



# 2019 Third-Quarter Earnings Conference Call

October 30, 2019

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





# 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*



# Business Overview

## Third Quarter Results

sales  
**\$2.2**  
billion



12<sup>th</sup> consecutive quarter of  
year-over-year sales growth



adjusted EBITDA  
**\$250**  
million



margin  
**11.6%**

diluted adjusted EPS  
**\$0.74**

## Key Highlights

- 1 Delivered year-over-year sales and profit growth
- 2 Experienced end-market demand volatility
- 3 Accelerated cost flex actions
- 4 Acquired electric powertrain systems integrator
- 5 Awarded EV new business across all mobility markets

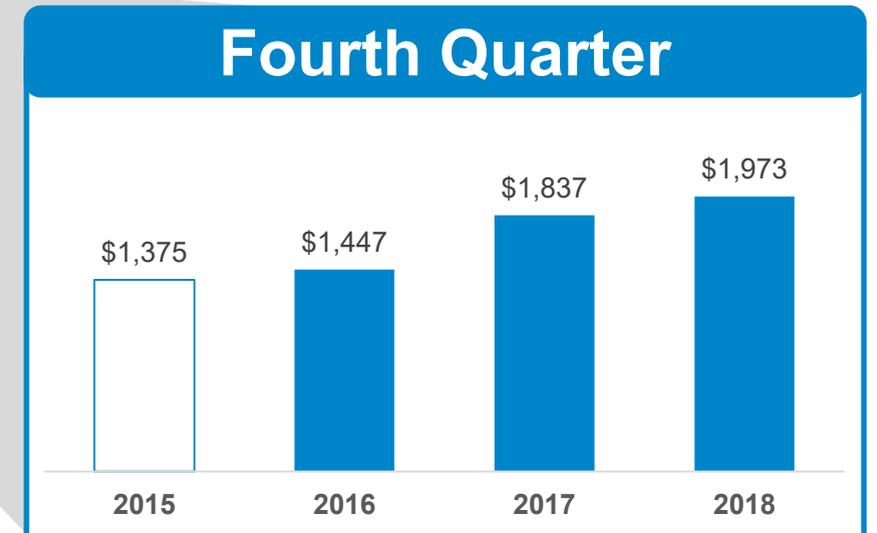
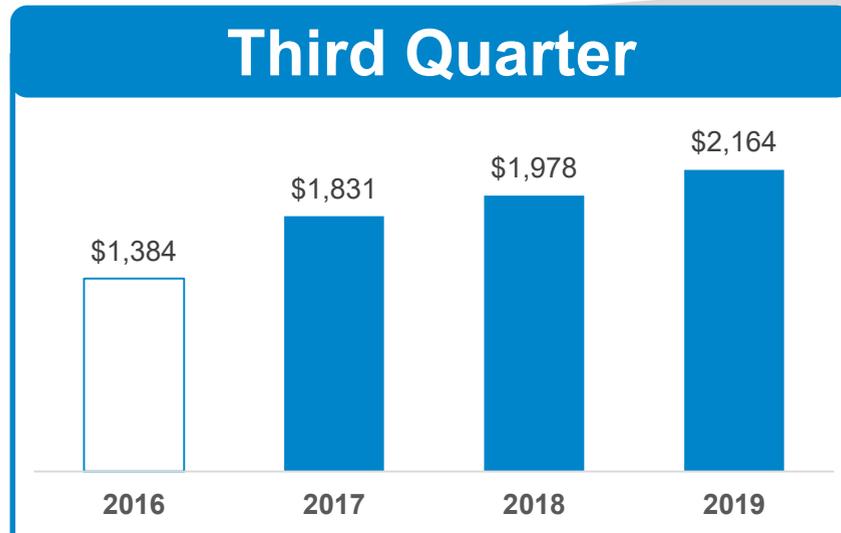
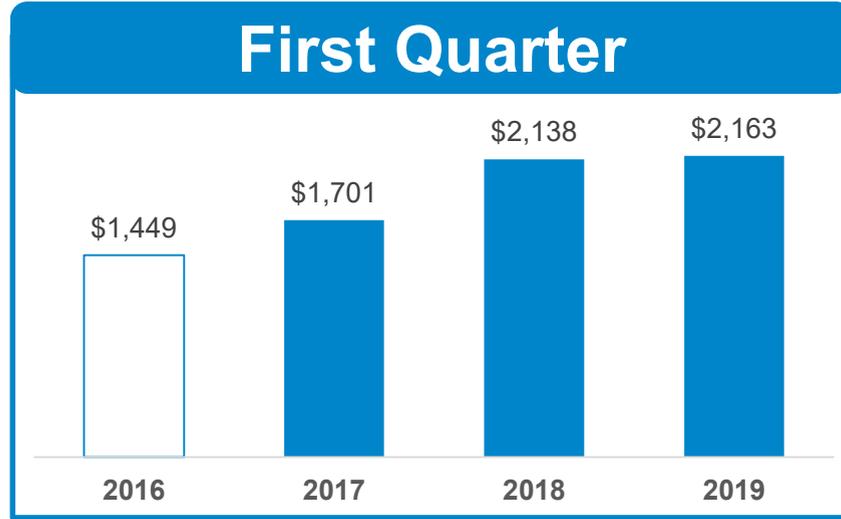
POWERING INTO  
**e-DRIVE**





# 1 Three Years of Continuous Sales Growth

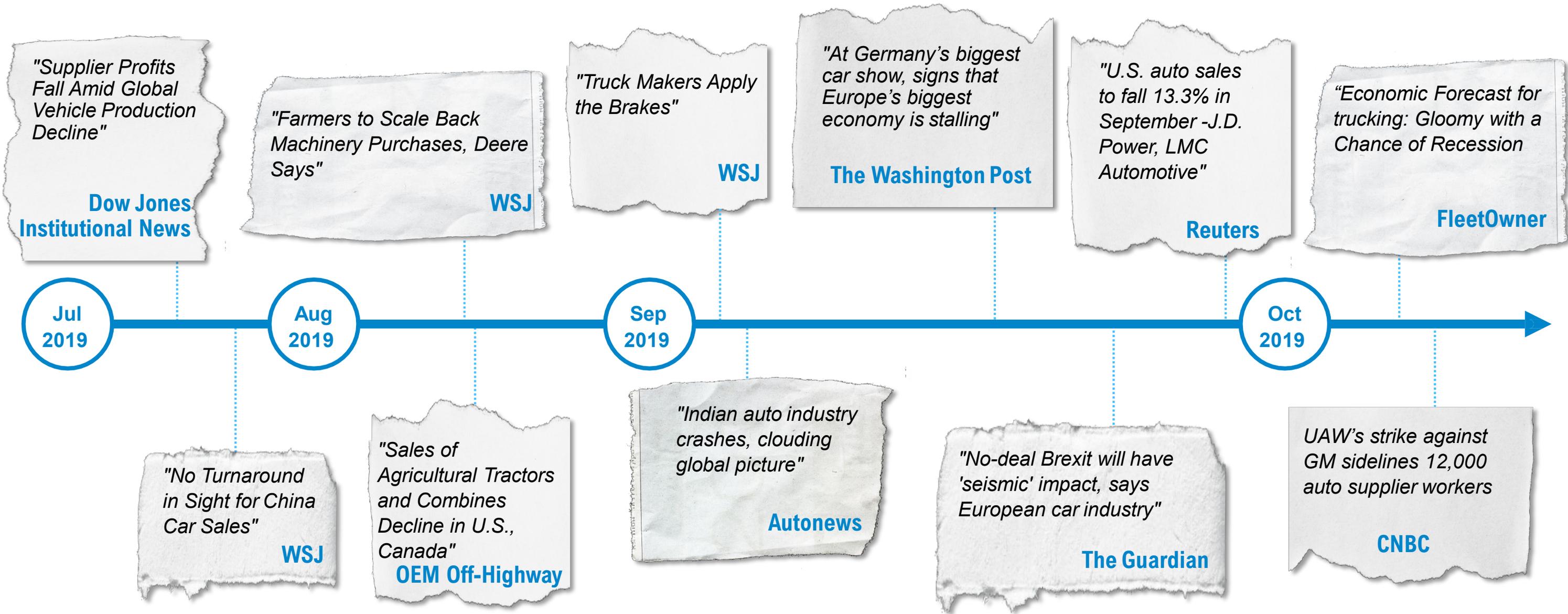
(\$ in millions)



**12 consecutive quarters of year-over-year sales growth**



# 2 Mobility Market Conditions



**Volatility increased across all three mobility markets in Q3**



# 3 Cost Structure Flexibility

## Cost of Goods Sold<sup>1</sup>

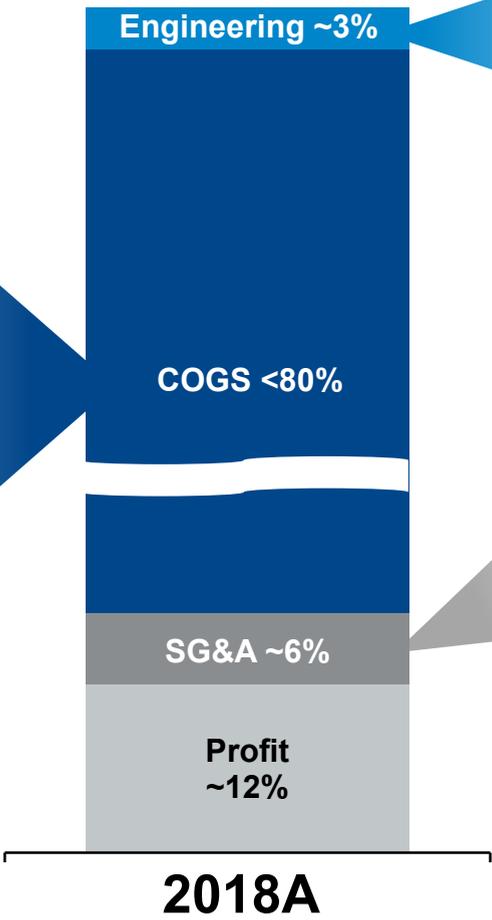
### Material Cost 2/3

- Limited vertical integration
- Best-of-best supply base
- Centralized global commodity purchasing
- Rapid response to customer demand changes
- Inbound freight and logistics optimization

### Conversion Cost 1/3

- Labor flexibility / subsidy programs
- Eliminate high-volume premium costs
- Maintenance and repair efficiencies
- Salary actions and austerity measures
- Manufacturing footprint optimization

### Sales Composition<sup>2</sup>



## Engineering Spend

- Acceleration and scope of commercial recoveries
- Research and development prioritization
- Rate of investment in electrified technology
- De-prioritize investments in legacy products

## SG&A / Other<sup>1</sup>

- Complete cost synergies from recent acquisitions
- Leverage synergies across all mobility markets
- Lean principles and process consolidation
- Global shared services and automation

## Other Free Cash Flow Impacts

- Capital expenditure delay or deferrals
- Working capital source of cash

<sup>1</sup> Adjusted to remove engineering expense  
<sup>2</sup> Based on 2018 full year results, adjusted for depreciation, amortization, restructuring, and non-recurring items as defined in Adjusted EBITDA  
 See appendix for comments regarding the presentation of non-GAAP measures

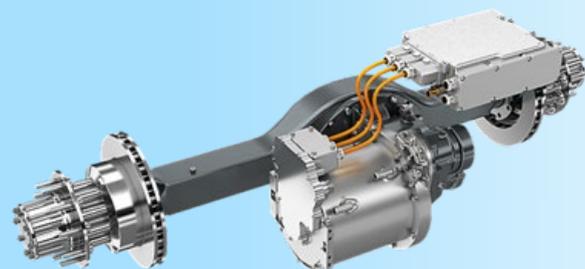
**Continued focused on cost discipline through volatile market cycles**



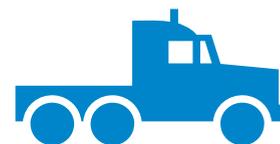


# 4 Nordresa Acquisition: e-Powertrains

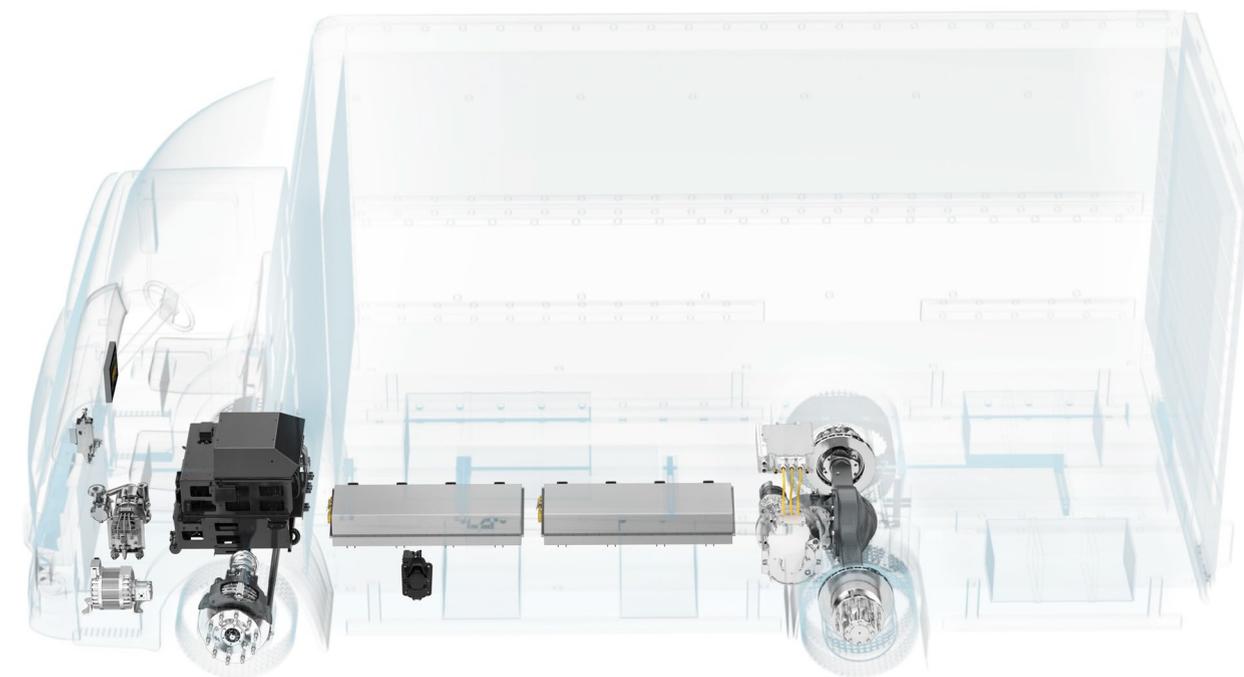
Proprietary embedded software and complete powertrain control system



e-Drive Axle  
Electric Motor, Inverter,  
& Gears



New Program Award for Medium-duty  
Electric Truck with Key OEM



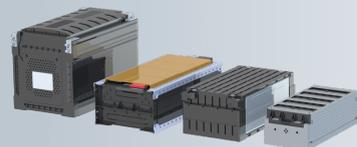
**e-Propulsion  
System**

**e-Power  
System**

**e-Powertrain**



Power Cradle  
Electric Charger,  
Converter, & Auxiliaries



Power Pack  
Battery Cells, Modules, &  
Battery Management System

- Complete Dana e-Powertrain
- 3-year program, launching in **2020**
- **\$200M** incremental backlog





# 5 Leading in Electric Propulsion



Dana Partners with Valeo on 48V Small Vehicles



New Program for Electrified Terminal Truck



e-Planetary Drives for AWP



Battery Cooling Solutions for New Electric-vehicle Platform





# Financial Review

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# 2019 Q3 Financial Results



- 9% sales growth in Q3 driven primarily by acquisitions and backlog conversion partially offset by lower end-market demand for heavy vehicles
- Favorable income tax comparison due to valuation allowance release in Brazil
- Lower diluted adjusted EPS as higher adjusted EBITDA were offset by higher depreciation and interest expense
- Higher adjusted FCF due to lower cash taxes and working capital requirements

## Changes from Prior Year

(\$ in millions except EPS)

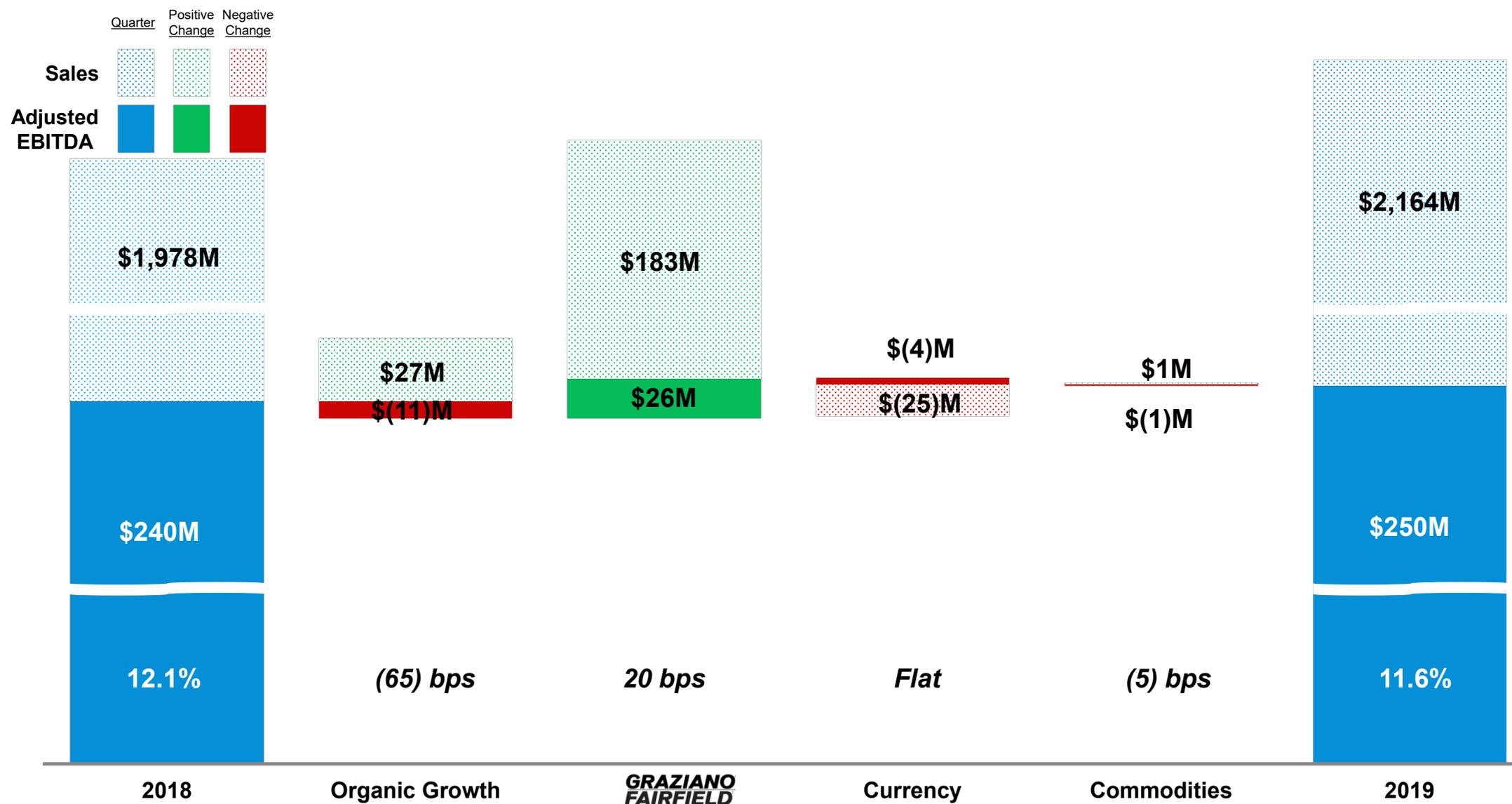
	<u>Q3 '19</u>	<u>Q3 '18</u>	<u>Change</u>
<b>Sales</b>	\$ 2,164	\$ 1,978	\$ 186
<b>Adjusted EBITDA</b>	250	240	10
<b>Margin</b>	11.6%	12.1%	(50) bps
<b>EBIT</b>	137	147	(10)
<b>Interest Expense, Net</b>	28	21	7
<b>Income Tax Expense</b>	5	31	(26)
<b>Net Income</b> (attributable to Dana)	111	95	16
<b>Diluted Adjusted EPS</b>	\$ 0.74	\$ 0.77	\$ (0.03)
<b>Operating Cash Flow</b>	231	124	107
<b>Capital Spending</b>	108	90	18
<b>Adjusted Free Cash Flow</b>	125	34	91

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



# 2019 Q3 Sales and Profit Changes

- 12<sup>th</sup> consecutive quarter of year-over-year sales growth
- Sales growth primarily from backlog and acquisitions
- Lower than expected organic and ODS growth primarily driven by weakened demand in heavy vehicle markets
- Margin contraction due to unfavorable end-market mix as higher margin off-highway demand declined
- Currency translation was a headwind to sales primarily due to the weakening of the euro to the U.S. dollar



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

**Delivered 9% sales growth and 4% earnings growth**





# 2019 Q3 Adjusted Free Cash Flow

- Higher cash generation driven by lower cash taxes and working capital requirements

## Changes from Prior Year

(\$ in millions)

	<u>Q3 '19</u>	<u>Q3 '18</u>	<u>Change</u>
<b>Adjusted EBITDA</b>	\$ 250	\$ 240	\$ 10
<b>One-time Costs<sup>1</sup></b>	(20)	(14)	(6)
<b>Interest, net</b>	(15)	(9)	(6)
<b>Taxes</b>	(30)	(55)	25
<b>Working Capital / Other<sup>2</sup></b>	48	(38)	86
<b>Capital Spending</b>	(108)	(90)	(18)
<b>Adj. Free Cash Flow</b>	\$ 125	\$ 34	\$ 91
<b>Margin</b>	6%	2%	+4%

<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.

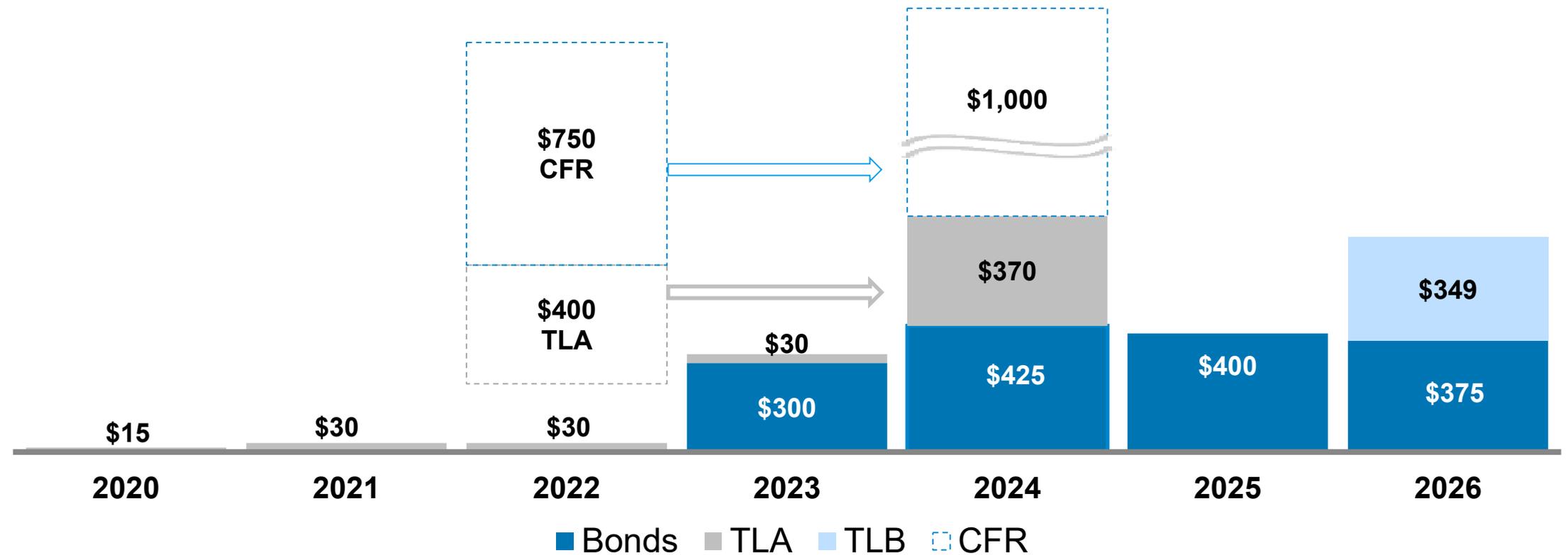
**Adj. FCF margin improved on higher working capital efficiency**



# 2019 Q3 Capital Structure Actions

## Debt Maturity Profile

(\$ in millions)



\*As of September 30, 2019, excludes amortization of deferred financing fees

- Extends maturity of CFR and TLA by two years
- No significant maturities in next four years
- Increased CFR by \$250M
- Lowered effective borrowing cost to an average rate of 4.3%\* by reducing TLA rate by 25bps
- Repaid \$100M of TLB with CFR draw; expected to be repaid in Q4

**Extended maturities, increased liquidity, and lowered interest**

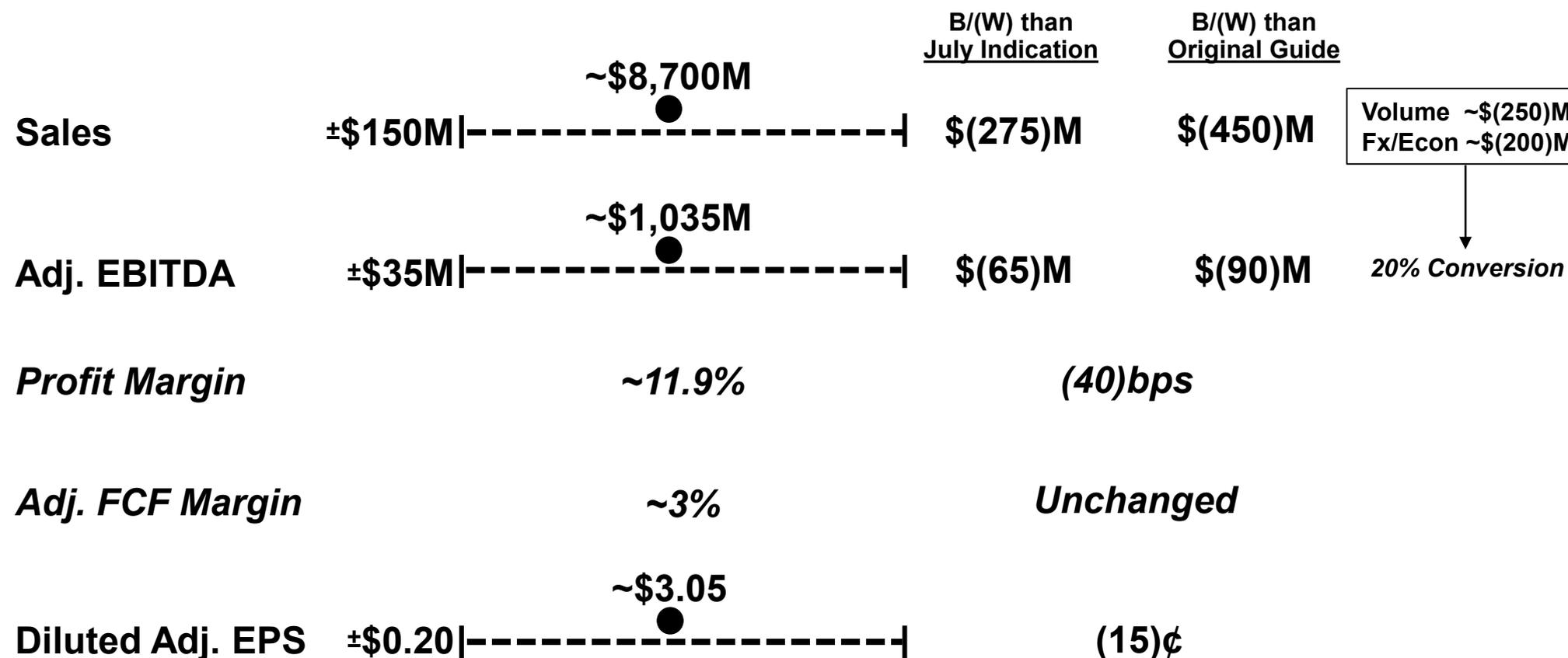




# 2019 FY Financial Guidance

## Revised Guidance Ranges

- Full-year guidance ranges adjusted for weaker end-market demand for heavy vehicles
- Free cash flow margin remains unchanged due to lower cash taxes and working capital requirements



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

---| Guidance range    ● Current Guidance

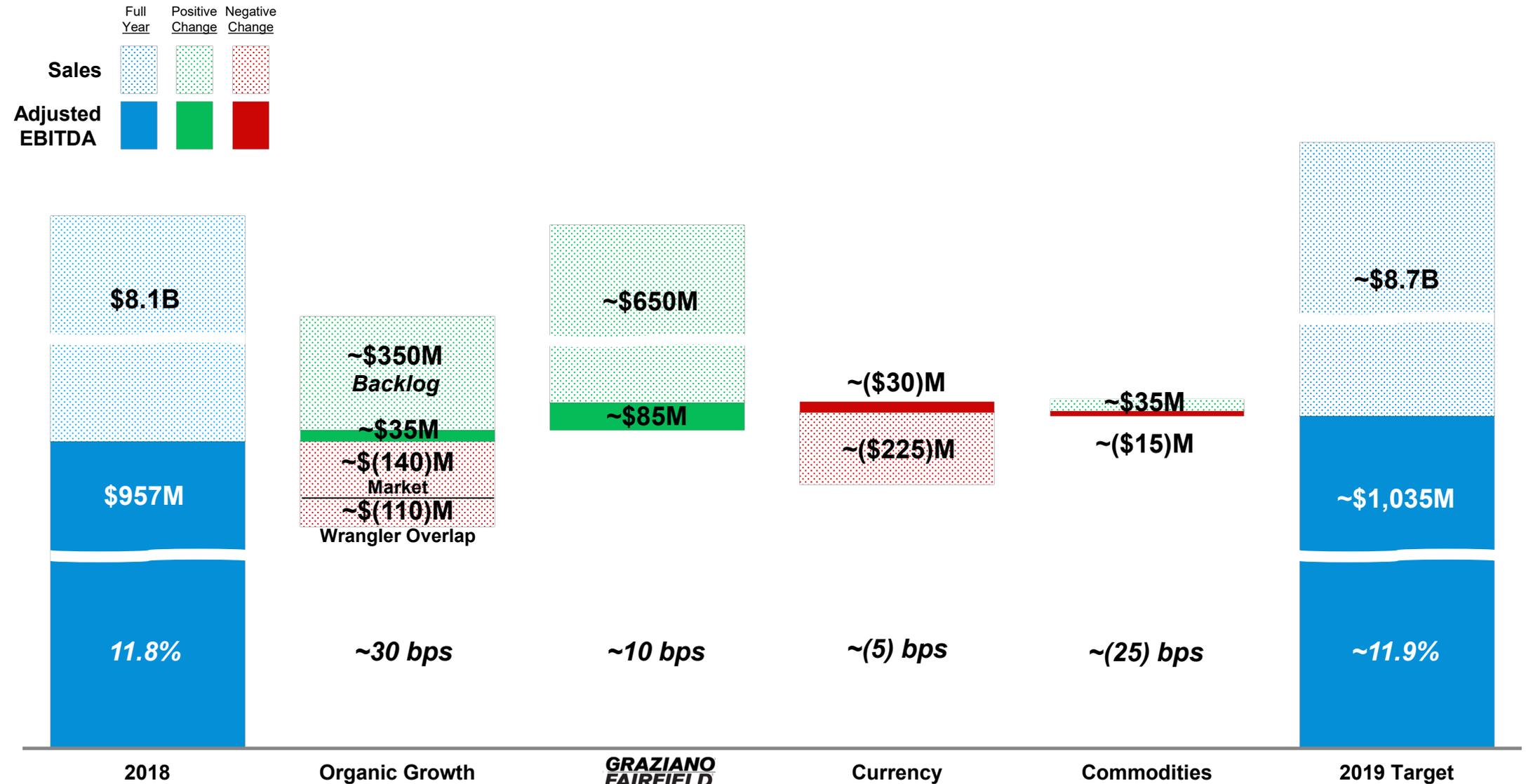
**Expecting 3<sup>rd</sup> year of sales, profit, and FCF growth**





# 2019 FY Sales and Profit Changes

- Strong conversion on backlog partially offset by weaker heavy vehicle markets
- Overlap of Jeep Wrangler program during H1 2018 resulted in ~\$110 million of non-recurring sales; contribution margin loss offset by the elimination of launch costs incurred in 2018
- Graziano and Fairfield contributing 10 bps; sales lower by \$100M due to weakening end markets, lost contribution margin partially offset by cost synergies
- Foreign currency expected to provide headwind, primarily due to EUR/USD
- Commodity costs have tempered but are still expected to remain higher than prior year average



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

**Expecting to deliver sales and profit growth for 3<sup>rd</sup> year**





# 2019 FY Adjusted Free Cash Flow

- Adj. FCF margin flat vs 2018 primarily due to transaction expenses, integration costs, and capital spending associated with the ODS acquisition
- Adj. FCF measure excludes discretionary pension contribution in 2019

## Changes from Prior Year

(\$ in millions)

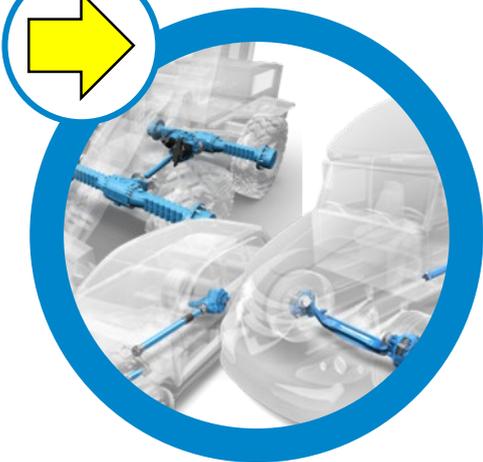
	<u>2019T</u>	<u>2018A</u>	<u>'19T B/(W) than '18A</u>
<b>Adjusted EBITDA</b>	\$ ~1,035	\$ 957	\$ ~75
<b>One-time Costs<sup>1</sup></b>	~(80)	(38)	~(40)
<b>Interest, net</b>	~(100)	(81)	~(20)
<b>Taxes</b>	~(135)	(145)	~10
<b>Working Capital / Other<sup>2</sup></b>	~(35)	(125)	~90
<b>Capital Spending</b>	~(425)	(325)	~(100)
<b>Adj. Free Cash Flow</b>	\$ ~260	\$ 243	~15
<b>Margin</b>	~3%	3%	<i>Flat</i>

<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.

**Adj. FCF margins flat as a result of ODS acquisition**



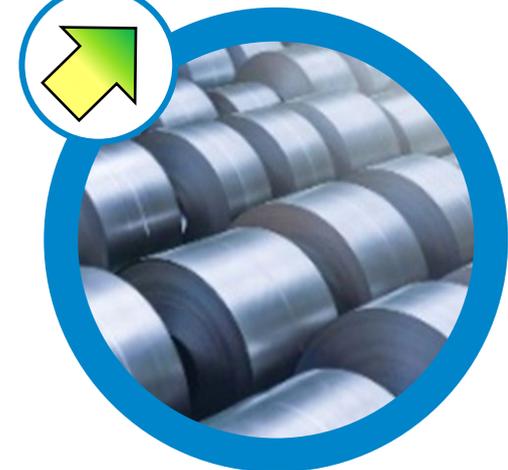
# 2020 Outlook



**Organic  
Backlog (+)  
Market (-)**



**Inorganic  
Cost  
Synergies**



**Lower  
Commodity  
Costs**

- Anticipating nominal top-line growth as full year of acquisitions and backlog will largely offset end-market demand declines
- Expect modest profit margin expansion due to acquisition cost synergies and lower commodity costs
- Foresee significant free cash flow growth due to higher profit, lower one-time costs, and lower capital requirements

***Poised to deliver sales, profit, and FCF growth for 4<sup>th</sup> consecutive year***

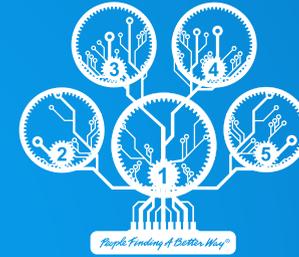




**Continued Strong  
Financial Results**



**Growing New  
Business Backlog**



**Advancing Enterprise  
Strategy**



**Increasing  
Shareholder Value**

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# Appendix



# 2019 Forecast Assumptions

## Key Production Assumptions

Units (000)	2018 Actuals	2019 Outlook
<b>North America</b>		
Light Trucks (Full Frame)	4,476	4,360 – 4,660
Light Vehicle Engines	15,332	14,600 – 14,900
Medium Truck (Class 5-7)	270	280 – 290
Heavy Truck (Class 8)	320	325 – 345
Agricultural Equipment	56	50 – 60
Construction/Mining Equipment	176	160 – 170
<b>Europe (Incl. Eastern Europe)</b>		
Light Trucks	10,721	10,500 – 11,500
Light Vehicle Engines	23,098	22,250 – 22,750
Medium/Heavy Truck	506	505 – 520
Agricultural Equipment	204	195 – 210
Construction/Mining Equipment	351	330 – 350
<b>South America</b>		
Light Trucks	1,313	1,300 – 1,500
Light Vehicle Engines	2,797	2,750 – 2,850
Medium/Heavy Truck	113	115 – 125
Agricultural Equipment	34	30 – 35
Construction/Mining Equipment	9	8 – 12
<b>Asia Pacific</b>		
Light Trucks	29,369	27,800 – 29,000
Light Vehicle Engines	52,293	48,000 – 49,000
Medium/Heavy Truck	2,004	1,800 – 2,000
Agricultural Equipment	653	620 – 660
Construction/Mining Equipment	495	470 – 490

## Key Financial Assumptions

### Currency

Euro / USD	1.05 - 1.15
USD / CAD	1.25 - 1.39
USD / BRL	3.75 - 4.25
USD / ARS	50.00 - 60.00
USD / MXN	18.50 - 20.00
GBP / USD	1.20 - 1.40

### Taxes

Effective Tax Rate (Dil. Adj. EPS)	~24%
Cash Tax Rate	~29%

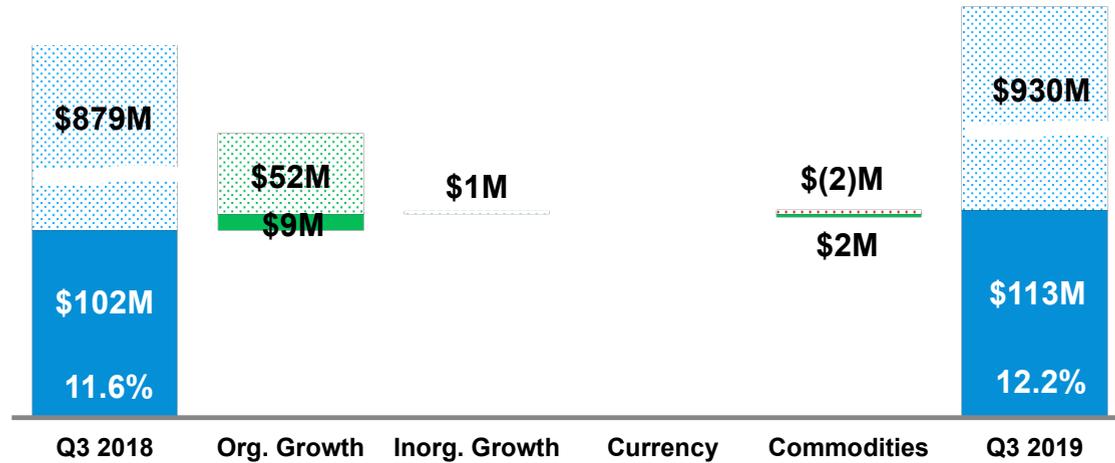
SOURCE: IHS Global Insight, ACT, PSR, Dana Estimates



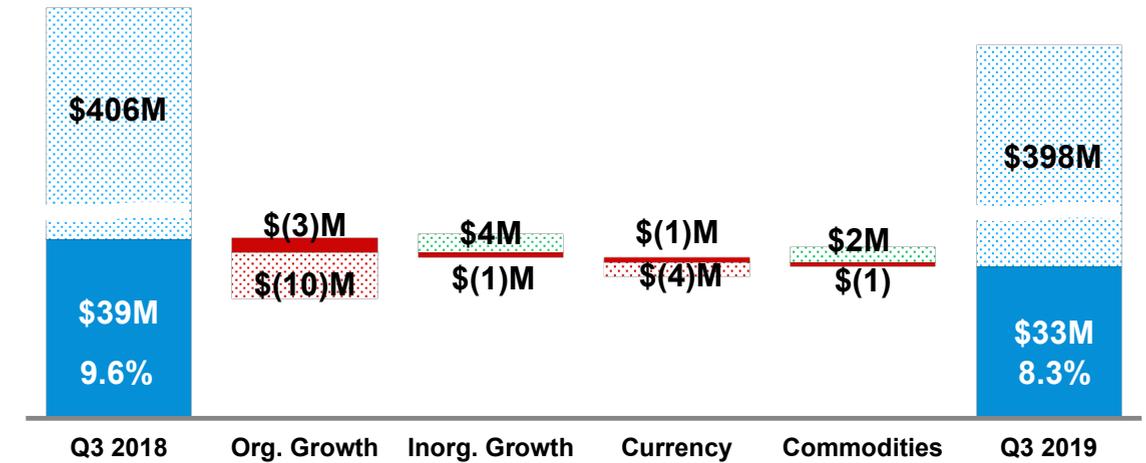
# 2019 Q3 Sales and Profit Change by Segment



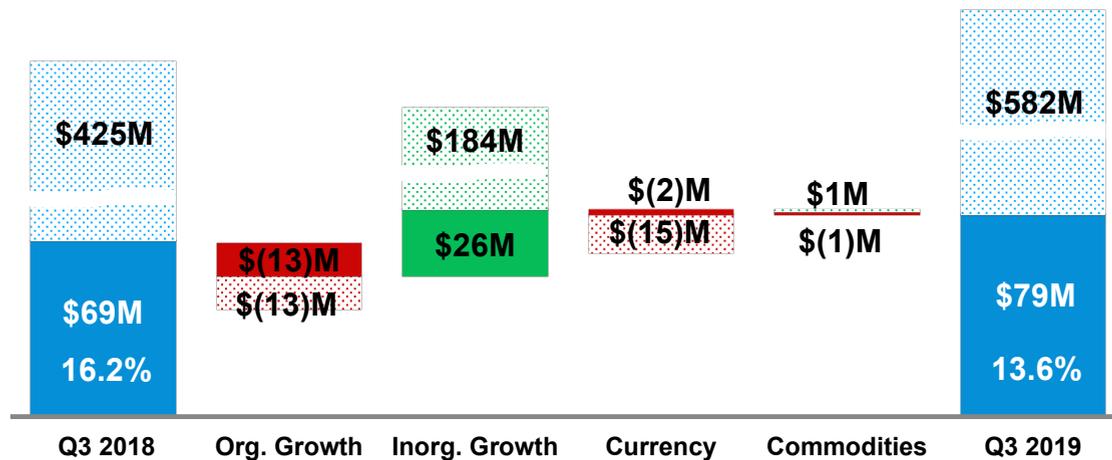
## Light Vehicle Driveline



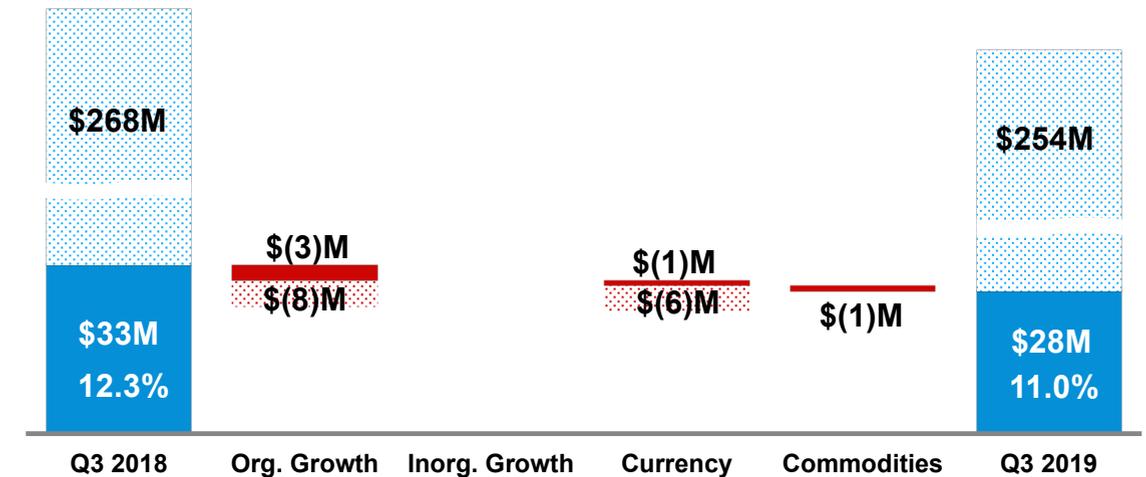
## Commercial Vehicle Driveline



## Off-Highway Drive and Motion



## Power Technologies



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

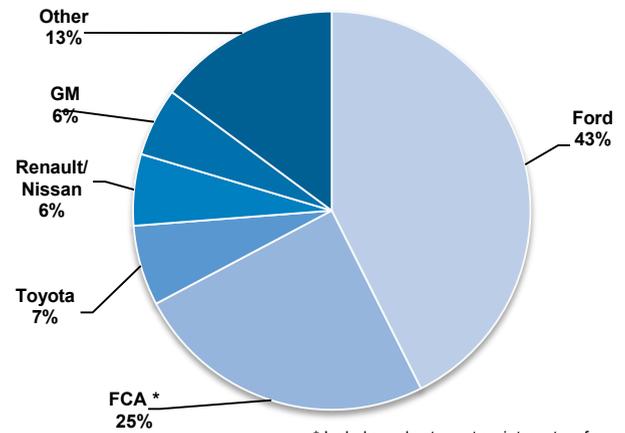
# Segment Profiles



Customer Sales

## Light Vehicle Driveline

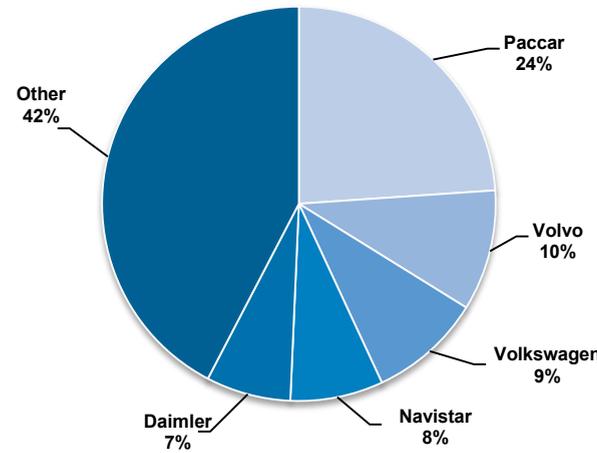
Year to Date 9/30/2019



\* Includes sales to system integrators for driveline products that support FCA vehicles

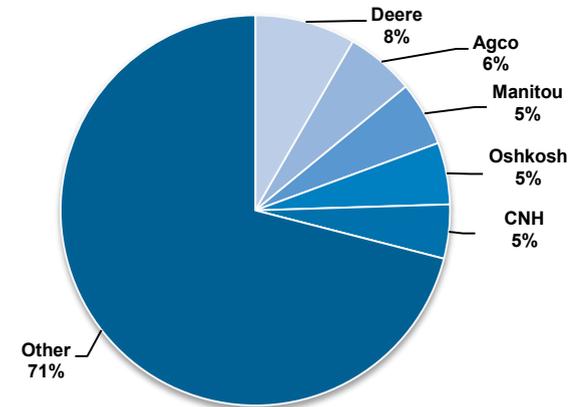
## Commercial Vehicle Driveline

Year to Date 9/30/2019



## Off-Highway Drive and Motion^

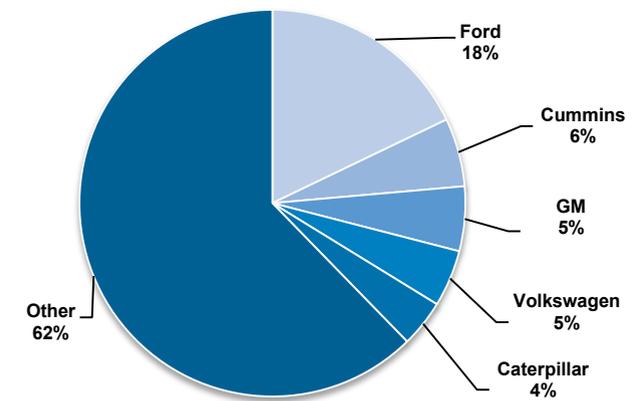
Year to Date 9/30/2019



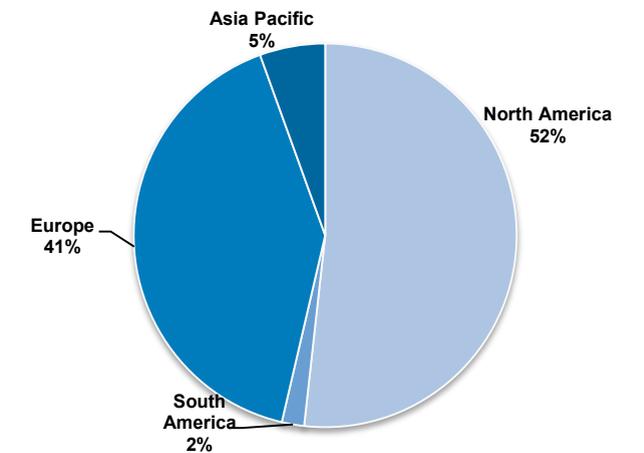
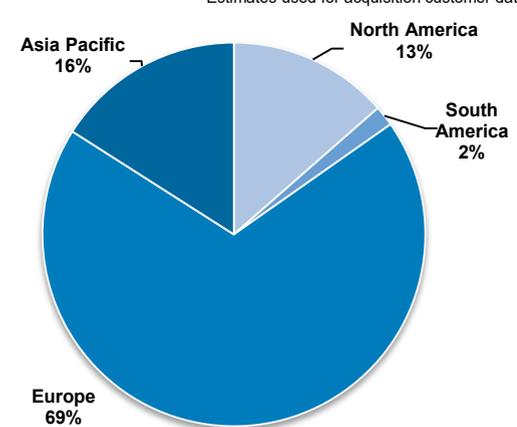
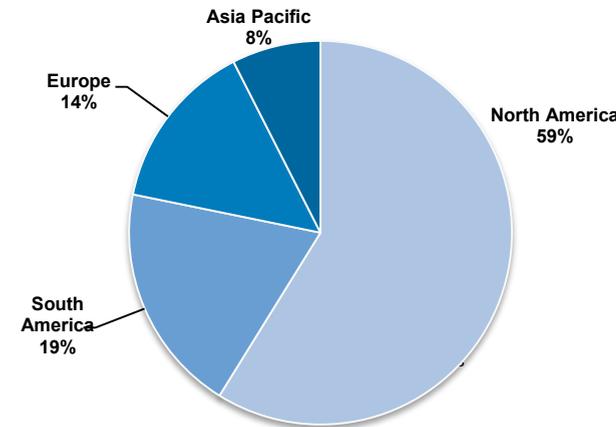
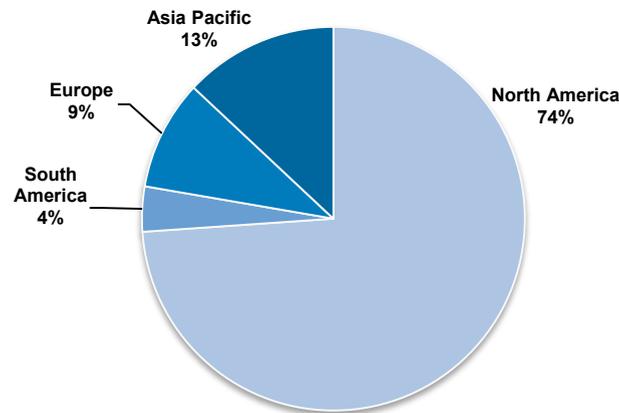
^ Estimates used for acquisition customer data

## Power Technologies

Year to Date 9/30/2019



Regional Sales



\$ Millions

	Q3		Year to Date	
	2019	2018	2019	2018
Sales	\$930	\$879	\$2,763	\$2,702
Segment EBITDA	\$113	\$102	\$333	\$297
EBITDA Margin	12.2%	11.6%	12.1%	11.0%

	Q3		Year to Date	
	2019	2018	2019	2018
Sales	\$398	\$406	\$1,266	\$1,217
Segment EBITDA	\$33	\$39	\$115	\$114
EBITDA Margin	8.3%	9.6%	9.1%	9.4%

	Q3		Year to Date	
	2019	2018	2019	2018
Sales	\$582	\$425	\$1,808	\$1,402
Segment EBITDA	\$79	\$69	\$264	\$220
EBITDA Margin	13.6%	16.2%	14.6%	15.7%

	Q3		Year to Date	
	2019	2018	2019	2018
Sales	\$254	\$268	\$796	\$849
Segment EBITDA	\$28	\$33	\$90	\$117
EBITDA Margin	11.0%	12.3%	11.3%	13.8%

Performance

# Diluted Adjusted EPS



## DANA INCORPORATED

### Diluted Adjusted EPS (Unaudited)

#### For the Three Months Ended September 30, 2019 and 2018

(In millions, except per share amounts)

	Three Months Ended	
	September 30,	
	2019	2018
<b>Net income attributable to parent company</b>	\$ 111	\$ 95
Items impacting income before income taxes:		
Restructuring charges	5	9
Amortization of intangibles	4	3
Strategic transaction expenses	8	6
Acquisition related inventory adjustments	3	
Pension settlement charge	2	
Other items	2	5
Items impacting income taxes:		
Net income tax expense on items above	(5)	(5)
Net tax benefit attributable to valuation allowance adjustments, federal tax credit adjustments and state tax law changes	(22)	
<b>Adjusted net income</b>	<b>\$ 108</b>	<b>\$ 113</b>
Diluted shares - as reported	144.8	145.9
Adjusted diluted shares	144.8	145.9
<b>Diluted adjusted EPS</b>	<b>\$ 0.74</b>	<b>\$ 0.77</b>

## DANA INCORPORATED

### Diluted Adjusted EPS (Unaudited)

#### For the Nine Months Ended September 30, 2019 and 2018

(In millions, except per share amounts)

	Nine Months Ended	
	September 30,	
	2019	2018
<b>Net income attributable to parent company</b>	\$ 141	\$ 327
Items impacting income before income taxes:		
Restructuring charges	23	17
Amortization of intangibles	12	8
Strategic transaction expenses, net of transaction breakup fee income	32	13
Loss on deal contingent forward	13	
Acquisition related inventory adjustments	12	
Non-income tax legal judgment	(6)	
Pension settlement charge	260	
Impairment of indefinite-lived intangible asset		20
Other items		3
Items impacting income taxes:		
Net income tax expense on items above	(24)	(15)
Net tax benefit attributable to valuation allowance adjustments, federal tax credit adjustments and state tax law changes	(116)	(41)
<b>Adjusted net income</b>	<b>\$ 347</b>	<b>\$ 332</b>
Diluted shares - as reported	144.8	146.6
Adjusted diluted shares	144.8	146.6
<b>Diluted adjusted EPS</b>	<b>\$ 2.40</b>	<b>\$ 2.26</b>

# Segment Data



## DANA INCORPORATED

### Segment Sales and Segment EBITDA (Unaudited)

For the Three Months Ended September 30, 2019 and 2018

(In millions)	Three Months Ended	
	September 30,	
	2019	2018
<b>Sales</b>		
Light Vehicle	\$ 930	\$ 879
Commercial Vehicle	398	406
Off-Highway	582	425
Power Technologies	254	268
<b>Total Sales</b>	<b>\$ 2,164</b>	<b>\$ 1,978</b>
<b>Segment EBITDA</b>		
Light Vehicle	\$ 113	\$ 102
Commercial Vehicle	33	39
Off-Highway	79	69
Power Technologies	28	33
<b>Total Segment EBITDA</b>	<b>253</b>	<b>243</b>
Corporate expense and other items, net	(3)	(3)
<b>Adjusted EBITDA</b>	<b>\$ 250</b>	<b>\$ 240</b>

## DANA INCORPORATED

### Segment Sales and Segment EBITDA (Unaudited)

For the Nine Months Ended September 30, 2019 and 2018

(In millions)	Nine Months Ended	
	September 30,	
	2019	2018
<b>Sales</b>		
Light Vehicle	\$ 2,763	\$ 2,702
Commercial Vehicle	1,266	1,217
Off-Highway	1,808	1,402
Power Technologies	796	849
<b>Total Sales</b>	<b>\$ 6,633</b>	<b>\$ 6,170</b>
<b>Segment EBITDA</b>		
Light Vehicle	\$ 333	\$ 297
Commercial Vehicle	115	114
Off-Highway	264	220
Power Technologies	90	117
<b>Total Segment EBITDA</b>	<b>802</b>	<b>748</b>
Corporate expense and other items, net	(9)	(14)
<b>Adjusted EBITDA</b>	<b>\$ 793</b>	<b>\$ 734</b>

# Segment Data Continued



## DANA INCORPORATED

### Reconciliation of Segment and Adjusted EBITDA to Net Income (Unaudited) For the Three Months Ended September 30, 2019 and 2018

(In millions)	Three Months Ended	
	September 30,	
	2019	2018
<b>Segment EBITDA</b>	\$ 253	\$ 243
Corporate expense and other items, net	(3)	(3)
<b>Adjusted EBITDA</b>	250	240
Depreciation	(82)	(63)
Amortization	(4)	(3)
Non-service cost components of pension and OPEB costs	(4)	(3)
Pension settlement charge	(2)	
Restructuring charges, net	(5)	(9)
Stock compensation expense	(5)	(4)
Strategic transaction expenses	(8)	(6)
Acquisition related inventory adjustments	(3)	
Other items		(5)
Earnings before interest and income taxes	137	147
Interest expense	31	24
Interest income	3	3
Earnings before income taxes	109	126
Income tax expense	5	31
Equity in earnings of affiliates	8	1
<b>Net income</b>	<b>\$ 112</b>	<b>\$ 96</b>

## DANA INCORPORATED

### Reconciliation of Segment and Adjusted EBITDA to Net Income (Unaudited) For the Nine Months Ended September 30, 2019 and 2018

(In millions)	Nine Months Ended	
	September 30,	
	2019	2018
<b>Segment EBITDA</b>	\$ 802	\$ 748
Corporate expense and other items, net	(9)	(14)
<b>Adjusted EBITDA</b>	793	734
Depreciation	(235)	(187)
Amortization	(12)	(8)
Non-service cost components of pension and OPEB costs	(19)	(10)
Pension settlement charge	(260)	
Restructuring charges, net	(23)	(17)
Stock compensation expense	(15)	(13)
Strategic transaction expenses, net of transaction breakup fee income	(32)	(13)
Acquisition related inventory adjustments	(12)	
Non-income tax legal judgment	6	
Other items	(9)	(10)
Impairment of indefinite-lived intangible asset		(20)
Adjustment in fair value of disposal group held for sale		3
Earnings before interest and income taxes	182	459
Interest expense	92	71
Interest income	8	8
Earnings before income taxes	98	396
Income tax expense (benefit)	(27)	75
Equity in earnings of affiliates	22	13
<b>Net income</b>	<b>\$ 147</b>	<b>\$ 334</b>

# Cash Flow



**DANA INCORPORATED**  
**Reconciliation of Net Cash Provided by Operating Activities**  
**Free Cash Flow and Adjusted Free Cash Flow (Unaudited)**

(In millions)	Three Months Ended	
	September 30,	
	2019	2018
<b>Net cash provided by operating activities</b>	\$ 231	\$ 124
Purchase of property, plant and equipment	(108)	(90)
<b>Free cash flow</b>	123	34
Discretionary pension contributions	2	-
<b>Adjusted free cash flow</b>	<u>\$ 125</u>	<u>\$ 34</u>

(In millions)	Nine Months Ended	
	September 30,	
	2019	2018
<b>Net cash provided by operating activities</b>	\$ 288	\$ 237
Purchase of property, plant and equipment	(298)	(235)
<b>Free cash flow</b>	(10)	2
Discretionary pension contributions	64	-
<b>Adjusted free cash flow</b>	<u>\$ 54</u>	<u>\$ 2</u>

(In millions)	2019
	Guidance
<b>Net cash provided by operating activities</b>	~ \$ 620
Purchase of property, plant and equipment	~ (425)
<b>Free cash flow</b>	195
Discretionary pension contributions	~ 65
<b>Adjusted free cash flow</b>	<u>~ \$ 260</u>



# 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, non-service cost components of pension and other postretirement benefits (OPEB) cost 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. Adjusted free cash flow is a non-GAAP financial measure which we have defined as net cash provided by (used in) operating activities excluding voluntary 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 under GAAP. Free cash flow and adjusted 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.