



2019 First Quarter Earnings Conference Call

May 2, 2019

People Finding A Better Way[®]





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

First Quarter Results

sales
\$2.2
billion



10th consecutive quarter of
year-over-year sales growth



adjusted EBITDA
\$257
million



margin
11.9%



diluted adjusted EPS
\$0.78



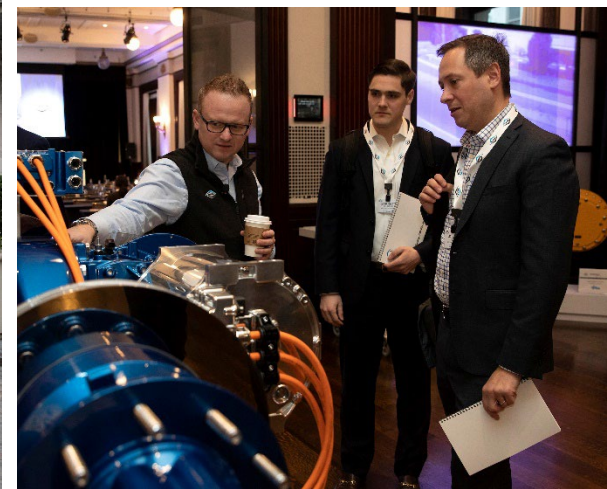
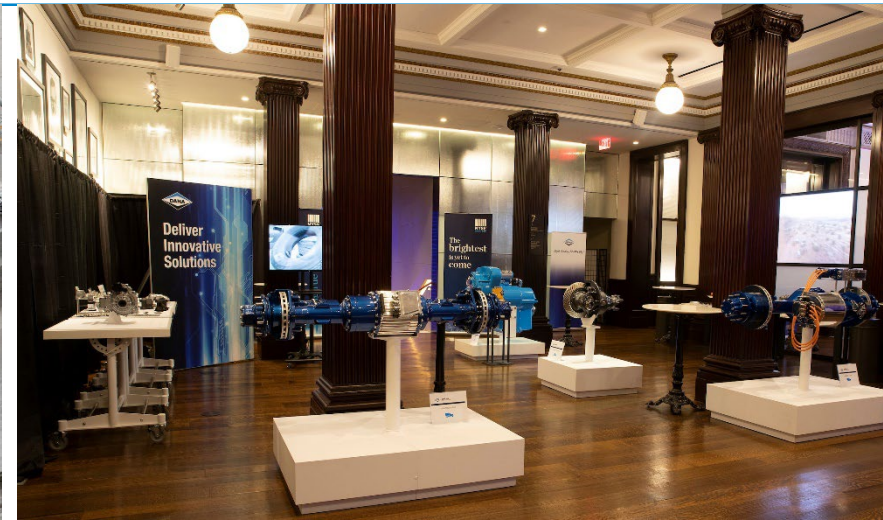
Highlights

- 1. Affirms full-year guidance**
- 2. Hosted investor day**
 - Refreshed enterprise strategy
 - Issued long-term financial targets
- 3. Finalized acquisitions of:**
 - Oerlikon Drive Systems
 - SME Group
- 4. Won 7th PACE Award: AdvanTek[®] gear technology**
- 5. Strong market outlook**

POWERING INTO
e-DRIVE



Investor Day at NYSE – March 11, 2019



POWERING INTO **e-DRIVE**





Acquisition Integration

Delivering value by bringing together exceptional companies and capabilities



Welcome Oerlikon Drive Systems and SME Group



Pace Award Winner



AdvanTEK® Ultra Award Winning Technology

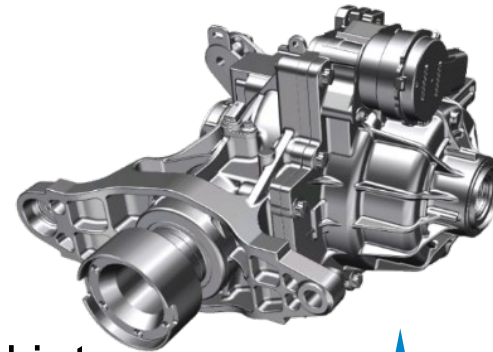
Utilized in Several Global Vehicle Programs



Available AWD Disconnect
Designed to help save fuel, All-Wheel Drive Disconnect allows for the disconnection of the rear driveline when the system detects AWD is not needed. This allows only the front wheels to propel the vehicle, therefore reducing drag and the overall energy demands of the drivetrain.



Advanced Gear Design



Integrated into Disconnecting All-Wheel Drive Unit



2019 Market Outlook



Light-Duty Market



Light Vehicle



Market Volume



Dana Backlog



Key Regions

North America
Asia



Global Outlook

Low to mid-single-digit growth



Key Driver

New program launches in growth market segments

Heavy-Duty Markets



Commercial Vehicle



Market Volume



Dana Backlog



Key Regions

North America
South America



Global Outlook

Class 8 demand tapering towards year end



Key Driver

NA medium-duty strength
Brazil demand improving



Off-Highway



Market Volume



Dana Backlog



Key Regions

Europe
Asia



Global Outlook

Continued strong demand



Key Driver

Construction & mining markets remain strong

* 2018 Dana sales including 100% of DDAC Joint Venture



Financial Review

People Finding A Better Way[®]



2019 Q1 Results



- Sales growth due largely to conversion of sales backlog and acquisitions partially offset by the nonrecurrence of the Wrangler production overlap
- Margin expansion of 30 bps, driven by organic and inorganic growth
- One-time costs related to acquisitions of \$32 million drove lower EBIT in 2019
- Income tax expense in 2019 includes a net \$16 million benefit from the release of valuation allowances and state tax law changes in the U.S.
- Cadence of capital spending to support new programs drove lower adjusted free cash flow

Changes from Prior Year

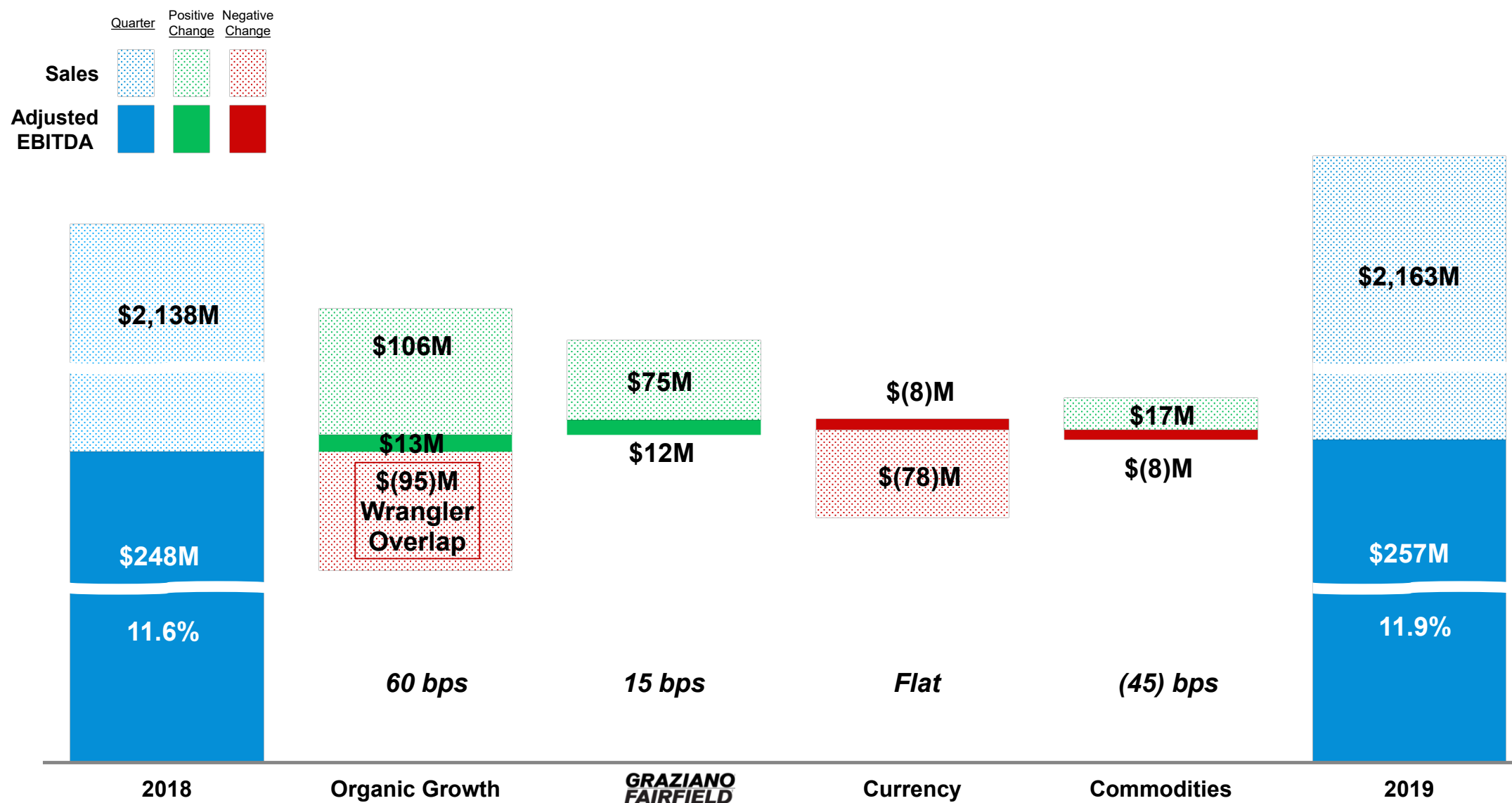
(\$ in millions except EPS)

	<u>Q1 '19</u>	<u>Q1 '18</u>	<u>Change</u>
Sales	\$ 2,163	\$ 2,138	\$ 25
Adjusted EBITDA	257	248	9
Margin	11.9%	11.6%	30 bps
EBIT	140	174	(34)
Interest Expense, Net	25	21	4
Income Tax Expense	20	48	(28)
Net Income (attributable to Dana)	98	108	(10)
Diluted Adjusted EPS	\$ 0.78	\$ 0.75	\$ 0.03
Operating Cash Flow	(16)	(28)	12
Capital Spending	98	65	33
Adj. Free Cash Flow	(114)	(93)	(21)

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

2019 Q1 Sales and Profit Changes

- 5% sales growth on a constant currency basis
- Sales growth primarily from backlog, end-market demand, and acquisitions
- Wrangler overlap accounted for \$95 million in higher sales in 2018
- Efficient operating performance offset lower sales from Wrangler overlap
- 10th consecutive quarter of year-over-year sales growth
- Margin expanded 30 bps in spite of 45 bps commodity headwind
- Currency translation was a headwind to sales primarily due to the weakening of euro, Brazilian real, and South African rand to the U.S. dollar



Delivering profitable organic and inorganic growth

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



2019 Q1 Adjusted Free Cash Flow

- Higher use of cash of \$21M year-over-year, driven mostly by higher capital spend and partially offset by higher earnings and favorable working capital use
- Higher capital spend compared to prior year to support new business investments

Changes from Prior Year

(\$ in millions)

	<u>Q1 '19</u>	<u>Q1 '18</u>	<u>Change</u>
Adjusted EBITDA	\$ 257	\$ 248	\$ 9
One-Time Costs¹	(25)	(11)	(14)
Interest, net	(11)	(7)	(4)
Taxes	(19)	(21)	2
Working Capital / Other²	(218)	(237)	19
Capital Spending	(98)	(65)	(33)
Adj. Free Cash Flow	\$ (114)	\$ (93)	\$ (21)

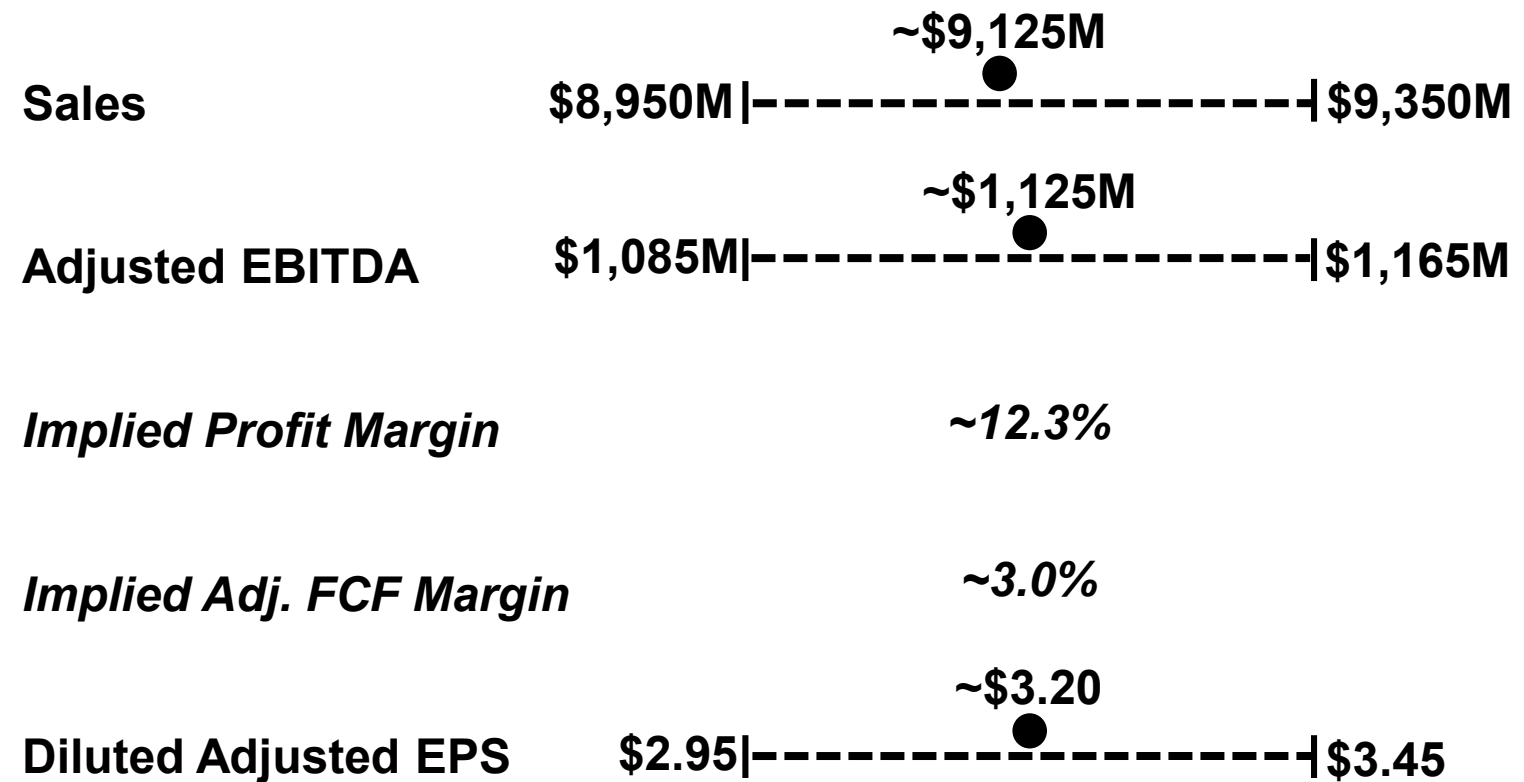
Lower adj. free cash flow due to investments

¹ Includes costs associated with business acquisitions, divestitures, and restructuring. ² Changes in working capital relating to interest, taxes, restructuring, and transactions costs are included in those respective categories. See appendix for comments regarding the presentation of non-GAAP measures



2019 FY Financial Guidance

Guidance Ranges



Expecting 3rd year of double-digit sales, profit, and FCF growth

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

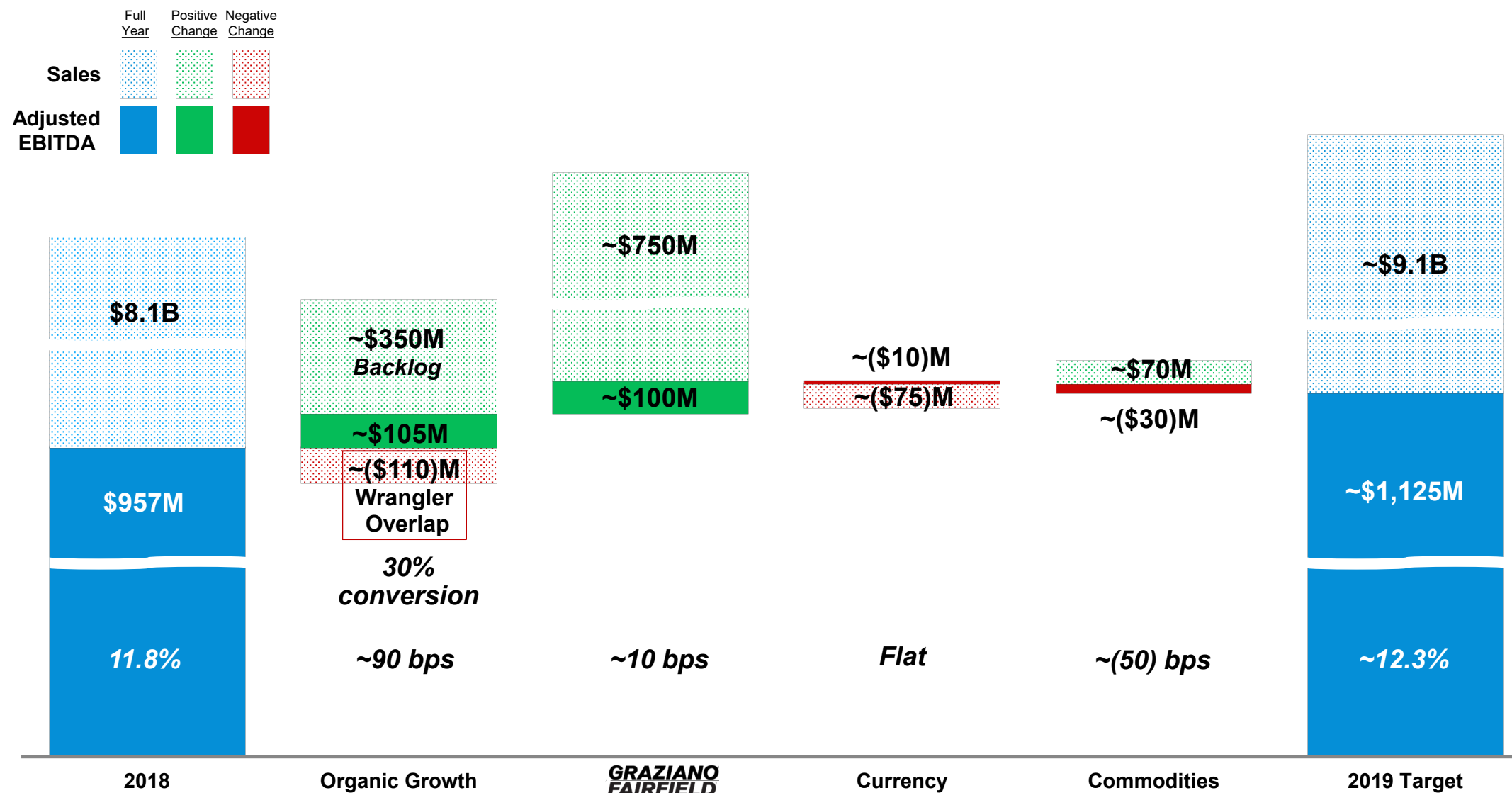
--- Guidance range ● Current Guidance

- Guidance reflects ~\$1B or 12% sales growth, ~\$165M of profit growth, 50 bps of profit margin expansion, and ~\$0.18 or 6% EPS growth compared to 2018
- ODS represents ~\$750M or ~10% sales growth and \$100M profit growth, 10 bps of profit margin expansion, and 3% EPS growth
- ODS is expected to be a use of cash in 2019 as transaction costs and integration expenses are included in adj. FCF



2019 FY Sales and Profit Changes

- Higher conversion on organic growth due to efficiency improvements and structural costs actions
- Overlap of Jeep Wrangler program during H1 2018 resulted in ~\$110M of non-recurring sales; contribution margin loss offset by the elimination of launch costs incurred in 2018
- ODS is expected to accrete ~\$100M of profit (including ~\$10M 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 plateau



Poised to deliver ~\$1B of sales growth and add ~\$165M of profit

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



2019 Adjusted Free Cash Flow

- ODS acquisition holding adj. FCF margin flat primarily due to transaction expenses, integration costs, and ramp-up of cost synergies
- New adj. free cash flow 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>
Adjusted EBITDA	\$ ~1,125	\$ 957	~170
One-Time Costs¹	~(95)	(38)	~(60)
Interest, net	~(105)	(81)	~(25)
Taxes	~(185)	(145)	~(40)
Working Capital / Other²	~(50)	(125)	~75
Capital Spending	~(415)	(325)	~(90)
Adj. Free Cash Flow	\$ ~275	\$ 243	~30
% of Sales	~3%	3%	<i>Flat</i>

Adj. FCF margins flat as a result of ODS acquisition

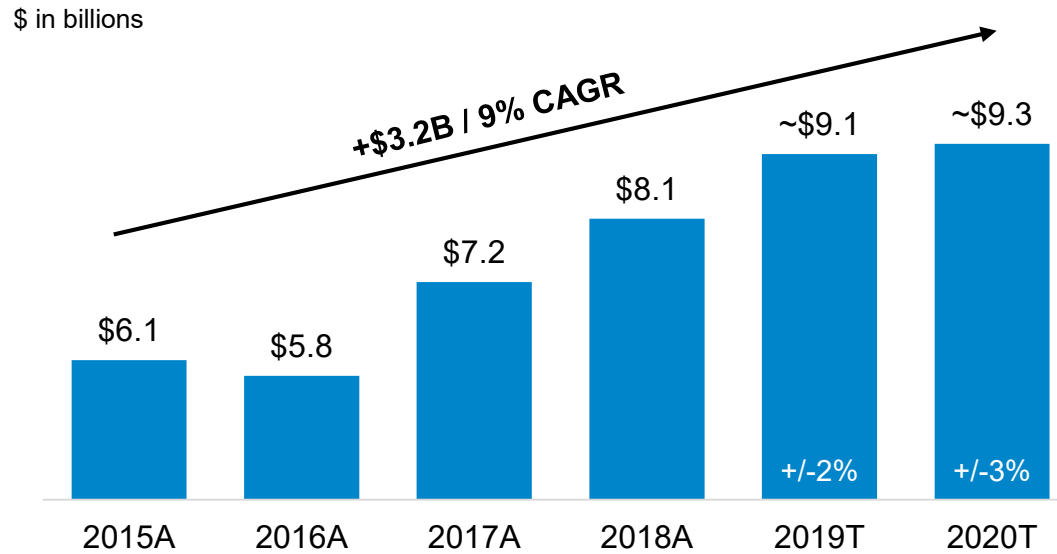
¹ Includes costs associated with business acquisitions and divestitures and restructuring. ² Changes in working capital relating to interest, taxes, restructuring, and transaction costs are included in those respective categories. See appendix for comments regarding the presentation of non-GAAP measures.



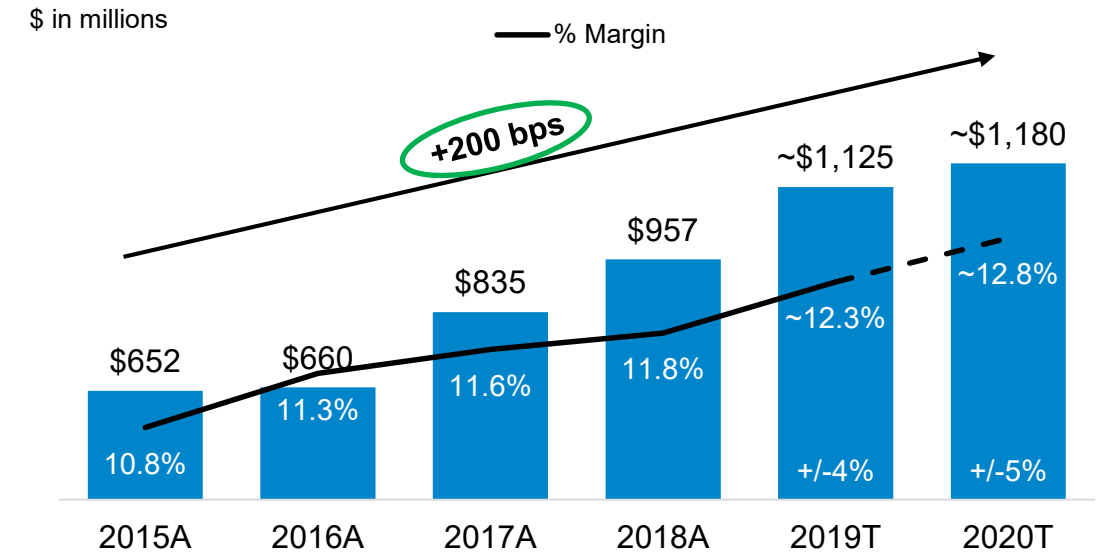
Key Financial Metrics Trends

- 2019 includes 10 months of ODS, with synergies actions completed through 2020
- Forecasted market growth and new business attainment driving growth
- 200 bps of EBITDA margin expansion from 2015 to 2020T
- 2019T adj. free cash flow projected at ~4% of sales prior to ODS impact of (\$60M)
- Expecting to reach 5% adj. free cash flow goal by 2020
- EPS growth continues to outpace profit growth due to prudent balance sheet management

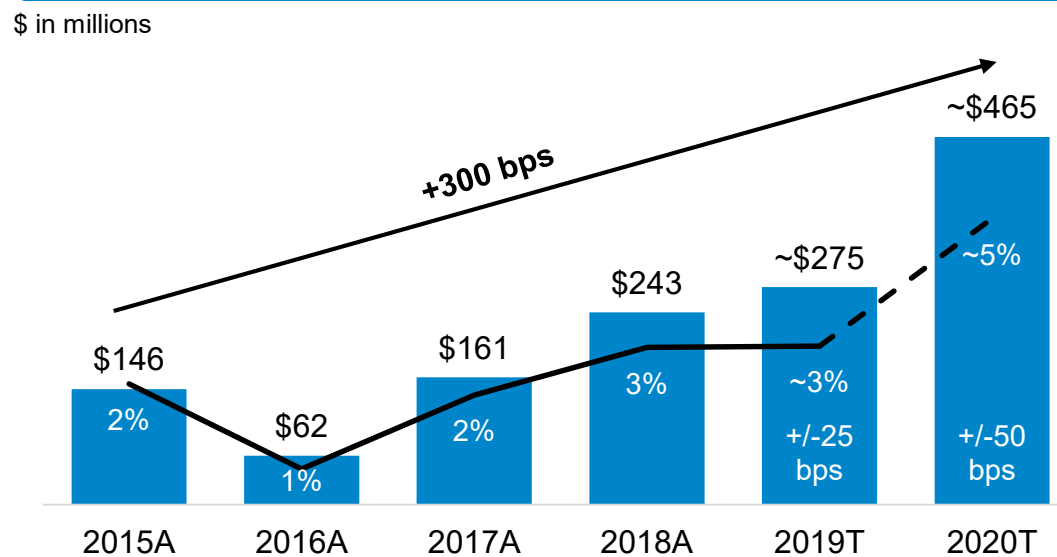
Sales



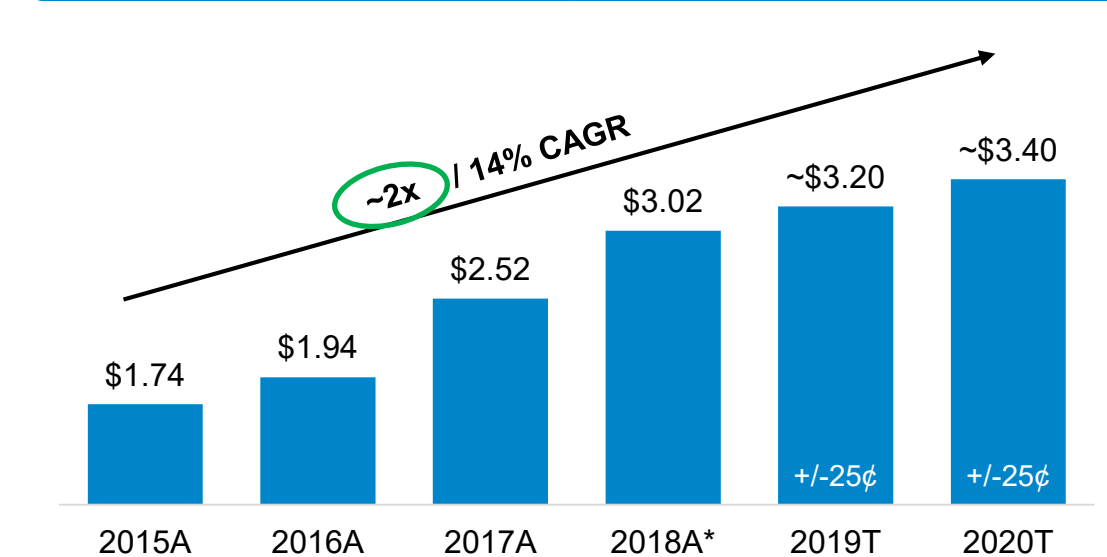
Adjusted EBITDA



Adjusted Free Cash Flow¹



Diluted Adjusted EPS



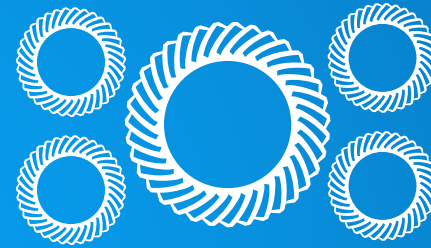
Note: A=Actual; T=Target; E=Estimate
 1. 2019T adjusted FCF excludes discretionary pension termination impact *Restated to exclude \$8M loss on ODS deal contingent forward



**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
North America		
Light Trucks (Full Frame)	4,474	4,275 – 4,575
Light Vehicle Engines	15,332	14,700 – 15,000
Medium Truck (Class 5-7)	270	265 – 275
Heavy Truck (Class 8)	320	325 – 345
Agricultural Equipment	56	50 – 60
Construction/Mining Equipment	176	175 – 185
Europe (Incl. Eastern Europe)		
Light Trucks	10,720	10,500 – 11,500
Light Vehicle Engines	23,098	23,000 – 23,500
Medium/Heavy Truck	506	505 – 520
Agricultural Equipment	204	200 – 215
Construction/Mining Equipment	351	350 – 370
South America		
Light Trucks	1,296	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
Asia Pacific		
Light Trucks	29,527	29,800 – 31,000
Light Vehicle Engines	52,293	51,700 – 52,700
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	35.00 - 45.00
USD / MXN	18.50 - 20.00
GBP / USD	1.25 - 1.45

Taxes

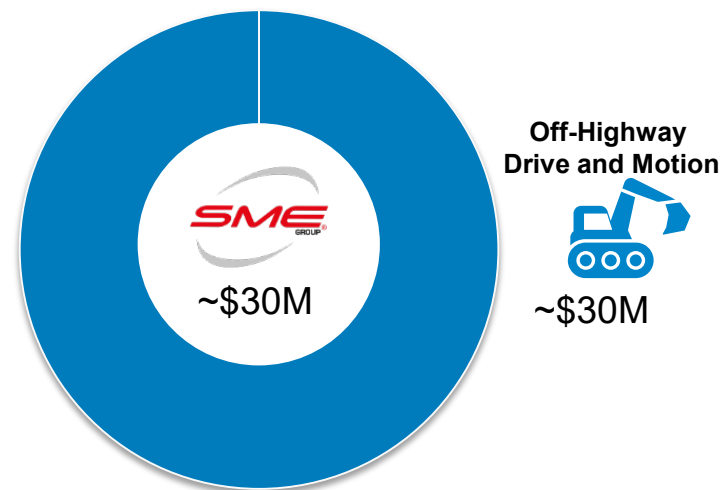
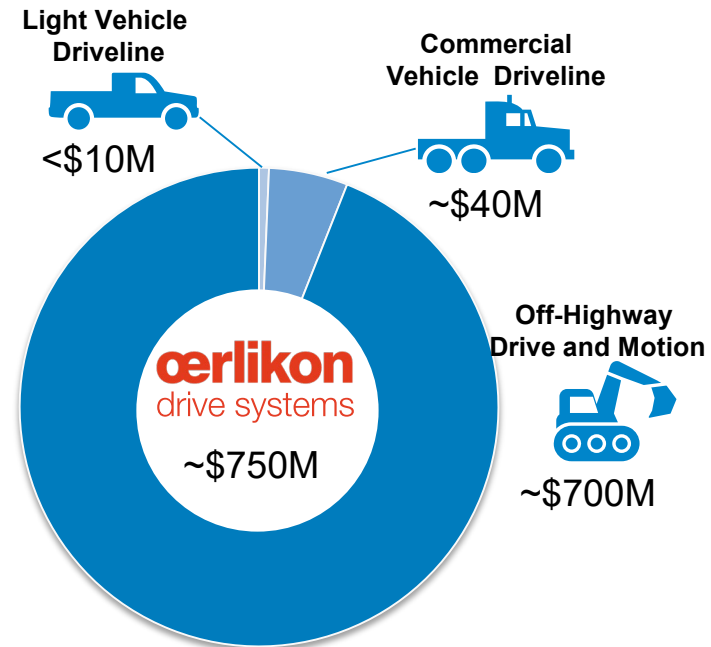
Effective Tax Rate (Dil. Adj. EPS)	~28%
Cash Tax Rate	~31%

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

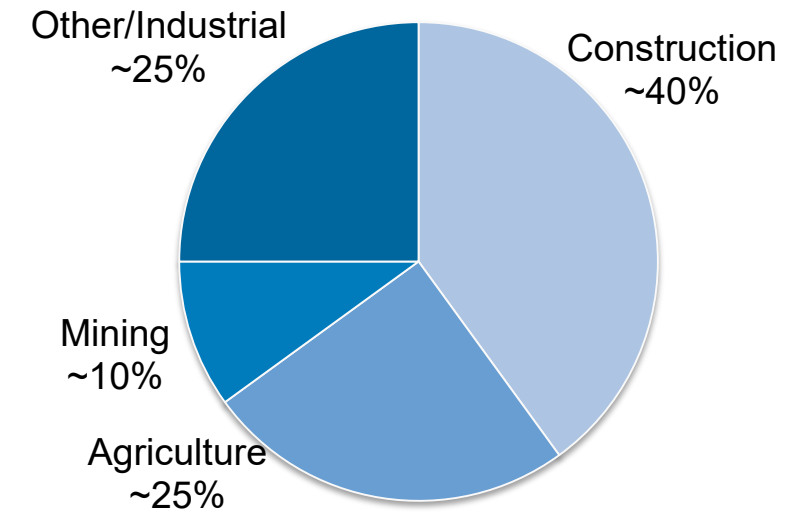
2019 Post-Acquisition Sales Distribution*



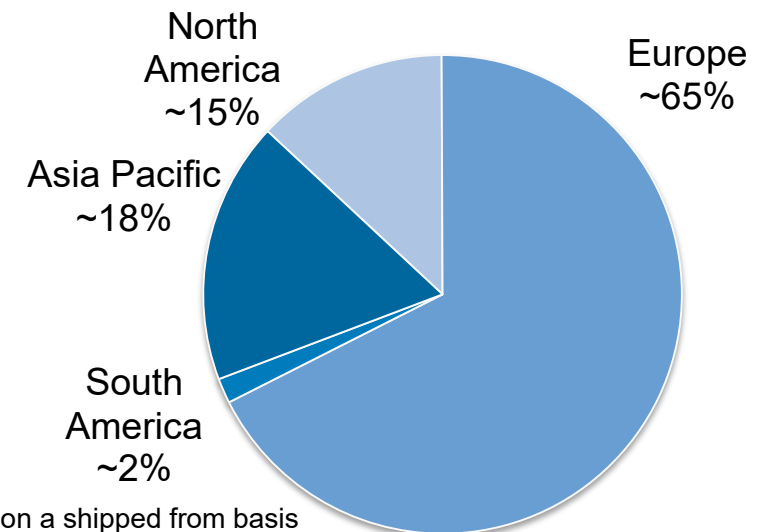
Acquisition Sales Allocation by Segment



Off-Highway Segment Sales by Market



Off-Highway Segment Sales by Region



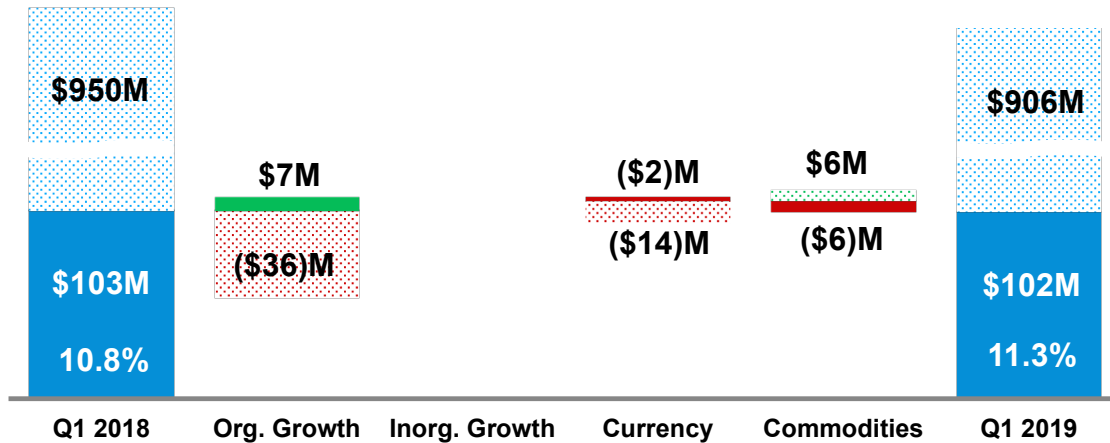
*Based on 2019 full year sales target. Regional sales are on a shipped from basis



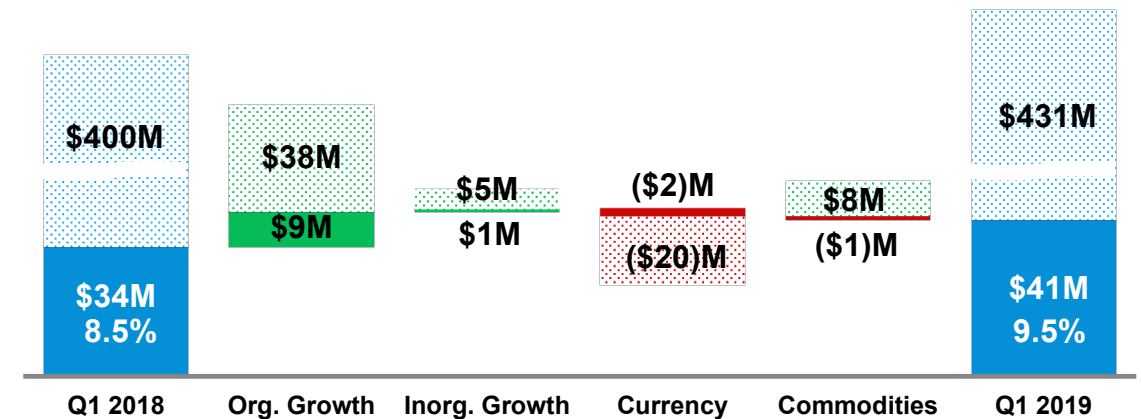
2019 Q1 Sales and Profit Change by Segment



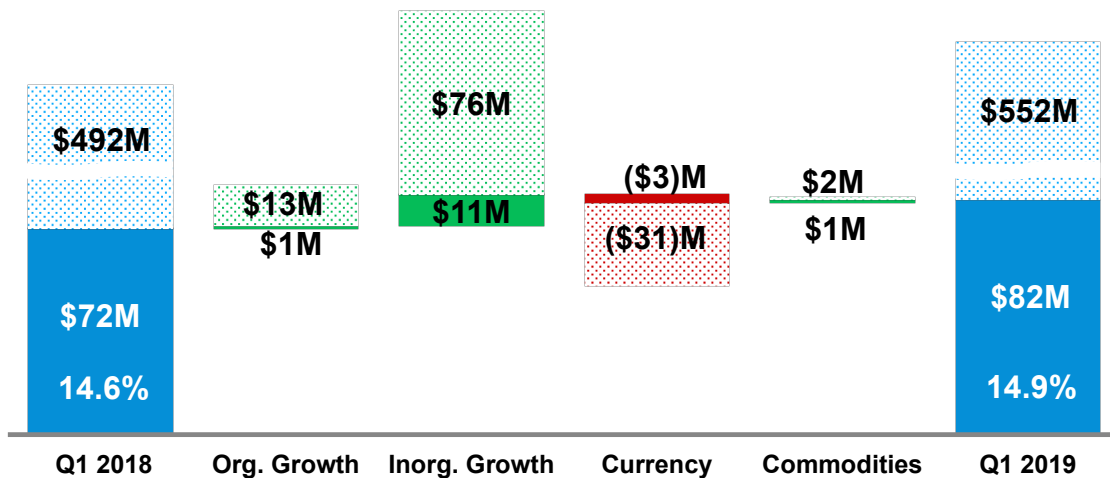
Light Vehicle Driveline



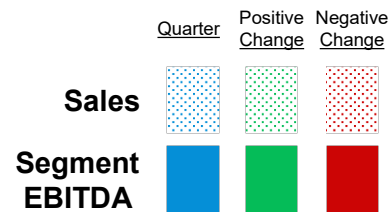
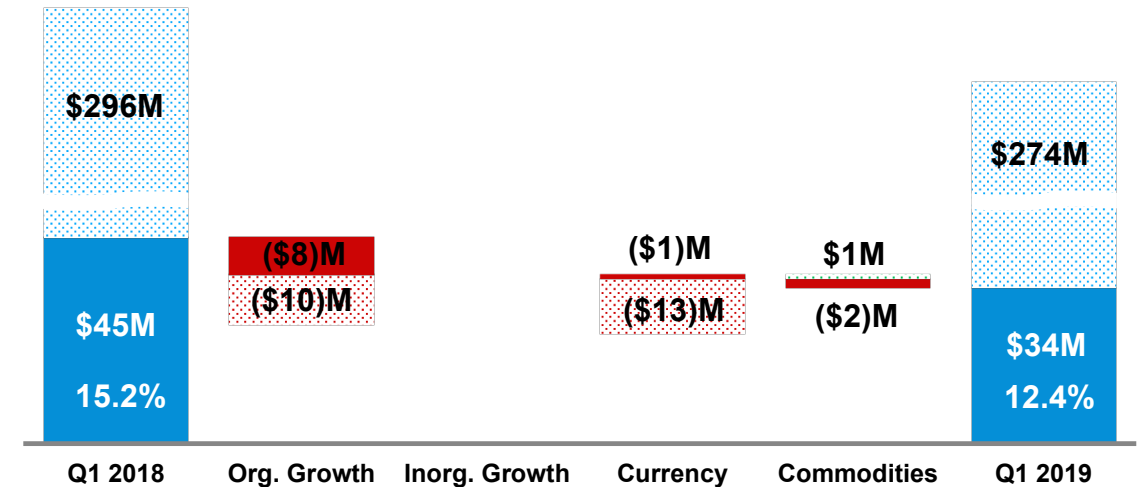
Commercial Vehicle Driveline



Off-Highway Drive and Motion



Power Technologies



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

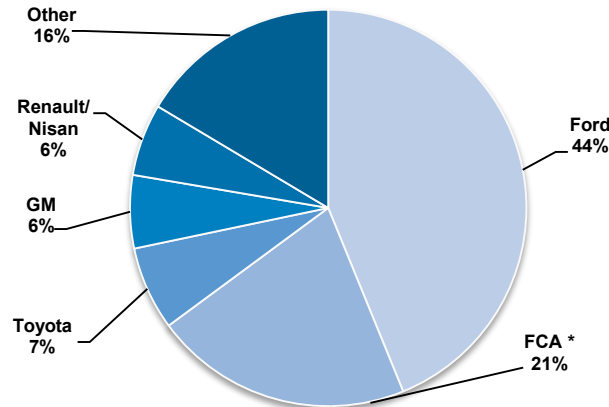
Segment Profiles



Customer Sales

Light Vehicle Driveline

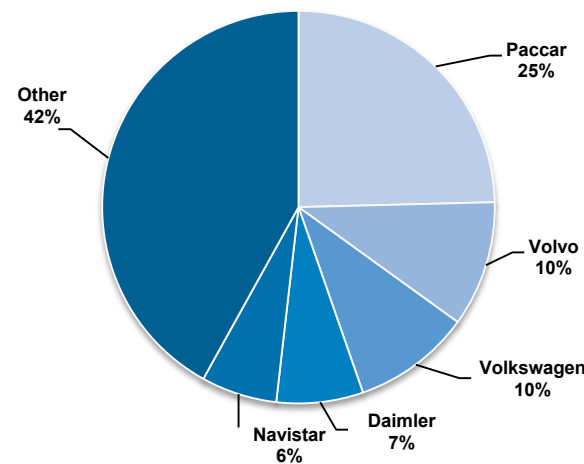
Year to Date 3/31/2019



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

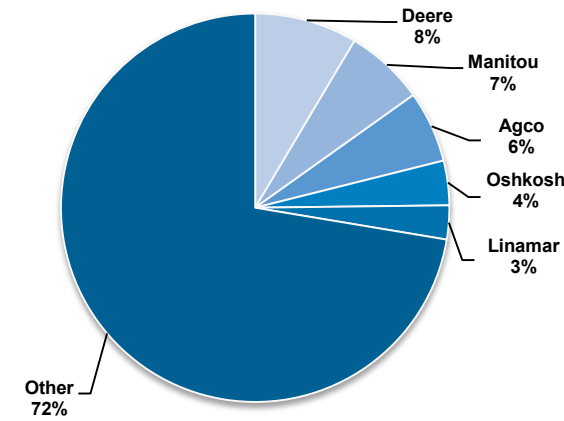
Commercial Vehicle Driveline

Year to Date 3/31/2019



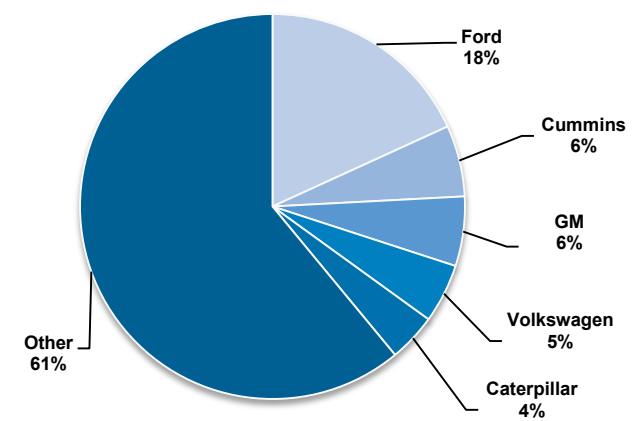
Off-Highway Drive and Motion

Year to Date 3/31/2019

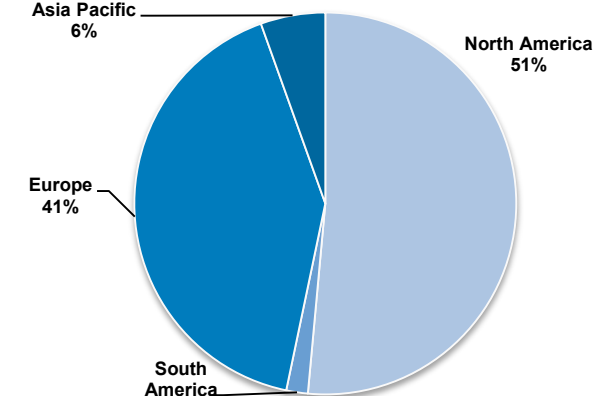
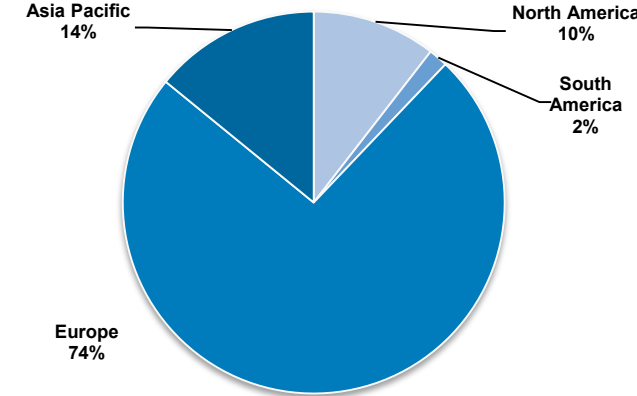
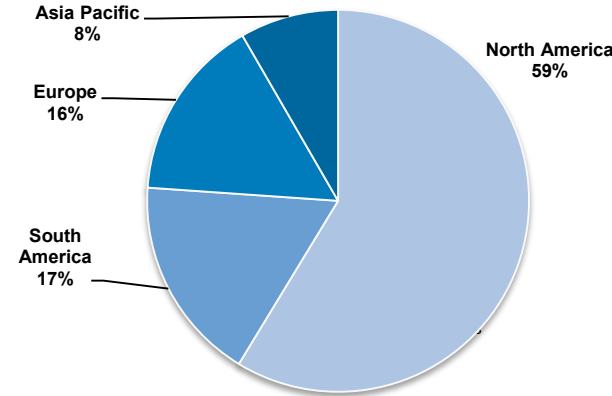
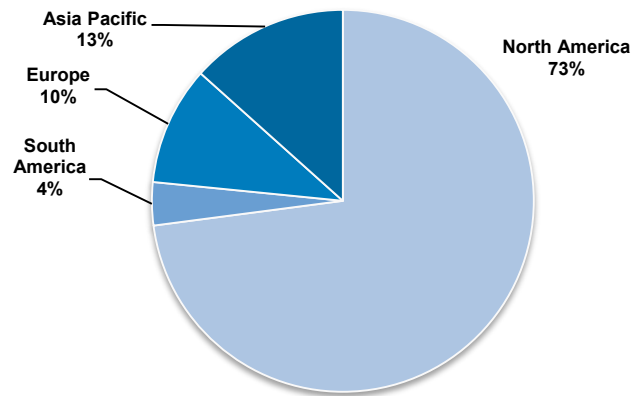


Power Technologies

Year to Date 3/31/2019



Regional Sales



\$ Millions

	Q1	
	2019	2018
Sales	\$906	\$950
Segment EBITDA	\$102	\$103
EBITDA Margin	11.3%	10.8%

	Q1	
	2019	2018
Sales	\$431	\$400
Segment EBITDA	\$41	\$34
EBITDA Margin	9.5%	8.5%

	Q1	
	2019	2018
Sales	\$552	\$492
Segment EBITDA	\$82	\$72
EBITDA Margin	14.9%	14.6%

	Q1	
	2019	2018
Sales	\$274	\$296
Segment EBITDA	\$34	\$45
EBITDA Margin	12.4%	15.2%

Diluted Adjusted EPS



DANA INCORPORATED
Diluted Adjusted EPS (Unaudited)
For the Three Months Ended March 31, 2019 and 2018

(In millions, except per share amounts)

	Three Months Ended March 31,	
	2019	2018
Net income attributable to parent company	\$ 98	\$ 108
Items impacting income before income taxes:		
Restructuring charges	9	1
Amortization of intangibles	4	3
Strategic transaction expenses, net of transaction breakup fee income	13	1
Loss on deal contingent forward	13	
Acquisition related inventory adjustments	4	
Non-income tax legal judgment	(6)	
Other items	(1)	(2)
Items impacting income taxes:		
Net income tax expense on items above	(5)	(1)
Net tax benefit attributable to valuation allowance adjustments and state tax law changes	(16)	
Adjusted net income	<u>\$ 113</u>	<u>\$ 110</u>
Diluted shares - as reported	144.8	147.5
Adjusted diluted shares	<u>144.8</u>	<u>147.5</u>
Diluted adjusted EPS	\$ 0.78	\$ 0.75

Segment Data



DANA INCORPORATED

Segment Sales and Segment EBITDA (Unaudited) For the Three Months Ended March 31, 2019 and 2018

(In millions)	Three Months Ended	
	March 31,	
	2019	2018
Sales		
Light Vehicle	\$ 906	\$ 950
Commercial Vehicle	431	400
Off-Highway	552	492
Power Technologies	274	296
Total Sales	<u>\$ 2,163</u>	<u>\$ 2,138</u>
Segment EBITDA		
Light Vehicle	\$ 102	\$ 103
Commercial Vehicle	41	34
Off-Highway	82	72
Power Technologies	34	45
Total Segment EBITDA	<u>259</u>	<u>254</u>
Corporate expense and other items, net	(2)	(6)
Adjusted EBITDA	<u>\$ 257</u>	<u>\$ 248</u>

DANA INCORPORATED

Reconciliation of Segment and Adjusted EBITDA to Net Income (Unaudited) For the Three Months Ended March 31, 2019 and 2018

(In millions)	Three Months Ended	
	March 31,	
	2019	2018
Segment EBITDA	\$ 259	\$ 254
Corporate expense and other items, net	(2)	(6)
Adjusted EBITDA	<u>257</u>	<u>248</u>
Depreciation	(73)	(64)
Amortization	(4)	(3)
Non-service cost components of pension and OPEB costs	(6)	(3)
Restructuring charges, net	(9)	(1)
Stock compensation expense	(5)	(4)
Strategic transaction expenses, net of transaction breakup fee income	(13)	1
Acquisition related inventory adjustments	(4)	
Non-income tax legal judgment	6	
Other items	(9)	
Earnings before interest and income taxes	<u>140</u>	<u>174</u>
Interest expense	27	24
Interest income	2	3
Earnings before income taxes	<u>115</u>	<u>153</u>
Income tax expense	20	48
Equity in earnings of affiliates	6	6
Net income	<u>\$ 101</u>	<u>\$ 111</u>

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	
	March 31,	
	2019	2018
Net cash used in operating activities	\$ (16)	\$ (28)
Purchase of property, plant and equipment	(98)	(65)
Free cash flow	(114)	(93)
Discretionary pension contributions	-	-
Adjusted free cash flow	<u>\$ (114)</u>	<u>\$ (93)</u>
	2019	
	Guidance	
Net cash provided by operating activities	~ \$ 525	
Purchase of property, plant and equipment	~ (415)	
Free cash flow	110	
Discretionary pension contributions	~ 165	
Adjusted free cash flow	<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 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.