

## **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 (loss) 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 (loss) before income taxes, net income (loss) 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 (loss) divided by adjusted diluted shares. We define adjusted net income (loss) 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 (loss). 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 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 voluntary 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 under 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 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 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.

**DANA INCORPORATED**  
**Consolidated Statement of Operations (Unaudited)**  
**For the Three Months Ended June 30, 2019 and 2018**

(In millions, except per share amounts)

	Three Months Ended	
	June 30,	
	2019	2018
<b>Net sales</b>	\$ 2,306	\$ 2,054
Costs and expenses		
Cost of sales	1,980	1,746
Selling, general and administrative expenses	140	134
Amortization of intangibles	4	2
Restructuring charges, net	9	7
Impairment of indefinite-lived intangible asset		(20)
Adjustment in fair value of disposal group held for sale		3
Pension settlement charge	(258)	
Other expense, net	(10)	(10)
Earnings (loss) before interest and income taxes	(95)	138
Interest income	3	2
Interest expense	34	23
Earnings (loss) before income taxes	(126)	117
Income tax benefit	(52)	(4)
Equity in earnings of affiliates	8	6
<b>Net income (loss)</b>	(66)	127
Less: Noncontrolling interests net income	2	3
<b>Net income (loss) attributable to the parent company</b>	<u>\$ (68)</u>	<u>\$ 124</u>
<b>Net income (loss) per share available to common stockholders</b>		
Basic	\$ (0.47)	\$ 0.85
Diluted	\$ (0.47)	\$ 0.85
Weighted-average common shares outstanding - Basic	144.0	145.1
Weighted-average common shares outstanding - Diluted	144.0	146.5

**DANA INCORPORATED**  
**Consolidated Statement of Operations (Unaudited)**  
**For the Six Months Ended June 30, 2019 and 2018**

(In millions, except per share amounts)

	Six Months Ended	
	June 30,	
	2019	2018
<b>Net sales</b>	\$ 4,469	\$ 4,192
Costs and expenses		
Cost of sales	3,843	3,577
Selling, general and administrative expenses	276	264
Amortization of intangibles	6	4
Restructuring charges, net	18	8
Impairment of indefinite-lived intangible asset		(20)
Adjustment in fair value of disposal group held for sale		3
Pension settlement charge	(258)	
Other expense, net	(23)	(10)
Earnings before interest and income taxes	45	312
Interest income	5	5
Interest expense	61	47
Earnings (loss) before income taxes	(11)	270
Income tax expense (benefit)	(32)	44
Equity in earnings of affiliates	14	12
<b>Net income</b>	35	238
Less: Noncontrolling interests net income	6	5
Less: Redeemable noncontrolling interests net income (loss)	(1)	1
<b>Net income attributable to the parent company</b>	<u>\$ 30</u>	<u>\$ 232</u>
<b>Net income per share available to common stockholders</b>		
Basic	\$ 0.21	\$ 1.60
Diluted	\$ 0.21	\$ 1.58
Weighted-average common shares outstanding - Basic	143.9	145.3
Weighted-average common shares outstanding - Diluted	144.8	147.0

**DANA INCORPORATED**  
**Consolidated Statement of Comprehensive Income (Unaudited)**  
**For the Three Months Ended June 30, 2019 and 2018**

(In millions)

	Three Months Ended	
	June 30,	
	2019	2018
<b>Net income (loss)</b>	\$ (66)	\$ 127
Other comprehensive income (loss), net of tax:		
Currency translation adjustments	3	(56)
Hedging gains and losses	2	(6)
Defined benefit plans	355	6
Other comprehensive income (loss)	360	(56)
<b>Total comprehensive income</b>	294	71
Less: Comprehensive (income) loss attributable to noncontrolling interests	(3)	2
Less: Comprehensive loss attributable to redeemable noncontrolling interest	1	2
<b>Comprehensive income attributable to the parent company</b>	<u>\$ 292</u>	<u>\$ 75</u>

**DANA INCORPORATED**  
**Consolidated Statement of Comprehensive Income (Unaudited)**  
**For the Six Months Ended June 30, 2019 and 2018**

(In millions)

	Six Months Ended	
	June 30,	
	2019	2018
<b>Net income</b>	\$ 35	\$ 238
Other comprehensive income (loss), net of tax:		
Currency translation adjustments	30	(46)
Hedging gains and losses	7	(14)
Defined benefit plans	360	13
Other comprehensive income (loss)	397	(47)
<b>Total comprehensive income</b>	432	191
Less: Comprehensive income attributable to noncontrolling interests	(5)	
Less: Comprehensive income attributable to redeemable noncontrolling interest	(3)	
<b>Comprehensive income attributable to the parent company</b>	<u>\$ 424</u>	<u>\$ 191</u>

**DANA INCORPORATED**  
**Consolidated Balance Sheet (Unaudited)**  
**As of June 30, 2019 and December 31, 2018**

(In millions, except share and per share amounts)

	June 30, 2019	December 31, 2018
	<u>          </u>	<u>          </u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 289	\$ 510
Marketable securities	15	21
Accounts receivable		
Trade, less allowance for doubtful accounts of \$7 in 2019 and \$9 in 2018	1,423	1,065
Other	214	178
Inventories	1,286	1,031
Other current assets	143	102
<b>Total current assets</b>	<u>3,370</u>	<u>2,907</u>
Goodwill	533	264
Intangibles	240	164
Deferred tax assets	534	445
Other noncurrent assets	88	80
Investments in affiliates	170	208
Operating lease assets	179	
Property, plant and equipment, net	2,232	1,850
<b>Total assets</b>	<u>\$ 7,346</u>	<u>\$ 5,918</u>
<b>Liabilities and equity</b>		
Current liabilities		
Short-term debt	\$ 14	\$ 8
Current portion of long-term debt	42	20
Accounts payable	1,405	1,217
Accrued payroll and employee benefits	216	186
Taxes on income	64	47
Current portion of operating lease liabilities	41	
Other accrued liabilities	282	269
<b>Total current liabilities</b>	<u>2,064</u>	<u>1,747</u>
Long-term debt, less debt issuance costs of \$28 in 2019 and \$18 in 2018	2,418	1,755
Noncurrent operating lease liabilities	142	
Pension and postretirement obligations	438	561
Other noncurrent liabilities	365	313
<b>Total liabilities</b>	<u>5,427</u>	<u>4,376</u>
Commitments and contingencies		
Redeemable noncontrolling interests	105	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, 143,913,832 and 144,663,403 shares outstanding	2	2
Additional paid-in capital	2,376	2,368
Retained earnings	456	456
Treasury stock, at cost (10,099,912 and 8,342,185 shares)	(150)	(119)
Accumulated other comprehensive loss	(968)	(1,362)
Total parent company stockholders' equity	<u>1,716</u>	<u>1,345</u>
Noncontrolling interests	98	97
<b>Total equity</b>	<u>1,814</u>	<u>1,442</u>
<b>Total liabilities and equity</b>	<u>\$ 7,346</u>	<u>\$ 5,918</u>

**DANA INCORPORATED**  
**Consolidated Statement of Cash Flows (Unaudited)**  
**For the Three Months Ended June 30, 2019 and 2018**

(In millions)	Three Months Ended	
	June 30,	
	2019	2018
<b>Operating activities</b>		
Net income	\$ (66)	\$ 127
Depreciation	80	60
Amortization	4	2
Amortization of deferred financing charges	2	1
Earnings of affiliates, net of dividends received	8	10
Stock compensation expense	5	5
Deferred income taxes	(91)	(57)
Pension expense, net	203	1
Impairment of indefinite-lived intangible asset		20
Adjustment in fair value of disposal group held for sale		(2)
Change in working capital	(72)	(16)
Other, net		(10)
<b>Net cash provided by operating activities</b>	<b>73</b>	<b>141</b>
<b>Investing activities</b>		
Purchases of property, plant and equipment	(92)	(80)
Acquisition of businesses, net of cash acquired	(48)	(151)
Proceeds from previous acquisition		9
Purchases of marketable securities	(7)	(12)
Proceeds from sales of marketable securities	6	2
Proceeds from maturities of marketable securities	6	12
Settlements of undesignated derivatives	1	
Other, net	(5)	
<b>Net cash used in investing activities</b>	<b>(139)</b>	<b>(220)</b>
<b>Financing activities</b>		
Net change in short-term debt	(1)	2
Repayment of long-term debt	(10)	(1)
Dividends paid to common stockholders	(15)	(14)
Distributions to noncontrolling interests	(11)	(3)
Contributions from noncontrolling interests	1	
Repurchases of common stock		(25)
Other, net	3	(1)
<b>Net cash used in financing activities</b>	<b>(33)</b>	<b>(42)</b>
<b>Net decrease in cash, cash equivalents and restricted cash</b>	<b>(99)</b>	<b>(121)</b>
Cash, cash equivalents and restricted cash - beginning of period	395	491
Effect of exchange rate changes on cash balances	2	(27)
<b>Cash, cash equivalents and restricted cash - end of period</b>	<b>\$ 298</b>	<b>\$ 343</b>

**DANA INCORPORATED**  
**Consolidated Statement of Cash Flows (Unaudited)**  
**For the Six Months Ended June 30, 2019 and 2018**

(In millions)	Six Months Ended	
	June 30,	
	2019	2018
<b>Operating activities</b>		
Net income	\$ 35	\$ 238
Depreciation	153	124
Amortization	8	5
Amortization of deferred financing charges	3	2
Earnings of affiliates, net of dividends received	3	5
Stock compensation expense	10	9
Deferred income taxes	(105)	(45)
Pension expense, net	207	1
Impairment of indefinite-lived intangible asset		20
Adjustment in fair value of disposal group held for sale		(2)
Change in working capital	(247)	(232)
Other, net	(10)	(12)
<b>Net cash provided by operating activities</b>	<b>57</b>	<b>113</b>
<b>Investing activities</b>		
Purchases of property, plant and equipment	(190)	(145)
Acquisition of businesses, net of cash acquired	(654)	(151)
Proceeds from previous acquisition		9
Purchases of marketable securities	(12)	(29)
Proceeds from sales of marketable securities	6	6
Proceeds from maturities of marketable securities	12	23
Settlements of undesignated derivatives	(19)	
Other, net	(6)	
<b>Net cash used in investing activities</b>	<b>(863)</b>	<b>(287)</b>
<b>Financing activities</b>		
Net change in short-term debt	(3)	(5)
Proceeds from long-term debt	675	
Repayment of long-term debt	(19)	(2)
Deferred financing payments	(12)	
Dividends paid to common stockholders	(29)	(29)
Distributions to noncontrolling interests	(12)	(4)
Contributions from noncontrolling interests	2	
Repurchases of common stock	(25)	(25)
Other, net		(5)
<b>Net cash provided by (used in) financing activities</b>	<b>577</b>	<b>(70)</b>
<b>Net decrease in cash, cash equivalents and restricted cash</b>	<b>(229)</b>	<b>(244)</b>
Cash, cash equivalents and restricted cash - beginning of period	520	610
Effect of exchange rate changes on cash balances	7	(13)
Less: Cash contributed to disposal group		(10)
<b>Cash, cash equivalents and restricted cash - end of period</b>	<b>\$ 298</b>	<b>\$ 343</b>



**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	
	June 30,	
	2019	2018
<b>Net cash provided by operating activities</b>	\$ 73	\$ 141
Purchase of property, plant and equipment	(92)	(80)
<b>Free cash flow</b>	(19)	61
Discretionary pension contributions	62	-
<b>Adjusted free cash flow</b>	<u>\$ 43</u>	<u>\$ 61</u>

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

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

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

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

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

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

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

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

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

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

**DANA INCORPORATED**  
**Diluted Adjusted EPS (Unaudited)**  
**For the Three Months Ended June 30, 2019 and 2018**

(In millions, except per share amounts)

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

**DANA INCORPORATED**  
**Diluted Adjusted EPS (Unaudited)**  
**For the Six Months Ended June 30, 2019 and 2018**

(In millions, except per share amounts)

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