Charging Forward

Welcome and Agenda
Forward-Looking Statements

This presentation 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 presentation 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 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: 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 presentation to reflect any change in our expectations or any change in events, conditions, circumstances, or assumptions underlying the statements.
Non-GAAP Financial Measures

This presentation contains information about BorgWarner’s financial results 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 in the Appendix. The provision of these comparable GAAP financial measures for 2021 and later 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 presentation 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.
## Today’s Agenda

<table>
<thead>
<tr>
<th>Topic</th>
<th>Presenter/Officer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accelerating Our Electrification Strategy</td>
<td>Fred Lissalde, Chief Executive Officer</td>
</tr>
<tr>
<td>Technology Leadership in Electrification</td>
<td>Stefan Demmerle, President, PowerDrive Systems</td>
</tr>
<tr>
<td>Financial Performance and Outlook</td>
<td>Kevin Nowlan, Chief Financial Officer</td>
</tr>
<tr>
<td>Closing Remarks</td>
<td>Fred Lissalde</td>
</tr>
<tr>
<td>Break</td>
<td>All</td>
</tr>
<tr>
<td>Q&amp;A</td>
<td>All</td>
</tr>
</tbody>
</table>
Questions

FOR THOSE DIALING IN

United States:  (844) 264-9340
International:  (267) 753-2116
Conference ID:  9958459
To ask a question: Press *1

FOR THOSE LISTENING ON-LINE

Submit your questions to ir@BorgWarner.com during the call
Charging Forward
Accelerating Our Electrification Strategy
Intentional Growth for a Sustainable Future

• This high-impact change is a product of our **vision** and **strategy**

• Our vision of a **clean, energy-efficient world** is as relevant today as ever

• And our **accelerated electrification strategy** to advance that vision is today’s story

---

**Revenue from EVs**

- **<3%**
  - 2021 EV Revenue: ~$350M
  - Estimate at the midpoint of FY21 guidance
- **~45%**
  - 2030 EV Revenue: ~$10B

Source: BorgWarner estimate
BorgWarner Is Evolving Its Mission

Our mission was focused on balance:

Propulsion System Leader for Combustion, Hybrid and Electric Vehicles

Today and Tomorrow

We’re accelerating toward electrification

We deliver innovative and sustainable mobility solutions for the vehicle market
This Evolution Is Consistent with Our Commitment to Sustainability

GHG: 50% Reduction by 2030

<table>
<thead>
<tr>
<th>Year</th>
<th>Baseline</th>
<th>Progress as of 2019</th>
<th>Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>40.9</td>
<td>32.0</td>
<td></td>
</tr>
<tr>
<td>2018</td>
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<td></td>
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<td>2021</td>
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</tr>
<tr>
<td>2030</td>
<td></td>
<td></td>
<td>20.5</td>
</tr>
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</table>

Energy: 37% Reduction by 2030

<table>
<thead>
<tr>
<th>Year</th>
<th>Baseline</th>
<th>Progress as of 2019</th>
<th>Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>109.0</td>
<td>89.5</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
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<td>2021</td>
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<td>2024</td>
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<td>2027</td>
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<td></td>
</tr>
<tr>
<td>2030</td>
<td></td>
<td></td>
<td>69.0</td>
</tr>
</tbody>
</table>

Committed to being CARBON NEUTRAL by 2035

Our sustainability objectives go hand in hand with our strategy to generate financial results.

Includes Scope 1 & 2 emissions
We Empower Our Diverse Teams

Gender Diversity

Overall 25.6%
New Hires 33.2%
Leadership 14.6%

Gender Pay Parity¹

98.7%

Minorities (USA)

Overall 21.2%
New Hires 24.7%
Leadership 13.9%

¹ This study was facilitated by Mercer on behalf of BorgWarner. Baseline data: Regions studied: US and Canada, China, Germany, W. Europe, E. Europe, Latin America, Asia | 6,210 salaried employees Grades 10-19 | Measured pay against gender
External Factors Are Accelerating Demand for Cleaner, More Efficient Vehicles

Now is the optimal time to accelerate BorgWarner’s shift toward electrification.
We’re Moving Electrification to the Forefront of Our Strategy

2021-2025: Accelerating Our Shift

• Significantly shifting our organic investments towards electrification
• More aggressively deploying capital toward M&A
• Steadily optimizing our combustion portfolio, targeting dispositions of products with $3B to $4B in annual revenue

These actions alone expected to lead to

~45% revenue from EV by 2030

…and future actions could increase this further as appropriate
We’ve Grown Our Electrification Portfolio Deliberately over Time

2015: Remy — Rotating electric (i.e., motors)

2016: SEVCON — Industrial-focused power electronics

2017: ROMEO — Electronics for start-up EV customers

2018: AMRACING — Battery packs and modules (60/40 JV)

2019: Delphi Technologies — Power electronics and software

2020: AKASOL — Battery packs and modules (pending)

Est. 2025 Content Opportunity per eLV

- $2,640
- $1,614
- $509
- $118
- $399

Delphi/Sevcon Acquisitions — Power Electronics
Remy Acquisition — Motors
Organic Product Development
2014 Portfolio
2020 Product Portfolio
We Know How to Evolve to Meet Tomorrow’s Needs

Decades of leadership through strategic evolution — and our next phase is underway

**Late 1990s**

BorgWarner **pivots to turbos** through series of strategic acquisitions, including the merger of 3K and Schwitzer

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Turbos</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>~2M</td>
</tr>
<tr>
<td>2019</td>
<td>~13M</td>
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</tbody>
</table>

**2010s**

BorgWarner **significantly accelerates dual clutch module sales** in China through wholly-owned and joint ventures

<table>
<thead>
<tr>
<th>Year</th>
<th>DCT Units in Vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>~4,000</td>
</tr>
<tr>
<td>2020</td>
<td>~2M</td>
</tr>
</tbody>
</table>
Electric Vehicles (% Sales)

2021¹: <3%
2025: >25%
2030: ~45%

¹ Estimate at the midpoint of FY21 guidance
Source: BorgWarner estimate
Organic Investment Will Play a Major Role in Advancing eLV…

Organic Investment Strategy

- Combined R&D and capital spending for eProducts >$3B over next 5 years
- eProducts approaching 50% of R&D before acquisitions by 2025
- Spending driven by secured programs or targeted pursuits

Estimated R&D Spend for eProducts ($M)

Source: BorgWarner estimate
…and We’re Well Positioned to Seize Market Opportunity

Est. 2025 BorgWarner Content Opportunity Per Light Vehicle Summary

Combustion Based

- Combustion: $907
- Hybrid: $1,875

Addressable Market: $100B

Electric

- ~2.9X Combustion $$
- $2,640

$38B

Sources: BorgWarner TAM; IHS Markit, KGP. Excludes: Romeo Power Battery JV opportunities, Service & Aftermarket
We’re Prepared to Profitably Scale eLV and Accelerate Expansion

Estimated BorgWarner eLV Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth with End Markets</th>
<th>Organic</th>
<th>M&amp;A through 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>~$250M</td>
<td></td>
<td></td>
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<tr>
<td>2025</td>
<td>~$3.5B</td>
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<tr>
<td>2030</td>
<td>~$8B</td>
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</tr>
</tbody>
</table>

Our Objectives

- Deliver on organic growth initiatives
- Leverage next-generation products and technologies
- Proactively pursue inorganic growth opportunities to strengthen e-propulsion capabilities and scale

1 Estimate at the midpoint of FY21 guidance. Source: BorgWarner estimate.
We’re Expanding into eCV Based on Growth, Size, Profit Potential and Fit…

**Estimated eCV Total Addressable Market (TAM)**

<table>
<thead>
<tr>
<th>Year</th>
<th>TAM</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>~$8B</td>
</tr>
<tr>
<td>2030</td>
<td>~$29B</td>
</tr>
</tbody>
</table>

**eCV Thematic Findings**

- Large, fast-growing market that builds on existing BorgWarner technologies and capabilities
- Existing customer relationships will support penetration
- BorgWarner is at an earlier stage of its evolution in eCV

Estimates include forklift chargers, batteries for trucks and buses, material handling, rail, marine, construction & mining and inverters, motors, and eGear drives for global on-road EV trucks and buses as well as off-road estimates. Source: BorgWarner estimate.
…Creating an Expanded eCV Portfolio…

Product Offerings

- Leverage existing eLV portfolio
- Other offerings for fuel-cell-based eCVs
With Significant Potential for Growth

Our Objectives

- Execute organic growth plan
- Explore potential partnerships or collaborations for stronger move into eCV market
- Complement existing portfolio through acquisitions

Estimated BorgWarner eCV Revenue

- Charging Forward Initiatives
- Growth with End Markets
- ~$100M
- >$1B
- >$2B

2021\(^1\) 2025 2030

- Organic
- AKASOL
- Other M&A through 2025

\(^1\) Estimate at the midpoint of FY21 guidance. Source: BorgWarner estimate.
A More Focused Combustion Business

Areas of Focus

• Support our customers as they bridge to electrification
• Focus on technologies that interconnect with EVs and future mobility needs
• Deliver strong margins, cash flow and scale benefits
• Dispose $3B to $4B in annual revenue by 2025

Combustion Portfolio Profile

Leading market positions
Growing through 2025+
Strong margins and cash flow

Potential Dispositions
Not a product leader
Low growth through 2025
More challenged margin profile
How We’ll Measure Success

Expected Revenue Mix

- 2021: $15B¹
- 2025: ~$18B
- 2030: $22B+

Electric Vehicles ~45%

2030 Light Vehicle Market Mix

- 102M Units
  - 36% Hybrid
  - 34% Combustion Based
  - 30% Aftermarket & Other

2030 BorgWarner Planning Assumption

¹ Estimate at the midpoint of FY21 guidance
Source: BorgWarner estimate
We have both the strategies and execution capabilities to lead the industry.

Sustainability is core with a commitment to carbon neutrality by 2035.

Our actions through 2025 are expected to achieve ~45% of revenue from EV by 2030, with potential for more to come.
Charging Forward
Technology Leadership Positions BorgWarner to Capture Electrification Opportunities

Investor Day
Stefan Demmerle – President, PowerDrive Systems
March 23, 2021
Delphi Engineering Integration is a Key Near-Term Focus

- Bring together
  - Product Leadership from BorgWarner
  - Technology Leadership in Power Electronics from Delphi Technologies
  - Regional Autonomy for Speed and Accountability

- Engineering priorities moving forward
  - Execution: Securing Program Launches
  - Pursuit: Driving Growth
  - Innovation: Positioning for the Future
Product **AND** System Capability Are Core to Our Electric Vehicle Strategy

Inverters

Motors

Gearboxes

Integrated Drive Module (iDM)

Efficient System

Customers
Electric Vehicle Gearboxes Provide Foundation for Drive Module Integration

$1.9B
Addressable LV outsourced market

34%
2025
66%

BorgWarner Strategy / Competitive Advantage

- Essential component in integrated drive modules
- Builds upon proven transmission and transfer case reliability
- Proven technology
  - Quiet, low-noise designs
  - High efficiency with low-loss lubrication design
  - Thermal management for high sustained power capability

Source: BorgWarner estimate

Customers view us as partner and product leader
Ford Mustang Mach-e iDM is a Great Example

High torque capacity
• Potential for other platform applications, such as light commercial vehicles

Integrated Gearbox
• Stepped planetary gearset with differential
• Optimized for quietness

Built-in lubrication pump and distribution
• Optimized for efficiency

Application showcases our integration expertise
Electric Motors are Supportive of Drive Module Opportunities and eCV Expansion

$4.2B
Addressable LV outsourced market

58% 42%
2025

OEM In-House Suppliers

BorgWarner Strategy / Competitive Advantage

- Broad range of motors for 400V, 800V & 48V
- Technology focused on driving superior power density
- Product and process innovation focus: winding pattern, new materials and cooling capabilities
- eLV pursuits to focus on combination products and full iDM modules
- Expanding standalone and combination opportunities in eCV

Source: BorgWarner estimate

Motors enable full module offerings to our customers
Why We Are Winning — 800V Electric Motor for European Commercial Vehicle OEM

- High-voltage hairpin technology
- High efficiency – 97% maximum
- Sized for high power: over 400kW peak
- Patented stator winding technology
- 2024 SOP

The biggest drivers of the win were

**POWER DENSITY** and

**STRONG CUSTOMER RELATIONSHIP**
Inverter Innovation and Technology Will Remain Drivers of Future Business Awards

$8.8B
Addressable LV outsourced market

2025
82%
18%

BorgWarner Strategy / Competitive Advantage

• Scale in Electronics
• Efficient speed-to-market with products covering 400V SiC, 800V SiC & 48V
• Proprietary inverter power module design
• Vertical integration
  – Power modules, integrated circuit development and full software capability in house

Strong technology advantages create value add for our customers

Source: BorgWarner estimate
800V and Silicon Carbide Inverters Will Be Drivers of Change

800V is an emerging trend for EVs. Enables:

- High power density (2x possible at 400V) for high performance automotive and commercial EVs
- 50% reduction in charging time

Silicon Carbide is an increasing trend for Inverters. Enables:

- Significantly higher efficiency, especially at low- to medium-power levels seen in typical daily driving
- Improved e-Machine NVH
Custom Integrated Circuits Will Drive Further Innovation…

Condenses part of the circuit onto a small silicon chip

**Benefits**
- Reduced size
- Reduced cost
- Added functionality
- Unique selling proposition
- Effective IP protection

**Award-winning, in-house design team**
Why We Are Winning — 800V SiC Inverter for Major European OEM

- High-efficiency, high-power design
- Light duty passenger vehicles at high volume
- Uses proprietary Viper power switch
  - Compact, double-sided cooling
- SOP 2022

The biggest driver of the win was TECHNOLOGY LEADERSHIP in 800V and SiC
...And We Are Seeing Further Opportunities for Combination Units of Other Power Electronics

Benefits and Features

• Combines multiple electronic units for both 400V & 800V applications
• Saves space, eliminates cables and hoses
• Single unit to install in the vehicle
• Leverages BorgWarner’s packaging & integration strengths

Example (in production)

Combined dual inverter, DC/DC Converter and Hybrid supervisory control ECU

$9.7B
Addressable LV outsourced market

2025
83%
17%

OEM In-House
Suppliers

Source: BorgWarner estimate
Three Measures of Success in the Coming Years

- Speed
- Innovation
- Growth

Near-term Revenue Focus for ePropulsion

Inverters
Globally

iDMs
in Asia

eCV
Opportunities
Long-Term Planning Secures a Portfolio That…

Drives Sustained Outgrowth

Each year, revenue has grown more than industry production

Revenue from Market | Actual Revenue
---|---

Outgrowth

~$15B\(^1\)

Delivers Top-Quartile Margins

Adjusted operating margin

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</thead>
<tbody>
<tr>
<td>Peer Top Quartile %</td>
<td>12.3%</td>
<td>12.4%</td>
<td>12.3%</td>
<td>12.1%</td>
<td>9.7%</td>
<td>10.0% to 10.5%(^2)</td>
</tr>
</tbody>
</table>

~$2.8 billion

Additional 2021 sales arising from 5 years of outgrowth

~$3.2 billion

2016-2020 cumulative free cash flow

1 Estimate at the midpoint of FY21 guidance
2 Adj. operating margin on this slide is a non-US-GAAP measure. See reconciliation to US GAAP in Appendix
Balanced, Disciplined Capital Deployment

Capital allocation strategy has supported growth while returning value to shareholders

- Organic investments have driven meaningful outgrowth
- M&A has accelerated company’s positioning in electrified propulsion
- Have maintained shareholder return commitments throughout COVID-19

2016-2020 Capital Allocation

- Capital expenditures: 36%
- M&A activity: 34%
- Share repurchases: 12%
- Net debt repayment: 9%
- Dividends: 9%

1 Includes ~$1.5B for value of shares issued to acquire Delphi Technologies and $172M for derecognition of subsidiary
Acquisitions Are Driving Long-Term Value Creation

M&A Has Enhanced Content Opportunity Per Vehicle

<table>
<thead>
<tr>
<th>2014 Product Portfolio</th>
<th>2020 Product Portfolio</th>
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</thead>
<tbody>
<tr>
<td>$399</td>
<td>$2,640</td>
</tr>
<tr>
<td>$509</td>
<td>$1,614</td>
</tr>
<tr>
<td>$118</td>
<td>$90M</td>
</tr>
<tr>
<td>$399</td>
<td>$175M</td>
</tr>
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</table>

- **Delphi Integration On Track**
  - **Est. Cumulative Cost Synergies**
    - 2020: $15M
    - 2021 Guidance: $90M
    - 2023: $175M
  - **Multiple Program Awards Post Signing**
    - SiC Inverters
    - GDi systems

- **Est. 2025 Content Opportunity Per Electric Vehicle**
  - Delphi/Sevcon Acquisitions — Power Electronics: $1,614
  - Remy Acquisition — Motors: $509
  - Organic Product Development: $118
  - 2014 Portfolio: $399

2014 Product Portfolio

2020 Product Portfolio
eLV Market Expected to Experience Profound Growth Over Next Decade

BorgWarner has positioned itself to capitalize on this growth

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**eLV Addressable Market**

- **2021**: ~$11B
  - eHeater/Other<sup>1</sup>
  - Power Electronics<sup>2</sup>
  - Motor+Gear<sup>3</sup>

- **2025**: ~$38B
  - eHeater/Other<sup>1</sup>
  - Power Electronics<sup>2</sup>
  - Motor+Gear<sup>3</sup>

- **2030**: ~$76B
  - eHeater/Other<sup>1</sup>
  - Power Electronics<sup>2</sup>
  - Motor+Gear<sup>3</sup>

**EV Market Penetration**

- 2021: 5%
- 2025: 15%
- 2030: 30%

---

<sup>1</sup> Includes high-voltage air heater and high-voltage coolant heater for light vehicle EVs only

<sup>2</sup> Includes inverter, DCDC, OBC, CIDD, HV Box and BMS for light vehicle EVs only

<sup>3</sup> Includes motors and eGearDrives® for light vehicle EVs only

Source: BorgWarner estimate
eCV Market Also Poised for Significant Acceleration

BorgWarner enhancing its focus in this area to participate in rapid growth

1 Includes batteries for trucks and buses, material handling, rail, marine, construction & mining
2 Includes inverters, motors, and eGearDrives® for global on-road EV trucks and buses as well as off-road estimates

Source: BorgWarner estimate
Clear Roadmap to Driving Sustainable Growth Through 2030

Estimated Organic Growth and Portfolio Realignment…

<table>
<thead>
<tr>
<th>Year</th>
<th>Organic Growth</th>
<th>Acquisitions</th>
<th>Dispositions</th>
<th>2025</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$15B(^1)</td>
<td>~$4B</td>
<td>$2B to $3B</td>
<td>~$18B</td>
<td>$22B+</td>
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<tr>
<td>2025</td>
<td>$3B to $(4B)</td>
<td>~$4B</td>
<td>$2B to $3B</td>
<td>~$18B</td>
<td>$22B+</td>
</tr>
<tr>
<td>2030</td>
<td>$2B to $3B</td>
<td>$(3B) to $(4B)</td>
<td></td>
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</tr>
</tbody>
</table>

...Sets Up Second Half of Decade

Growth attributable to market mix

>25% of total

~45% of total

\(^1\) Estimate at the midpoint of FY21 guidance. Source: BorgWarner estimate.
Profitability on EV Portfolio Expected to Improve as Programs Launch

- Current profitability already reflects elevated R&D spending for EVs
- Growth in R&D spending not commensurate with sales trajectory
- Improving gross margin reflects expected incremental margins on increasing sales

**Estimated EV Profitability Characteristics**

Source: BorgWarner estimate
Committed to Top-Quartile Margin Profile

Adjust Operating Margin Performance

Strong margins are part of the BorgWarner culture

- Sales growth and proactive cost management sustain margin profile
- R&D for rapidly growing EV portfolio is overhang in medium term until corresponding revenue materializes
  - Maintaining ROIC discipline on EV programs expected to deliver comparable, long-term margin profile

Source: BorgWarner estimate at the midpoint of FY21 guidance and estimated FY23 outlook
Strong Free Cash Flow Generation Expected to Continue

~$4.5B in FCF expected over 5 years, building on record 2020 performance

- Expect to continue delivering strong conversion of earnings into FCF
- Working capital in support of revenue growth encompassed in cash generation
- Cash flow contemplates funding of all current restructuring programs and potential future actions

Source: BorgWarner estimate excluding acquisitions and dispositions
Dispositions Increase EV Focus and Allow for Capital Redeployment

Portfolio management becomes increasingly important

- Prioritizes BorgWarner vision of a clean, energy-efficient world
- Supports future propulsion mix objectives
- Based on evaluation of medium-term financial prospects of product portfolio
- Opportunities for value-maximizing transactions

Disposition Planning Assumptions

- $1B in sales over next 12-18 months
- $3B to $4B in sales by 2025
Significant Capital Available to Accelerate Positioning in EV

- Strong cash flow and investment-grade balance sheet support M&A
- Dispositions provide additional source of capital
- Discipline of returning capital to shareholders remains intact
  - Dividends sustainable through downturns
  - Share repurchase timing subject to M&A execution

2021-2025 Estimated Capital Flows

Sources of Capital
- ~$5.5B Available for M&A
- ~$1.5B Dispositions
- ~$1.0B Available Leverage
- ~$4.5B Free Cash Flow

Uses of Capital
- ~$0.8B Share Repurchases
- ~$0.8B Dividends

1 Est. disposition proceeds net of loss of FCF through 2025 associated with dispositions
2 Est. incremental debt that could be issued while maintaining 1.8x gross-debt-to-EBITDA ratio
BorgWarner estimate
ROIC Focus Will Continue to Drive Capital Allocation Decisions

Will maintain ROIC discipline as electrification investments accelerate

- Have delivered consistently strong ROIC, even during COVID-19 pandemic
- Although EV investments can have longer return profiles, intend to maintain life-of-project ROIC focus

Cost of Capital$^1$

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ROIC</td>
<td>14.7%</td>
<td>16.8%</td>
<td>15.3%</td>
<td>10.3%</td>
<td>~12%</td>
</tr>
</tbody>
</table>

$^1$ As disclosed in 2020 proxy
Financial Summary

- Strategic growth actions expected to drive EV revenue of:
  - >25% of sales in 2025
  - ~45% of sales in 2030

- Top-quartile margin performance expected to be sustained, even while funding EV investments

- Strong FCF generation expected to continue through 2025 & beyond

- More aggressive portfolio management also expected to contribute to positioning in EVs
The Company defines adjusted operating income as operating income adjusted to eliminate the impact of restructuring expense, merger, acquisition and divestiture expense, other net expenses, discontinued operations, and other gains and losses not reflective of the Company’s ongoing operations. The company defines adjusted operating margin as adjusted operating income divided by net sales.

<table>
<thead>
<tr>
<th>$ in millions</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Low</th>
<th>High</th>
<th>Low</th>
<th>High</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$9,071</td>
<td>$9,799</td>
<td>$10,530</td>
<td>$10,168</td>
<td>$10,165</td>
<td>$14,700</td>
<td>$15,300</td>
<td>$15,500</td>
<td>$17,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating income</td>
<td>$973</td>
<td>$1,072</td>
<td>$1,190</td>
<td>$1,303</td>
<td>$618</td>
<td>$1,260</td>
<td>$1,450</td>
<td>&gt;$1,605</td>
<td>&gt;$1,825</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating margin %</td>
<td>10.7%</td>
<td>10.9%</td>
<td>11.3%</td>
<td>12.8%</td>
<td>6.1%</td>
<td>8.6%</td>
<td>9.5%</td>
<td>&gt;10.4%</td>
<td>&gt;10.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-comparable items:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructuring expense</td>
<td>27</td>
<td>59</td>
<td>67</td>
<td>72</td>
<td>203</td>
<td>200</td>
<td>150</td>
<td>100</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Merger, acquisition and divestiture expense</td>
<td>24</td>
<td>10</td>
<td>6</td>
<td>11</td>
<td>96</td>
<td>10</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible asset accelerated amortization</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>38</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of inventory step-up</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>27</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset impairment and loss on divestiture</td>
<td>127</td>
<td>71</td>
<td>25</td>
<td>7</td>
<td>17</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net gain on insurance recovery for property damage</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(9)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unfavorable arbitration loss</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Officer stock awards modification</td>
<td>-</td>
<td>-</td>
<td>8</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asbestos related charge</td>
<td>(49)</td>
<td>-</td>
<td>23</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on sale of building</td>
<td>-</td>
<td>-</td>
<td>(19)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on derecognition of subsidiary</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(177)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>12</td>
<td>7</td>
<td>(4)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted operating income</td>
<td>$1,114</td>
<td>$1,219</td>
<td>$1,296</td>
<td>$1,232</td>
<td>$990</td>
<td>$1,470</td>
<td>$1,610</td>
<td>&gt;$1,705</td>
<td>&gt;$1,925</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted operating margin</td>
<td>12.3%</td>
<td>12.4%</td>
<td>12.3%</td>
<td>12.1%</td>
<td>9.7%</td>
<td>10.0%</td>
<td>10.5%</td>
<td>&gt;11.0%</td>
<td>&gt;11.0%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Significant variability in low and high sales expectations relates to potential variability in acquisitions and dispositions
Free Cash Flow Reconciliation to US GAAP

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

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th>Year Ended December 31,</th>
<th>Total Years Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by operating activities</td>
<td>$1,036</td>
<td>$1,180</td>
<td>$1,126</td>
</tr>
<tr>
<td>Derecognition of subsidiary</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital expenditures, including tooling outlays</td>
<td>(501)</td>
<td>(560)</td>
<td>(546)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>$535</td>
<td>$620</td>
<td>$580</td>
</tr>
</tbody>
</table>

¹ Estimate at the midpoint of FY21 guidance
Source: BorgWarner estimate excluding the impact of any new acquisitions and dispositions
# ROIC Reconciliation to US GAAP

<table>
<thead>
<tr>
<th>$ in millions</th>
<th>Year Ended December 31,</th>
<th>Guidance¹</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>A. Adj. operating income</td>
<td>$1,222</td>
<td>$1,350</td>
</tr>
<tr>
<td>B. Adjustment to align operating earnings to the performance target's foreign exchange basis</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>C. Less taxes ((A. plus B.) times tax rate)</td>
<td>391</td>
<td>391</td>
</tr>
<tr>
<td>D. After-tax net adj. operating earnings (A. plus B. minus C.)</td>
<td>831</td>
<td>958</td>
</tr>
<tr>
<td>E. Short-term and long-term debt</td>
<td>2,188</td>
<td>2,113</td>
</tr>
<tr>
<td>F. Stockholders' equity</td>
<td>4,208</td>
<td>4,345</td>
</tr>
<tr>
<td>G. Adjustment to align stockholders’ equity to the performance target's foreign exchange basis</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>H. Cash</td>
<td>731</td>
<td>739</td>
</tr>
<tr>
<td>I. Capital invested (E. plus F. plus G. minus H.)</td>
<td>5,665</td>
<td>5,719</td>
</tr>
<tr>
<td>J. Return on invested capital (D. divided by I.)</td>
<td>14.7%</td>
<td>16.8%</td>
</tr>
</tbody>
</table>

2017 to 2019 derived from proxy statements; 2020 calculated from FY financials using average of quarter ends for capital balances

¹ Estimate at the midpoint of FY21 guidance for adj. operating income; year-end 2020 figures utilized for 2021 capital invested balances