BorgWarner to Acquire AKASOL AG
High-Performance Battery Systems Provider
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Acquisition of Leading Battery Systems Provider

Battery Systems is a key element of BorgWarner’s e-growth strategy

AKASOL is a leader in high-performance battery system solutions for electric vehicles

AKASOL has highly flexible battery technology across multiple cell architectures

AKASOL has proven technologies and products with established manufacturing facilities already in serial production today

AKASOL has a strong order backlog of approximately $2.4B\(^1\) primarily from leading OEMs

AKASOL products serve CV and Off-highway applications, which aligns with BorgWarner’s goal to increase its electrification portfolio across both LV and CV markets

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1. Backlog based on latest AKASOL public disclosure of €2.0B as of Q2 2020 using $1.20 USD to Euro exchange rate.
AKASOL AG Overview

Company Snapshot

- AKASOL is a developer and manufacturer of high-performance lithium-ion battery systems for buses, commercial vehicles, rail vehicles and stationary applications.

Key Facts

- HQ: Germany
- Employees: 330
- Founded: 1990
- Backlog: ~$2.4B

Key Markets & Customers

- Buses
- Rail
- Industrial
- Commercial
- Marine
- And others

1. Backlog based on latest AKASOL public disclosure of €2.0B as of Q2 2020 using $1.20 USD to Euro exchange rate.
Global Footprint with Production-Ready Capacity

State-of-the-art manufacturing facilities

- **Langen**: Completed capacity expansion to support future growth
- **Darmstadt**: New HQ with 1 GWh of installed capacity
- **Hazel Park**: New US facility to support North American customers

<table>
<thead>
<tr>
<th>Location</th>
<th>Capacity</th>
<th>Year</th>
<th>Output</th>
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<tbody>
<tr>
<td>Langen</td>
<td>1.0 GWH</td>
<td>2020</td>
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<tr>
<td>Darmstadt</td>
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<td></td>
<td>2022</td>
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<tr>
<td>Hazel Park</td>
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<td>4.7 GWH</td>
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Flexible Battery Technology Across Cell Types

Integrated battery solutions for any kind of commercial vehicle

**Cell Architectures**

- **Pouch Cell / POC**
- **Prismatic Cell / PRC**
- **Cylindrical Cell / CYC**

**Cell**

Highly selective process allows AKASOL to use only the top-tier quality cells

**Module**

Highly functional and scalable module design with liquid cooling

**Accessories**

Development and supply of various accessories

**System**

Reliable and robust system design with various industry compliances

**Smart BMS**

AKASOL’s BMS offers a complete solution for monitoring and controlling complex battery systems
Technology Leading Position in Energy Density

Ultra-High-Energy System in Gravimetric and Volumetric Energy Density

Gravimetric energy density (Wh/kg)

Volumetric energy density (Wh/l)

Competitor #1
Competitor #2
Competitor #3
Competitor #4

Gen 2 (SOP: 2020)
Gen 3 (Format Agnostic) (SOP: Q4 2021)
Gen X (in development)

Note(s): Company information as of November 2020. Gravimetric represents amount of energy stored in given mass. Volumetric represents amount of energy stored in given volume.

Gen 1 & 2 Track-records

6,800 Produced Serial Systems
544,000,000 Km Electric Range Sold
Potential for Significant, Long-Term Growth

Significant TAM Opportunities

Global Lithium-ion Battery Systems Market for Electric Vehicle in 2030E

~$140B

~$10B

Near-term Focus on:

Europe and North America CV / Off-Highway

Projected Revenue

Opportunity for Profitable Growth

~$1.0B

~$500M

~7% EBITDA Margin

~$150M

70%+ Booked

2021E

2024E

2030E

Source: IHS and management forecast.
1 Global EV and hybrid lithium-ion battery systems market for all vehicles in 2030E.
2 2030E estimate includes Class 4+ Truck & Bus, Material Handling, Construction & Mining, Rail and Marine segments.
3 2021E in line with average broker consensus as of 12 February 2021 using $1.20 USD to Euro exchange rate.
4 Based on BorgWarner’s diligence of AKASOL management plan for 2024 and BorgWarner’s estimate of 2030E using $1.20 USD to Euro exchange rate.
Complements BorgWarner’s Electrification Capabilities

BorgWarner’s Product Offerings Across Full Suite of Electrification Capabilities

<table>
<thead>
<tr>
<th>E-Motors &amp; Gearboxes</th>
<th>Power Electronics</th>
<th>Battery Pack Systems</th>
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<tbody>
<tr>
<td>eGearDrive® Transmission</td>
<td>Combined Inverter and DC/DC Converter</td>
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<td>Electric Drive Motor</td>
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Continued Organic and Inorganic Investments in Powertrain Electrification
Transaction Summary

Transaction Overview

- BorgWarner and AKASOL signed binding Business Combination Agreement under which BorgWarner will launch a voluntary public takeover offer for all outstanding shares of AKASOL AG
- ~59% majority ownership already secured via irrevocable undertakings from major shareholders, including CEO and founder Sven Schulz
- Cash offer consideration of €120.00 per share
  - Implied equity value of €727M\(^1\) and enterprise value of €754M\(^2\)
  - Implied enterprise multiple of 1.8x 2024E sales\(^3\)
  - Represents ~23% premium to AKASOL's 3-month VWAP (€97.28)\(^4\)

Governance Framework

- AKASOL is expected to continue to be run independently from its Darmstadt headquarters
- AKASOL Executive Board expected to continue their roles after completion of the transaction
- BorgWarner to have majority control of the Supervisory Board, commensurate with its ownership stake
  - BorgWarner does not intend to enter into domination agreement and/or profit and loss transfer agreement
- Subsequent to completion of the public tender offer, BorgWarner will pursue additional actions, as necessary, to achieve full control and ownership of AKASOL, including delisting

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1. Based on basic shares outstanding.
3. See footnote 4 on slide 8.
4. AKASOL ("ASL-GR") three months volume weighted average price based on Bloomberg from November 13, 2020 until February 12, 2021.
**Transaction Summary (continued…)**

### Voluntary Offer Considerations
- Minimum acceptance threshold to be crossed with shares delivered under the irrevocable commitments
- Certain regulatory approvals as well as other customary closing conditions:
  - Receipt of necessary clearances or filings with, any governmental or regulatory authorities being procured or made, as applicable
  - Non-occurrence of defined material adverse changes
- Expected publication of offer document by end of March after approval by BaFin
- Closing expected in late second quarter 2021

### Transaction Financing
- Transaction to be funded primarily with existing cash balances and potentially some incremental debt
  - For purpose of satisfying German “Cash Confirmation” requirements, BorgWarner intends to secure $900M, 364-day undrawn credit facility
- Healthy post-transaction leverage at 1.9x gross-debt-to-EBITDA ratio
- Strong post-transaction liquidity at 24% of 2021 estimated sales