

A white car is driving on a winding road that curves through a green, hilly landscape. In the background, a city skyline is visible under a blue sky with scattered clouds. The car is in the foreground, moving towards the viewer. The road has a metal guardrail on the left side. The overall scene is bright and clear.

Earnings Call Presentation

Q1 2017

April 27, 2017



Safe Harbor Statement

Statements contained in, or incorporated by reference into this presentation, future filings by us with the Securities and Exchange Commission (“SEC”), and oral statements made by, or with the approval of, our authorized personnel, that relate to our future performance or future events are forward-looking statements under the Private Securities Litigation Reform Act of 1995. Such statements can be identified by use of forward-looking words or phrases such as “intend,” “anticipate,” “plan,” “estimate,” “target,” “aim,” “forecast,” “project,” “expect,” “believe,” “we are optimistic that we can,” “current visibility indicates that we forecast,” “contemplation” or “currently envisions” and similar phrases. Although we believe that the expectations reflected in these forward-looking statements are reasonable, our expectations may not prove to be correct. Forward-looking statements are necessarily estimates reflecting the best judgment of our senior management and involve a number of risks and uncertainties, some of which may be beyond our control, which could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties, among others, include: our dependence on automotive and truck production, both of which are highly cyclical; 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, including litigation with respect to various claims; and future changes in laws and regulations in the countries in which we operate. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty. All subsequent written and oral forward-looking statements concerning the matters addressed in this presentation and attributable to us or any person acting on our behalf are qualified by these cautionary statements. Forward-looking statements are based on current expectations only and are not guarantees of future performance, and are subject to certain risks, uncertainties and assumptions. We may change our intentions, beliefs or expectations at any time and without notice, based upon any change in our assumptions or otherwise. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. In addition, some factors are beyond our control. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Agenda

- James Verrier – President and Chief Executive Officer
 - Macro Outlook and Industry Perspective
 - Q1 2017 Recap and 2017 Outlook
 - Recent Product Announcements

- Ron Hundzinski – Chief Financial Officer
 - Q1 2017 Results
 - 2017 Guidance

- Q&A

Industry Perspective and Company Update



James Verrier, President and Chief Executive Officer

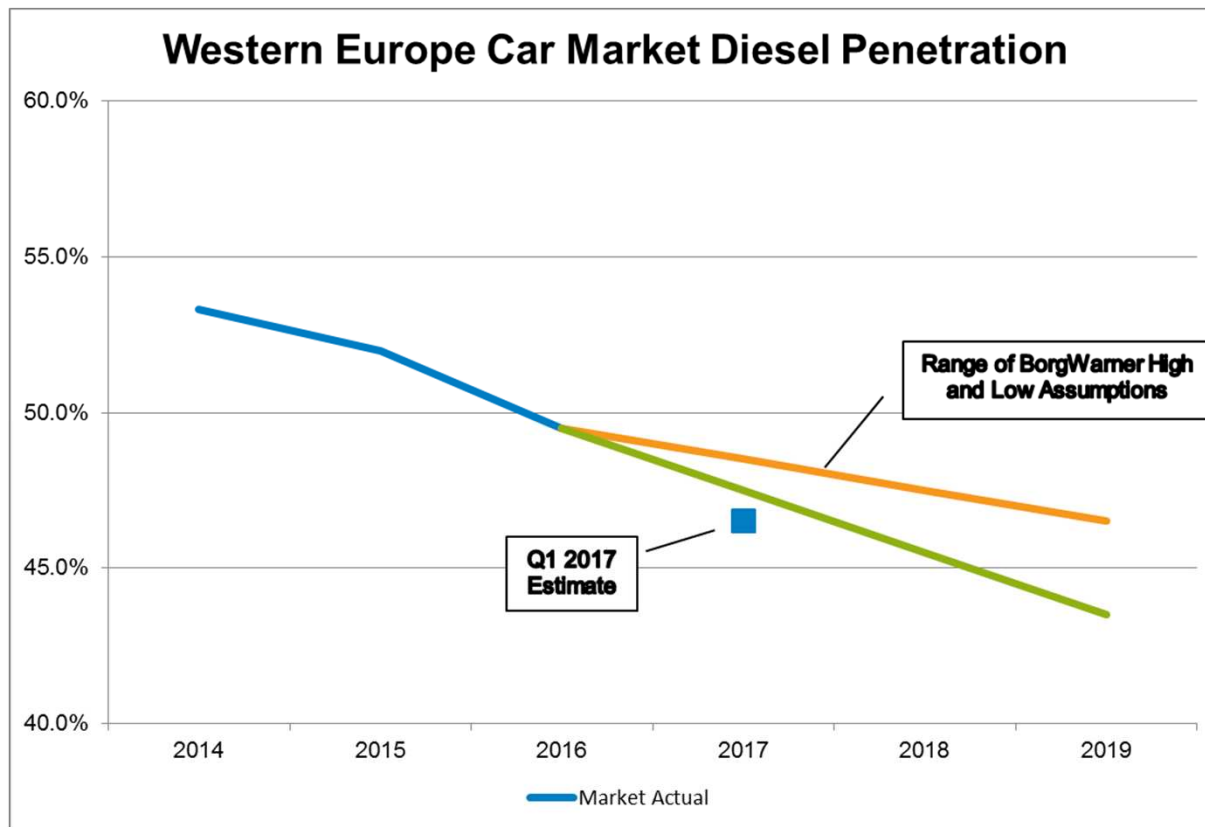


Macro Outlook and Industry Perspective

- General Comments
- Market Outlook
- Regulatory/Technology Trends

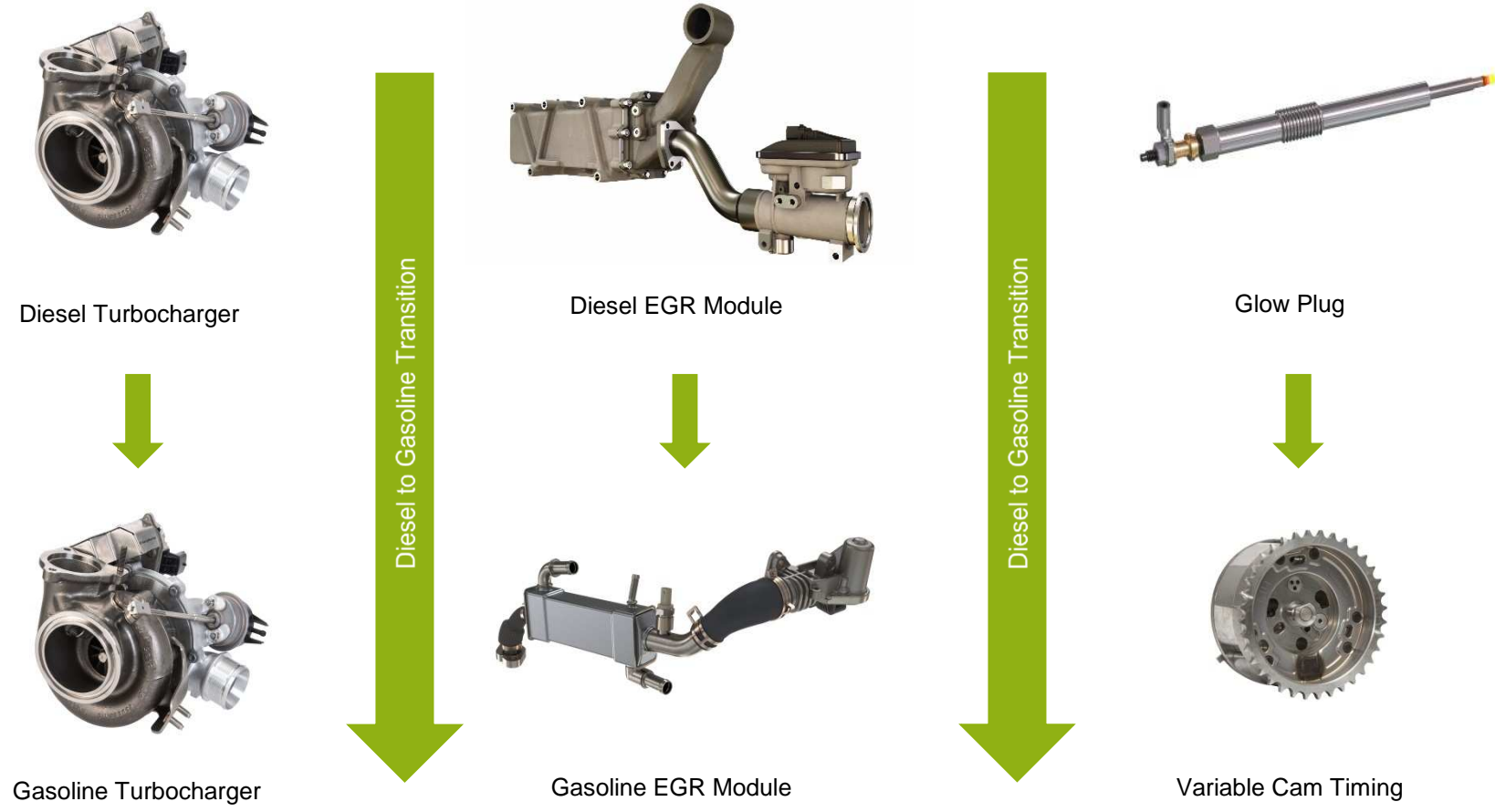
Diesel/Gas Mix

- Estimating 100-200bps annual shift in diesel/gas mix through the end of the decade



- Net revenue impact per 100 bps of diesel/gas mix shift is \$20-\$25 million

Diesel Transition Manageable Over the Mid-term



Revenue impact is neutralized by the end of the backlog period

Q1'17 Recap and 2017 Outlook

- Q1'17 organic exceeds the high-end of the range and our operating performance was in-line with expectations.
- 2017 Revenue and Operating Profit Guidance remains unchanged

Recent Product Announcements



Compact Cam Torque Actuated (CTA) Variable Cam Timing (VCT) with mid-position lock
for Subaru 1.6- to 2.0-liter BOXER® engines.



Part-time All-wheel Drive Transfer Case
for Jiangxi ISUZU Motors Limited, a Chinese-Japanese joint venture.



HY-VO chains
for Chevrolet Volt plug-in hybrid and Malibu hybrid.



DualTronic® clutch and control module with integrated torsional vibration damper
for ChangAn EADO plug-in hybrid, EADO DT and upcoming CS85 SUV.

Earnings Review and Financial Outlook



Ron Hundzinski, Chief Financial Officer



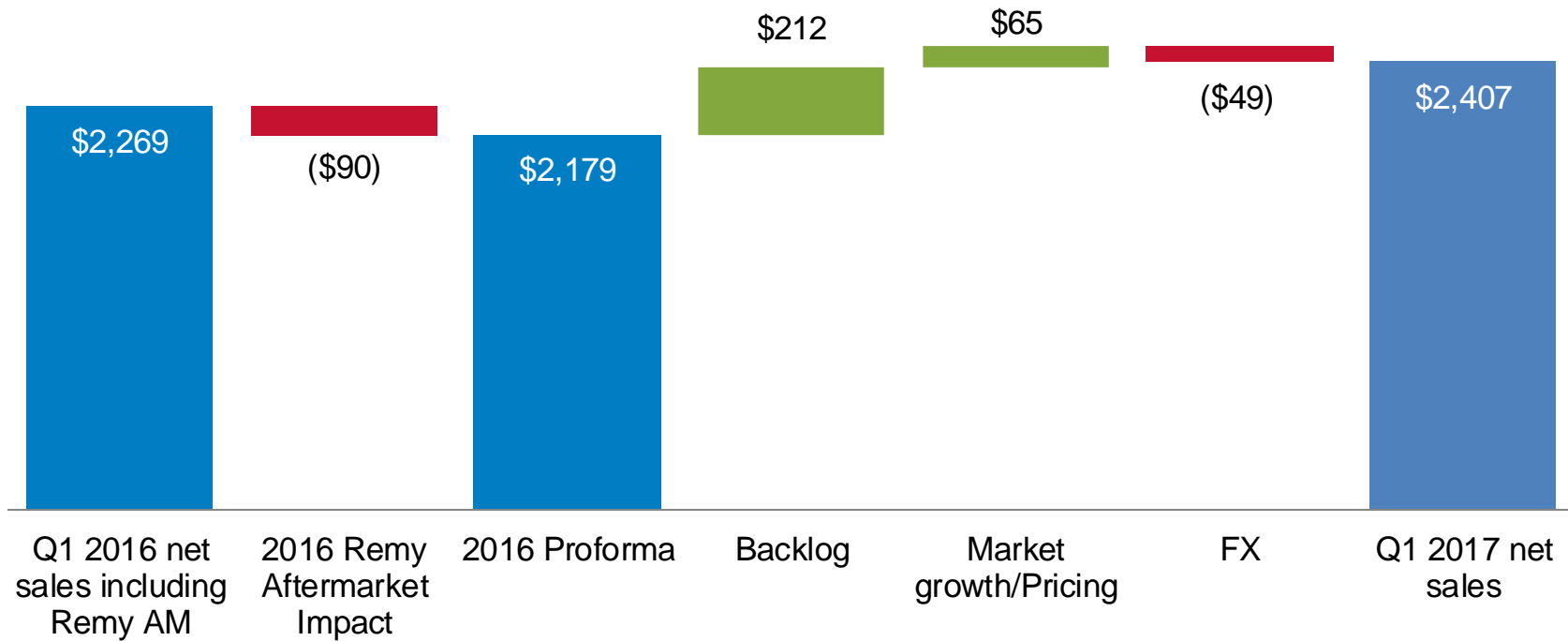
Reconciliation to US GAAP

\$ in millions, except per share data

	US GAAP (Reported)	Restructuring Expense	M&A Expense	Tax Adjustments	Non-US GAAP (Excluding non- comparable Items, including M&A)
2017 Q1					
Sales	\$2,407.0				\$2,407.0
Operating income	292.7				292.7
% of sales	12.2%				12.2%
Diluted EPS	\$0.89			\$(0.02)	\$0.91
2016 Q1					
Sales	\$2,268.6				\$2,268.6
Operating income	264.2	(6.4)	(5.8)		276.4
% of sales	11.6%				12.2%
Diluted EPS	\$0.75	\$(0.02)	\$(0.03)		\$0.80

BorgWarner Net Sales

Q1 2016 to Q1 2017, \$ in millions

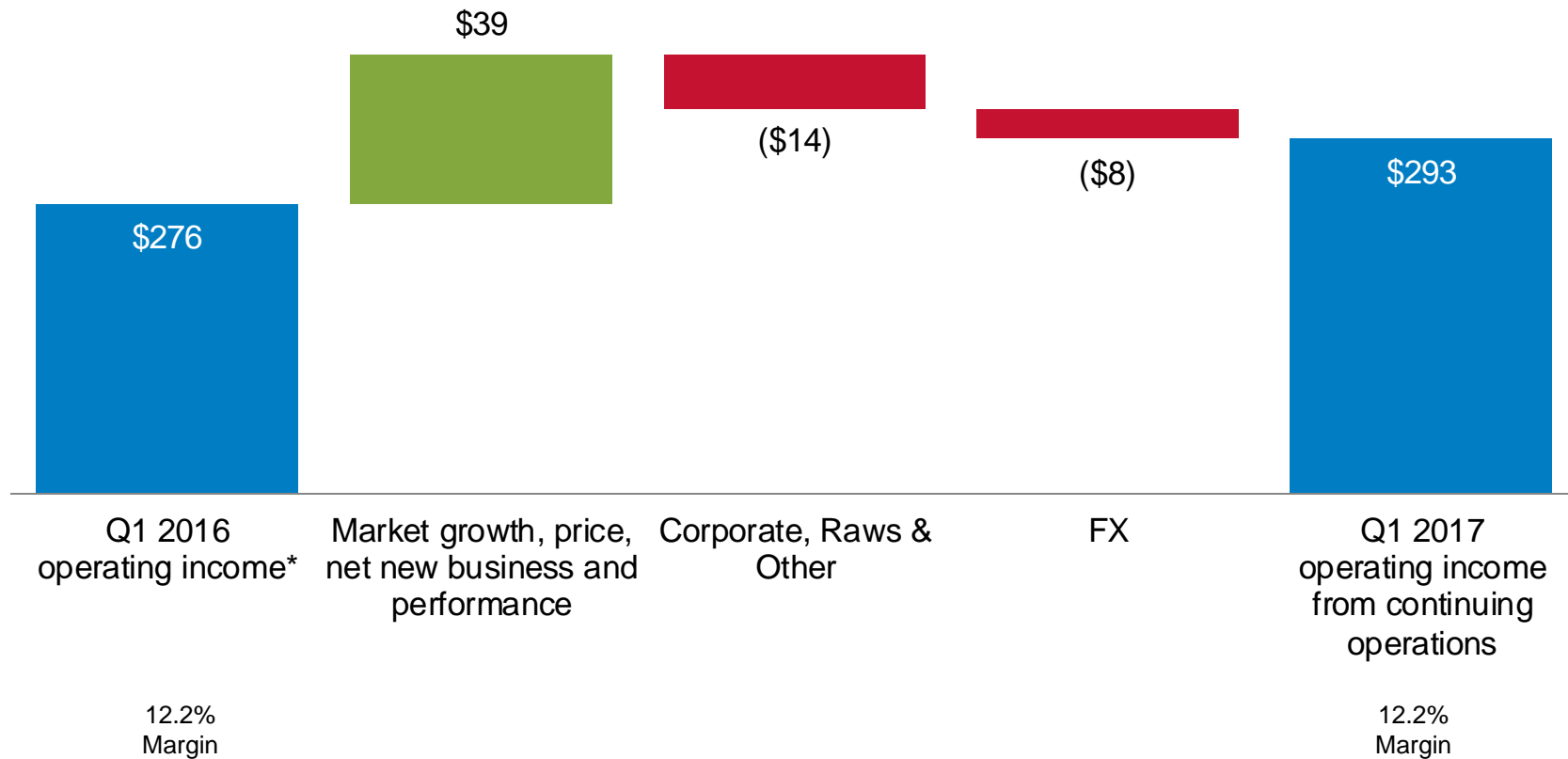


* % change to net sales

10.6%*

BorgWarner Operating Income*

Q1 2016 to Q1 2017, \$ in millions



* Operating income as shown on this slide is non-US GAAP. See reconciliation to US GAAP

Engine Segment Net Sales & Adjusted EBIT

Q1 2016 to Q1 2017, \$ in millions



* % change to net sales

Drivetrain Segment Net Sales & Adjusted EBIT

Q1 2016 to Q1 2017, \$ in millions

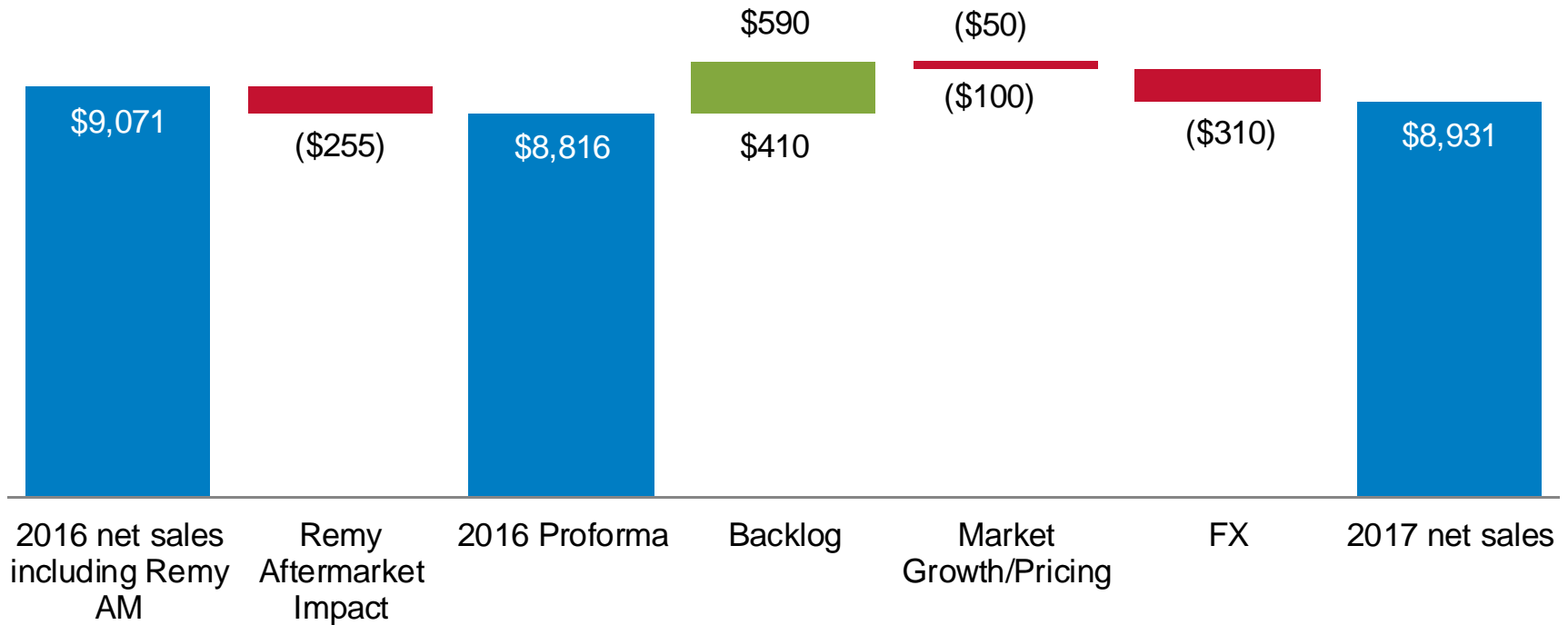


* % change to net sales

2017 Full Year Guidance

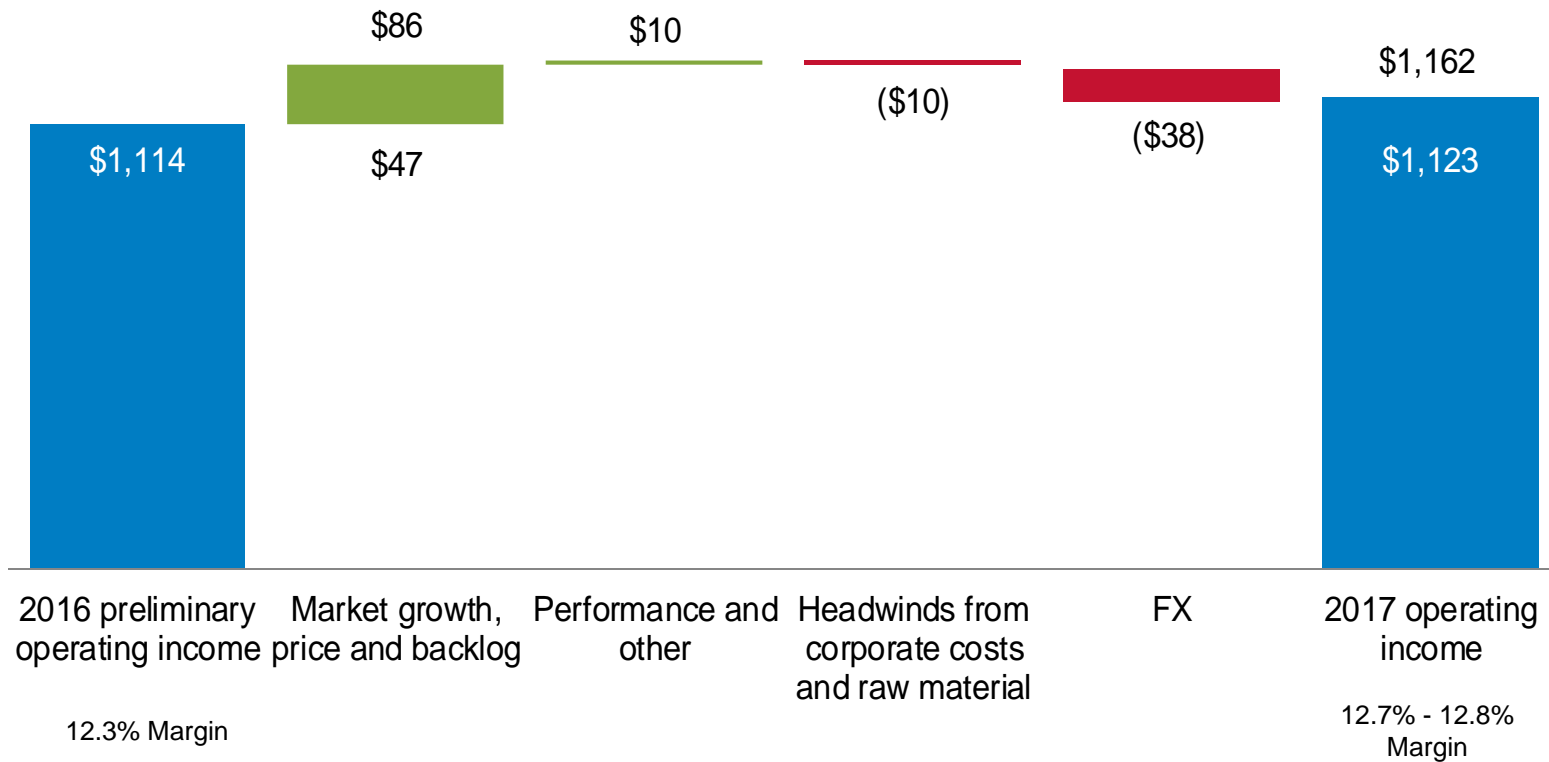
Organic Sales Growth of 3.5% - 6.0%

\$ in millions



Operating Margins Expand by 40-50 bps

\$ in millions



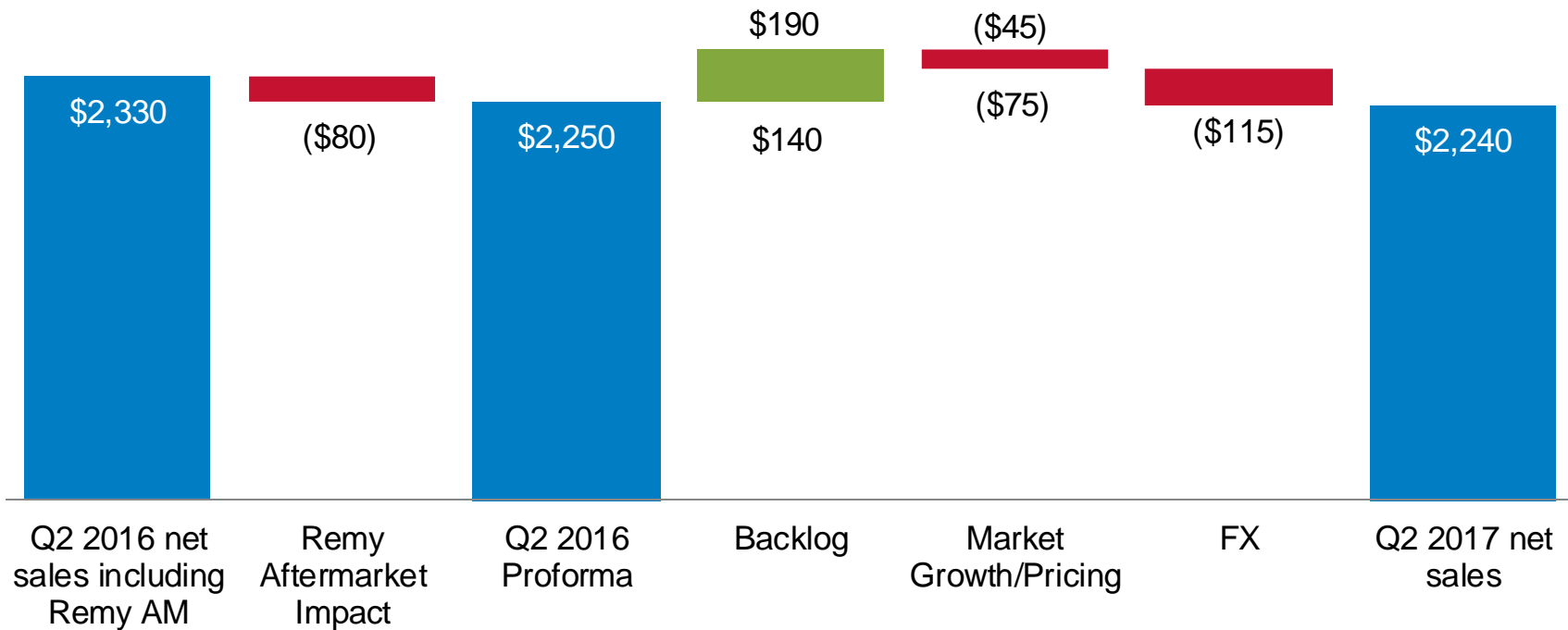
2017 Guidance Update - Other Items

■ EPS Guidance	↑	\$3.50-\$3.60
■ Free Cash Flow	↔	\$450-\$500 million
■ CapEx	↔	\$475-\$525 million
■ Share Repurchases	↔	\$100+ million
■ R&D Spending	↔	~4% of sales
■ Tax Rate	↓	~29%
■ \$ / Euro Exchange Rate	↔	\$1.05

2017 Second Quarter Guidance

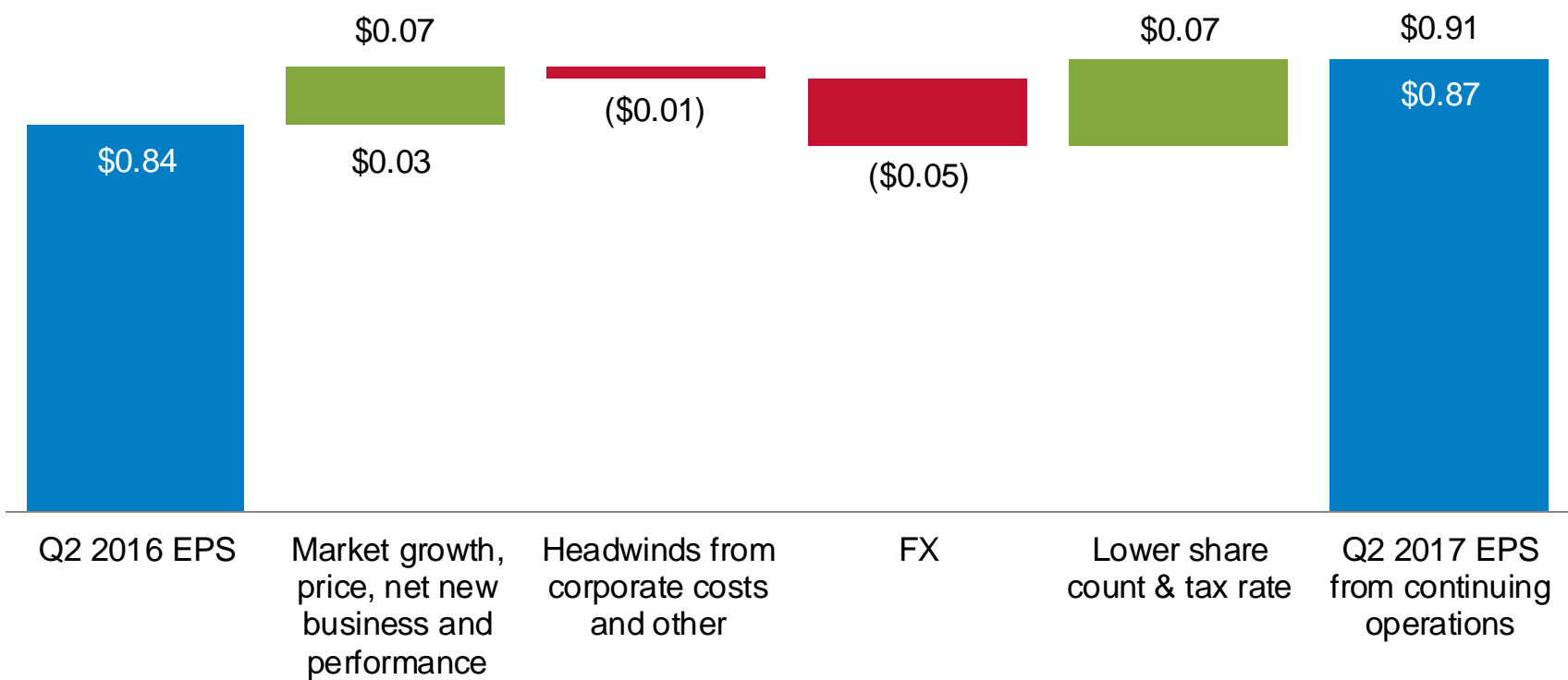
Organic Sales Growth of 3.0% - 6.5%

\$ in millions



Cost Impact Lower Sequentially in Q2-17

\$ in millions



Thank you!

