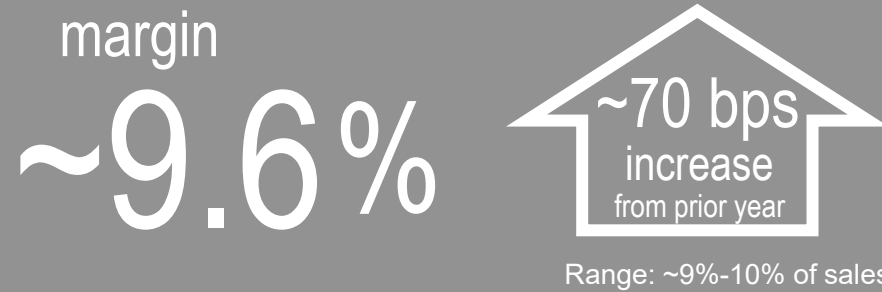
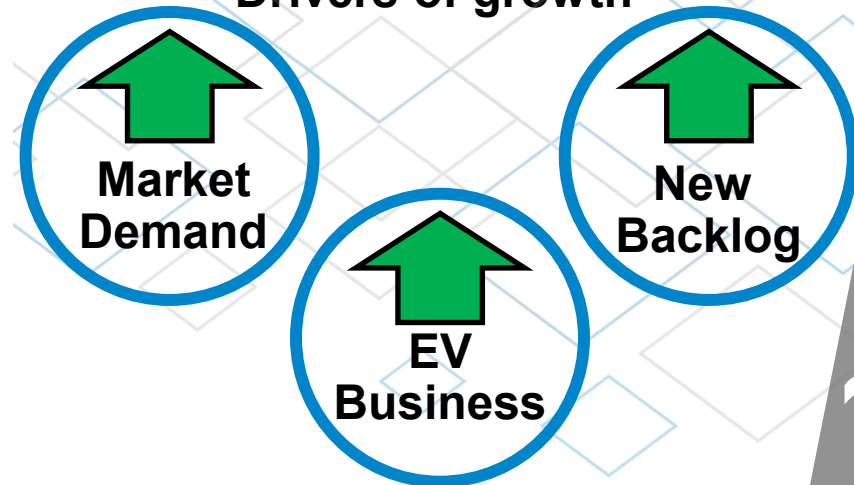


## 2022 Guidance

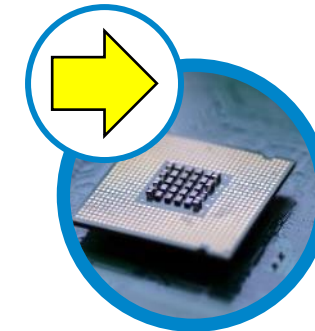


Improving OEM production cadence and continued strong end-market demand combined with new business backlog, driving sales increase

### Drivers of growth



## 2022 Market Variables



Semiconductor shortage improving

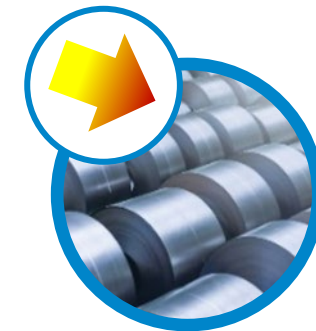


Infrastructure investment continuing

## 2022 Profit and FCF Drivers



Transportation costs elevated



Commodities moderating late in year



Inventory reduction



*People Finding A Better Way<sup>®</sup>*



Global Scale &  
Financial Strength



Technologies for  
Tomorrow



Balanced End-  
market Presence



Complete Electric  
Product Portfolio





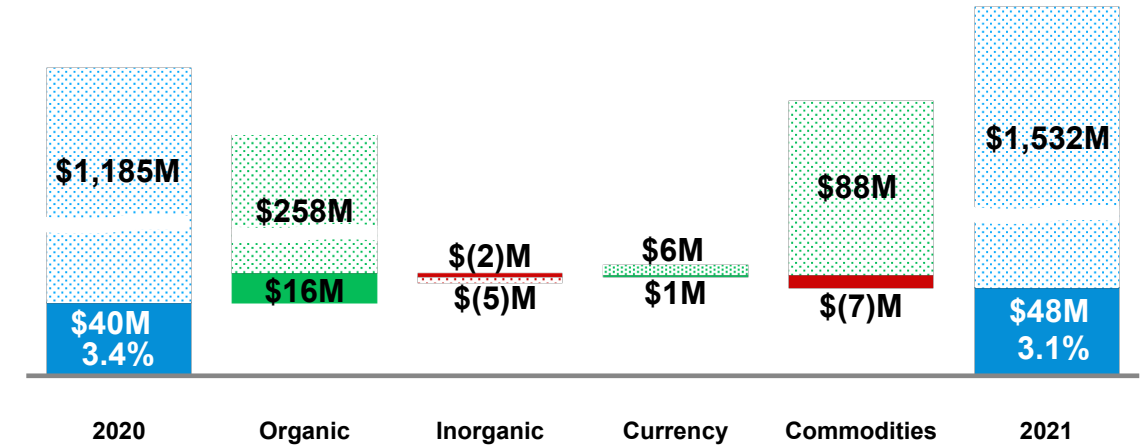
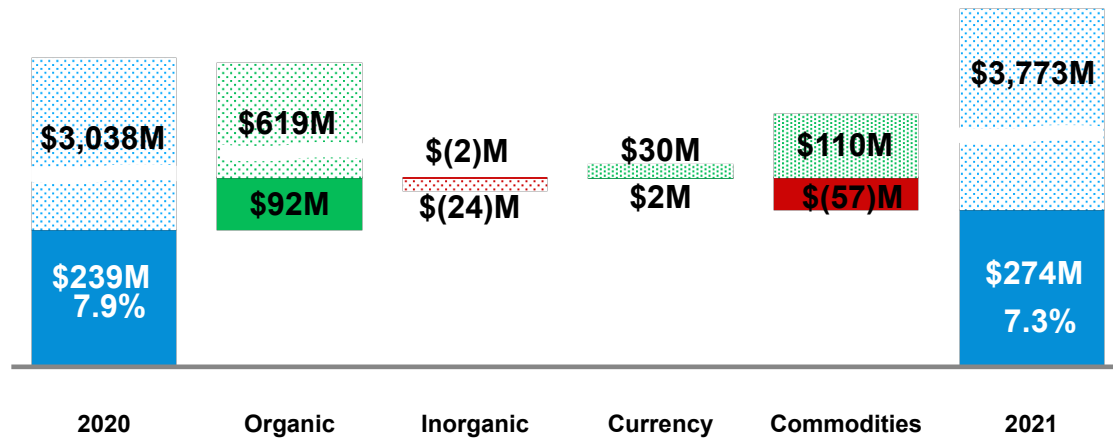
# 2021 Sales and Profit Change by Segment



## Light Vehicle Drive Systems



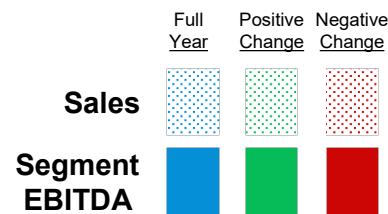
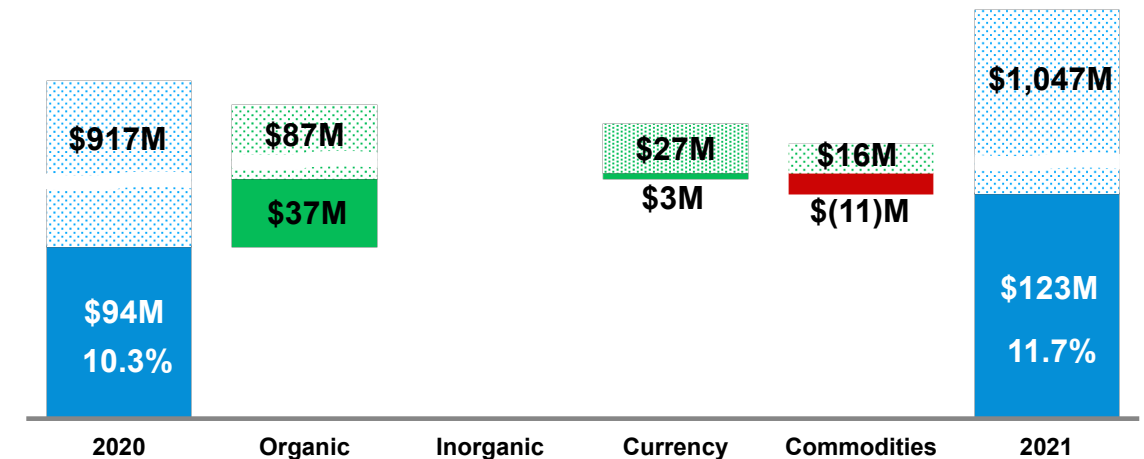
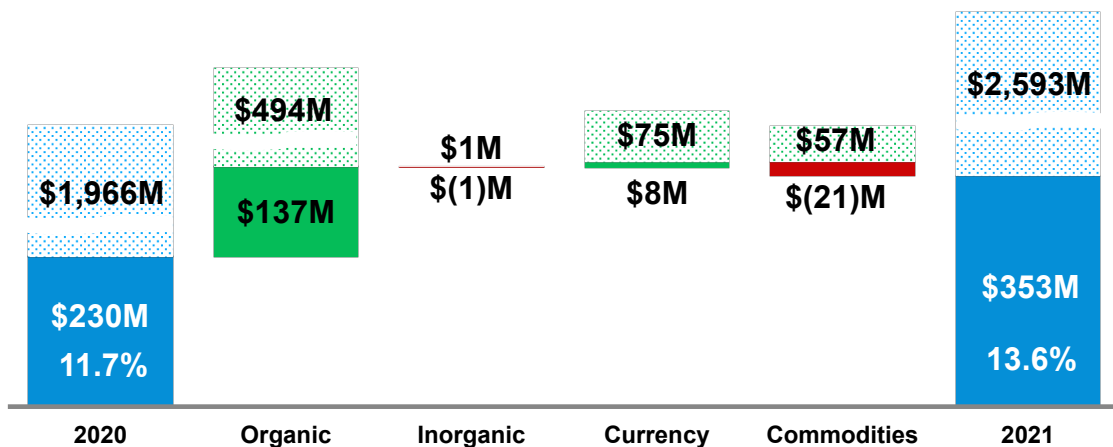
## Commercial Vehicle Drive and Motion Systems



## Off-Highway Drive and Motion Systems



## Power Technologies



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

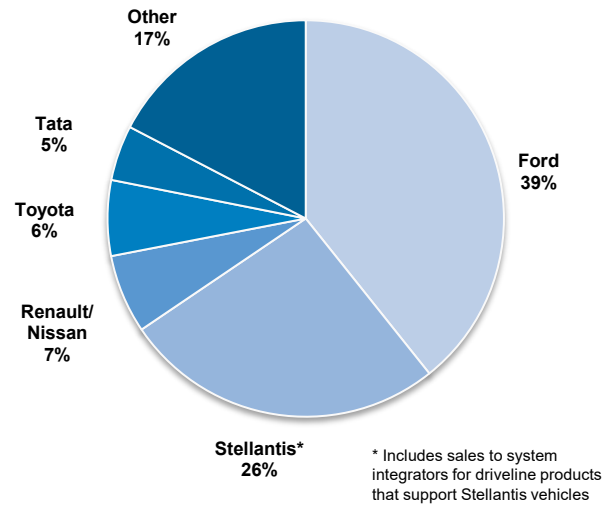
# Segment Profiles



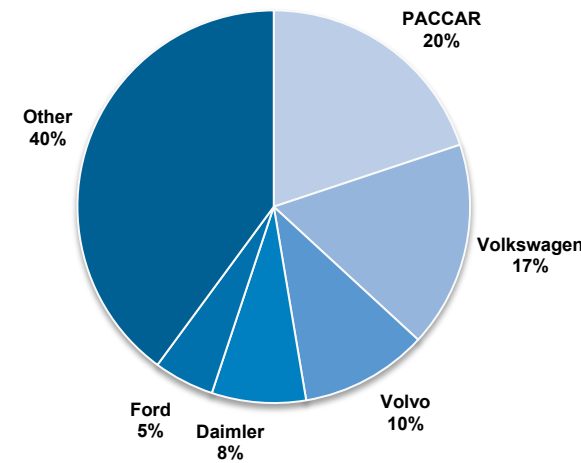
Customer Sales

Regional Sales

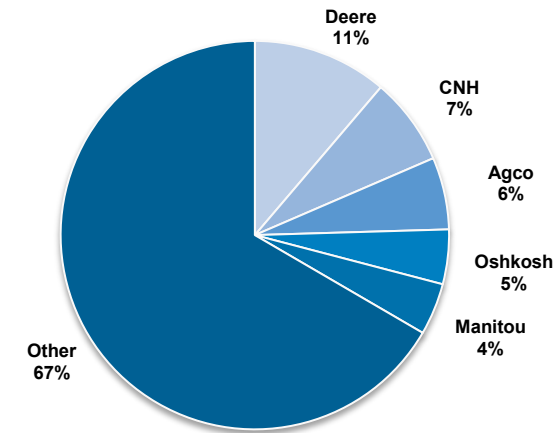
**Light Vehicle Drive Systems**  
Year to Date 12/31/2021



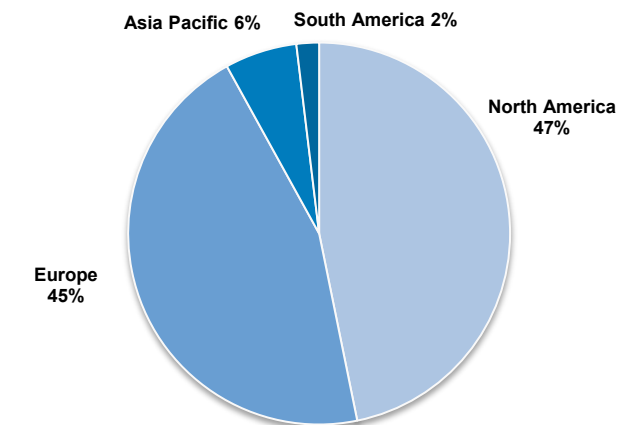
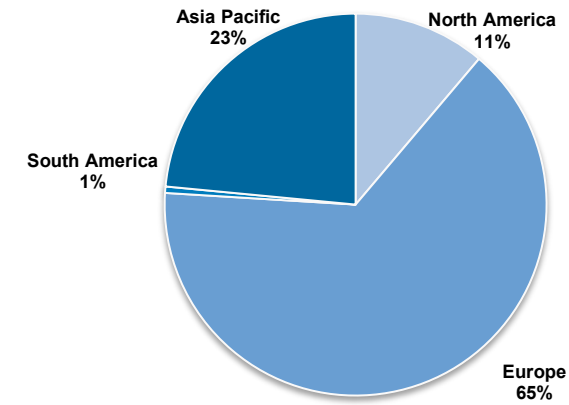
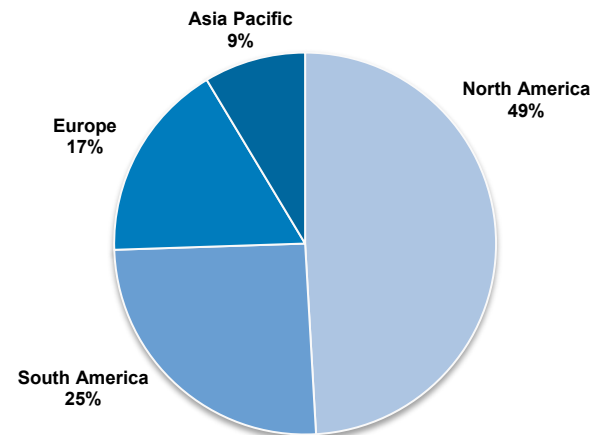
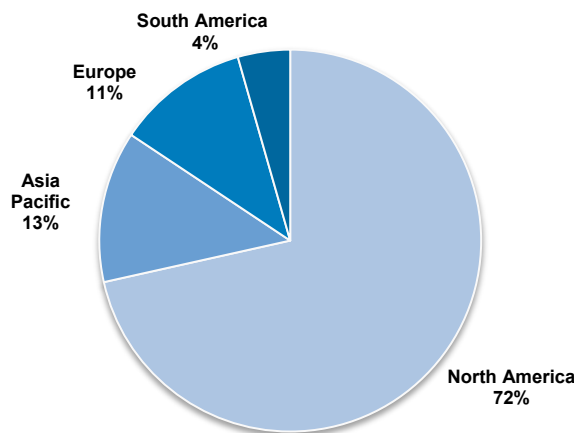
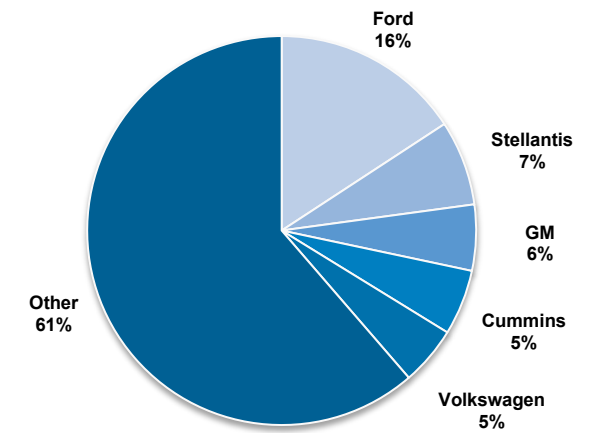
**Commercial Vehicle Drive and Motion Systems**  
Year to Date 12/31/2021



**Off-Highway Drive and Motion Systems**  
Year to Date 12/31/2021



**Power Technologies**  
Year to Date 12/31/2021



# Diluted Adjusted EPS



## DANA INCORPORATED

### Reconciliation of Net Income Attributable to the Parent Company to Adjusted Net Income Attributable to the Parent Company and Diluted Adjusted EPS (Unaudited) For the Three Months Ended December 31, 2021 and 2020

(In millions, except per share amounts)

	Three Months Ended December 31,	
	2021	2020
<b>Net income attributable to parent company</b>	\$ 25	\$ 40
Items impacting income before income taxes:		
Amortization	5	4
Restructuring charges, net	(2)	12
Strategic transaction expenses	5	6
Gain on investment in Hylion		(33)
Loss on extinguishment of debt	5	3
Gain on sale leaseback	(66)	
Other items	(2)	
Items impacting income taxes:		
Net income tax expense on items above	14	7
Income tax expense (benefit) attributable to various discrete tax matters	16	(4)
<b>Adjusted net income attributable to the parent</b>	<u>\$ -</u>	<u>\$ 35</u>
Diluted shares - as reported	145.8	145.7
Adjusted diluted shares	145.8	145.7
<b>Diluted adjusted EPS</b>	\$ -	\$ 0.24

## DANA INCORPORATED

### Reconciliation of Net Income (Loss) Attributable to the Parent Company to Adjusted Net Income Attributable to the Parent Company and Diluted Adjusted EPS (Unaudited) For the Year Ended December 31, 2021 and 2020

(In millions, except per share amounts)

	Year Ended December 31,	
	2021	2020
<b>Net income (loss) attributable to parent company</b>	\$ 197	\$ (31)
Items impacting income before income taxes:		
Amortization	20	17
Restructuring charges, net		33
Strategic transaction expenses	13	21
(Gain) loss on investment in Hylion	20	(33)
Loss on disposal group held for sale	7	
Loss on extinguishment of debt	29	8
Loss on de-designation of fixed-to-fixed cross currency swaps	9	
Gain on sale leaseback	(66)	
Other items	3	
Impairment of goodwill		31
Items impacting income taxes:		
Net income tax benefit on items above		(7)
Income tax expense attributable to various discrete tax matters	11	18
<b>Adjusted net income attributable to the parent</b>	<u>\$ 243</u>	<u>\$ 57</u>
Diluted shares - as reported	146.2	144.5
Adjusted diluted shares	146.2	145.1
<b>Diluted adjusted EPS</b>	\$ 1.66	\$ 0.39



# Segment Data



## DANA INCORPORATED Segment Sales and Segment EBITDA (Unaudited) For the Three Months Ended December 31, 2021 and 2020

(In millions)	Three Months Ended	
	December 31,	
	2021	2020
<b>Sales</b>		
Light Vehicle	\$ 974	\$ 980
Commercial Vehicle	400	333
Off-Highway	662	531
Power Technologies	237	264
<b>Total Sales</b>	<b>\$ 2,273</b>	<b>\$ 2,108</b>
<b>Segment EBITDA</b>		
Light Vehicle	\$ 33	\$ 99
Commercial Vehicle	(5)	8
Off-Highway	77	58
Power Technologies	12	31
<b>Total Segment EBITDA</b>	<b>117</b>	<b>196</b>
Corporate expense and other items, net	1	(4)
<b>Adjusted EBITDA</b>	<b>\$ 118</b>	<b>\$ 192</b>

## DANA INCORPORATED Segment Sales and Segment EBITDA For the Year Ended December 31, 2021 and 2020

(In millions)	Year Ended	
	December 31,	
	2021	2020
<b>Sales</b>		
Light Vehicle	\$ 3,773	\$ 3,038
Commercial Vehicle	1,532	1,185
Off-Highway	2,593	1,966
Power Technologies	1,047	917
<b>Total Sales</b>	<b>\$ 8,945</b>	<b>\$ 7,106</b>
<b>Segment EBITDA</b>		
Light Vehicle	\$ 274	\$ 239
Commercial Vehicle	48	40
Off-Highway	353	230
Power Technologies	123	94
<b>Total Segment EBITDA</b>	<b>798</b>	<b>603</b>
Corporate expense and other items, net	(3)	(10)
<b>Adjusted EBITDA</b>	<b>\$ 795</b>	<b>\$ 593</b>

# Segment Data Continued



## DANA INCORPORATED

### Reconciliation of Segment and Adjusted EBITDA to Net Income (Unaudited) For the Three Months Ended December 31, 2021 and 2020

(In millions)	Three Months Ended	
	December 31,	
	2021	2020
<b>Segment EBITDA</b>	\$ 117	\$ 196
Corporate expense and other items, net	1	(4)
<b>Adjusted EBITDA</b>	118	192
Depreciation	(93)	(88)
Amortization	(6)	(5)
Non-service cost components of pension and OPEB costs	(3)	(2)
Restructuring charges, net	2	(13)
Stock compensation expense	(2)	(9)
Strategic transaction expenses	(2)	(5)
Amounts attributable to previously divested/closed operations	(1)	(1)
Gain on investment in Hylion		33
Gain on sale leaseback	66	
Other items	1	(2)
Earnings before interest and income taxes	80	100
Loss on extinguishment of debt	(5)	(3)
Interest income	3	2
Interest expense	32	39
Earnings before income taxes	46	60
Income tax expense	16	24
Equity in earnings of affiliates	(1)	3
<b>Net income</b>	<b>\$ 29</b>	<b>\$ 39</b>

## DANA INCORPORATED

### Reconciliation of Segment and Adjusted EBITDA to Net Income (Loss) For the Year Ended December 31, 2021 and 2020

(In millions)	Year Ended	
	December 31,	
	2021	2020
<b>Segment EBITDA</b>	\$ 798	\$ 603
Corporate expense and other items, net	(3)	(10)
<b>Adjusted EBITDA</b>	795	593
Depreciation	(365)	(345)
Amortization	(24)	(20)
Non-service cost components of pension and OPEB costs	(10)	(10)
Restructuring charges, net		(34)
Stock compensation expense	(17)	(14)
Strategic transaction expenses	(13)	(20)
Amounts attributable to previously divested/closed operations	(2)	(1)
Gain (loss) on investment in Hylion	(20)	33
Loss on disposal group held for sale	(7)	
Loss on de-designation of fixed-to-fixed cross currency swaps	(9)	
Gain on sale leaseback	66	
Impairment of goodwill		(51)
Other items	1	(7)
Earnings before interest and income taxes	395	124
Loss on extinguishment of debt	(29)	(8)
Interest income	9	9
Interest expense	131	138
Earnings (loss) before income taxes	244	(13)
Income tax expense	72	58
Equity in earnings of affiliates	28	20
<b>Net income (loss)</b>	<b>\$ 200</b>	<b>\$ (51)</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	
	December 31,	
	2021	2020
<b>Net cash provided by (used in) operating activities</b>	\$ 139	\$ 191
Purchase of property, plant and equipment	<u>(141)</u>	<u>(145)</u>
<b>Free cash flow</b>	(2)	46
Discretionary pension contributions	<u>          </u>	<u>          </u>
<b>Adjusted free cash flow</b>	<u>\$ (2)</u>	<u>\$ 46</u>

(In millions)	Year Ended	
	December 31,	
	2021	2020
<b>Net cash provided by operating activities</b>	\$ 158	\$ 386
Purchase of property, plant and equipment	<u>(369)</u>	<u>(326)</u>
<b>Free cash flow</b>	(211)	60
Discretionary pension contributions	<u>          </u>	<u>          </u>
<b>Adjusted free cash flow</b>	<u>\$ (211)</u>	<u>\$ 60</u>



# Non-GAAP Financial Information

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.

Adjusted net income (loss) attributable to the parent company is a non-GAAP financial measure which we have defined as net income (loss) attributable to the parent company, excluding any discrete 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. 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 net income attributable to the parent company reported by other companies. Adjusted net income (loss) attributable to the parent company is neither intended to represent nor be an alternative measure to net income (loss) attributable to the parent company reported in accordance with GAAP.

Diluted adjusted EPS is a non-GAAP financial measure which we have defined as adjusted net income (loss) attributable to the parent company divided by adjusted diluted shares. We define adjusted diluted shares as diluted shares as determined in accordance with GAAP based on adjusted net income (loss) attributable to the parent company. 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 reconciliations 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. Reconciliations of these non-GAAP measures with the most comparable GAAP measures for historical periods are indicative of the reconciliations that will be prepared upon completion of the periods covered by the non-GAAP guidance.