

## **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, taxes, depreciation, amortization, equity grant expense, restructuring expense 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 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. 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.

**DANA INCORPORATED**  
**Consolidated Statement of Operations (Unaudited)**  
**For the Three Months Ended September 30, 2017 and 2016**

(In millions, except per share amounts)

Three Months Ended  
September 30,

	2017	2016
<b>Net sales</b>	\$ 1,831	\$ 1,384

Costs and expenses		
Cost of sales	1,562	1,176

Selling, general and administrative expenses	125	99
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Amortization of intangibles	4	2
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Restructuring charges, net	2	17
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Other income, net	1	6
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Earnings before interest and income taxes	139	96
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Loss on extinguishment of debt	(13)	
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Interest income	3	3
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Interest expense	25	27
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Earnings before income taxes	104	72
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Income tax expense	33	13
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Equity in earnings of affiliates	2	2
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<b>Net income</b>	73	61
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Less: Noncontrolling interests net income	3	4
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Less: Redeemable noncontrolling interests net income	1	
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<b>Net income attributable to the parent company</b>	<u>\$ 69</u>	<u>\$ 57</u>
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<b>Net income per share available to common stockholders</b>		
Basic	\$ 0.47	\$ 0.40

Diluted	\$ 0.46	\$ 0.39
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Weighted-average shares outstanding - Basic	145.0	144.0
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Weighted-average shares outstanding - Diluted	146.9	144.6
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Cash dividends declared per share	\$ 0.06	\$ 0.06
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**DANA INCORPORATED**  
**Consolidated Statement of Operations (Unaudited)**  
**For the Nine Months Ended September 30, 2017 and 2016**

(In millions, except per share amounts)

	Nine Months Ended	
	September 30,	
	2017	2016
<b>Net sales</b>	\$ 5,372	\$ 4,379
Costs and expenses		
Cost of sales	4,564	3,739
Selling, general and administrative expenses	379	303
Amortization of intangibles	9	6
Restructuring charges, net	14	23
Other income (expense), net	(8)	9
Earnings before interest and income taxes	398	317
Loss on extinguishment of debt	(19)	(17)
Interest income	8	8
Interest expense	79	84
Earnings before income taxes	308	224
Income tax expense	94	66
Equity in earnings of affiliates	12	6
<b>Net income</b>	226	164
Less: Noncontrolling interests net income	13	9
Less: Redeemable noncontrolling interests net loss	(2)	
<b>Net income attributable to the parent company</b>	<u>\$ 215</u>	<u>\$ 155</u>
<b>Net income per share available to common stockholders</b>		
Basic	\$ 1.46	\$ 1.06
Diluted	\$ 1.45	\$ 1.05
Weighted-average shares outstanding - Basic	144.8	146.7
Weighted-average shares outstanding - Diluted	146.5	147.1
Cash dividends declared per share	\$ 0.18	\$ 0.18

**DANA INCORPORATED**  
**Consolidated Statement of Comprehensive Income (Unaudited)**  
**For the Three Months Ended September 30, 2017 and 2016**

(In millions)

	Three Months Ended September 30,	
	2017	2016
<b>Net income</b>	\$ 73	\$ 61
Other comprehensive income (loss), net of tax:		
Currency translation adjustments	(1)	(8)
Hedging gains and losses	(14)	(11)
Investment and other gains and losses		(5)
Defined benefit plans	19	
Other comprehensive income (loss)	4	(24)
<b>Total comprehensive income</b>	77	37
Less: Comprehensive income attributable to noncontrolling interests	(5)	(4)
Less: Comprehensive income attributable to redeemable noncontrolling interests	(1)	
<b>Comprehensive income attributable to the parent company</b>	<u>\$ 71</u>	<u>\$ 33</u>

**DANA INCORPORATED**  
**Consolidated Statement of Comprehensive Income (Unaudited)**  
**For the Nine Months Ended September 30, 2017 and 2016**

(In millions)

	Nine Months Ended September 30,	
	2017	2016
<b>Net income</b>	\$ 226	\$ 164
Other comprehensive income (loss), net of tax:		
Currency translation adjustments	(2)	(2)
Hedging gains and losses	(13)	(21)
Investment and other gains and losses		(2)
Defined benefit plans	29	13
Other comprehensive income (loss)	14	(12)
<b>Total comprehensive income</b>	240	152
Less: Comprehensive income attributable to noncontrolling interests	(18)	(10)
Less: Comprehensive loss attributable to redeemable noncontrolling interests	-	-
<b>Comprehensive income attributable to the parent company</b>	<u>\$ 222</u>	<u>\$ 142</u>

**DANA INCORPORATED**  
**Consolidated Balance Sheet (Unaudited)**  
**As of September 30, 2017 and December 31, 2016**

(In millions, except share and per share amounts)

	September 30, 2017	December 31, 2016
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 558	\$ 707
Marketable securities	38	30
Accounts receivable		
Trade, less allowance for doubtful accounts of \$9 in 2017 and \$6 in 2016	1,074	721
Other	176	110
Inventories	911	638
Other current assets	86	78
<b>Total current assets</b>	<b>2,843</b>	<b>2,284</b>
Goodwill	138	90
Intangibles	177	109
Deferred tax assets	567	588
Other noncurrent assets	68	226
Investments in affiliates	155	150
Property, plant and equipment, net	1,762	1,413
<b>Total assets</b>	<b>\$ 5,710</b>	<b>\$ 4,860</b>
<b>Liabilities and equity</b>		
Current liabilities		
Notes payable, including current portion of long-term debt	\$ 26	\$ 69
Accounts payable	1,154	819
Accrued payroll and employee benefits	215	149
Taxes on income	34	15
Other accrued liabilities	224	201
<b>Total current liabilities</b>	<b>1,653</b>	<b>1,253</b>
Long-term debt, less debt issuance costs of \$22 in 2017 and \$21 in 2016	1,765	1,595
Pension and postretirement obligations	564	565
Other noncurrent liabilities	384	205
<b>Total liabilities</b>	<b>4,366</b>	<b>3,618</b>
Commitments and contingencies		
Redeemable noncontrolling interest	47	
Parent company stockholders' equity		
Preferred stock, 50,000,000 shares authorized, \$0.01 par value, no shares outstanding	-	-
Common stock, 450,000,000 shares authorized, \$0.01 par value, 144,861,213 and 143,938,280 shares outstanding	2	2
Additional paid-in capital	2,348	2,327
Retained earnings	202	195
Treasury stock, at cost (7,001,051 and 6,812,784 shares)	(87)	(83)
Accumulated other comprehensive loss	(1,277)	(1,284)
Total parent company stockholders' equity	1,188	1,157
Noncontrolling interests	109	85
<b>Total equity</b>	<b>1,297</b>	<b>1,242</b>
<b>Total liabilities and equity</b>	<b>\$ 5,710</b>	<b>\$ 4,860</b>

**DANA INCORPORATED**  
**Consolidated Statement of Cash Flows (Unaudited)**  
**For the Three Months Ended September 30, 2017 and 2016**

(In millions)	Three Months Ended	
	September 30,	
	2017	2016
<b>Operating activities</b>		
Net income	\$ 73	\$ 61
Depreciation	58	45
Amortization of intangibles	4	3
Amortization of deferred financing charges	1	2
Call premium on debt	10	
Write-off of deferred financing costs	3	
Earnings of affiliates, net of dividends received	4	
Stock compensation expense	7	4
Deferred income taxes	5	(4)
Pension contributions, net	(1)	(3)
Change in working capital	24	(59)
Other, net	(7)	(7)
<b>Net cash provided by operating activities (1)</b>	<u>181</u>	<u>42</u>
<b>Investing activities</b>		
Purchases of property, plant and equipment (1)	(82)	(68)
Purchases of marketable securities	(6)	(16)
Proceeds from sales of marketable securities		43
Proceeds from maturities of marketable securities	3	11
Other	(1)	(7)
<b>Net cash used in investing activities</b>	<u>(86)</u>	<u>(37)</u>
<b>Financing activities</b>		
Net change in short-term debt	(17)	2
Proceeds from long-term debt	276	
Repayment of long-term debt	(352)	(2)
Call premium on debt	(10)	
Deferred financing payments	(3)	
Dividends paid to common stockholders	(9)	(8)
Distributions to noncontrolling interests	(4)	(13)
Other	3	(4)
<b>Net cash used in financing activities</b>	<u>(116)</u>	<u>(25)</u>
<b>Net decrease in cash and cash equivalents</b>	(21)	(20)
Cash and cash equivalents – beginning of period	568	745
Effect of exchange rate changes on cash balances	11	2
<b>Cash and cash equivalents – end of period</b>	<u>\$ 558</u>	<u>\$ 727</u>

(1) Free cash flow of \$99 in 2017 and (\$26) in 2016 is the sum of net cash provided by operating activities reduced by the purchases of property, plant and equipment.

**DANA INCORPORATED**  
**Consolidated Statement of Cash Flows (Unaudited)**  
**For the Nine Months Ended September 30, 2017 and 2016**

(In millions)	Nine Months Ended	
	September 30,	
	2017	2016
<b>Operating activities</b>		
Net income	\$ 226	\$ 164
Depreciation	162	129
Amortization of intangibles	10	7
Amortization of deferred financing charges	4	4
Call premium on debt	15	12
Write-off of deferred financing costs	4	5
Earnings of affiliates, net of dividends received	2	3
Stock compensation expense	17	11
Deferred income taxes	10	1
Pension contributions, net	(4)	(12)
Gain on sale of subsidiary	(3)	
Change in working capital	(80)	(142)
Other, net	(2)	
<b>Net cash provided by operating activities (1)</b>	<b>361</b>	<b>182</b>
<b>Investing activities</b>		
Purchases of property, plant and equipment (1)	(251)	(198)
Acquisition of businesses, net of cash acquired	(184)	(18)
Purchases of marketable securities	(23)	(41)
Proceeds from sales of marketable securities	1	47
Proceeds from maturities of marketable securities	16	33
Proceeds from sale of subsidiary	3	
Other		(10)
<b>Net cash used in investing activities</b>	<b>(438)</b>	<b>(187)</b>
<b>Financing activities</b>		
Net change in short-term debt	(96)	14
Proceeds from long-term debt	676	441
Repayment of long-term debt	(640)	(378)
Call premium on debt	(15)	(12)
Deferred financing payments	(9)	(10)
Dividends paid to common stockholders	(26)	(26)
Distributions to noncontrolling interests	(7)	(16)
Repurchases of common stock		(81)
Other	4	(4)
<b>Net cash used in financing activities</b>	<b>(113)</b>	<b>(72)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(190)</b>	<b>(77)</b>
Cash and cash equivalents – beginning of period	707	791
Effect of exchange rate changes on cash balances	41	13
<b>Cash and cash equivalents – end of period</b>	<b>\$ 558</b>	<b>\$ 727</b>

(1) Free cash flow of \$110 in 2017 and (\$16) in 2016 is the sum of net cash provided by operating activities reduced by the purchases of property, plant and equipment.



**DANA INCORPORATED**  
**Segment Sales and Segment EBITDA (Unaudited)**  
**For the Three Months Ended September 30, 2017 and 2016**

(In millions)	Three Months Ended	
	September 30,	
	2017	2016
<b>Sales</b>		
Light Vehicle	\$ 805	\$ 631
Commercial Vehicle	371	294
Off-Highway	384	199
Power Technologies	271	260
<b>Total Sales</b>	<u>\$ 1,831</u>	<u>\$ 1,384</u>
<b>Segment EBITDA</b>		
Light Vehicle	\$ 91	\$ 73
Commercial Vehicle	33	23
Off-Highway	55	28
Power Technologies	41	42
<b>Total Segment EBITDA</b>	<u>220</u>	<u>166</u>
Corporate expense and other items, net	<u>(4)</u>	<u>2</u>
<b>Adjusted EBITDA</b>	<u>\$ 216</u>	<u>\$ 168</u>

**DANA INCORPORATED**  
**Segment Sales and Segment EBITDA (Unaudited)**  
**For the Nine Months Ended September 30, 2017 and 2016**

(In millions)	Nine Months Ended	
	September 30,	
	2017	2016
<b>Sales</b>		
Light Vehicle	\$ 2,369	\$ 1,913
Commercial Vehicle	1,057	976
Off-Highway	1,107	692
Power Technologies	839	798
<b>Total Sales</b>	<u>\$ 5,372</u>	<u>\$ 4,379</u>
<b>Segment EBITDA</b>		
Light Vehicle	\$ 273	\$ 202
Commercial Vehicle	91	81
Off-Highway	157	97
Power Technologies	132	120
<b>Total Segment EBITDA</b>	<u>653</u>	<u>500</u>
Corporate expense and other items, net	<u>(15)</u>	<u>(6)</u>
<b>Adjusted EBITDA</b>	<u>\$ 638</u>	<u>\$ 494</u>

**DANA INCORPORATED****Reconciliation of Segment and Adjusted EBITDA to Net Income (Unaudited)****For the Three Months Ended September 30, 2017 and 2016**

(In millions)	Three Months Ended	
	September 30,	
	2017	2016
<b>Segment EBITDA</b>	\$ 220	\$ 166
Corporate expense and other items, net	(4)	2
<b>Adjusted EBITDA</b>	216	168
Depreciation	(58)	(45)
Amortization of intangibles	(4)	(3)
Restructuring	(2)	(17)
Stock compensation expense	(7)	(4)
Strategic transaction expenses	(3)	(3)
Other items	(2)	
Amounts attributable to previously divested/closed operations	(1)	
Earnings before interest and income taxes	139	96
Loss on extinguishment of debt	(13)	
Interest expense	(25)	(27)
Interest income	3	3
Earnings before income taxes	104	72
Income tax expense	33	13
Equity in earnings of affiliates	2	2
<b>Net income</b>	<b>\$ 73</b>	<b>\$ 61</b>

**DANA INCORPORATED****Reconciliation of Segment and Adjusted EBITDA to Net Income (Unaudited)****For the Nine Months Ended September 30, 2017 and 2016**

(In millions)	Nine Months Ended	
	September 30,	
	2017	2016
<b>Segment EBITDA</b>	\$ 653	\$ 500
Corporate expense and other items, net	(15)	(6)
<b>Adjusted EBITDA</b>	638	494
Depreciation	(162)	(129)
Amortization of intangibles	(10)	(7)
Restructuring	(14)	(23)
Stock compensation expense	(17)	(11)
Strategic transaction expenses	(20)	(6)
Acquisition related inventory adjustments	(14)	
Other items	(5)	(4)
Amounts attributable to previously divested/closed operations	2	3
Earnings before interest and income taxes	398	317
Loss on extinguishment of debt	(19)	(17)
Interest expense	(79)	(84)
Interest income	8	8
Earnings before income taxes	308	224
Income tax expense	94	66
Equity in earnings of affiliates	12	6
<b>Net income</b>	<b>\$ 226</b>	<b>\$ 164</b>

**DANA INCORPORATED**  
**Diluted Adjusted EPS (Unaudited)**  
**For the Three Months Ended September 30, 2017 and 2016**

(In millions, except per share amounts)

	Three Months Ended September 30,	
	2017	2016
<b>Net income attributable to parent company</b>	\$ 69	\$ 57
Items impacting income before income taxes:		
Restructuring charges	2	17
Amortization of intangibles	4	3
Loss on extinguishment of debt	13	
Strategic transaction expenses	3	3
Other items	3	(1)
Items impacting income taxes:		
Net income tax expense on items above	(8)	(10)
Tax effects of legal entity restructuring		2
<b>Adjusted net income</b>	<u>\$ 86</u>	<u>\$ 71</u>
Diluted shares - as reported	<u>147</u>	<u>145</u>
Adjusted diluted shares	<u>147</u>	<u>145</u>
<b>Diluted adjusted EPS</b>	\$ 0.59	\$ 0.49

**DANA INCORPORATED**  
**Diluted Adjusted EPS (Unaudited)**  
**For the Nine Months Ended September 30, 2017 and 2016**

(In millions, except per share amounts)

	Nine Months Ended September 30,	
	2017	2016
<b>Net income attributable to parent company</b>	\$ 215	\$ 155
Items impacting income before income taxes:		
Restructuring charges	14	23
Amortization of intangibles	10	7
Loss on extinguishment of debt	19	17
Income on sale of subsidiary	(3)	
Strategic transaction expenses	20	6
Acquisition related inventory adjustments	14	
Other items	6	(4)
Items impacting income taxes:		
Net income tax expense on items above	(17)	(12)
Tax effects of legal entity restructuring		8
<b>Adjusted net income</b>	<u>\$ 278</u>	<u>\$ 200</u>
Diluted shares - as reported	<u>147</u>	<u>147</u>
Adjusted diluted shares	<u>147</u>	<u>147</u>
<b>Diluted adjusted EPS</b>	\$ 1.90	\$ 1.36