

DANA INCORPORATED

Quarterly Financial Information and Reconciliations of Non-GAAP Financial Measures

Non-GAAP Financial Measures

Adjusted EBITDA is 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 earnings 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 in accordance with GAAP.

Free cash flow is a non-GAAP financial measure which we have defined as net cash provided by (used in) operating activities less purchases of property, plant and equipment. Adjusted free cash flow is a non-GAAP financial measure which we have defined as net cash provided by (used in) operating activities excluding discretionary pension contributions less purchases of property, plant and equipment. We believe these measures are useful to investors in evaluating the operational cash flow of the company inclusive of the spending required to maintain the operations. Free cash flow and adjusted free cash flow are not intended to represent nor be an alternative to the measure of net cash provided by (used in) operating activities reported in accordance with GAAP. Free cash flow and adjusted 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, free cash flow and adjusted 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 (loss) and diluted EPS. Providing net income (loss) 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 (loss) and diluted EPS, including restructuring actions, asset impairments and certain income tax 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.

DANA INCORPORATED
Consolidated Statement of Operations (Unaudited)
For the Three Months Ended December 31, 2019 and 2018

(In millions, except per share amounts)	Three Months Ended	
	December 31,	
	2019	2018
Net sales	\$ 1,987	\$ 1,973
Costs and expenses		
Cost of sales	1,764	1,717
Selling, general and administrative expenses	104	116
Amortization of intangibles	4	2
Restructuring charges, net	6	8
Impairment of goodwill	(6)	
Pension settlement charges	1	
Other income (expense), net	6	(10)
Earnings before interest and income taxes	110	120
Loss on extinguishment of debt	(9)	
Interest income	2	3
Interest expense	30	25
Earnings before income taxes	73	98
Income tax expense (benefit)	(5)	3
Equity in earnings of affiliates	8	11
Net income	86	106
Less: Noncontrolling interests net income	4	7
Less: Redeemable noncontrolling interests net loss	(3)	(1)
Net income attributable to the parent company	<u>\$ 85</u>	<u>\$ 100</u>
Net income per share available to common stockholders		
Basic	\$ 0.59	\$ 0.69
Diluted	\$ 0.58	\$ 0.69
Weighted-average shares outstanding - Basic	144.0	144.8
Weighted-average shares outstanding - Diluted	145.3	145.8

DANA INCORPORATED
Consolidated Statement of Operations
For the Year Ended December 31, 2019 and 2018

(In millions, except per share amounts)

	Year Ended	
	December 31,	
	2019	2018
Net sales	\$ 8,620	\$ 8,143
Costs and expenses		
Cost of sales	7,489	6,986
Selling, general and administrative expenses	508	499
Amortization of intangibles	12	8
Restructuring charges, net	29	25
Impairment of goodwill and indefinite-lived intangible asset	(6)	(20)
Gain on disposal group held for sale		3
Pension settlement charges	(259)	
Other expense, net	(25)	(29)
Earnings before interest and income taxes	292	579
Loss on extinguishment of debt	(9)	
Interest income	10	11
Interest expense	122	96
Earnings before income taxes	171	494
Income tax expense (benefit)	(32)	78
Equity in earnings of affiliates	30	24
Net income	233	440
Less: Noncontrolling interests net income	13	13
Less: Redeemable noncontrolling interests net loss	(6)	
Net income attributable to the parent company	<u>\$ 226</u>	<u>\$ 427</u>
Net income per share available to common stockholders		
Basic	\$ 1.57	\$ 2.94
Diluted	\$ 1.56	\$ 2.91
Weighted-average shares outstanding - Basic	144.0	145.0
Weighted-average shares outstanding - Diluted	145.1	146.5

DANA INCORPORATED
Consolidated Statement of Comprehensive Income (Unaudited)
For the Three Months Ended December 31, 2019 and 2018

(In millions)

	Three Months Ended	
	December 31,	
	2019	2018
Net income	\$ 86	\$ 106
Other comprehensive income (loss), net of tax:		
Currency translation adjustments	24	2
Hedging gains and losses	9	21
Defined benefit plans	(21)	(11)
Other comprehensive income	12	12
Total comprehensive income	98	118
Less: Comprehensive income attributable to noncontrolling interests	(13)	(7)
Less: Comprehensive loss attributable to redeemable noncontrolling interests	7	6
Comprehensive income attributable to the parent company	<u>\$ 92</u>	<u>\$ 117</u>

DANA INCORPORATED
Consolidated Statement of Comprehensive Income
For the Year Ended December 31, 2019 and 2018

(In millions)	Year Ended	
	December 31,	
	2019	2018
Net income	\$ 233	\$ 440
Other comprehensive income (loss), net of tax:		
Currency translation adjustments	8	(63)
Hedging gains and losses	24	10
Defined benefit plans	344	23
Other comprehensive income (loss)	376	(30)
Total comprehensive income	609	410
Less: Comprehensive income attributable to noncontrolling interests	(9)	(7)
Less: Comprehensive loss attributable to redeemable noncontrolling interests	1	6
Comprehensive income attributable to the parent company	<u>\$ 601</u>	<u>\$ 409</u>

DANA INCORPORATED
Consolidated Balance Sheet
As of December 31, 2019 and December 31, 2018

(In millions, except share and per share amounts)

	December 31, 2019	December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	\$ 508	\$ 510
Marketable securities	19	21
Accounts receivable		
Trade, less allowance for doubtful accounts of \$9 in 2019 and 2018	1,103	1,065
Other	202	178
Inventories	1,193	1,031
Other current assets	137	102
Total current assets	3,162	2,907
Goodwill	493	264
Intangibles	240	164
Deferred tax assets	580	445
Other noncurrent assets	120	80
Investments in affiliates	182	208
Operating lease assets	178	
Property, plant and equipment, net	2,265	1,850
Total assets	\$ 7,220	\$ 5,918
Liabilities and equity		
Current liabilities		
Short-term debt	\$ 14	\$ 8
Current portion of long-term debt	20	20
Accounts payable	1,255	1,217
Accrued payroll and employee benefits	206	186
Taxes on income	46	47
Current portion of operating lease liabilities	42	
Other accrued liabilities	262	269
Total current liabilities	1,845	1,747
Long-term debt, less debt issuance costs of \$28 in 2019 and \$18 in 2018	2,336	1,755
Noncurrent operating lease liabilities	140	
Pension and postretirement obligations	459	561
Other noncurrent liabilities	305	313
Total liabilities	5,085	4,376
Commitments and contingencies		
Redeemable noncontrolling interests	167	100
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, 143,942,539 and 144,663,403 shares outstanding	2	2
Additional paid-in capital	2,386	2,368
Retained earnings	622	456
Treasury stock, at cost (10,111,191 and 8,342,185 shares)	(150)	(119)
Accumulated other comprehensive loss	(987)	(1,362)
Total parent company stockholders' equity	1,873	1,345
Noncontrolling interests	95	97
Total equity	1,968	1,442
Total liabilities and equity	\$ 7,220	\$ 5,918

DANA INCORPORATED
Consolidated Statement of Cash Flows (Unaudited)
For the Three Months Ended December 31, 2019 and 2018

(In millions)	Three Months Ended	
	December 31,	
	2019	2018
Operating activities		
Net income	\$ 86	\$ 106
Depreciation	87	73
Amortization	5	2
Amortization of deferred financing charges	1	1
Call premium on debt	7	
Write-off of deferred financing costs	2	
Earnings of affiliates, net of dividends received	(6)	(9)
Stock compensation expense	4	3
Deferred income taxes	(17)	(17)
Pension expense, net	4	1
Impairment of goodwill and indefinite-lived intangible asset	6	
Change in working capital	180	156
Change in other noncurrent assets and liabilities	(18)	(12)
Other, net	8	27
Net cash provided by operating activities	<u>349</u>	<u>331</u>
Investing activities		
Purchases of property, plant and equipment	(128)	(90)
Acquisition of businesses, net of cash acquired	(2)	(2)
Purchases of marketable securities	(9)	(1)
Proceeds from sales of marketable securities		9
Proceeds from maturities of marketable securities	10	7
Other, net	1	
Net cash used in investing activities	<u>(128)</u>	<u>(77)</u>
Financing activities		
Net change in short-term debt	(95)	(8)
Proceeds from long-term debt	300	
Repayment of long-term debt	(302)	(5)
Call premium on debt	(7)	
Deferred financing payments	(4)	(1)
Dividends paid to common stockholders	(15)	(15)
Distributions to noncontrolling interests	(5)	(35)
Contributions from noncontrolling interests		3
Other, net	2	3
Net cash used in financing activities	<u>(126)</u>	<u>(58)</u>
Net increase in cash, cash equivalents and restricted cash	95	196
Cash, cash equivalents and restricted cash – beginning of period	412	327
Effect of exchange rate changes on cash balances	11	(3)
Cash, cash equivalents and restricted cash – end of period	<u>\$ 518</u>	<u>\$ 520</u>

DANA INCORPORATED
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2019 and 2018

(In millions)	Year Ended	
	December 31,	
	2019	2018
Operating activities		
Net income	\$ 233	\$ 440
Depreciation	322	260
Amortization	17	10
Amortization of deferred financing charges	6	4
Call premium on debt	7	
Write-off of deferred financing costs	2	
Earnings of affiliates, net of dividends received	(9)	(4)
Stock compensation expense	19	16
Deferred income taxes	(137)	(64)
Pension expense, net	211	3
Impairment of goodwill and indefinite-lived intangible asset	6	20
Gain on disposal group held for sale		(2)
Change in working capital	(17)	(113)
Change in other noncurrent assets and liabilities	(18)	(12)
Other, net	(5)	10
Net cash provided by operating activities	<u>637</u>	<u>568</u>
Investing activities		
Purchases of property, plant and equipment	(426)	(325)
Acquisition of businesses, net of cash acquired	(668)	(153)
Proceeds from previous acquisition		9
Purchases of marketable securities	(33)	(37)
Proceeds from sales of marketable securities	6	15
Proceeds from maturities of marketable securities	29	37
Proceeds from sale of subsidiaries, net of cash disposed	1	(6)
Settlements of undesignated derivatives	(20)	
Other, net	(12)	(2)
Net cash used in investing activities	<u>(1,123)</u>	<u>(462)</u>
Financing activities		
Net change in short-term debt	(3)	(21)
Proceeds from long-term debt	975	
Repayment of long-term debt	(423)	(13)
Call premium on debt	(7)	
Deferred financing payments	(20)	(1)
Dividends paid to common stockholders	(58)	(58)
Distributions to noncontrolling interests	(19)	(42)
Sale of interest to noncontrolling shareholder	53	
Contributions from noncontrolling interests	4	25
Payments to acquire redeemable noncontrolling interests		(43)
Repurchases of common stock	(25)	(25)
Other, net	2	(2)
Net cash provided by (used in) financing activities	<u>479</u>	<u>(180)</u>
Net decrease in cash, cash equivalents and restricted cash	(7)	(74)
Cash, cash equivalents and restricted cash – beginning of period	520	610
Effect of exchange rate changes on cash balances	5	(16)
Cash, cash equivalents and restricted cash – end of period	<u>\$ 518</u>	<u>\$ 520</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	
	December 31,	
	2019	2018
Net cash provided by operating activities	\$ 349	\$ 331
Purchases of property, plant and equipment	(128)	(90)
Free cash flow	221	241
Discretionary pension contributions	(3)	-
Adjusted free cash flow	<u>\$ 218</u>	<u>\$ 241</u>

(In millions)	Year Ended	
	December 31,	
	2019	2018
Net cash provided by operating activities	\$ 637	\$ 568
Purchases of property, plant and equipment	(426)	(325)
Free cash flow	211	243
Discretionary pension contributions	61	-
Adjusted free cash flow	<u>\$ 272</u>	<u>\$ 243</u>

(In millions)	2020
	Guidance
Net cash provided by operating activities	~ \$ 760
Purchases of property, plant and equipment	~ (385)
Free cash flow	375
Discretionary pension contributions	~ -
Adjusted free cash flow	<u>~ \$ 375</u>

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

(In millions)	Three Months Ended	
	December 31,	
	2019	2018
Sales		
Light Vehicle	\$ 846	\$ 873
Commercial Vehicle	345	395
Off-Highway	552	442
Power Technologies	244	263
Total Sales	<u>\$ 1,987</u>	<u>\$ 1,973</u>
Segment EBITDA		
Light Vehicle	\$ 105	\$ 101
Commercial Vehicle	23	32
Off-Highway	66	65
Power Technologies	27	32
Total Segment EBITDA	<u>221</u>	<u>230</u>
Corporate expense and other items, net	5	(7)
Adjusted EBITDA	<u>\$ 226</u>	<u>\$ 223</u>

DANA INCORPORATED
Segment Sales and Segment EBITDA
For the Year Ended December 31, 2019 and 2018

(In millions)	Year Ended	
	December 31,	
	2019	2018
Sales		
Light Vehicle	\$ 3,609	\$ 3,575
Commercial Vehicle	1,611	1,612
Off-Highway	2,360	1,844
Power Technologies	1,040	1,112
Total Sales	<u>\$ 8,620</u>	<u>\$ 8,143</u>
Segment EBITDA		
Light Vehicle	\$ 438	\$ 398
Commercial Vehicle	138	146
Off-Highway	330	285
Power Technologies	117	149
Total Segment EBITDA	<u>1,023</u>	<u>978</u>
Corporate expense and other items, net	<u>(4)</u>	<u>(21)</u>
Adjusted EBITDA	<u>\$ 1,019</u>	<u>\$ 957</u>

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

(In millions)	Three Months Ended	
	December 31,	
	2019	2018
Segment EBITDA	\$ 221	\$ 230
Corporate expense and other items, net	5	(7)
Adjusted EBITDA	226	223
Depreciation	(87)	(73)
Amortization	(5)	(2)
Non-service cost components of pension and OPEB costs	(4)	(5)
Restructuring charges, net	(6)	(8)
Stock compensation expense	(4)	(3)
Strategic transaction expenses, net of transaction fee breakup income	(9)	(5)
Acquisition related inventory adjustments	(1)	
Other items	(2)	(7)
Gain on liquidation of foreign entity	12	
Impairment goodwill of indefinite-lived intangible asset	(6)	
Amounts attributable to previously divested/closed operations	(5)	
Pension settlement charges	1	
Earnings before interest and income taxes	110	120
Loss on extinguishment of debt	(9)	
Interest expense	30	25
Interest income	2	3
Earnings before income taxes	73	98
Income tax expense (benefit)	(5)	3
Equity in earnings of affiliates	8	11
Net income	\$ 86	\$ 106

DANA INCORPORATED**Reconciliation of Segment and Adjusted EBITDA to Net Income****For the Year Ended December 31, 2019 and 2018**

(In millions)	Year Ended	
	December 31,	
	2019	2018
Segment EBITDA	\$ 1,023	\$ 978
Corporate expense and other items, net	(4)	(21)
Adjusted EBITDA	1,019	957
Depreciation	(322)	(260)
Amortization	(17)	(10)
Non-service cost components of pension and OPEB costs	(23)	(15)
Restructuring charges, net	(29)	(25)
Stock compensation expense	(19)	(16)
Strategic transaction expenses, net of transaction fee breakup income	(41)	(18)
Acquisition related inventory adjustments	(13)	
Non-income tax legal judgment	6	
Other items	(11)	(17)
Gain on disposal group held for sale		3
Gain on liquidation of foreign entity	12	
Impairment goodwill of indefinite-lived intangible asset	(6)	(20)
Amounts attributable to previously divested/closed operations	(5)	
Pension settlement charges	(259)	
Earnings before interest and income taxes	292	579
Loss on extinguishment of debt	(9)	
Interest expense	122	96
Interest income	10	11
Earnings before income taxes	171	494
Income tax expense (benefit)	(32)	78
Equity in earnings of affiliates	30	24
Net income	\$ 233	\$ 440

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

(In millions, except per share amounts)

	Three Months Ended December 31,	
	2019	2018
Net income attributable to parent company	\$ 85	\$ 100
Items impacting income before income taxes:		
Restructuring charges	6	8
Amortization	5	2
Strategic transaction expenses, net of transaction breakup fee income	9	5
Acquisition related inventory adjustments	1	
Gain on liquidation of foreign subsidiary	(12)	
Impairment of goodwill	6	
Amounts attributable to previously divested/closed operations	5	
Pension settlement charges	(1)	
Loss on extinguishment of debt	9	
Loss on deal contingent forward		8
Other items	(2)	3
Items impacting income taxes:		
Net income tax expense on items above	(3)	(3)
Tax benefit attributable to utilization of federal tax credits, state tax law changes and valuation allowance adjustments	(11)	(12)
Adjusted net income	<u>\$ 97</u>	<u>\$ 111</u>
Diluted shares - as reported	<u>145.3</u>	<u>145.8</u>
Adjusted diluted shares	<u>145.3</u>	<u>145.8</u>
Diluted adjusted EPS	\$ 0.67	\$ 0.76
As originally reported		\$ 0.71
<i>Impact of adjustment for deal contingent forward</i>		\$ 0.05

DANA INCORPORATED
Diluted Adjusted EPS (Unaudited)
For the Year Ended December 31, 2019 and 2018

(In millions, except per share amounts)

	Year Ended December 31,	
	2019	2018
Net income attributable to parent company	\$ 226	\$ 427
Items impacting income before income taxes:		
Restructuring charges	29	25
Amortization	17	10
Strategic transaction expenses, net of transaction breakup fee income	41	18
Acquisition related inventory adjustments	13	
Non-income tax legal judgment	(6)	
Gain on liquidation of foreign subsidiary	(12)	
Impairment of goodwill and indefinite-lived intangible asset	6	20
Amounts attributable to previously divested/closed operations	5	
Pension settlement charges	259	
Loss on extinguishment of debt	9	
Loss on deal contingent forward	13	8
Other items	(2)	6
Items impacting income taxes:		
Net income tax expense on items above	(27)	(18)
Tax benefit attributable to utilization of federal tax credits, state tax law changes and valuation allowance adjustments	(127)	(53)
Adjusted net income	<u>\$ 444</u>	<u>\$ 443</u>
Diluted shares - as reported	145.1	146.5
Adjusted diluted shares	<u>145.1</u>	<u>146.5</u>
Diluted adjusted EPS	\$ 3.06	\$ 3.02
As originally reported		\$ 2.97
<i>Impact of adjustment for deal contingent forward</i>		\$ 0.05