

# BorgWarner to Acquire Santroll Light Vehicle eMotor Business



February 2022



# Forward-Looking Statements

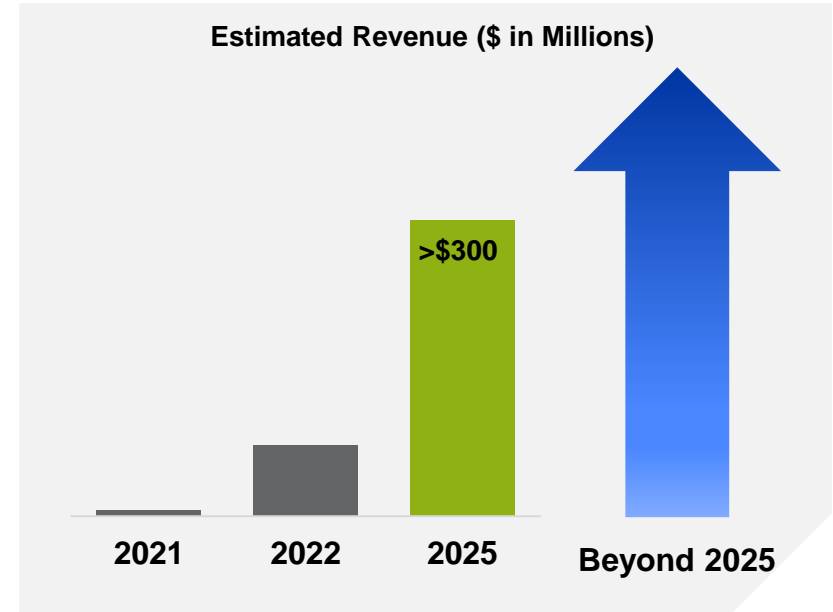
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# Pending Acquisition of Santroll's Light Vehicle eMotor Business

## Would strengthen BorgWarner's electric propulsion systems leadership

- eMotor remains an important element of BorgWarner's electric vehicle growth strategy
- Santroll's light vehicle eMotor business is expected to:
  - Improve eMotor design and manufacturing capabilities
  - Allow for increased speed to market
  - Expand eMotor portfolio breadth
  - Add eMotor scale (currently weighted to HV hybrids)
- Believe there is potential for additional long-term revenue synergies and vertical integration opportunities



# Santroll Overview

## Company Snapshot

**Santroll** is focused on manufacturing high-voltage eMotors. BorgWarner is acquiring a carve out of the light vehicle eMotors business only.

### Key Facts

**HQ:** Tianjin, China    **Employees:** ~400

**Founded:** 2015    **Patents:** ~220

## Key Products & Customers



Portfolio v



Concentrated Winding



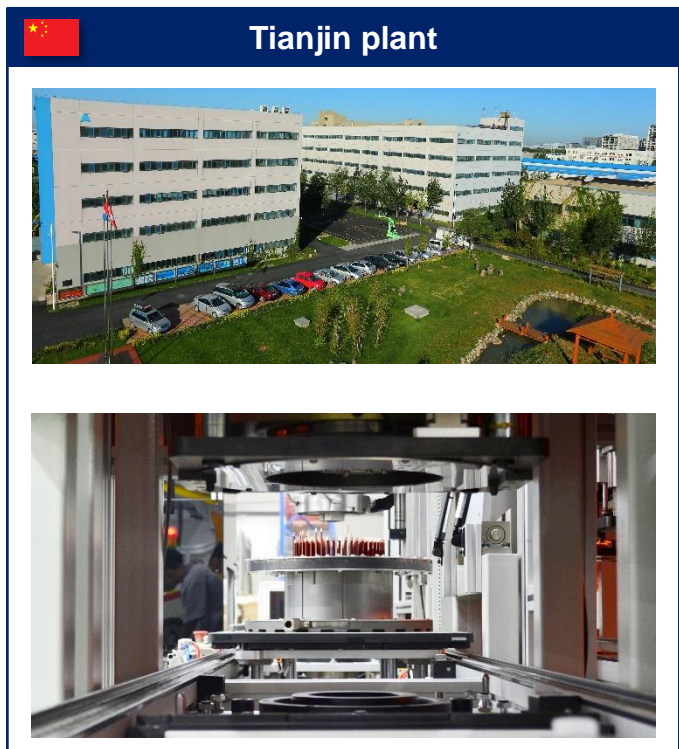
Hairpin Winding

### Key Customers



And  
others

# Vertical Integration Capabilities



- Santroll has market-leading vertical integration capabilities that are complementary to BorgWarner
- The combination of BorgWarner and Santroll brings manufacturing equipment design capabilities and proven automation expertise
- Together, the companies expect to build a differentiating vertical integration setup that drives cost improvements and scale



# Potential for Significant, Long-Term Growth

## Significant TAM Opportunities

Global HV Traction Motor  
Market in 2030<sup>1</sup>

**~\$22B**

Focus on:

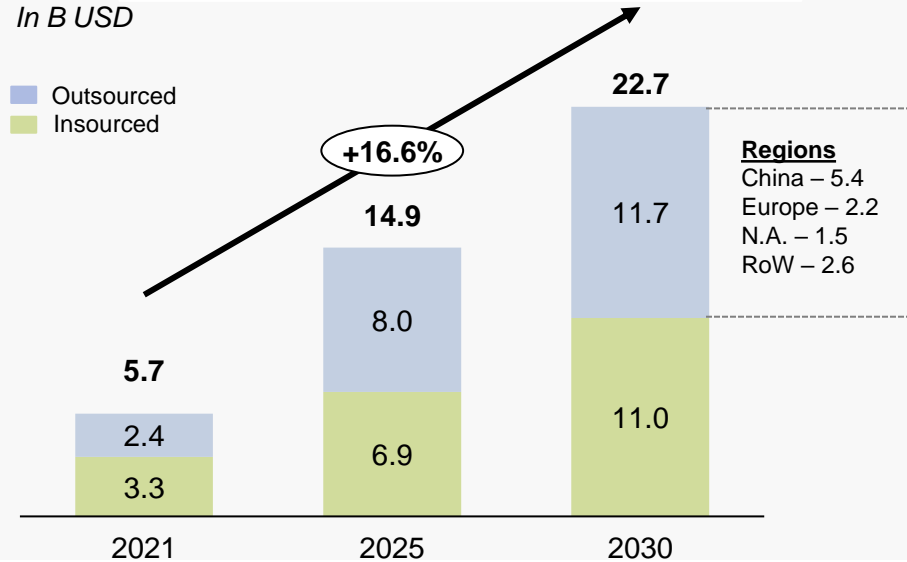
Global Outsourced  
Opportunities

**~\$12B**

## Insourcing vs. Outsourcing Trend

*In B USD*

■ Outsourced  
■ Insourced



Source: IHS and BW Market Research

<sup>1</sup> Includes all insourced and outsourced business

# Transaction Summary

- BorgWarner and Santroll signed an Equity Transfer Agreement (ETA) under which BorgWarner will acquire a carve-out of Santroll's eMotor business
- Purchase price of up to ¥1.4 billion (~\$225M<sup>1</sup>)
  - Closing consideration of ¥1.1 billion on a cash-free, debt-free basis
  - Potential earnout of up to ¥0.3 billion payable in 2023 based on achievement of certain production levels and new business awards post closing
- No significant regulatory approvals required
- Closing expected in late first quarter 2022
- Transaction to be funded primarily with existing cash balances

<sup>1</sup> Based on 6.36:1 exchange rate as of February 5, 2022