

BorgWarner to Acquire Santroll Light Vehicle eMotor Business



February 2022



Forward-Looking Statements

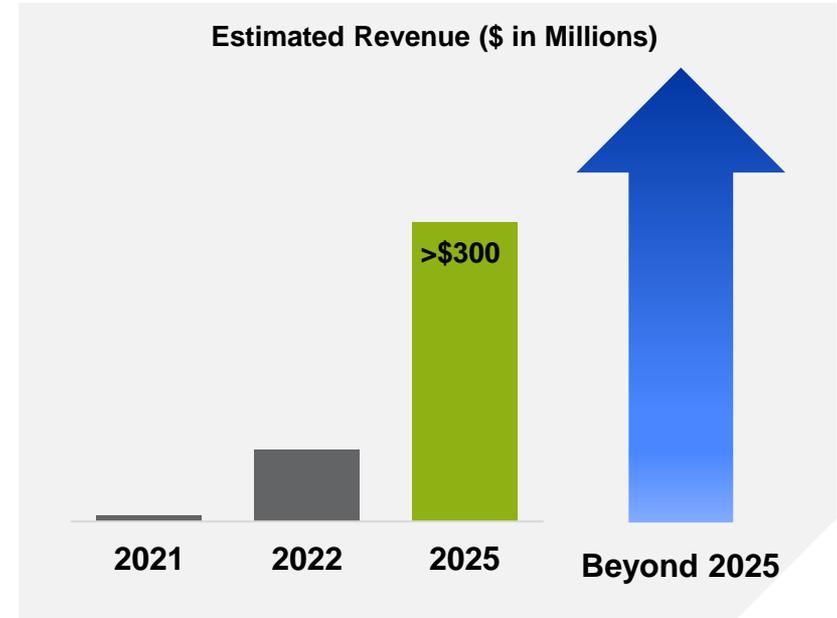
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You should not place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Forward-looking statements are subject to risks and uncertainties, many of which are difficult to predict and generally beyond 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: supply disruptions impacting us or our customers, such as the current shortage of semiconductor chips that has impacted original equipment manufacturer ("OEM") customers and their suppliers, including us; commodities availability and pricing; 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 the COVID-19 pandemic, including additional production disruptions; the difficulty in forecasting demand for electric vehicles and our electric vehicles revenue growth; the possibility that the proposed acquisition of Santroll's light vehicle eMotor business will not be consummated; the ability to identify targets and consummate acquisitions on acceptable terms; failure to realize the expected benefits of acquisitions on a timely basis including our recent acquisition of AKASOL AG and our 2020 acquisition of Delphi Technologies PLC; the ability to identify appropriate combustion portfolio businesses for disposition and consummate planned dispositions on acceptable terms; the failure to promptly and effectively integrate acquired businesses; the potential for unknown or inestimable liabilities relating to the acquired businesses; our dependence on automotive and truck production, both of which are highly cyclical and subject to disruptions; our reliance on major OEM customers; fluctuations in interest rates and foreign currency exchange rates; our dependence on information systems; the uncertainty of the global economic environment; the outcome of existing or any future legal proceedings, including litigation with respect to various claims; future changes in laws and regulations, including, by way of example, taxes and tariffs, in the countries in which we operate; impacts from any potential future acquisition or disposition 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 and/or Quarterly Report on Form 10-Q. 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 presentation to reflect any change in our expectations or any change in events, conditions, circumstances, or assumptions underlying the statements.

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



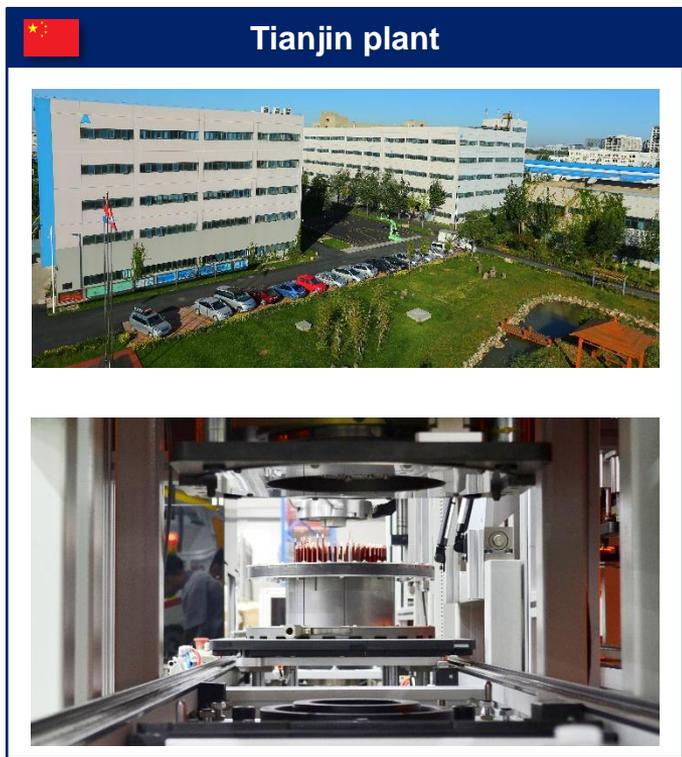
Hairpin Winding

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 2030¹

~\$22B

Focus on:

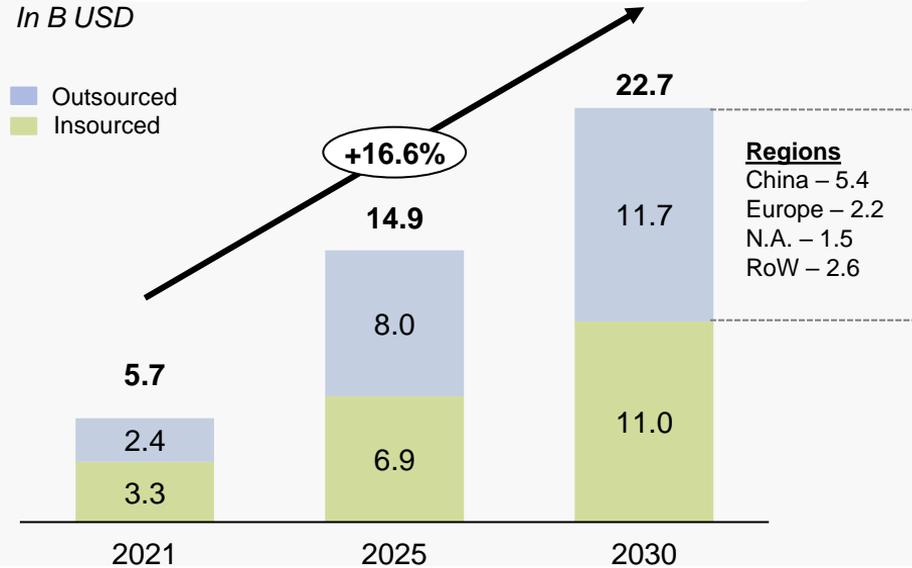
Global Outsourced
Opportunities

~\$12B

Insourcing vs. Outsourcing Trend

In B USD

■ Outsourced
■ Insourced



Source: IHS and BW Market Research

¹ 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 (~\$225M¹)
 - 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

¹ Based on 6.36:1 exchange rate as of February 5, 2022