



# 2019 Second-Quarter Earnings Conference Call

July 31, 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 Review

## Second Quarter Results

sales  
**\$2.3**  
billion



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



adjusted EBITDA  
**\$286**  
million



margin  
**12.4%**



diluted adjusted EPS  
**\$0.87**



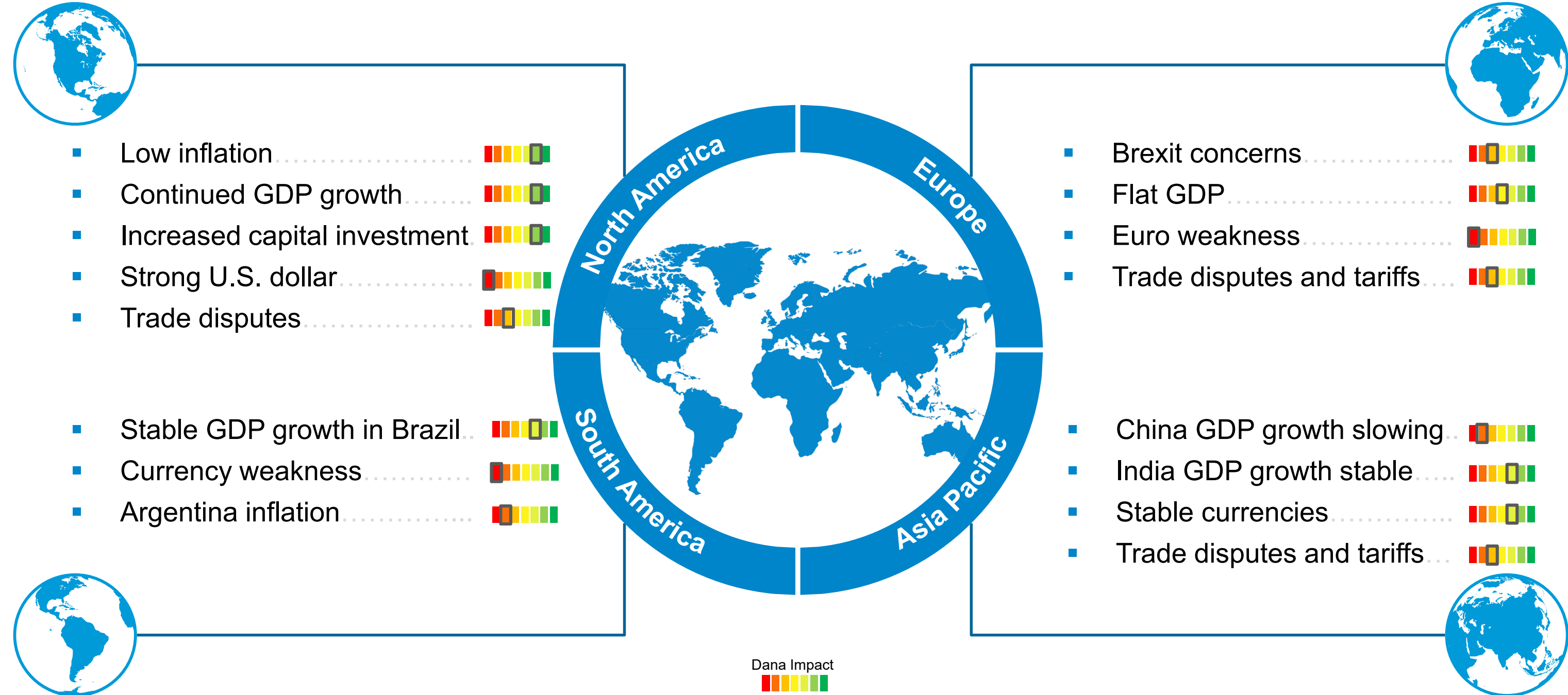
## Highlights

1. Full-year guidance remains in range
2. Continued stable market outlook
3. Enhanced electrodynamic products partnership
4. Debut of high-performance electric-vehicle technology
5. Achieved key supplier awards

POWERING INTO  
**e-DRIVE**



# Global Macro Perspective



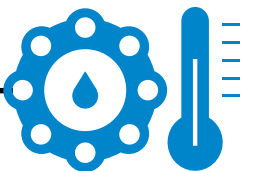
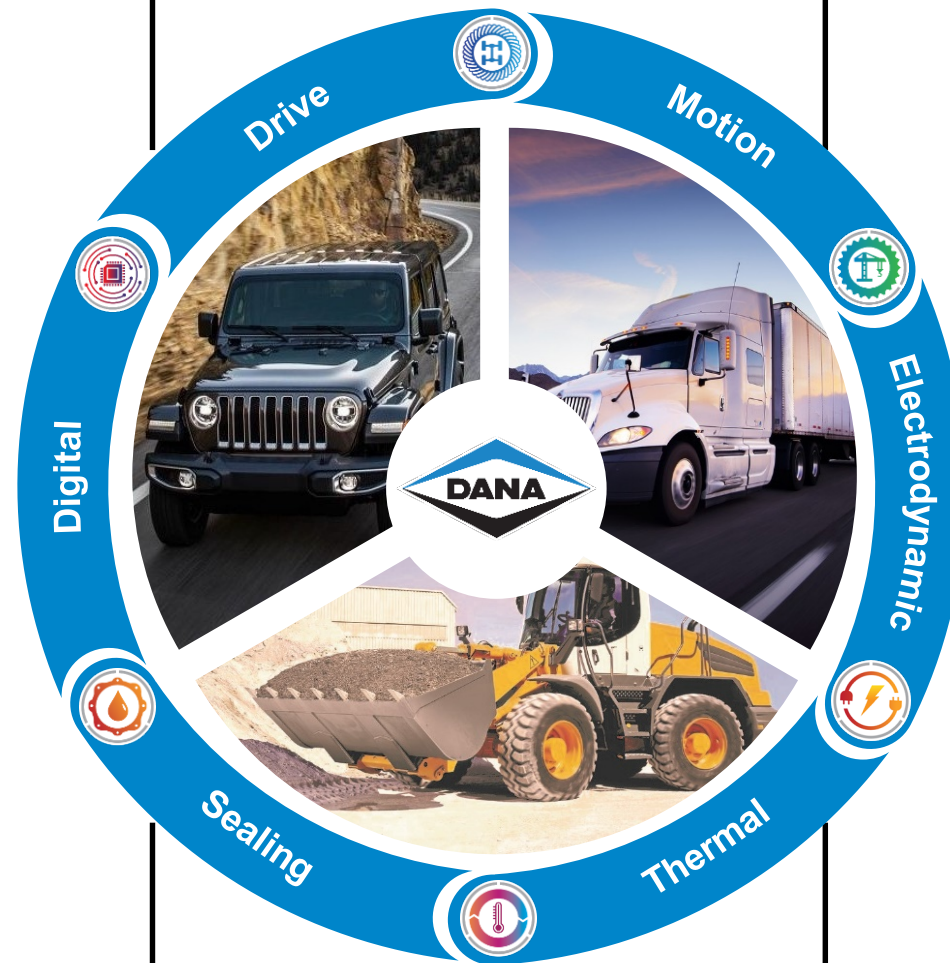
# Business Overview



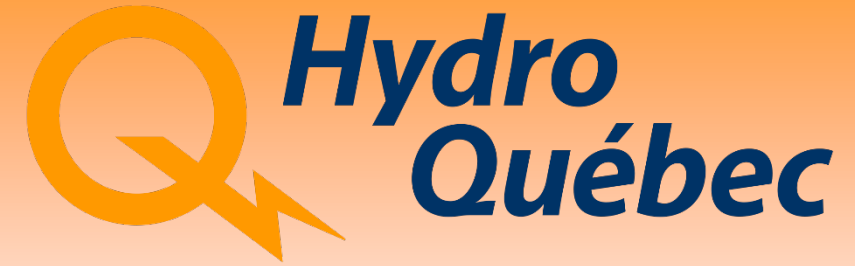
- Strong demand for light-truck and SUV platforms
- Key vehicle inventories in line
- Delivered peak margins in Q2
- Continued launch success
  
- ODS synergy plan on target
- Stable end-market demand, 2<sup>nd</sup> half seasonally lower
- New customers in all end markets



- N.A. Class 8 truck production to remain strong this year
- Medium-duty demand strong
- Brazil truck and bus production trending up ~6% vs. 2018
  
- Lower global 'passcar' demand
- Trough margins on commodity costs & unfavorable sales mix
- New product launches ongoing



# Strengthening Electrodynamic Partnership



## TM4

Electrodynamic Products

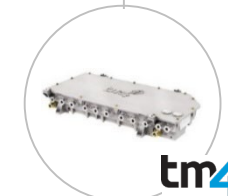
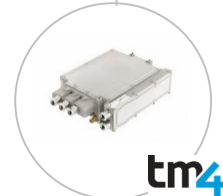
### Motors



Low Voltage

High Voltage

### Inverters



### Manufacturing

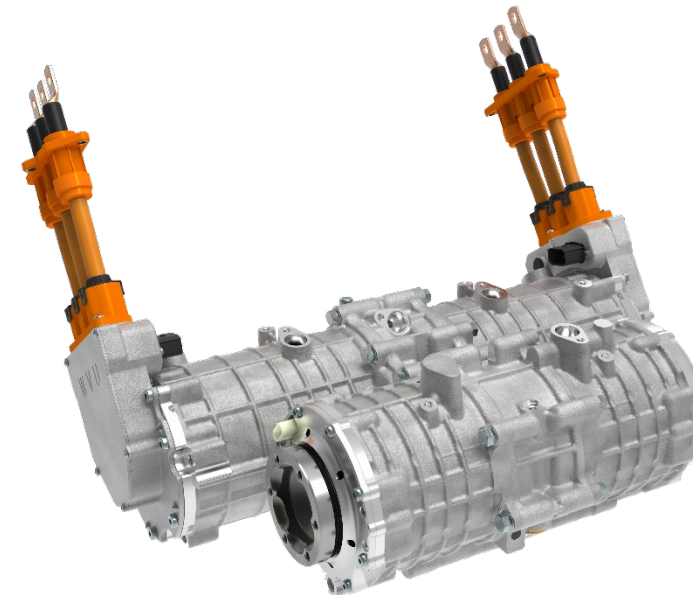
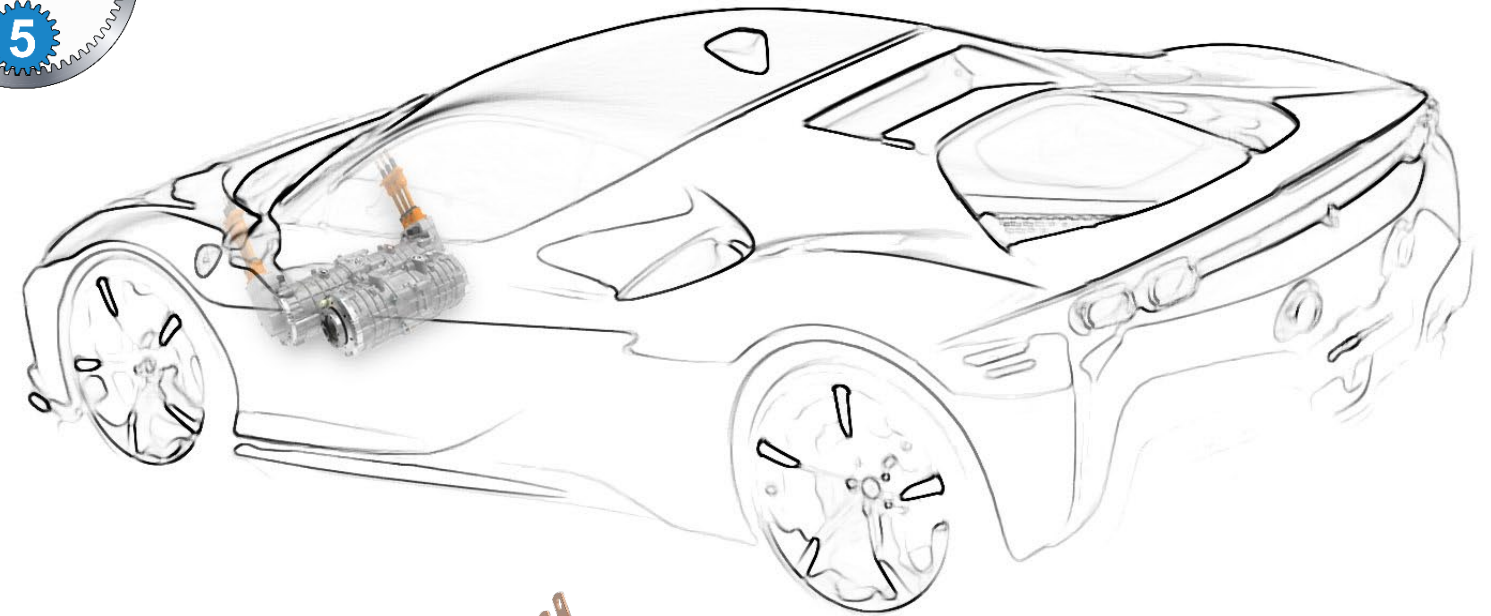


Prestolite tm4  
普特来 e-Propulsion 电驱动

# Ferrari Hybrid EV



- Ferrari's first production PHEV
  - PHEV (plug-in hybrid-electric vehicle) featuring a 90° V8 turbo engine and three electric motors
- Dana electro-magnetically disconnecting front electric drive unit



Ferrari would like to thank the following strategic partners for the key innovation of the SF90 Stradale:

Apple	Magneti Marelli
Aptiv	Mahle
Art Spa	Michelin
Bosch	OMR
Brembo	Pirelli
Continental	Sabelt
<b>Dana</b>	Saint Gobain Sekurit
DTS	Shell
Fonderie 3M	SK Innovation
Fontana Group	Solvay
IHI	Yasa
Magna TS	ZF



# Supplier of the Year



27th Annual  
**SUPPLIER**  
of the  
**YEAR**



GENERAL MOTORS  
2018  
SUPPLIER  
of the  
YEAR



# FCA

FIAT CHRYSLER AUTOMOBILES

2019 SUPPLIER  
OF THE YEAR



NORTH  
AMERICA  
SUPPLIER  
OF THE  
YEAR  
2019



FCA  
FIAT CHRYSLER AUTOMOBILES

FIAT CHRYSLER AUTOMOBILES  
ECV



# Financial Review

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# 2019 Q2 Financial Results



- 12% sales growth, 16% earnings growth, and 40 bps of profit margin expansion in Q2 driven primarily by acquisitions and backlog conversion
- One-time charge for the discretionary pension transfer drove net loss in Q2 2019
- Income tax benefit due to foreign tax credits, foreign entity restructuring, and pension settlement
- Operating cash flow includes \$62 million discretionary pension contribution
- Elevated capital spending, transaction expenses, and cash taxes drove lower Adj. FCF

## Changes from Prior Year

(\$ in millions except EPS)

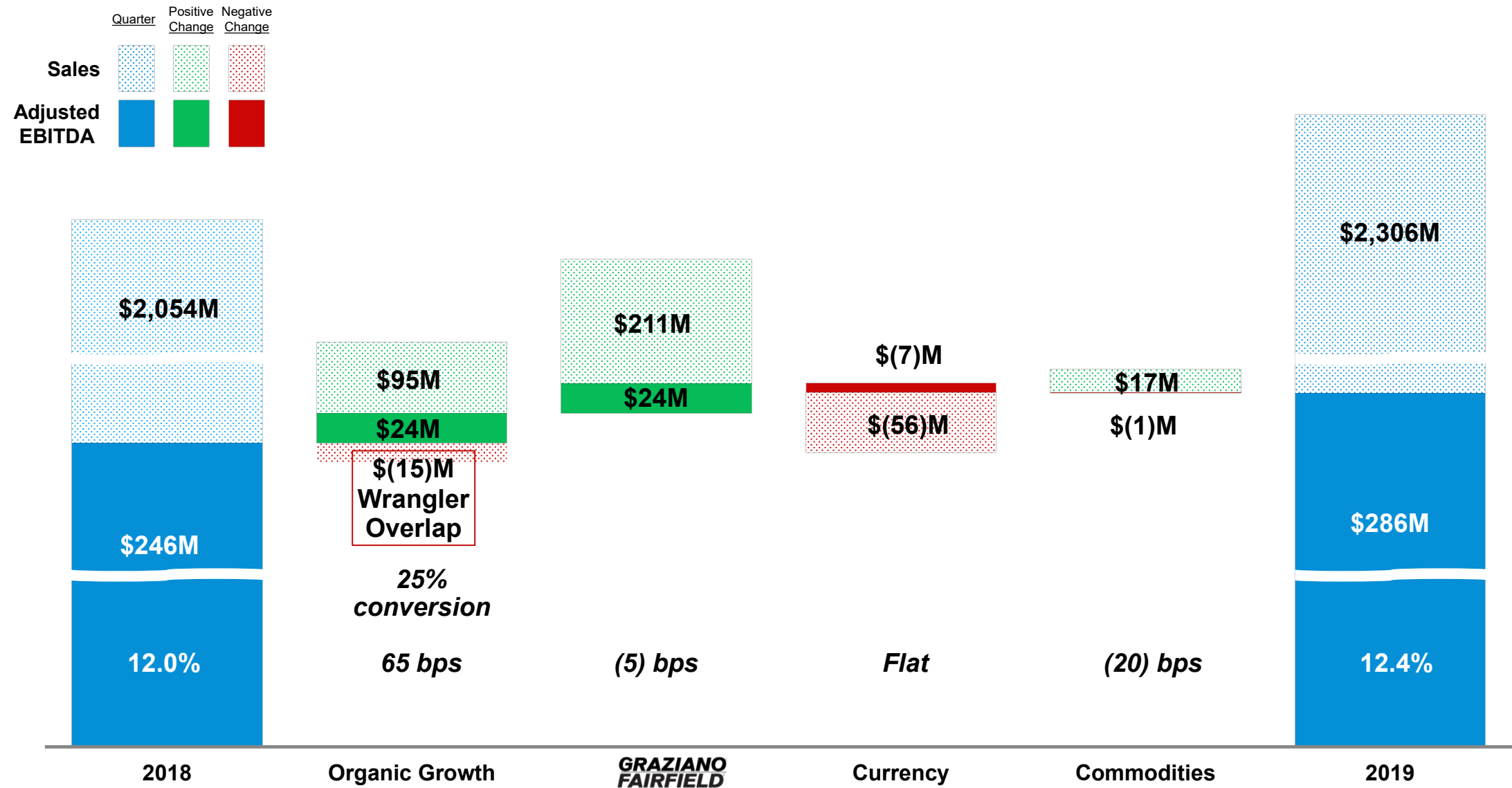
	<u>Q2 '19</u>	<u>Q2 '18</u>	<u>Change</u>
<b>Sales</b>	\$ 2,306	\$ 2,054	\$ 252
<b>Adjusted EBITDA</b>	286	246	40
<b>Margin</b>	12.4%	12.0%	40 bps
<b>Pension Settlement Charge</b>	258	–	258
<b>EBIT</b>	(95)	138	(233)
<b>Interest Expense, Net</b>	31	21	10
<b>Income Tax Benefit (Expense)</b>	52	4	48
<b>Net Income (Loss)</b> (attributable to Dana)	(68)	124	(192)
<b>Diluted Adjusted EPS</b>	\$ 0.87	\$ 0.74	\$ 0.13
<b>Operating Cash Flow</b>	73	141	(68)
<b>Capital Spending</b>	92	80	12
<b>Adjusted Free Cash Flow</b>	43	61	(18)

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



# 2019 Q2 Sales and Profit Changes

- 11<sup>th</sup> consecutive quarter of year-over-year sales growth
- Sales growth primarily from backlog and acquisitions
- Wrangler overlap accounted for \$15 million in higher sales in 2018
- Organic growth expanded margins 65 bps with a 25% conversion on sales
- Margin expanded 40 bps to 12.4% in spite of 20 bps commodity headwind
- Currency translation was a headwind to sales primarily due to the weakening of euro and Brazilian real to the U.S. dollar



**Delivered 12% sales growth and 16% earnings growth**

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



# 2019 Q2 Adjusted Free Cash Flow

- Lower cash generation driven by higher one-time costs due to acquisitions and strategic expenses
- Elevated cash taxes driven by timing of payments and the change in jurisdictional mix due to acquisitions
- Higher capital spending due to new programs and the Graziano and Fairfield businesses
- Adjusted free cash flow measure excludes a \$62 million discretionary pension contribution in Q2 2019

## Changes from Prior Year

(\$ in millions)

	<u>Q2 '19</u>	<u>Q2 '18</u>	<u>Change</u>
<b>Adjusted EBITDA</b>	\$ 286	\$ 246	\$ 40
<b>One-time Costs<sup>1</sup></b>	(22)	4	(26)
<b>Interest, net</b>	(40)	(33)	(7)
<b>Taxes</b>	(39)	(23)	(16)
<b>Working Capital / Other<sup>2</sup></b>	(50)	(53)	3
<b>Capital Spending</b>	(92)	(80)	(12)
<b>Adj. Free Cash Flow</b>	\$ 43	\$ 61	(18)
<b>Margin</b>	2%	3%	(1)%

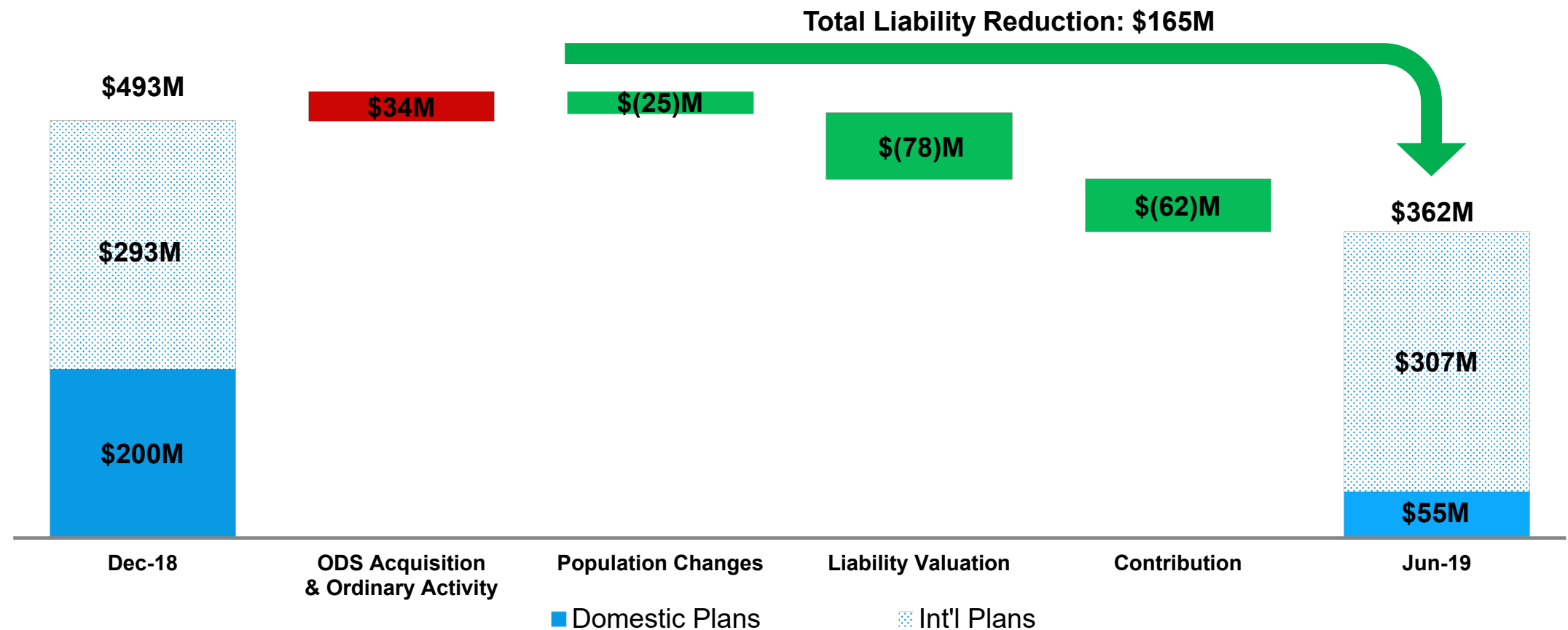
**Q2 Adj. FCF margin down as a result of ODS one-time costs**

<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.



# 2019 Q2 Balance Sheet Actions

## Unfunded Pension Liability Changes from Year End



**Strengthened balance sheet by transferring \$165M of liability**

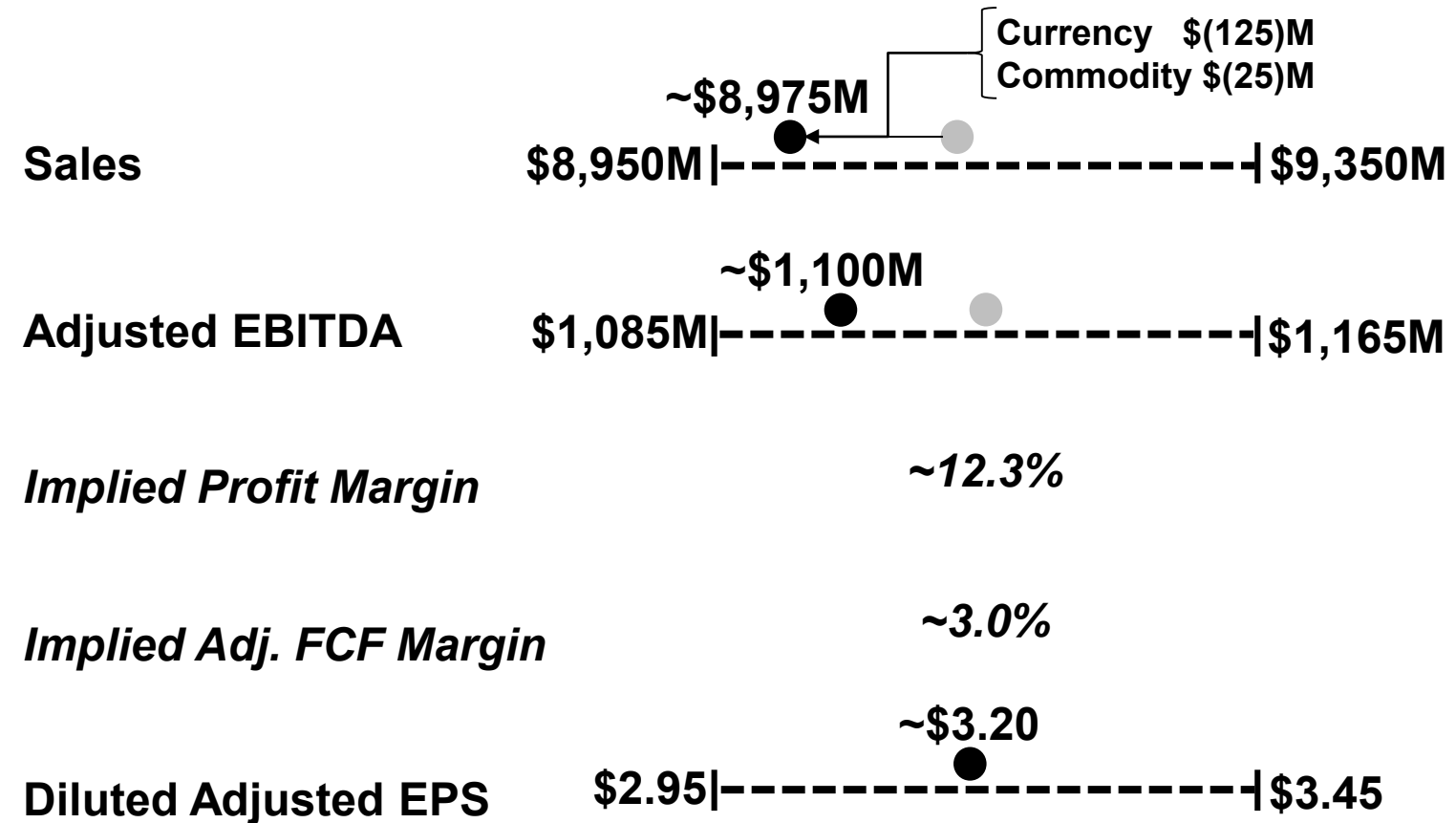
- Transferred majority of the domestic pension plans to third-party insurance carriers who will administer plan benefits and manage plan assets going forward
- Contributed \$62 million to transfer \$165 million of unfunded liabilities
- Removes net liability from balance sheet and furthers our goal of moving toward investment grade credit metrics
- Total unfunded pension liability has decreased by \$131 million over the past six months with the acquisition of ODS and this pension transfer



# 2019 FY Financial Guidance

## Guidance Ranges

- Affirming full-year guidance ranges
- Current outlook implies lower end of range for sales due to currency headwinds and lower recoveries of commodity costs as they continue to decline
- Profit and cash flow margins affirmed in spite of top-line pressures
- Guidance reflects 10% sales growth, 15% profit growth, 50 bps of profit-margin expansion, and 6% EPS growth over last year



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

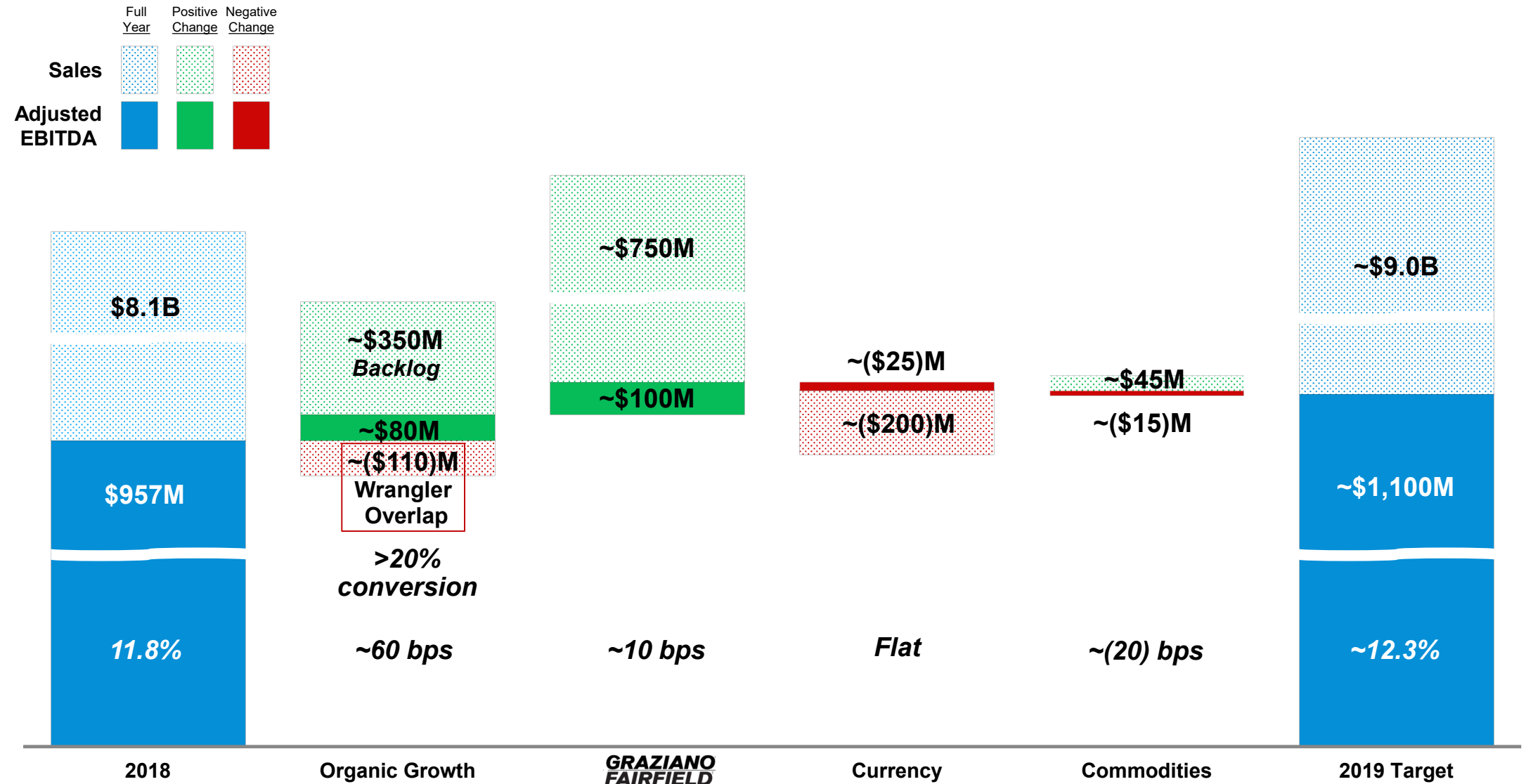
See appendix for comments regarding the presentation of non-GAAP measures

--- Guidance range ● Current Guidance ● Prior Guidance



# 2019 FY Sales and Profit Changes

- Strong conversion on organic growth driving profit margin expansion
- 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
- ODS is expected to accrete ~\$100 million of profit (including ~\$10 million of 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, albeit with higher recovery ratio than prior year as costs have plateaued



**Poised to deliver ~10% sales growth and ~15% profit growth**

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





# 2019 FY Adjusted Free Cash Flow

- Adj. FCF margin flat primarily due to transaction expenses and integration costs 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>	\$ ~1,100	\$ 957	\$ ~140
<b>One-time Costs<sup>1</sup></b>	~(85)	(38)	~(45)
<b>Interest, net</b>	~(105)	(81)	~(25)
<b>Taxes</b>	~(160)	(145)	~(15)
<b>Working Capital / Other<sup>2</sup></b>	~(50)	(125)	~75
<b>Capital Spending</b>	~(425)	(325)	~(100)
<b>Adj. Free Cash Flow</b>	\$ ~275	\$ 243	~30
<b>Margin</b>	~3%	3%	<i>Flat</i>

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

<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.

# Business Outlook

## 2019 H2 Potential Variables



**Sustained  
N.A. Class 8  
Production**

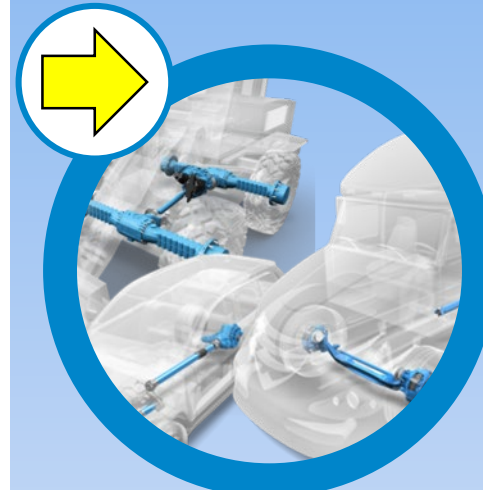


**Lower  
Off-Highway  
Production**



**Stronger  
U.S.  
Dollar**

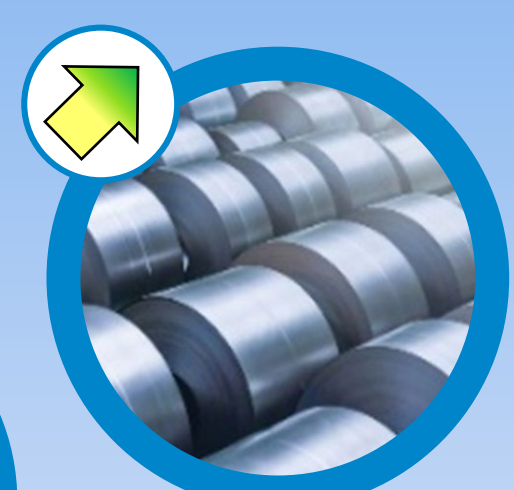
## 2020 FY Growth Drivers



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



**Inorganic  
Cost  
Synergies**



**Lower  
Commodity  
Costs**

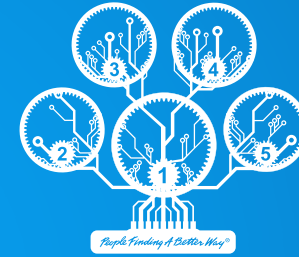
***Remain on track to deliver near- and long-term margin targets***



**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	4,350 – 4,650
Light Vehicle Engines	15,332	14,500 – 14,800
Medium Truck (Class 5-7)	270	265 – 275
Heavy Truck (Class 8)	320	325 – 345
Agricultural Equipment	56	50 – 60
Construction/Mining Equipment	176	170 – 180
<b>Europe (Incl. Eastern Europe)</b>		
Light Trucks	10,721	10,500 – 11,500
Light Vehicle Engines	23,098	22,750 – 23,250
Medium/Heavy Truck	506	505 – 520
Agricultural Equipment	204	200 – 215
Construction/Mining Equipment	351	340 – 360
<b>South America</b>		
Light Trucks	1,313	1,300 – 1,500
Light Vehicle Engines	2,797	2,800 – 2,900
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	28,800 – 30,000
Light Vehicle Engines	52,293	50,000 – 51,000
Medium/Heavy Truck	2,004	1,900 – 2,100
Agricultural Equipment	653	640 – 670
Construction/Mining Equipment	495	480 – 500

## Key Financial Assumptions

### Currency

Euro / USD	1.10 - 1.20
USD / CAD	1.25 - 1.39
USD / BRL	3.50 - 4.00
USD / ARS	40.00 - 50.00
USD / MXN	18.50 - 20.00
GBP / USD	1.25 - 1.45

### Taxes

Effective Tax Rate (Dil. Adj. EPS)	~26%
Cash Tax Rate	~29%

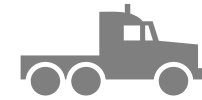
SOURCE: IHS Global Insight, ACT, PSR, Dana Estimates



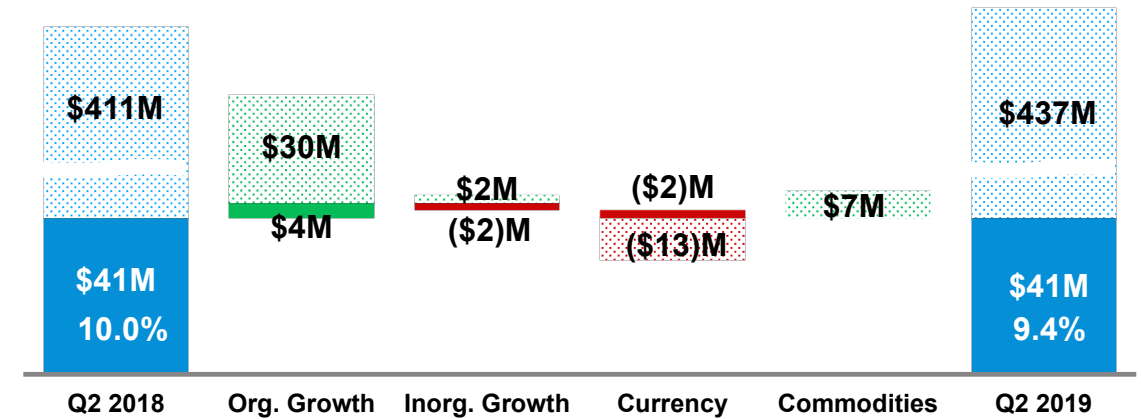
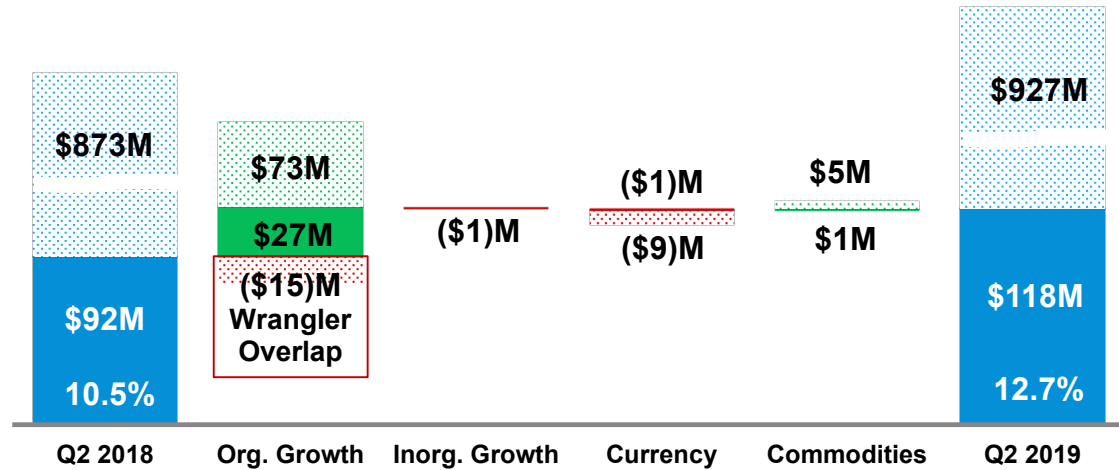
# 2019 Q2 Sales and Profit Change by Segment



## Light Vehicle Driveline



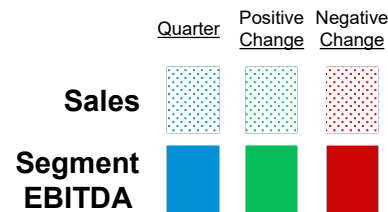
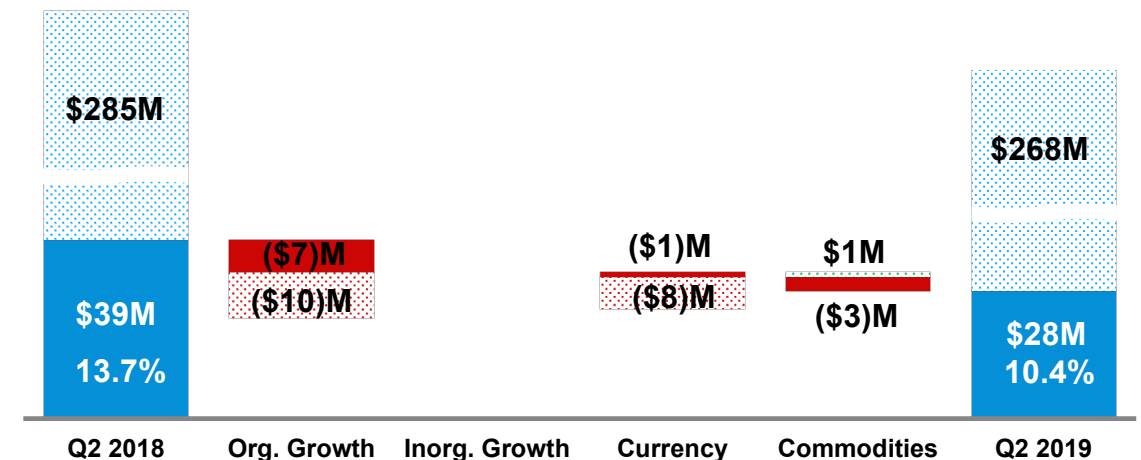
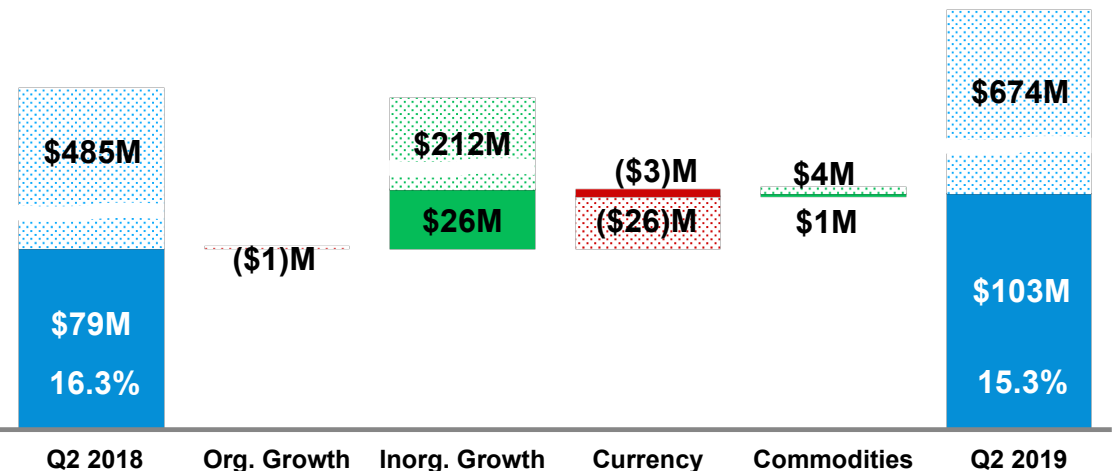
## Commercial Vehicle Driveline



## Off-Highway Drive and Motion



## Power Technologies



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

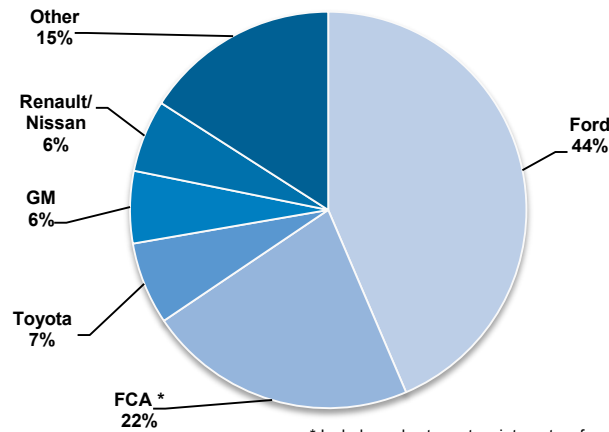
# Segment Profiles



Customer Sales

## Light Vehicle Driveline

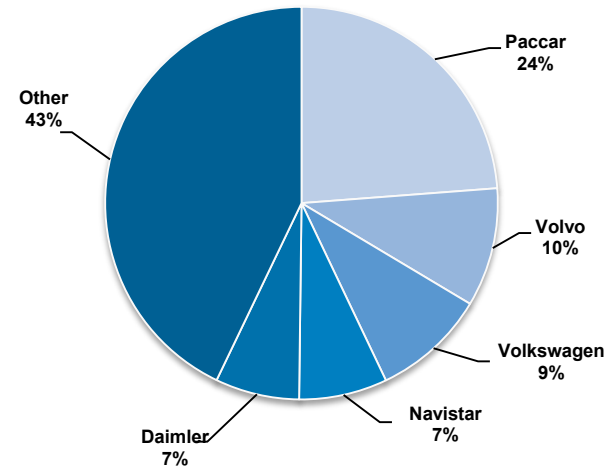
Year to Date 6/30/2019



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

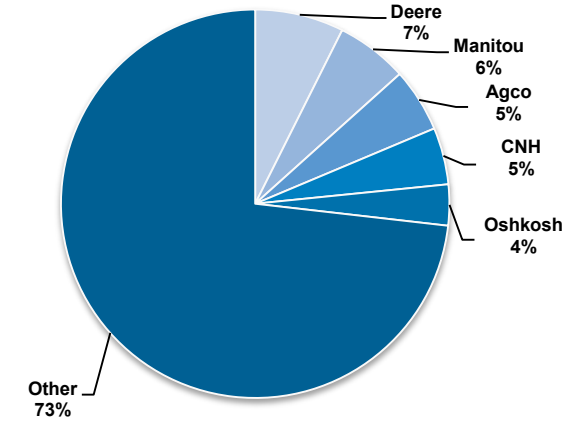
## Commercial Vehicle Driveline

Year to Date 6/30/2019



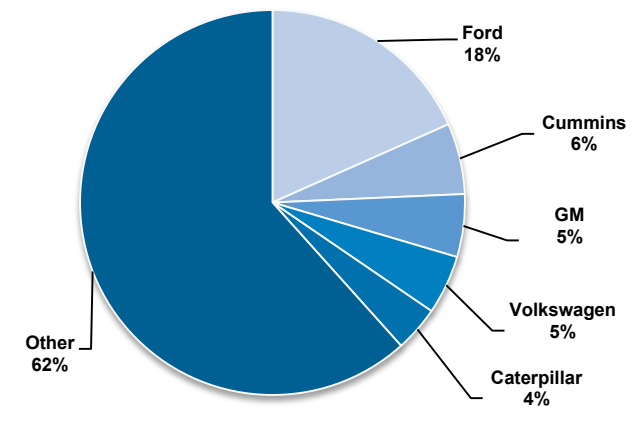
## Off-Highway Drive and Motion\*

Year to Date 6/30/2019

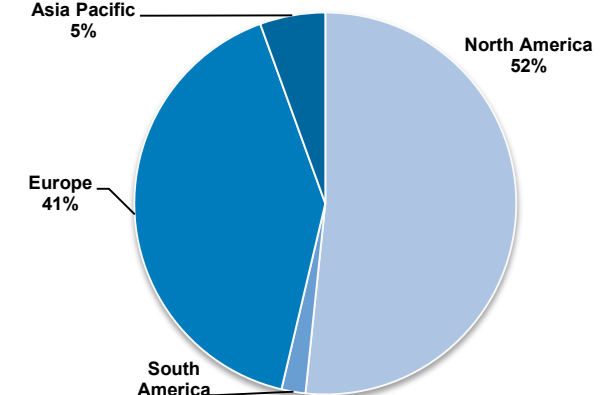
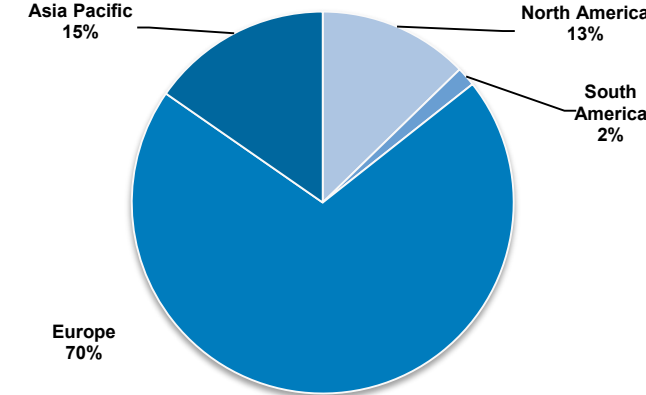
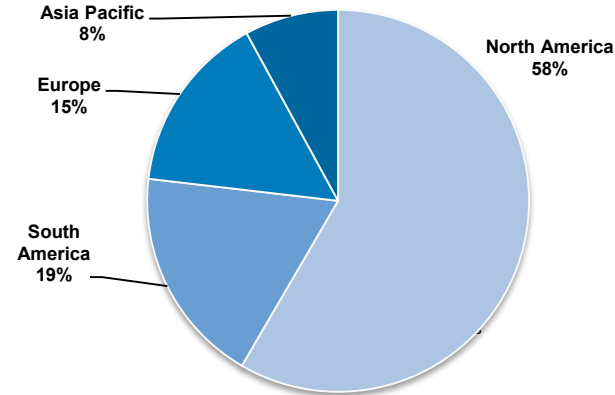
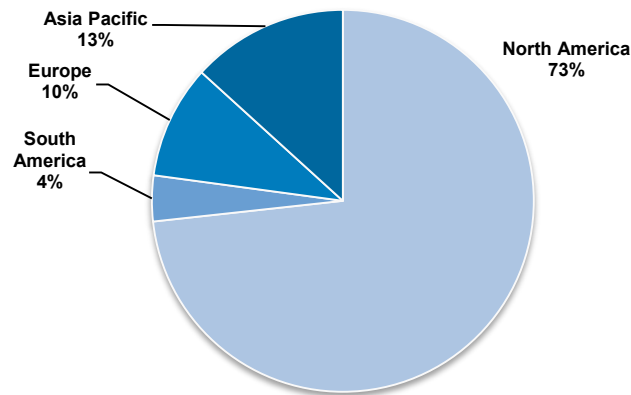


## Power Technologies

Year to Date 6/30/2019



Regional Sales



Performance

\$ Millions

	Q2		Year to Date	
	2019	2018	2019	2018
Sales	\$927	\$873	\$1,833	\$1,823
Segment EBITDA	\$118	\$92	\$220	\$195
EBITDA Margin	12.7%	10.5%	12.0%	10.7%

	Q2		Year to Date	
	2019	2018	2019	2018
Sales	\$437	\$411	\$868	\$811
Segment EBITDA	\$41	\$41	\$82	\$75
EBITDA Margin	9.4%	10.0%	9.4%	9.2%

	Q2		Year to Date	
	2019	2018	2019	2018
Sales	\$674	\$485	\$1,226	\$977
Segment EBITDA	\$103	\$79	\$185	\$151
EBITDA Margin	15.3%	16.3%	15.1%	15.5%

	Q2		Year to Date	
	2019	2018	2019	2018
Sales	\$268	\$285	\$542	\$581
Segment EBITDA	\$28	\$39	\$62	\$84
EBITDA Margin	10.4%	13.7%	11.4%	14.5%

\*Estimated sales for acquired companies

# Diluted Adjusted EPS



## DANA INCORPORATED

### Diluted Adjusted EPS (Unaudited)

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

(In millions, except per share amounts)

	Three Months Ended June 30,	
	2019	2018
<b>Net income attributable to parent company</b>	\$ (68)	\$ 124
Items impacting income before income taxes:		
Restructuring charges	9	7
Amortization of intangibles	4	2
Strategic transaction expenses, net of transaction breakup fee income	11	6
Acquisition related inventory adjustments	5	
Pension settlement charge	258	
Impairment of indefinite-lived intangible asset		20
Other items	(1)	
Items impacting income taxes:		
Net income tax expense on items above	(14)	(9)
Net tax benefit attributable to valuation allowance adjustments, federal tax credit adjustments and state tax law changes	(78)	(41)
<b>Adjusted net income</b>	<u>\$ 126</u>	<u>\$ 109</u>
Diluted shares - as reported	144.8	146.5
Adjusted diluted shares	<u>144.8</u>	<u>146.5</u>
<b>Diluted adjusted EPS</b>	\$ 0.87	\$ 0.74

## DANA INCORPORATED

### Diluted Adjusted EPS (Unaudited)

#### For the Six Months Ended June 30, 2019 and 2018

(In millions, except per share amounts)

	Six Months Ended June 30,	
	2019	2018
<b>Net income attributable to parent company</b>	\$ 30	\$ 232
Items impacting income before income taxes:		
Restructuring charges	18	8
Amortization of intangibles	8	5
Strategic transaction expenses, net of transaction breakup fee income	24	7
Loss on deal contingent forward	13	
Acquisition related inventory adjustments	9	
Non-income tax legal judgment	(6)	
Pension settlement charge	258	
Impairment of indefinite-lived intangible asset		20
Other items	(2)	(2)
Items impacting income taxes:		
Net income tax expense on items above	(19)	(10)
Net tax benefit attributable to valuation allowance adjustments, federal tax credit adjustments and state tax law changes	(94)	(41)
<b>Adjusted net income</b>	<u>\$ 239</u>	<u>\$ 219</u>
Diluted shares - as reported	144.8	147.0
Adjusted diluted shares	<u>144.8</u>	<u>147.0</u>
<b>Diluted adjusted EPS</b>	\$ 1.65	\$ 1.49



# Segment Data



**DANA INCORPORATED**  
**Segment Sales and Segment EBITDA (Unaudited)**  
**For the Three Months Ended June 30, 2019 and 2018**

(In millions)	Three Months Ended	
	June 30,	
	2019	2018
<b>Sales</b>		
Light Vehicle	\$ 927	\$ 873
Commercial Vehicle	437	411
Off-Highway	674	485
Power Technologies	268	285
<b>Total Sales</b>	<b>\$ 2,306</b>	<b>\$ 2,054</b>
<b>Segment EBITDA</b>		
Light Vehicle	\$ 118	\$ 92
Commercial Vehicle	41	41
Off-Highway	103	79
Power Technologies	28	39
<b>Total Segment EBITDA</b>	<b>290</b>	<b>251</b>
Corporate expense and other items, net	(4)	(5)
<b>Adjusted EBITDA</b>	<b>\$ 286</b>	<b>\$ 246</b>

**DANA INCORPORATED**  
**Segment Sales and Segment EBITDA (Unaudited)**  
**For the Six Months Ended June 30, 2019 and 2018**

(In millions)	Six Months Ended	
	June 30,	
	2019	2018
<b>Sales</b>		
Light Vehicle	\$ 1,833	\$ 1,823
Commercial Vehicle	868	811
Off-Highway	1,226	977
Power Technologies	542	581
<b>Total Sales</b>	<b>\$ 4,469</b>	<b>\$ 4,192</b>
<b>Segment EBITDA</b>		
Light Vehicle	\$ 220	\$ 195
Commercial Vehicle	82	75
Off-Highway	185	151
Power Technologies	62	84
<b>Total Segment EBITDA</b>	<b>549</b>	<b>505</b>
Corporate expense and other items, net	(6)	(11)
<b>Adjusted EBITDA</b>	<b>\$ 543</b>	<b>\$ 494</b>

# Segment Data Continued



## DANA INCORPORATED

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

(In millions)	Three Months Ended	
	June 30,	
	2019	2018
<b>Segment EBITDA</b>	\$ 290	\$ 251
Corporate expense and other items, net	(4)	(5)
<b>Adjusted EBITDA</b>	286	246
Depreciation	(80)	(60)
Amortization	(5)	(2)
Non-service cost components of pension and OPEB costs	(9)	(4)
Pension settlement charge	(258)	
Restructuring charges, net	(9)	(7)
Stock compensation expense	(5)	(5)
Strategic transaction expenses, net of transaction breakup fee income	(11)	(8)
Acquisition related inventory adjustments	(5)	
Other items	1	(5)
Impairment of indefinite-lived intangible asset		(20)
Adjustment in fair value of disposal group held for sale		3
Earnings (loss) before interest and income taxes	(95)	138
Interest expense	34	23
Interest income	3	2
Earnings (loss) before income taxes	(126)	117
Income tax benefit	(52)	(4)
Equity in earnings of affiliates	8	6
<b>Net income (loss)</b>	<b>\$ (66)</b>	<b>\$ 127</b>

## DANA INCORPORATED

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

(In millions)	Six Months Ended	
	June 30,	
	2019	2018
<b>Segment EBITDA</b>	\$ 549	\$ 505
Corporate expense and other items, net	(6)	(11)
<b>Adjusted EBITDA</b>	543	494
Depreciation	(153)	(124)
Amortization	(8)	(5)
Non-service cost components of pension and OPEB costs	(15)	(7)
Pension settlement charge	(258)	
Restructuring charges, net	(18)	(8)
Stock compensation expense	(10)	(9)
Strategic transaction expenses, net of transaction breakup fee income	(24)	(7)
Acquisition related inventory adjustments	(9)	
Non-income tax legal judgment	6	
Other items	(9)	(5)
Impairment of indefinite-lived intangible asset		(20)
Adjustment in fair value of disposal group held for sale		3
Earnings before interest and income taxes	45	312
Interest expense	61	47
Interest income	5	5
Earnings (loss) before income taxes	(11)	270
Income tax expense (benefit)	(32)	44
Equity in earnings of affiliates	14	12
<b>Net income</b>	<b>\$ 35</b>	<b>\$ 238</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	
	June 30,	
	2019	2018
<b>Net cash provided by operating activities</b>	\$ 73	\$ 141
Purchase of property, plant and equipment	(92)	(80)
<b>Free cash flow</b>	(19)	61
Discretionary pension contributions	62	-
<b>Adjusted free cash flow</b>	<u>\$ 43</u>	<u>\$ 61</u>

(In millions)	Six Months Ended	
	June 30,	
	2019	2018
<b>Net cash provided by operating activities</b>	\$ 57	\$ 113
Purchase of property, plant and equipment	(190)	(145)
<b>Free cash flow</b>	(133)	(32)
Discretionary pension contributions	62	-
<b>Adjusted free cash flow</b>	<u>\$ (71)</u>	<u>\$ (32)</u>

(In millions)	2019
	Guidance
<b>Net cash provided by operating activities</b>	~ \$ 640
Purchase of property, plant and equipment	~ (425)
<b>Free cash flow</b>	215
Discretionary pension contributions	~ 60
<b>Adjusted free cash flow</b>	<u>~ \$ 275</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.

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 this measure is useful to investors in evaluating the operational cash flow of the company inclusive of the spending required to maintain the operations. Adjusted 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. 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.