



2018 Third-Quarter
Earnings Conference Call
October 29, 2018



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*



Market Update



Light Duty Market



Light Vehicle



Market Volume



Dana Backlog



Key Regions

North America
Asia



Global Outlook

Mid-single digit growth



Key Driver

Preference shift to SUV's
Market expansion in India

Heavy Duty Markets



Commercial Vehicle



Market Volume



Dana Backlog



Key Regions

North America
South America



Global Outlook

Continued strong demand



Key Driver

NA Class 8 market stable
Brazil continued recovery



Off-Highway



Market Volume



Dana Backlog



Key Regions

Europe
Asia



Global Outlook

Continued strong demand



Key Driver

Construction & mining
markets remain strong

* 2017 Dana sales including 100% of DDAC Joint Venture





Organic Growth: Light Vehicle



2019 Edge

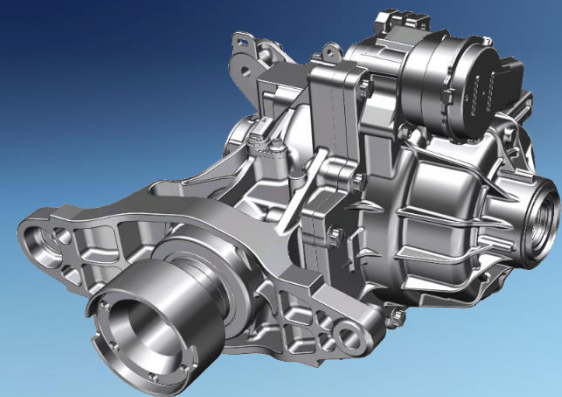


Dana technology and capability driving new business growth

- » AdvanTEK[®] technology
 - 3rd Generation
- » Exclusive Ford Edge global supplier:
 - Disconnecting rear AWD drive units
- » North America launch:
 - Successfully complete



Named PACE Award Finalist for 8 consecutive years



SPICER[®]

SmartConnect[™]

Disconnecting All-Wheel Drive Unit



Organic Growth: Commercial Vehicle



NAVISTAR

Standard Position



Preferred Position



DAIMLER

New Win & Content Growth



Dana technology and capability driving new business growth

- » New long-term agreements with Navistar, PACCAR, and Daimler
- » Dana drive axles awarded Standard and “Nav-Select” position
- Navistar medium-duty trucks and school buses
- » Dana drive axles awarded Preferred and Standard positioning
- PACCAR vocational and medium-duty trucks
- » Expanding content in South America and Europe
- Daimler heavy-duty vehicles





Oerlikon Drive Systems Acquisition

*Enhances Propulsion
Technology Portfolio*

*Increases Emerging
Market Capabilities*

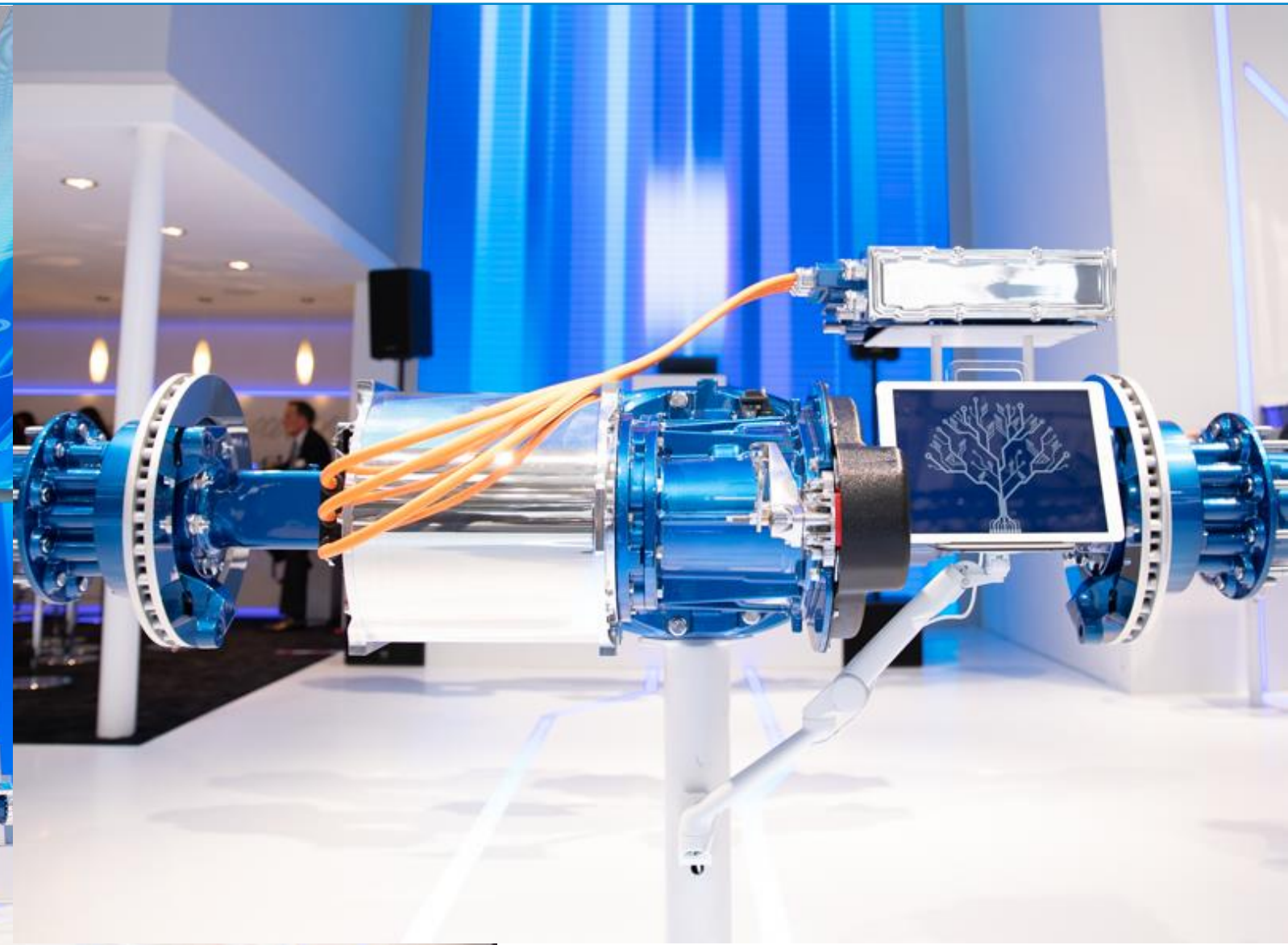
oerlikon
drive systems

*Extends Off-Highway
Market Presence*

*Delivers Significant
Long-Term Value*



Accelerating e-Propulsion with tm4



Dana e-Propulsion Solutions by Powertrain



Mild hybrid

Primary Axle Hybrid Drive (P/HEV)

Battery Electric Vehicle (BEV)

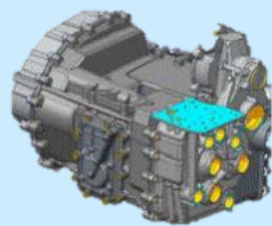
Power Electronics

tm4



Hybrid Transmission

oerlikon graziano



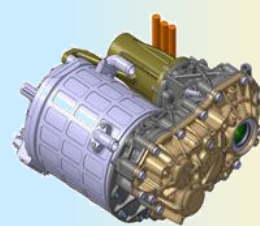
Hybrid Drive

oerlikon graziano



E-AWD Hybrid/BEV

DANA SPICER ELECTRIFIED WITH tm4



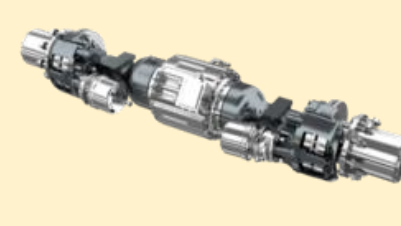
Electric Drive Unit e-Transmission

DANA SPICER ELECTRIFIED WITH tm4



Rigid e-axle

DANA SPICER ELECTRIFIED WITH tm4



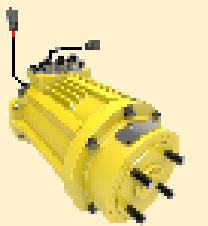
Direct Drive

tm4



Wheel/Track Motor

oerlikon fairfield
DANA SPICER ELECTRIFIED WITH tm4



Complete Coverage of All Vehicle Classes

Recreational



Club Car

Utility



Taylor Dunn

Passenger Car



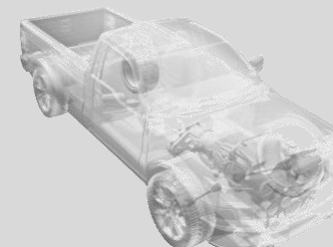
Bolloré Blue Car

City Delivery



Zenith Electric Van

Light Trucks



Medium Duty



Workhorse

Heavy Duty/ Bus



Karsan ATAК midibus

Mining Truck



Sandvik DD422iE





Financial Review



2018 Q3 and YTD Financial Results



- » 8% sales growth in Q3 driven primarily by backlog conversion and market demand
- » Timing of commodity cost inflation and recoveries driving margin pressure
- » Net income and EPS growth due to higher operating earnings
- » Higher working capital usage to support launches and higher sales offset earnings growth

Changes from Prior Year

(\$ in millions except EPS)

	<u>Q3 '18</u>	<u>Q3 '17</u>	<u>Change</u>	<u>YTD '18</u>	<u>YTD '17</u>	<u>Change</u>
Sales	\$ 1,978	\$ 1,831	\$ 147	\$ 6,170	\$ 5,372	\$ 798
Adjusted EBITDA	240	216	24	734	638	96
Margin	12.1%	11.8%	30 bps	11.9%	11.9%	-
EBIT	147	139	8	459	398	61
Interest Expense, Net	21	22	(1)	63	71	(8)
Income Tax Expense	31	33	(2)	75	94	(19)
Net Income (attributable to Dana)	95	69	26	327	215	112
Diluted Adjusted EPS	\$ 0.77	\$ 0.59	\$ 0.18	\$ 2.26	\$ 1.90	\$ 0.36
Operating Cash Flow	124	181	(57)	237	361	(124)
Capital Spending	90	82	8	235	251	(16)
Free Cash Flow	34	99	(65)	2	110	(108)

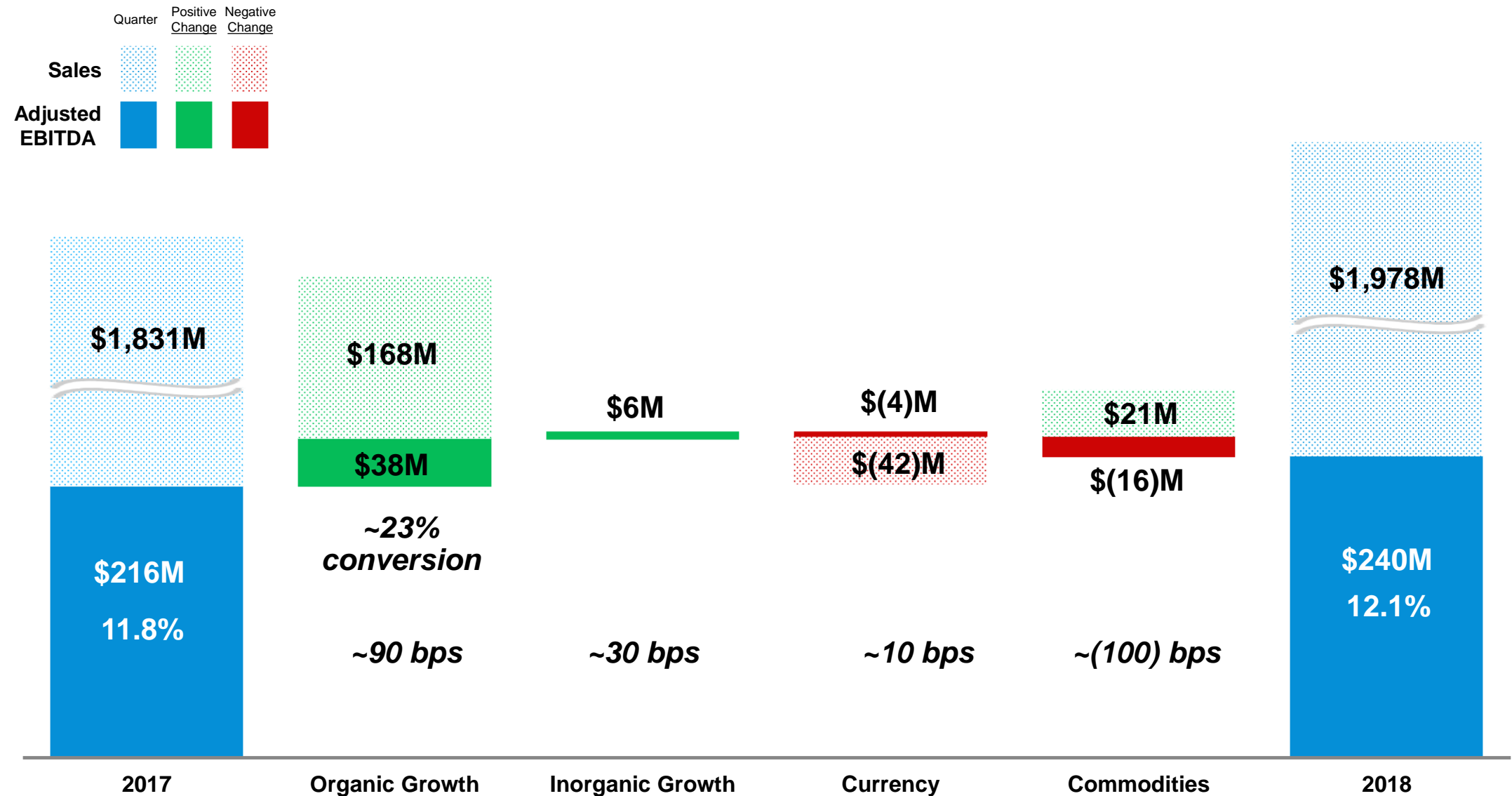
See appendix for comments regarding the presentation of non-GAAP measures





2018 Q3 Sales and Adj. EBITDA Changes

- 8% sales growth was a combination of converting backlog into sales and improved end-market demand
- 8th consecutive quarter of year-over-year sales growth
- Margin improvement of 30 bps
- Strong conversion on organic growth as launch inefficiencies have abated
- Currency translation was a headwind to sales primarily due to the weakening of Latin American currencies to the U.S. dollar
- Commodity cost increases, net of recoveries, were \$16 million
- Margin headwind of ~100 bps due to material recoveries increasing sales; while rising raw material prices lowered profit



Delivered 8% sales and 11% profit growth

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



2018 Q3 and YTD Free Cash Flow



- ▶ Elevated cash tax payments due to regional profit mix and timing of payments
- ▶ Higher working capital use, driven by elevated inventory due to increased sales
- ▶ Capital expenditures trending lower in the first nine months as major launches have been completed

Changes from Prior Year

(\$ in millions)

	<u>Q3 '18</u>	<u>Q3 '17</u>	<u>Change</u>	<u>YTD '18</u>	<u>YTD '17</u>	<u>Change</u>
Adjusted EBITDA	\$ 240	\$ 216	\$ 24	\$ 734	\$ 638	\$ 96
One Time Costs¹	(14)	(7)	(7)	(21)	(47)	26
Interest, net	(9)	(16)	7	(49)	(62)	13
Taxes	(55)	(23)	(32)	(99)	(59)	(40)
Working Capital / Other²	(38)	11	(49)	(328)	(109)	(219)
Operating Cash Flow	124	181	(57)	237	361	(124)
Capital Spending	(90)	(82)	(8)	(235)	(251)	16
Free Cash Flow	\$ 34	\$ 99	\$ (65)	\$ 2	\$ 110	\$ (108)

Seasonal working capital requirements constraining YTD FCF

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



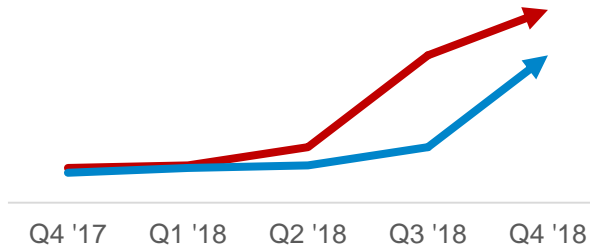
Commodity Headwinds

- Significant price inflation for steel and aluminum being driven by higher market demand and inflation
- Primary purchased materials include: forgings, castings, tubes, bar stock, rolled steel and aluminum
- Due to pricing lag, significant purchased material price increases accelerated in H2
- Recovery mechanisms in place to address majority of price inflation with 1-3 month lag

Key Commodity Prices



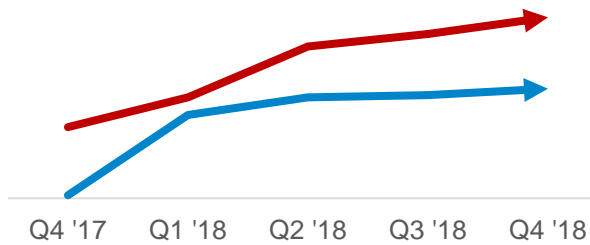
Steel



↑ 47%
YOY Price Increase



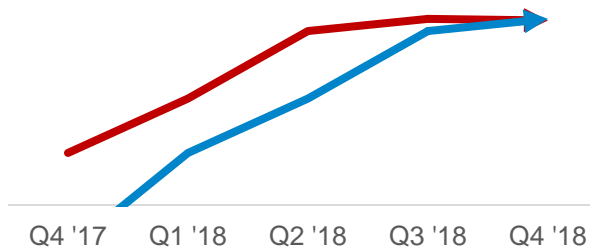
Specialty Steel



↑ 12%
YOY Price Increase



Aluminum



↑ 23%
YOY Price Increase

— Commodity market prices
— Dana purchased material prices

Product Applications

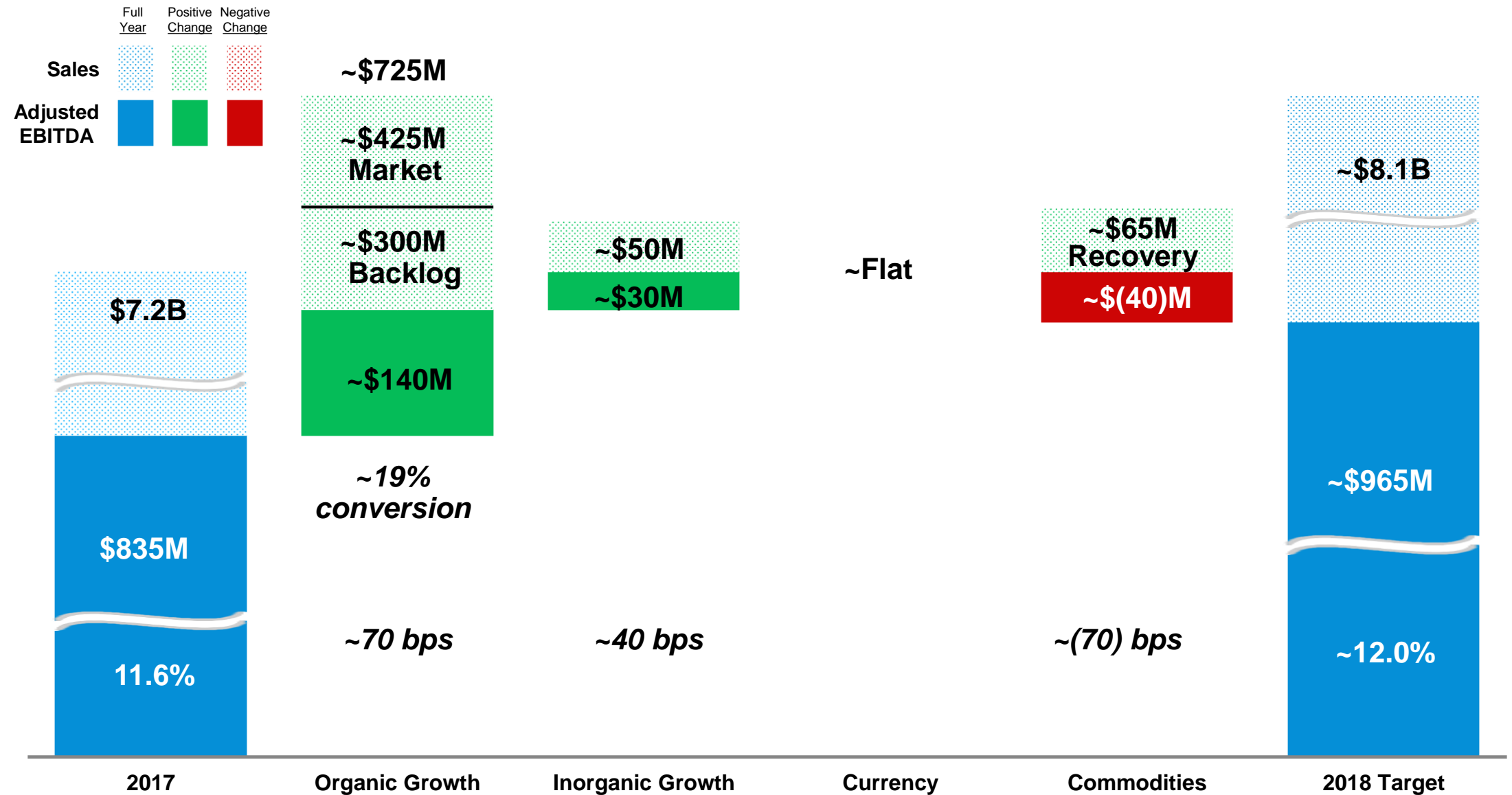


Full-year commodity cost gross impact: ~\$105M



2018 FY Sales and Adj. EBITDA Changes

- » Sales growth of 12% compared with last year driven by conversion of backlog, improving end-market demand, and recovery of commodity inflation
- » Achieving material inflation recoveries at expected levels with customary quarter lag
- » Net impact of rising commodity cost headwinds and timing of recoveries driving margin pressure
- » In addition to ~\$105M of commodity cost increases, section 232 and 301 tariffs increasing costs by ~\$10M



Margin pressure due to scale of commodity increases and timing of recoveries

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

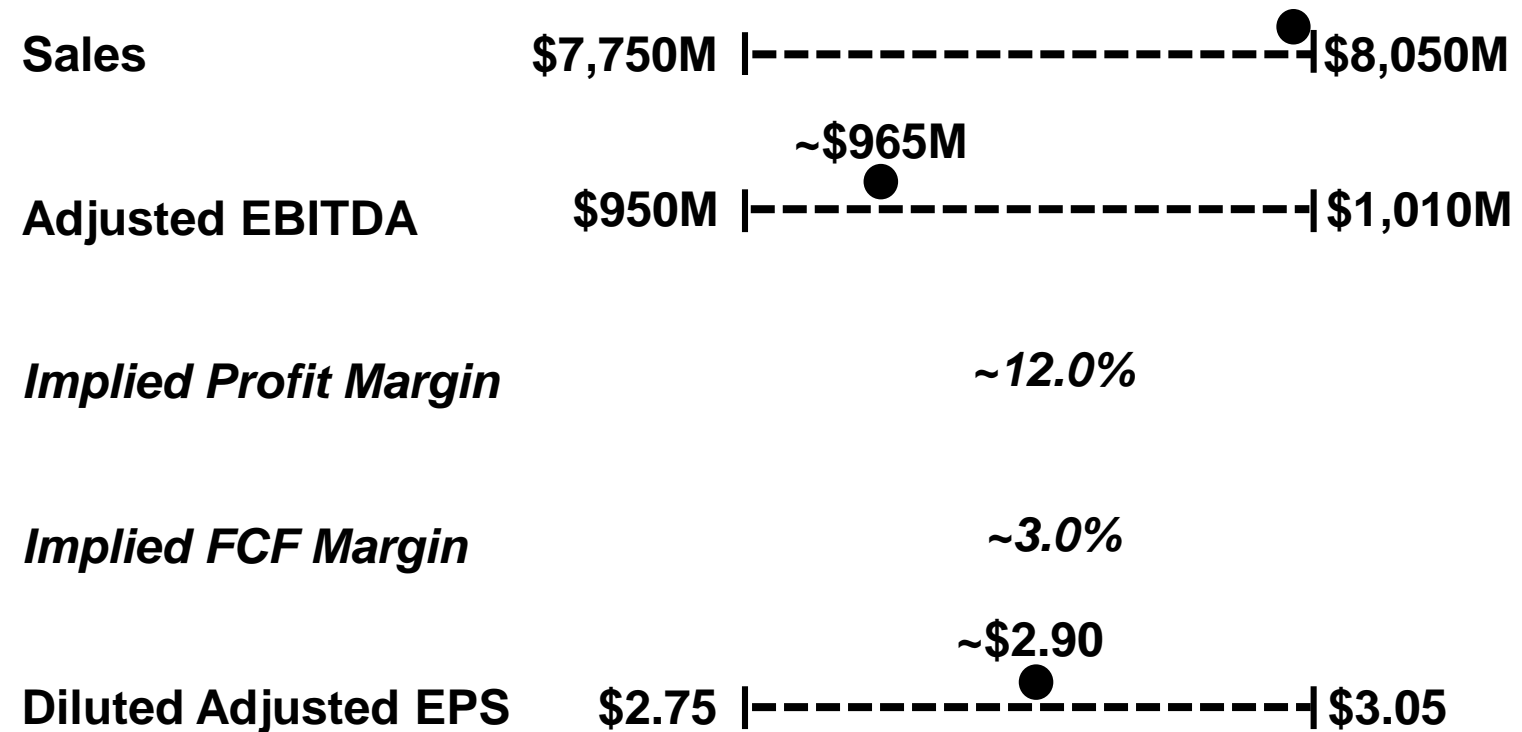


2018 FY Financial Guidance



- » Sales expected to be at the high end of guidance range due to strong market demand in first half
- » Adjusted EBITDA remains in the guidance range implying a margin of ~12%; 40 bps of improvement over prior year
- » Free cash flow expected to be ~3.0% of sales
- » Diluted adjusted EPS remains in-line with prior guidance

Guidance Ranges



Full-year guidance ranges maintained despite margin pressure

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

--- Guidance range ● Current Guidance





2018 FY Free Cash Flow Growth Drivers

- Lower one-time costs as 2017 acquisition integration and restructuring actions are completed
- Cash tax increase includes the one-time tax impacts of legal entity restructurings as well as timing and regional mix of payments
- Higher working capital use driven primarily by timing of new business ramp-up requiring higher year-end working capital levels, and 2017 incentive compensation payments
- Capital spending levels subside in the wake of major program launch activity

Full-year Changes from Prior Year

(\$ in millions)

	<u>2018T</u>	<u>2017</u>	<u>Change</u>
Adjusted EBITDA	\$ ~965	\$ 835	\$ ~130
One Time Costs¹	~(40)	(57)	~15
Interest, net	~(85)	(94)	~10
Taxes	~(140)	(87)	~(55)
Working Capital / Other²	~(135)	(43)	~(90)
Operating Cash Flow	~565	554	~10
Capital Spending	~(325)	(393)	~70
Free Cash Flow	\$~240	\$ 161	\$ ~80
	% of Sales ~3.0%	2.2%	+80 bps

Anticipating >60% profit growth conversion to FCF

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



Business Drivers



↑

Organic Growth

Market Backlog

↑

Inorganic Growth

TM4
Oerlikon

↓

Commodities

Steel
Aluminum

→

Currency

Europe
Latin America



tm4

oerlikon
drive systems



Continuing to deliver profitable growth despite commodity headwinds

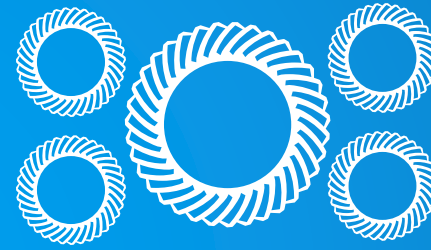




**Continued Strong
Financial Results**



**Growing New
Business Backlog**



**Advancing Enterprise
Strategy**



**Increasing
Shareholder Value**

People Finding A Better Way[®]



Appendix





2018 Forecast Assumptions

Key Production Assumptions

Units (000)	2017 Actuals	2018 Outlook
North America		
Light Trucks (Full Frame)	4,331	4,300 – 4,500
Light Vehicle Engines	14,828	14,750 – 14,950
Medium Truck (Class 5-7)	246	260 – 270
Heavy Truck (Class 8)	255	310 – 320
Agricultural Equipment	54	50 – 60
Construction/Mining Equipment	157	170 – 180
Europe (Incl. Eastern Europe)		
Light Trucks	10,276	10,800 – 11,100
Light Vehicle Engines	24,096	23,500 – 23,800
Medium/Heavy Truck	486	500 – 515
Agricultural Equipment	202	200 – 215
Construction/Mining Equipment	309	340 – 355
South America		
Light Trucks	1,235	1,300 – 1,500
Light Vehicle Engines	2,412	2,900 – 3,000
Medium/Heavy Truck	89	100 – 110
Agricultural Equipment	33	30 – 35
Construction/Mining Equipment	9	8 – 12
Asia Pacific		
Light Trucks	29,495	30,000 – 31,000
Light Vehicle Engines	52,543	53,000 – 54,000
Medium/Heavy Truck	2,039	1,850 – 2,050
Agricultural Equipment	653	640 – 670
Construction/Mining Equipment	441	485 – 505

Key Financial Assumptions

Currency

Euro / USD	1.10 - 1.20
USD / CAD	0.75 - 0.80
USD / BRL	3.70 - 4.00
USD / ARS	35.00 - 45.00
USD / MXN	18.50 - 20.50
GBP / USD	1.25 - 1.45

Taxes

Effective Tax Rate (Dil. Adj EPS)	~28%
Cash Tax Rate	~26%

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

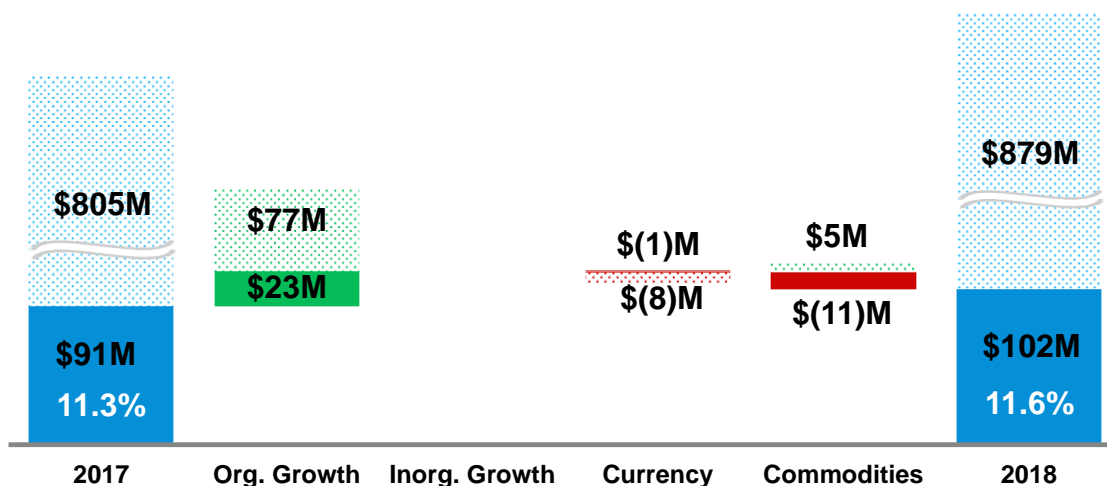




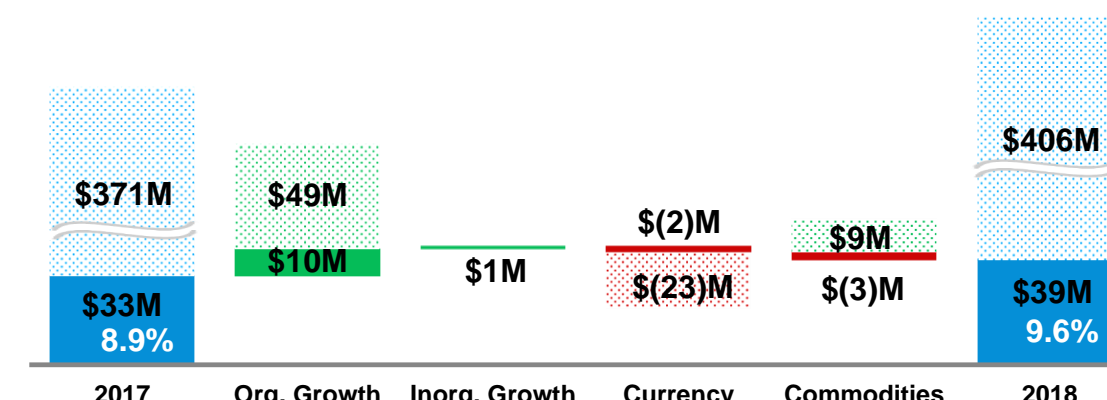
Q3 Sales and EBITDA Change by Segment



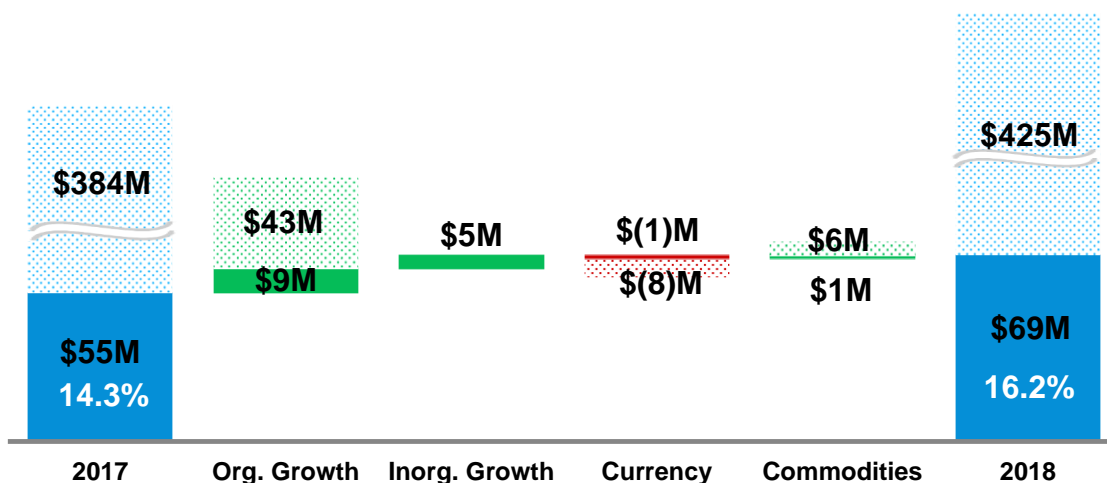
Light Vehicle Driveline



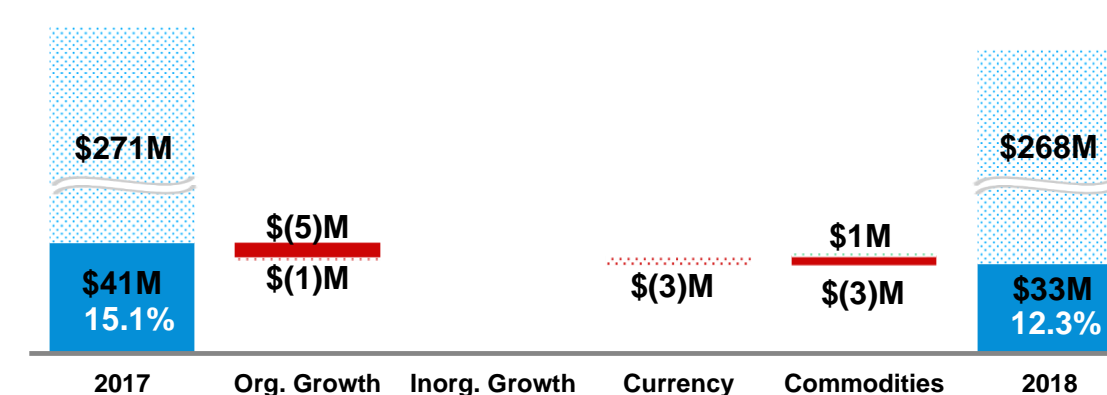
Commercial Vehicle Driveline



Off-Highway Drive and Motion



Power Technologies



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



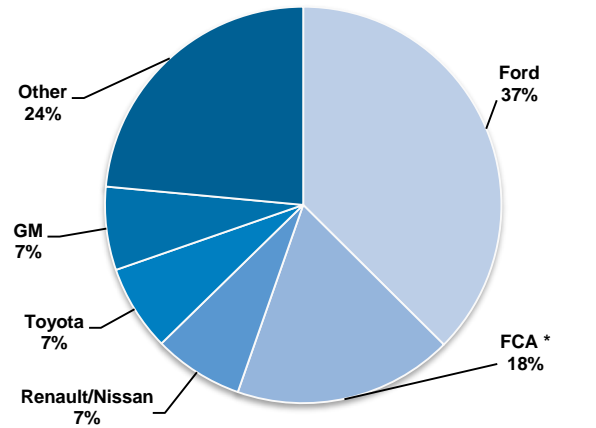
Segment Profiles



Customer Sales

Light Vehicle Driveline

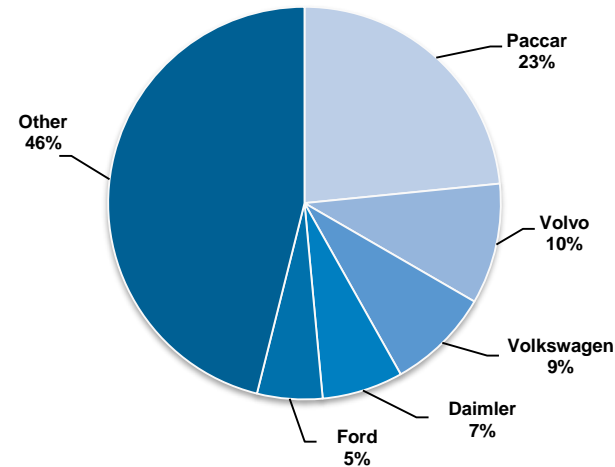
Year to Date 9/30/2018



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

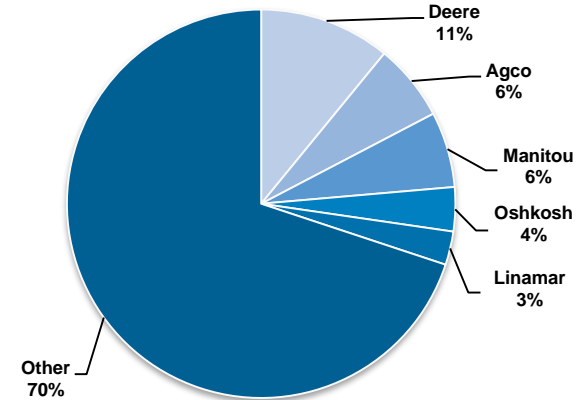
Commercial Vehicle Driveline

Year to Date 9/30/2018



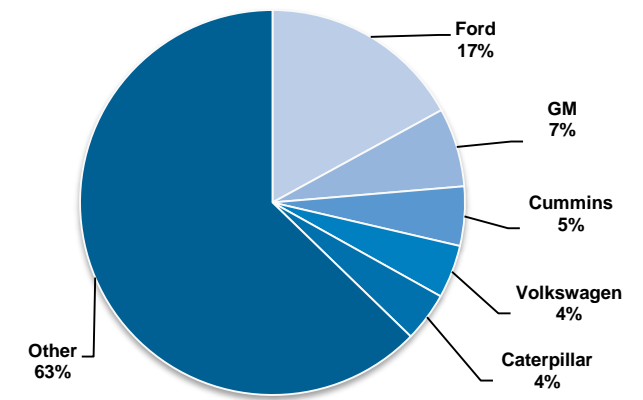
Off-Highway Driveline

Year to Date 9/30/2018

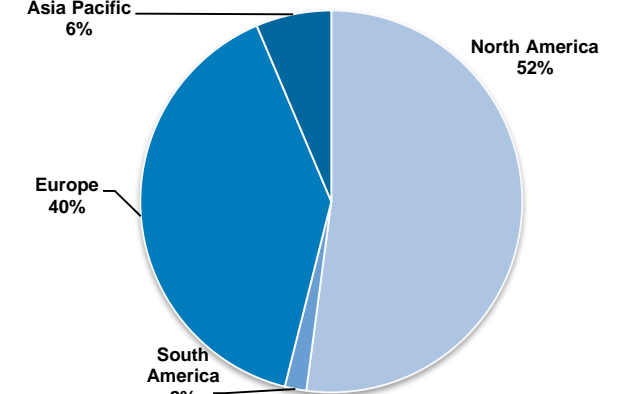
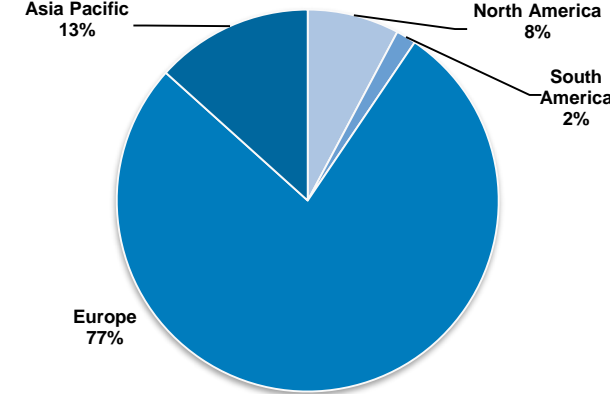
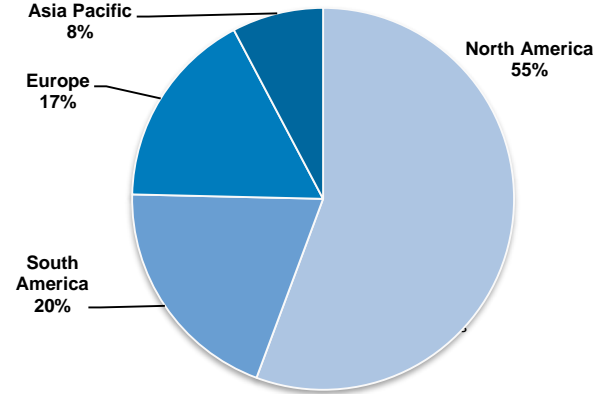
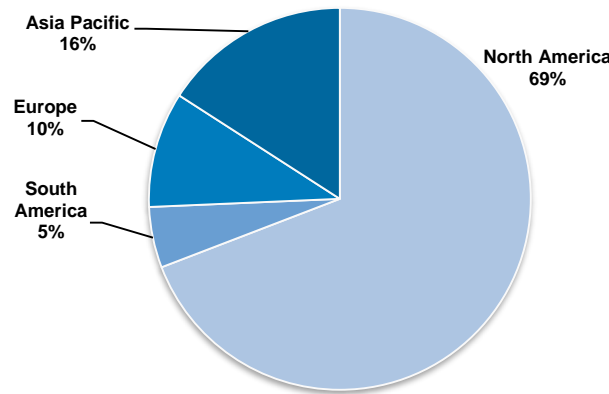


Power Technologies

Year to Date 9/30/2018



Regional Sales



Performance

\$ Millions

	Q3		Year to Date	
	2018	2017	2018	2017
Sales	\$879	\$805	\$2,702	\$2,369
Segment EBITDA	\$102	\$91	\$297	\$273
EBITDA Margin	11.6%	11.3%	11.0%	11.5%

	Q3		Year to Date	
	2018	2017	2018	2017
Sales	\$406	\$371	\$1,217	\$1,057
Segment EBITDA	\$39	\$33	\$114	\$91
EBITDA Margin	9.6%	8.9%	9.4%	8.6%

	Q3		Year to Date	
	2018	2017	2018	2017
Sales	\$425	\$384	\$1,402	\$1,107
Segment EBITDA	\$69	\$55	\$220	\$157
EBITDA Margin	16.2%	14.3%	15.7%	14.2%

	Q3		Year to Date	
	2018	2017	2018	2017
Sales	\$268	\$271	\$849	\$839
Segment EBITDA	\$33	\$41	\$117	\$132
EBITDA Margin	12.3%	15.1%	13.8%	15.7%



Diluted Adjusted EPS



DANA INCORPORATED
Diluted Adjusted EPS (Unaudited)
For the Three Months Ended September 30, 2018 and 2017

(In millions, except per share amounts)

	Three Months Ended September 30,	
	2018	2017
Net income attributable to parent company	\$ 95	\$ 69
Items impacting income before income taxes:		
Restructuring charges	9	2
Amortization of intangibles	3	4
Strategic transaction expenses	6	3
Loss on extinguishment of debt		13
Other items	5	3
Items impacting income taxes:		
Net income tax expense on items above	(5)	(8)
Adjusted net income	<u>\$ 113</u>	<u>\$ 86</u>
Diluted shares - as reported	145.9	146.9
Adjusted diluted shares	<u>145.9</u>	<u>146.9</u>
Diluted adjusted EPS	\$ 0.77	\$ 0.59

DANA INCORPORATED
Diluted Adjusted EPS (Unaudited)
For the Nine Months Ended September 30, 2018 and 2017

(In millions, except per share amounts)

	Nine Months Ended September 30,	
	2018	2017
Net income attributable to parent company	\$ 327	\$ 215
Items impacting income before income taxes:		
Restructuring charges	17	14
Amortization of intangibles	8	10
Strategic transaction expenses	13	20
Impairment of indefinite-lived intangible asset	20	
Loss on extinguishment of debt		19
Acquisition related inventory adjustments		14
Other items	3	3
Items impacting income taxes:		
Net income tax expense on items above	(15)	(17)
Tax benefit attributable to utilization of federal tax credits, state tax law changes and associated valuation allowance release	(46)	
Tax expense attributable to international legal entity reorganization and retroactive application of new tax authority administrative policy	5	
Adjusted net income	<u>\$ 332</u>	<u>\$ 278</u>
Diluted shares - as reported	146.6	146.5
Adjusted diluted shares	<u>146.6</u>	<u>146.5</u>
Diluted adjusted EPS	\$ 2.26	\$ 1.90



Segment Data



DANA INCORPORATED
Segment Sales and Segment EBITDA (Unaudited)
For the Three Months Ended September 30, 2018 and 2017

(In millions)	Three Months Ended	
	September 30,	
	2018	2017
Sales		
Light Vehicle	\$ 879	\$ 805
Commercial Vehicle	406	371
Off-Highway	425	384
Power Technologies	268	271
Total Sales	\$ 1,978	\$ 1,831
Segment EBITDA		
Light Vehicle	\$ 102	\$ 91
Commercial Vehicle	39	33
Off-Highway	69	55
Power Technologies	33	41
Total Segment EBITDA	243	220
Corporate expense and other items, net	(3)	(4)
Adjusted EBITDA	\$ 240	\$ 216

DANA INCORPORATED
Segment Sales and Segment EBITDA (Unaudited)
For the Nine Months Ended September 30, 2018 and 2017

(In millions)	Nine Months Ended	
	September 30,	
	2018	2017
Sales		
Light Vehicle	\$ 2,702	\$ 2,369
Commercial Vehicle	1,217	1,057
Off-Highway	1,402	1,107
Power Technologies	849	839
Total Sales	\$ 6,170	\$ 5,372
Segment EBITDA		
Light Vehicle	\$ 297	\$ 273
Commercial Vehicle	114	91
Off-Highway	220	157
Power Technologies	117	132
Total Segment EBITDA	748	653
Corporate expense and other items, net	(14)	(15)
Adjusted EBITDA	\$ 734	\$ 638



Segment Data Continued



DANA INCORPORATED

Reconciliation of Segment and Adjusted EBITDA to Net Income (Unaudited) For the Three Months Ended September 30, 2018 and 2017

(In millions)	Three Months Ended	
	September 30,	
	2018	2017
Segment EBITDA	\$ 243	\$ 220
Corporate expense and other items, net	(3)	(4)
Adjusted EBITDA	240	216
Depreciation	(63)	(58)
Amortization of intangibles	(3)	(4)
Non-service cost components of pension and OPEB costs	(3)	
Restructuring	(9)	(2)
Stock compensation expense	(4)	(7)
Strategic transaction expenses	(6)	(3)
Amounts attributable to previously divested/closed operations		(1)
Other items	(5)	(2)
Earnings before interest and income taxes	147	139
Loss on extinguishment of debt		(13)
Interest expense	(24)	(25)
Interest income	3	3
Earnings before income taxes	126	104
Income tax expense	31	33
Equity in earnings of affiliates	1	2
Net income	\$ 96	\$ 73

DANA INCORPORATED

Reconciliation of Segment and Adjusted EBITDA to Net Income (Unaudited) For the Nine Months Ended September 30, 2018 and 2017

(In millions)	Nine Month Ended	
	September 30,	
	2018	2017
Segment EBITDA	\$ 748	\$ 653
Corporate expense and other items, net	(14)	(15)
Adjusted EBITDA	734	638
Depreciation	(187)	(162)
Amortization of intangibles	(8)	(10)
Non-service cost components of pension and OPEB costs	(10)	
Restructuring	(17)	(14)
Stock compensation expense	(13)	(17)
Strategic transaction expenses, net of transaction breakup fee income	(13)	(20)
Acquisition related inventory adjustments		(14)
Impairment of indefinite-lived intangible asset	(20)	
Adjustment in fair value of disposal group held for sale	3	
Amounts attributable to previously divested/closed operations		2
Other items	(10)	(5)
Earnings before interest and income taxes	459	398
Loss on extinguishment of debt		(19)
Interest expense	(71)	(79)
Interest income	8	8
Earnings before income taxes	396	308
Income tax expense	75	94
Equity in earnings of affiliates	13	12
Net income	\$ 334	\$ 226





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, 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.

Free cash flow is a non-GAAP financial measure, which we have defined as cash provided by (used in) operating activities, 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. 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. Free cash flow may not be comparable to similarly titled measures reported by other companies.

The accompanying financial information provides reconciliations of adjusted EBITDA, diluted adjusted EPS 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 accompanying reconciliations of these non-GAAP measures with the most comparable GAAP measures for the historical periods presented 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” 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.

