
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D. C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): February 15, 2019

Dana Incorporated
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-1063
(Commission
File Number)

26-1531856
(IRS Employer
Identification Number)

3939 Technology Drive, Maumee, Ohio 43537
(Address of principal executive offices) (Zip Code)

(419) 887-3000
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Items 2.02 and 7.01 Results of Operations and Financial Condition and Regulation FD Disclosure

Dana Incorporated today issued a news release announcing its results for the quarter and year ended December 31, 2018. A copy of the press release is attached hereto as Exhibit 99.1.

The information in this report is being “furnished” and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, is not subject to the liabilities of that section and is not deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits. The following item is furnished with this report.

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 99.1 | Dana Incorporated Press Release dated February 15, 2019 |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 15, 2019

DANA INCORPORATED

By: /s/ Douglas H. Liedberg

Name: Douglas H. Liedberg

Title: Senior Vice President, General Counsel and Secretary

News Release



IMMEDIATE

Dana Incorporated Achieves Record Annual Sales, Profit, and Margin

Full-Year Highlights

- *Record sales of \$8.143 billion, an increase of \$934 million or growth of 13 percent, compared with 2017*
- *Net income attributable to Dana of \$427 million; diluted EPS of \$2.91*
- *Record adjusted EBITDA of \$957 million, an increase of \$122 million, or growth of 15 percent*
- *Record margin of 11.8 percent of sales, an expansion of 20 basis points*
- *Record diluted adjusted EPS of \$2.97, an improvement of 18 percent over 2017*
- *Operating cash flow of \$568 million*
- *Cash dividends of \$0.40 per share declared in 2018, a 67 percent increase over dividends declared in 2017*
- *Adjusted free cash flow of \$243 million, a 51 percent improvement over 2017*
- *Second consecutive year of double-digit sales growth, adjusted EBITDA, and adjusted free cash flow growth*
- *Company expects to achieve nearly \$1 billion in sales growth for third consecutive year in 2019; strong sales backlog of \$700 million through 2021*
- *Acquisition of SME Group enhances electromobility capabilities*
- *Company expects to complete acquisition of Oerlikon Drive Systems by March 1, 2019*

MAUMEE, Ohio, USA, Feb. 15, 2019 – Dana Incorporated (NYSE: DAN) today announced strong financial results for 2018 and affirmed 2019 guidance.

“Dana achieved record annual sales, profit, and profit margin performance in 2018, and we increased adjusted free cash flow by more than 50 percent. At the same time, we organically and inorganically established complete e-Propulsion capability to support all our end markets,” said James Kamsickas, Dana president and chief executive officer. “Through the outstanding efforts and commitment of our associates and the support of our customers, we have achieved exceptional results and expect to continue this strong trajectory in 2019, including increasing sales by nearly one billion dollars for the third consecutive year.”

Fourth-quarter 2018 Financial Results

Sales for the fourth quarter of 2018 totaled \$1.973 billion, compared with \$1.837 billion in the same period of 2017, representing a 7 percent improvement. The increase was largely attributable to higher end-market demand in all business units, conversion of sales backlog, and favorable currency translation.

Dana reported net income of \$100 million for the fourth quarter of 2018, compared with a net loss of \$104 million in the same period of 2017. The increase was primarily due to a \$186 million charge related to the enactment of U.S. tax reform in the fourth quarter 2017, and increased operating earnings associated with higher sales in the fourth quarter of 2018.

Reported diluted earnings per share were \$0.69, compared with a loss of \$0.74 in the fourth quarter of 2017.

Adjusted EBITDA for the fourth quarter of 2018 was \$223 million, compared with \$197 million for the same period last year. Profit in the fourth quarter of 2018 benefited from higher end-market demand, conversion of the sales backlog, and acquisition synergies, partially offset by higher commodity costs.

Diluted adjusted earnings per share were \$0.71 in the fourth quarter of 2018, compared with \$0.62 in the same period last year.

Operating cash flow in the fourth quarter of 2018 was \$331 million, compared with \$193 million in the same period of 2017. Adjusted free cash flow was \$241 million, compared with \$51 million in the fourth quarter of 2017, driven by higher earnings and lower capital spending, partially offset by higher working capital requirements to support new program launches in 2018.

Full-year 2018 Financial Results

Sales for 2018 were \$8.143 billion, \$934 million higher than 2017, primarily due to strong end-market demand, conversion of sales backlog, and to a lesser extent, acquisitions and recovery of material inflation.

Net income in 2018 was \$427 million, compared with net income of \$111 million in 2017, which included the fourth-quarter non-recurring tax item in 2017 referenced above.

Reported diluted earnings per share were \$2.91, compared with \$0.71 in 2017.

Adjusted EBITDA for 2018 was \$957 million, or 11.8 percent of sales, 20 basis points higher than 2017. Stronger end-market demand more than offset the margin headwind attributable to the effects of higher raw material prices and the associated material recovery reflected in sales.

Diluted adjusted earnings per share for 2018 were \$2.97, compared with \$2.52 in 2017, an 18 percent increase, primarily reflecting higher year-over-year earnings improvement.

The company reported operating cash flow of \$568 million in 2018, an improvement of \$14 million compared with 2017. Adjusted free cash flow was \$243 million, or 3 percent of sales, compared with \$161 million, or 2 percent of sales in 2017. The improvement was driven by higher earnings and lower capital spending, partially offset by higher working capital requirements to support sales growth.

Company Affirms 2019 Full-year Financial Targets

The company affirmed guidance for Dana as currently consolidated, as well as guidance resulting from the completion of the acquisition of the Drive Systems segment of the Oerlikon Group (ODS), which is expected to close by March 1. Guidance ranges are:

- Sales of \$8.250 to \$8.550 billion; or \$8.950 to \$9.350 billion including ODS;
- Adjusted EBITDA of \$995 million to \$1.055 billion, an implied adjusted EBITDA margin of approximately 12.2 percent at the midpoint of the range; \$1.085 billion to \$1.165 billion including ODS, an implied adjusted EBITDA margin of approximately 12.3 percent at the midpoint of the range;
- Diluted adjusted EPS¹ of \$2.90 to \$3.30; \$2.95 to \$3.45 including ODS;
- Operating cash flow of approximately 6.5 percent of sales; 5.5 percent including ODS; and
- Adjusted free cash flow of approximately 4.0 percent of sales; 3.0 percent including ODS.

¹ Net income and diluted EPS guidance are not provided, as discussed below in Non-GAAP Financial Information.

“Strong customer demand and delivery of our sales backlog, combined with our recent acquisitions, allowed us to achieve a record performance in 2018,” said Jonathan Collins, executive vice president and chief financial officer of Dana. “We have a positive outlook for 2019 due to stable end markets, our solid sales backlog, and accretive acquisitions, all of which we expect to provide us a third consecutive year of double-digit sales and profit growth.”

Dana to Host Conference Call at 9 a.m. Today

Dana will discuss its full-year and fourth-quarter results in a conference call at 9 a.m. EST today. Participants may listen to the audio portion of the conference call either through audio streaming online or by telephone. Slide viewing is available online via a link provided on the Dana investor website: www.dana.com/investors. U.S. and Canadian locations should dial 1-888-311-4590 and international locations should call 1-706-758-0054. Please enter conference I.D. 2947329 and ask for the “Dana Incorporated’s Financial Webcast and Conference Call.” Phone registration will be available starting at 8:30 a.m. EST.

An audio recording of the webcast will be available after 5 p.m. EST on Feb. 15 by dialing 1-855-859-2056 (U.S. or Canada) or 1-404-537-3406 (international) and entering conference I.D. 2947329. A webcast replay will also be available after 5 p.m. EST and may be accessed via Dana’s investor website.

Non-GAAP Financial Information

This release refers to adjusted EBITDA, a non-GAAP financial measure which we have defined as net income 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 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 (loss) 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 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.

We have not provided reconciliations of preliminary and projected adjusted EBITDA and diluted adjusted EPS 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. Please reference the “Non-GAAP financial information” accompanying our quarterly earnings conference call presentations on our website at www.dana.com/investors for our GAAP results and the reconciliations of these measures, where used, to the comparable GAAP measures.

Forward-Looking Statements

Certain statements and projections contained in this news release 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 news release speak only as of this date. Dana does not undertake any obligation to revise or update publicly any forward-looking statement for any reason.

About Dana Incorporated

Dana is a world leader in highly engineered solutions for improving the efficiency, performance, and sustainability of powered vehicles and machinery. Dana supports the passenger vehicle, commercial truck, and off-highway markets, as well as industrial and stationary equipment applications. Founded in 1904, Dana employs more than 30,000 people in 33 countries on six continents who are committed to delivering long-term value to customers. The company reported sales of \$8.1 billion in 2018. Based in Maumee, Ohio, USA, the company’s operations in Northwest Ohio and Southeast Michigan were selected as a Top Workplace for the last three years by *The (Toledo) Blade* and its research partner, Energage. For more information, please visit www.dana.com. ###

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DANA INCORPORATED
Consolidated Statement of Operations (Unaudited)
For the Three Months Ended December 31, 2018 and 2017

| | Three Months Ended | |
|---|--------------------|-----------------|
| | December 31, | |
| | 2018 | 2017 |
| (In millions, except per share amounts) | | |
| Net sales | \$1,973 | \$ 1,837 |
| Costs and expenses | | |
| Cost of sales | 1,717 | 1,581 |
| Selling, general and administrative expenses | 116 | 131 |
| Amortization of intangibles | 2 | 2 |
| Restructuring charges, net | 8 | |
| Loss on disposal group held for sale | | (27) |
| Other expense, net | (10) | (4) |
| Earnings before interest and income taxes | 120 | 92 |
| Interest income | 3 | 3 |
| Interest expense | 25 | 23 |
| Earnings before income taxes | 98 | 72 |
| Income tax expense | 3 | 189 |
| Equity in earnings of affiliates | 11 | 7 |
| Net income (loss) | 106 | (110) |
| Less: Noncontrolling interests net income (loss) | 7 | (3) |
| Less: Redeemable noncontrolling interests net loss | (1) | (3) |
| Net income (loss) attributable to the parent company | \$ 100 | \$ (104) |
| Net income (loss) per share available to common stockholders | | |
| Basic | \$ 0.69 | \$ (0.74) |
| Diluted | \$ 0.69 | \$ (0.74) |
| Weighted-average shares outstanding - Basic | 144.8 | 145.4 |
| Weighted-average shares outstanding - Diluted | 145.8 | 145.4 |

DANA INCORPORATED
Consolidated Statement of Operations
For the Year Ended December 31, 2018 and 2017

(In millions, except per share amounts)

| | Year Ended December 31, | |
|--|----------------------------|----------------|
| | 2018 | 2017 |
| Net sales | \$8,143 | \$7,209 |
| Costs and expenses | | |
| Cost of sales | 6,986 | 6,143 |
| Selling, general and administrative expenses | 499 | 508 |
| Amortization of intangibles | 8 | 11 |
| Restructuring charges, net | 25 | 14 |
| Impairment of indefinite-lived intangible asset | (20) | |
| Gain (loss) on disposal group held for sale | 3 | (27) |
| Other expense, net | (29) | (16) |
| Earnings before interest and income taxes | 579 | 490 |
| Loss on extinguishment of debt | | (19) |
| Interest income | 11 | 11 |
| Interest expense | 96 | 102 |
| Earnings before income taxes | 494 | 380 |
| Income tax expense | 78 | 283 |
| Equity in earnings of affiliates | 24 | 19 |
| Net income | 440 | 116 |
| Less: Noncontrolling interests net income | 13 | 10 |
| Less: Redeemable noncontrolling interests net loss | | (5) |
| Net income attributable to the parent company | \$ 427 | \$ 111 |
| Net income per share available to common stockholders | | |
| Basic | \$ 2.94 | \$ 0.72 |
| Diluted | \$ 2.91 | \$ 0.71 |
| Weighted-average shares outstanding - Basic | 145.0 | 145.1 |
| Weighted-average shares outstanding - Diluted | 146.5 | 146.9 |

DANA INCORPORATED
Consolidated Statement of Comprehensive Income (Unaudited)
For the Three Months Ended December 31, 2018 and 2017

| (In millions) | Three Months Ended | |
|--|--------------------|-----------------|
| | December 31, | |
| | 2018 | 2017 |
| Net income (loss) | \$ 106 | \$ (110) |
| Other comprehensive income (loss), net of tax: | | |
| Currency translation adjustments | 2 | (12) |
| Hedging gains and losses | 21 | (17) |
| Investment and other gains and losses | | 2 |
| Defined benefit plans | (11) | (35) |
| Other comprehensive income (loss) | 12 | (62) |
| Total comprehensive income (loss) | 118 | (172) |
| Less: Comprehensive (income) loss attributable to noncontrolling interests | (7) | 1 |
| Less: Comprehensive loss attributable to redeemable noncontrolling interests | 6 | 2 |
| Comprehensive income (loss) attributable to the parent company | \$ 117 | \$ (169) |

DANA INCORPORATED
Consolidated Statement of Comprehensive Income
For the Year Ended December 31, 2018 and 2017

| (In millions) | Year Ended | |
|--|----------------------|--------------|
| | December 31, 2018 | 2017 |
| Net income | \$440 | \$116 |
| Other comprehensive income (loss), net of tax: | | |
| Currency translation adjustments | (63) | (14) |
| Hedging gains and losses | 10 | (30) |
| Investment and other gains and losses | | 2 |
| Defined benefit plans | 23 | (6) |
| Other comprehensive loss | (30) | (48) |
| Total comprehensive income | 410 | 68 |
| Less: Comprehensive income attributable to noncontrolling interests | (7) | (17) |
| Less: Comprehensive loss attributable to redeemable noncontrolling interests | 6 | 2 |
| Comprehensive income attributable to the parent company | \$409 | \$ 53 |

DANA INCORPORATED
Consolidated Balance Sheet
As of December 31, 2018 and December 31, 2017

| (In millions, except share and per share amounts) | December 31, 2018 | December 31, 2017 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 510 | \$ 603 |
| Marketable securities | 21 | 40 |
| Accounts receivable | | |
| Trade, less allowance for doubtful accounts of \$9 in 2018 and \$8 in 2017 | 1,065 | 994 |
| Other | 178 | 172 |
| Inventories | 1,031 | 969 |
| Other current assets | 102 | 97 |
| Current assets of disposal group held for sale | | 7 |
| Total current assets | 2,907 | 2,882 |
| Goodwill | 264 | 127 |
| Intangibles | 164 | 174 |
| Deferred tax assets | 445 | 420 |
| Other noncurrent assets | 80 | 71 |
| Investments in affiliates | 208 | 163 |
| Property, plant and equipment, net | 1,850 | 1,807 |
| Total assets | \$ 5,918 | \$ 5,644 |
| Liabilities and equity | | |
| Current liabilities | | |
| Short-term debt | \$ 8 | \$ 17 |
| Current portion of long-term debt | 20 | 23 |
| Accounts payable | 1,217 | 1,165 |
| Accrued payroll and employee benefits | 186 | 219 |
| Taxes on income | 47 | 53 |
| Other accrued liabilities | 269 | 220 |
| Current liabilities of disposal group held for sale | | 5 |
| Total current liabilities | 1,747 | 1,702 |
| Long-term debt, less debt issuance costs of \$18 in 2018 and \$22 in 2017 | 1,755 | 1,759 |
| Pension and postretirement obligations | 561 | 607 |
| Other noncurrent liabilities | 313 | 413 |
| Noncurrent liabilities of disposal group held for sale | | 2 |
| Total liabilities | 4,376 | 4,483 |
| Commitments and contingencies | | |
| Redeemable noncontrolling interests | 100 | 47 |
| Parent company stockholders' equity | | |
| Preferred stock, 50,000,000 shares authorized, \$0.01 par value, no shares outstanding | — | — |
| Common stock, 450,000,000 shares authorized, \$0.01 par value, 144,663,403 and 144,984,050 shares outstanding | 2 | 2 |
| Additional paid-in capital | 2,368 | 2,354 |
| Retained earnings | 456 | 86 |
| Treasury stock, at cost (8,342,185 and 7,001,017 shares) | (119) | (87) |
| Accumulated other comprehensive loss | (1,362) | (1,342) |
| Total parent company stockholders' equity | 1,345 | 1,013 |
| Noncontrolling interests | 97 | 101 |
| Total equity | 1,442 | 1,114 |
| Total liabilities and equity | \$ 5,918 | \$ 5,644 |

DANA INCORPORATED
Consolidated Statement of Cash Flows (Unaudited)
For the Three Months Ended December 31, 2018 and 2017

(In millions)

| | Three Months Ended | |
|---|--------------------|---------------|
| | December 31, | |
| | 2018 | 2017 |
| Operating activities | | |
| Net income (loss) | \$ 106 | \$ (110) |
| Depreciation | 73 | 58 |
| Amortization of intangibles | 2 | 3 |
| Amortization of deferred financing charges | 1 | 1 |
| Earnings of affiliates, net of dividends received | (9) | (5) |
| Stock compensation expense | 3 | 6 |
| Deferred income taxes | (17) | 169 |
| Pension contributions, net | 1 | (2) |
| Loss on disposal group held for sale | | 27 |
| Change in working capital | 156 | 72 |
| Change in other noncurrent assets and liabilities | (12) | (9) |
| Other, net | 27 | (17) |
| Net cash provided by operating activities | <u>331</u> | <u>193</u> |
| Investing activities | | |
| Purchases of property, plant and equipment | (90) | (142) |
| Acquisition of businesses, net of cash acquired | (2) | (3) |
| Purchases of marketable securities | (1) | (12) |
| Proceeds from sales of marketable securities | 9 | |
| Proceeds from maturities of marketable securities | 7 | 11 |
| Net cash used in investing activities | <u>(77)</u> | <u>(146)</u> |
| Financing activities | | |
| Net change in short-term debt | (8) | 6 |
| Repayment of long-term debt | (5) | |
| Deferred financing payments | (1) | |
| Dividends paid to common stockholders | (15) | (9) |
| Distributions to noncontrolling interests | (35) | (5) |
| Contributions from noncontrolling interests | 3 | |
| Other, net | 3 | 1 |
| Net cash used in financing activities | <u>(58)</u> | <u>(7)</u> |
| Net increase in cash, cash equivalents and restricted cash | 196 | 40 |
| Cash, cash equivalents and restricted cash – beginning of period | 327 | 568 |
| Effect of exchange rate changes on cash balances | (3) | 2 |
| Cash, cash equivalents and restricted cash – end of period | <u>\$ 520</u> | <u>\$ 610</u> |

DANA INCORPORATED
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2018 and 2017

| (In millions) | Year Ended | |
|---|---------------|---------------|
| | December 31, | |
| | 2018 | 2017 |
| Operating activities | | |
| Net income | \$ 440 | \$ 116 |
| Depreciation | 260 | 220 |
| Amortization of intangibles | 10 | 13 |
| Amortization of deferred financing charges | 4 | 5 |
| Call premium on debt | | 15 |
| Write-off of deferred financing costs | | 4 |
| Earnings of affiliates, net of dividends received | (4) | (3) |
| Stock compensation expense | 16 | 23 |
| Deferred income taxes | (64) | 179 |
| Pension contributions, net | 3 | (6) |
| Impairment of indefinite-lived intangible asset | 20 | |
| Gain on sale of subsidiary | | (3) |
| (Gain) loss on disposal group held for sale | (2) | 27 |
| Change in working capital | (113) | (8) |
| Change in other noncurrent assets and liabilities | (12) | (9) |
| Other, net | 10 | (19) |
| Net cash provided by operating activities | 568 | 554 |
| Investing activities | | |
| Purchases of property, plant and equipment | (325) | (393) |
| Acquisition of businesses, net of cash acquired | (153) | (185) |
| Proceeds from previous acquisition | 9 | |
| Purchases of marketable securities | (37) | (35) |
| Proceeds from sales of marketable securities | 15 | 1 |
| Proceeds from maturities of marketable securities | 37 | 27 |
| Proceeds from sale of subsidiaries, net of cash disposed | (6) | 3 |
| Other, net | (2) | (1) |
| Net cash used in investing activities | (462) | (583) |
| Financing activities | | |
| Net change in short-term debt | (21) | (90) |
| Proceeds from long-term debt | | 676 |
| Repayment of long-term debt | (13) | (640) |
| Call premium on debt | | (15) |
| Deferred financing payments | (1) | (9) |
| Dividends paid to common stockholders | (58) | (35) |
| Distributions to noncontrolling interests | (42) | (12) |
| Contributions from noncontrolling interests | 25 | |
| Payments to acquire redeemable noncontrolling interests | (43) | |
| Repurchases of common stock | (25) | |
| Other, net | (2) | 5 |
| Net cash used in financing activities | (180) | (120) |
| Net decrease in cash, cash equivalents and restricted cash | (74) | (149) |
| Cash, cash equivalents and restricted cash – beginning of period | 610 | 716 |
| Effect of exchange rate changes on cash balances | (16) | 43 |
| Cash, cash equivalents and restricted cash – end of period | \$ 520 | \$ 610 |

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

| (In millions) | Three Months Ended December 31, | |
|--|------------------------------------|--------------|
| | 2018 | 2017 |
| Net cash provided by operating activities | \$ 331 | \$ 193 |
| Purchase of property, plant and equipment | (90) | (142) |
| Free cash flow | 241 | 51 |
| Discretionary pension contributions | — | — |
| Adjusted free cash flow | <u>\$ 241</u> | <u>\$ 51</u> |

| | Year Ended December 31, | |
|--|----------------------------|---------------|
| | 2018 | 2017 |
| Net cash provided by operating activities | \$ 568 | \$ 554 |
| Purchase of property, plant and equipment | (325) | (393) |
| Free cash flow | 243 | 161 |
| Discretionary pension contributions | — | — |
| Adjusted free cash flow | <u>\$ 243</u> | <u>\$ 161</u> |

| | 2019 Guidance | |
|--|-----------------|-----------------|
| | Without ODS | With ODS* |
| Net cash provided by operating activities | ~ \$ 520 | ~ \$ 525 |
| Purchase of property, plant and equipment | ~ (350) | ~ (415) |
| Free cash flow | 170 | 110 |
| Discretionary pension contributions | ~ 165 | ~ 165 |
| Adjusted free cash flow | <u>~ \$ 335</u> | <u>~ \$ 275</u> |

* Guidance range with Oerlikon Drive Systems (ODS) assumes a March 1, 2019 transaction closing date.

DANA INCORPORATED
Segment Sales and Segment EBITDA (Unaudited)
For the Three Months Ended December 31, 2018 and 2017

| (In millions) | Three Months Ended | |
|--|--------------------|-----------------|
| | December 31, | |
| | 2018 | 2017 |
| Sales | | |
| Light Vehicle | \$ 873 | \$ 803 |
| Commercial Vehicle | 395 | 355 |
| Off-Highway | 442 | 414 |
| Power Technologies | 263 | 265 |
| Total Sales | <u>\$1,973</u> | <u>\$ 1,837</u> |
| Segment EBITDA | | |
| Light Vehicle | \$ 101 | \$ 86 |
| Commercial Vehicle | 32 | 25 |
| Off-Highway | 65 | 55 |
| Power Technologies | 32 | 36 |
| Total Segment EBITDA | 230 | 202 |
| Corporate expense and other items, net | (7) | (5) |
| Adjusted EBITDA | <u>\$ 223</u> | <u>\$ 197</u> |

DANA INCORPORATED
Segment Sales and Segment EBITDA
For the Year Ended December 31, 2018 and 2017

| (In millions) | Year Ended | |
|--|----------------|----------------|
| | December 31, | |
| | 2018 | 2017 |
| Sales | | |
| Light Vehicle | \$3,575 | \$3,172 |
| Commercial Vehicle | 1,612 | 1,412 |
| Off-Highway | 1,844 | 1,521 |
| Power Technologies | 1,112 | 1,104 |
| Total Sales | <u>\$8,143</u> | <u>\$7,209</u> |
| Segment EBITDA | | |
| Light Vehicle | \$ 398 | \$ 359 |
| Commercial Vehicle | 146 | 116 |
| Off-Highway | 285 | 212 |
| Power Technologies | 149 | 168 |
| Total Segment EBITDA | 978 | 855 |
| Corporate expense and other items, net | (21) | (20) |
| Adjusted EBITDA | <u>\$ 957</u> | <u>\$ 835</u> |

DANA INCORPORATED
Reconciliation of Segment and Adjusted EBITDA to Net Income (Unaudited)
For the Three Months Ended December 31, 2018 and 2017

| (In millions) | Three Months Ended | |
|---|--------------------|-----------------|
| | December 31, | |
| | 2018 | 2017 |
| Segment EBITDA | \$ 230 | \$ 202 |
| Corporate expense and other items, net | (7) | (5) |
| Adjusted EBITDA | 223 | 197 |
| Depreciation | (73) | (58) |
| Amortization of intangibles | (2) | (3) |
| Non-service cost components of pension and OPEB costs | (5) | |
| Restructuring charges, net | (8) | |
| Stock compensation expense | (3) | (6) |
| Strategic transaction expenses | (5) | (5) |
| Other items | (7) | (6) |
| Loss on disposal group held for sale | | (27) |
| Earnings before interest and income taxes | 120 | 92 |
| Interest expense | 25 | 23 |
| Interest income | 3 | 3 |
| Earnings before income taxes | 98 | 72 |
| Income tax expense | 3 | 189 |
| Equity in earnings of affiliates | 11 | 7 |
| Net income (loss) | \$ 106 | \$ (110) |

DANA INCORPORATED
Reconciliation of Segment and Adjusted EBITDA to Net Income
For the Year Ended December 31, 2018 and 2017

| (In millions) | Year Ended | |
|---|----------------------|---------------|
| | December 31, 2018 | 2017 |
| Segment EBITDA | \$ 978 | \$ 855 |
| Corporate expense and other items, net | (21) | (20) |
| Adjusted EBITDA | 957 | 835 |
| Depreciation | (260) | (220) |
| Amortization of intangibles | (10) | (13) |
| Non-service cost components of pension and OPEB costs | (15) | |
| Restructuring charges, net | (25) | (14) |
| Stock compensation expense | (16) | (23) |
| Strategic transaction expenses, net of transaction breakup fee income | (18) | (25) |
| Acquisition related inventory adjustments | | (14) |
| Other items | (17) | (11) |
| Gain (loss) on disposal group held for sale | 3 | (27) |
| Impairment of indefinite-lived intangible asset | (20) | |
| Amounts attributable to previously divested/closed operations | | 2 |
| Earnings before interest and income taxes | 579 | 490 |
| Loss on extinguishment of debt | | (19) |
| Interest expense | 96 | 102 |
| Interest income | 11 | 11 |
| Earnings before income taxes | 494 | 380 |
| Income tax expense | 78 | 283 |
| Equity in earnings of affiliates | 24 | 19 |
| Net income | \$ 440 | \$ 116 |

DANA INCORPORATED
Diluted Adjusted EPS (Unaudited)
For the Three Months Ended December 31, 2018 and 2017

(In millions, except per share amounts)

| | Three Months Ended December 31, | |
|---|------------------------------------|-----------------|
| | 2018 | 2017 |
| Net income attributable to parent company | \$ 100 | \$ (104) |
| Items impacting income before income taxes: | | |
| Restructuring charges | 8 | |
| Amortization of intangibles | 2 | 3 |
| Strategic transaction expenses | 5 | 5 |
| Loss on disposal group held for sale | | 27 |
| Income on sale of subsidiary | | (3) |
| Other items | 3 | 5 |
| Items impacting income taxes: | | |
| Net income tax expense on items above | (3) | (1) |
| U.S. tax reform legislation | | 186 |
| Tax benefit attributable to utilization of federal tax credits, state tax law changes and valuation allowance adjustments | (5) | (27) |
| Tax benefit attributable to international legal entity reorganization, retroactive application of new tax authority administrative policy and permanent reinvestment assertions | (7) | 8 |
| Items impacting noncontrolling interests | | (7) |
| Adjusted net income | \$ 103 | \$ 92 |
| Diluted shares - as reported | 145.8 | 145.4 |
| Adjustment - common stock equivalents | — | 2.2 |
| Adjusted diluted shares | 145.8 | 147.6 |
| Diluted adjusted EPS | \$ 0.71 | \$ 0.62 |

DANA INCORPORATED
Diluted Adjusted EPS (Unaudited)
For the Year Ended December 31, 2018 and 2017

(In millions, except per share amounts)

| | Year Ended December 31, | |
|---|------------------------------------|----------------|
| | 2018 | 2017 |
| Net income attributable to parent company | \$ 427 | \$ 111 |
| Items impacting income before income taxes: | | |
| Restructuring charges | 25 | 14 |
| Amortization of intangibles | 10 | 13 |
| Strategic transaction expenses | 18 | 25 |
| Impairment of indefinite-lived intangible asset | 20 | |
| Loss on extinguishment of debt | | 19 |
| Loss on disposal group held for sale | | 27 |
| Income on sale of subsidiary | | (3) |
| Acquisition related inventory adjustments | | 14 |
| Other items | 6 | 8 |
| Items impacting income taxes: | | |
| Net income tax expense on items above | (18) | (18) |
| U.S. tax reform legislation | | 186 |
| Tax benefit attributable to utilization of federal tax credits, state tax law changes and valuation allowance adjustments | (51) | (27) |
| Tax benefit attributable to international legal entity reorganization, retroactive application of new tax authority administrative policy and permanent reinvestment assertions | (2) | 8 |
| Items impacting noncontrolling interests | | (7) |
| Adjusted net income | \$ 435 | \$ 370 |
| Diluted shares - as reported | 146.5 | 146.9 |
| Adjusted diluted shares | 146.5 | 146.9 |
| Diluted adjusted EPS | \$ 2.97 | \$ 2.52 |