



# Charging Forward

## Accelerating Our Electrification Strategy

**By 2030, BorgWarner's EV revenue is expected to be ~45% up from less than 3% today**

“ As we plan for the next decade-plus of profitable growth, now is the time to move away from a balanced propulsion strategy and accelerate our shift toward electrification. ”  
Fred Lissalde, President & Chief Executive Officer

### Project CHARGING FORWARD



#### Profitably Scale eLV

Advancing eLV through \$2B+ in organic growth initiatives over the next 5 years

Proactively pursuing inorganic growth to strengthen e-propulsion capabilities and scale



#### Expand into eCV

Acting early in large, fast-growing market that builds on existing BorgWarner technologies and capabilities

Expanding portfolio organically, inorganically and through potential partnerships



#### Optimize Combustion Portfolio

Focusing on technologies that support customers as they bridge to electrification, interconnect with EVs and have a strong financial profile

Targeting dispositions representing ~\$3B to \$4B in aggregate revenue by 2025

### What We Expect:

**~45%** of total sales generated from EV in 2030

**>25%** of total sales generated from EV in 2025

#### Top-quartile, double-digit margins

**~\$4.5B** in FCF generation between 2021 and 2025 (before acquisitions and dispositions)

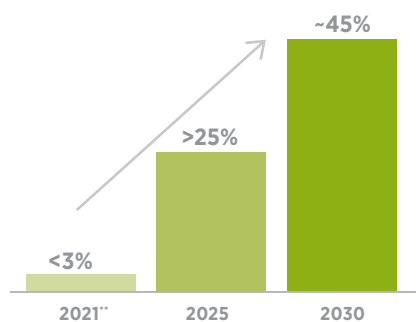
**~\$5.5B** available for M&A by 2025 driven by combination of FCF generation, combustion dispositions and available leverage\*

### BorgWarner's Competitive Advantage

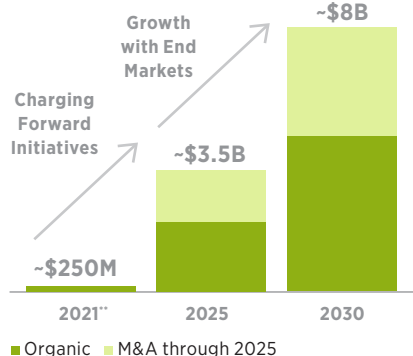
- Decentralized organizational structure
- Offering systems and components
- Scale to commercialize innovative technology
- Award-winning teams

# Estimated BorgWarner Business, 2021-2030

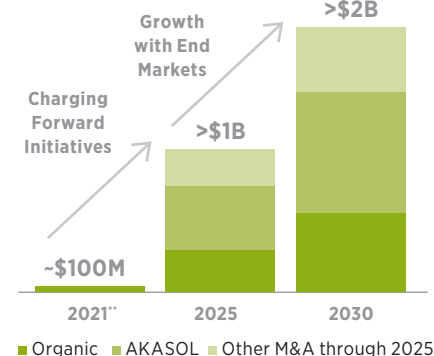
## Electric Vehicles (%SALES)



## eLV REVENUE (\$)



## eCV REVENUE (\$)



## Our Sustainability Goals Go Hand-in-Hand with Our Strategy



## Carbon neutrality by 2035

## Our People Make It All Happen



### Gender Diversity

**25.6%** Overall  
**33.2%** New Hires  
**14.6%** Leadership



### Minorities (USA)

**21.2%** Overall  
**24.7%** New Hires  
**13.9%** Leadership

\* Incremental debt that could be issued while maintaining 1.8x gross-debt-to-EBITDA ratio

\*\* Estimate at the midpoint of FY21 guidance

## Forward-Looking Statements

This communication may contain forward-looking statements as contemplated by the 1995 Private Securities Litigation Reform Act that are based on management's current outlook, expectations, estimates and projections. Words such as "anticipates," "believes," "continues," "could," "designed," "effect," "estimates," "evaluates," "expects," "forecasts," "goal," "guidance," "initiative," "intends," "may," "outlook," "plans," "potential," "predicts," "project," "pursue," "seek," "should," "target," "when," "will," "would," and variations of such words and similar expressions are intended to identify such forward-looking statements. Further, all statements, other than statements of historical fact contained or incorporated by reference in this communication that we expect or anticipate will or may occur in the future regarding our financial position, business strategy and measures to implement that strategy, including changes to operations, competitive strengths, goals, expansion and growth of our business and operations, plans, references to future success and other such matters, are forward-looking statements. Accounting estimates, such as those described under the heading "Critical Accounting Policies and Estimates" in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2020 ("Form 10-K"), are inherently forward-looking. All forward-looking statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. Forward-looking statements are not guarantees of performance, and the Company's actual results may differ materially from those expressed, projected or implied in or by the forward-looking statements.

You should not place undue reliance on these forward-looking statements, which speak only as of the date of this communication. Forward-looking statements are subject to risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results to differ materially from those expressed, projected or implied in or by the forward-looking statements. These risks and uncertainties, among others, include: the difficulty in forecasting margin performance and free cash flow through 2025 in light of the variables that can impact those results over that period of time; the difficulty in forecasting demand for electric vehicles and our EV revenue growth to 2030; the ability to identify targets and consummate acquisitions on acceptable terms; failure to realize the expected benefits of acquisitions; the ability to identify appropriate combustion portfolio businesses for disposition and consummate planned dispositions on acceptable terms; competitive challenges from existing and new competitors including OEM customers; the challenges associated with rapidly-changing technologies, particularly as relates to electric vehicles, and our ability to innovate in response; uncertainties regarding the extent and duration of impacts of matters associated with COVID-19, including additional production disruptions; the failure to realize the expected benefits of the acquisition of Delphi Technologies PLC that the Company completed on October 1, 2020; the failure to promptly and effectively integrate acquired businesses; the potential for unknown or inestimable liabilities relating to the acquired businesses; the possibility that the proposed transaction between the Company and AKASOL AG will not be consummated; failure to obtain necessary regulatory approvals or to satisfy any of the other conditions to the proposed transaction; our dependence on automotive and truck production, both of which are highly cyclical and subject to disruptions; our reliance on major OEM customers; commodities availability and pricing; supply disruptions; fluctuations in interest rates and foreign currency exchange rates; availability of credit; our dependence on key management; our dependence on information systems; the uncertainty of the global economic environment; the outcome of existing or any future legal proceedings; future changes in laws and regulations, including, by way of example, tariffs, in the countries in which we operate; impacts from any potential future acquisition or divestiture transactions; and the other risks noted in reports that we file with the Securities and Exchange Commission, including Item 1A, "Risk Factors" in our most recently-filed Form 10-K. We do not undertake any obligation to update or announce publicly any updates to or revisions to any of the forward-looking statements in this communication to reflect any change in our expectations or any change in events, conditions, circumstances, or assumptions underlying the statements.

### Non-GAAP Financial Measures

This communication contains information about BorgWarner's financial outlook that is not presented in accordance with accounting principles generally accepted in the United States ("GAAP"). Such non-GAAP financial measures are reconciled to their closest GAAP financial measures below. The provision of these comparable GAAP financial measures is not intended to indicate that BorgWarner is explicitly or implicitly providing projections on those GAAP financial measures, and actual results for such measures are likely to vary from those presented. The reconciliations include all information reasonably available to the Company at the date of this communication and the adjustments that management can reasonably predict.

Management believes that these non-GAAP financial measures are useful to management, investors, and banking institutions in their analysis of the Company's business and operating performance. Management also uses this information for operational planning and decision-making purposes.

Non-GAAP financial measures are not and should not be considered a substitute for any GAAP measure. Additionally, because not all companies use identical calculations, the non-GAAP financial measures as presented by BorgWarner may not be comparable to similarly titled measures reported by other companies.

### Free Cash Flow

The Company defines free cash flow as net cash provided by operating activities minus capital expenditures and it is useful to both management and investors in evaluating the Company's ability to service and repay its debt.

Free Cash Flow Reconciliation to US GAAP (\$ in millions)

	<b>Total Years Ended December 31, 2021-2015 Est.</b>
Net cash provided by operating activities	\$8,800
Capital expenditures, including tooling outlays	(4,300)
Free cash flow	\$4,500

Source: BorgWarner estimate excluding the impact of any new acquisitions and dispositions