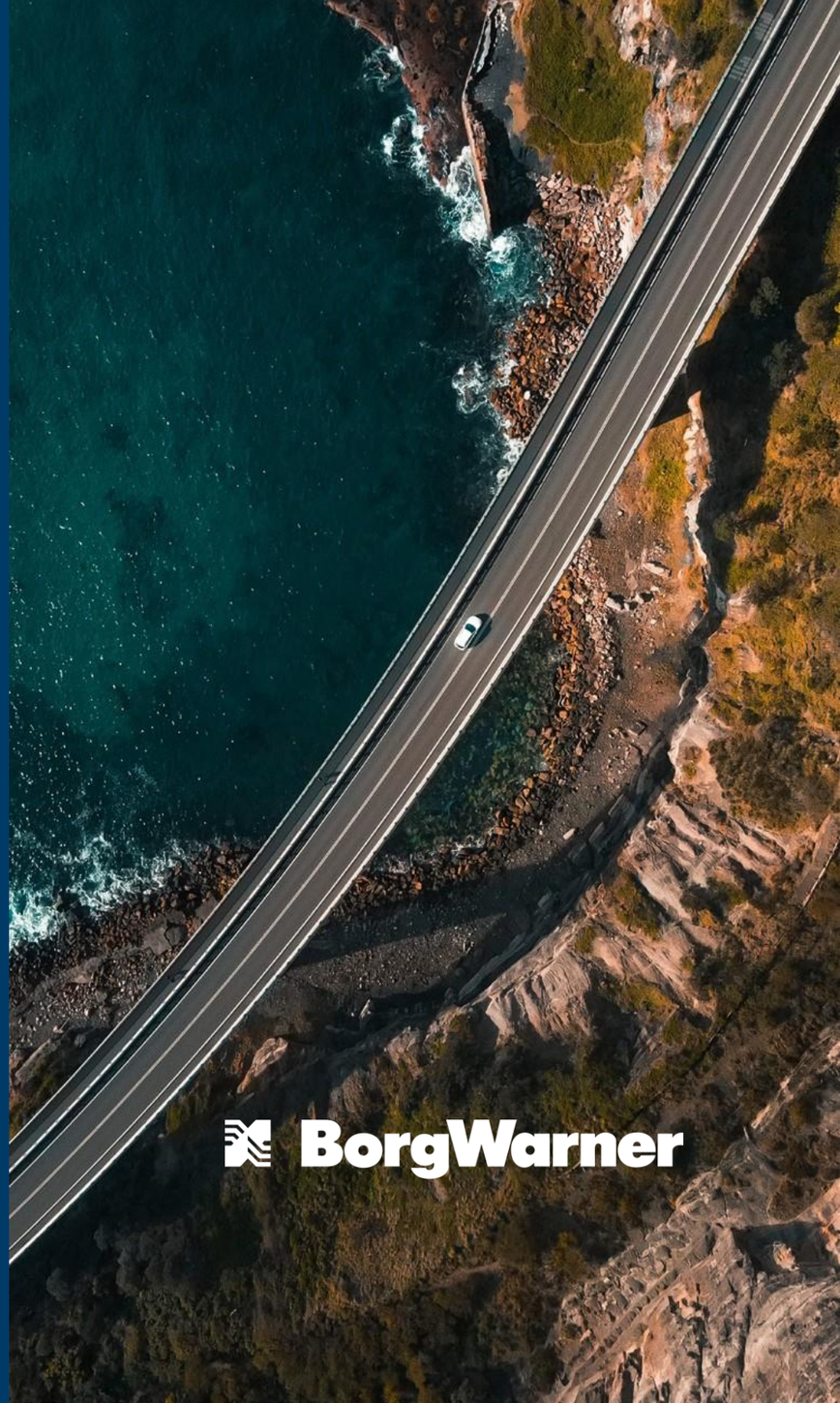
May 4, 2023

Q1 2023

Earnings Call Presentation



Forward-Looking Statements

This presentation contains 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 most recently-filed Annual Report on Form 10-K ("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 under 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 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; commodity availability and pricing, and an inability to achieve expected levels of recoverability in commercial negotiations with customers concerning these costs; 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/coronavirus pandemic, including additional production disruptions; the difficulty in forecasting demand for electric vehicles and our electric vehicles revenue growth; potential disruptions in the global economy caused by Russia's invasion of Ukraine; the ability to identify targets and consummate acquisitions on acceptable terms; failure to realize the expected benefits of acquisitions on a timely basis; our ability to effect the intended tax-free spin-off of our Fuel Systems and Aftermarket segments into a separate, publicly traded company on a timely basis or at all; the potential that uncertainty during the pendency of the spin-off transaction could affect our financial performance; the possibility that the spin-off transaction will not achieve its intended benefits; 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 under 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.

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 2023 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.

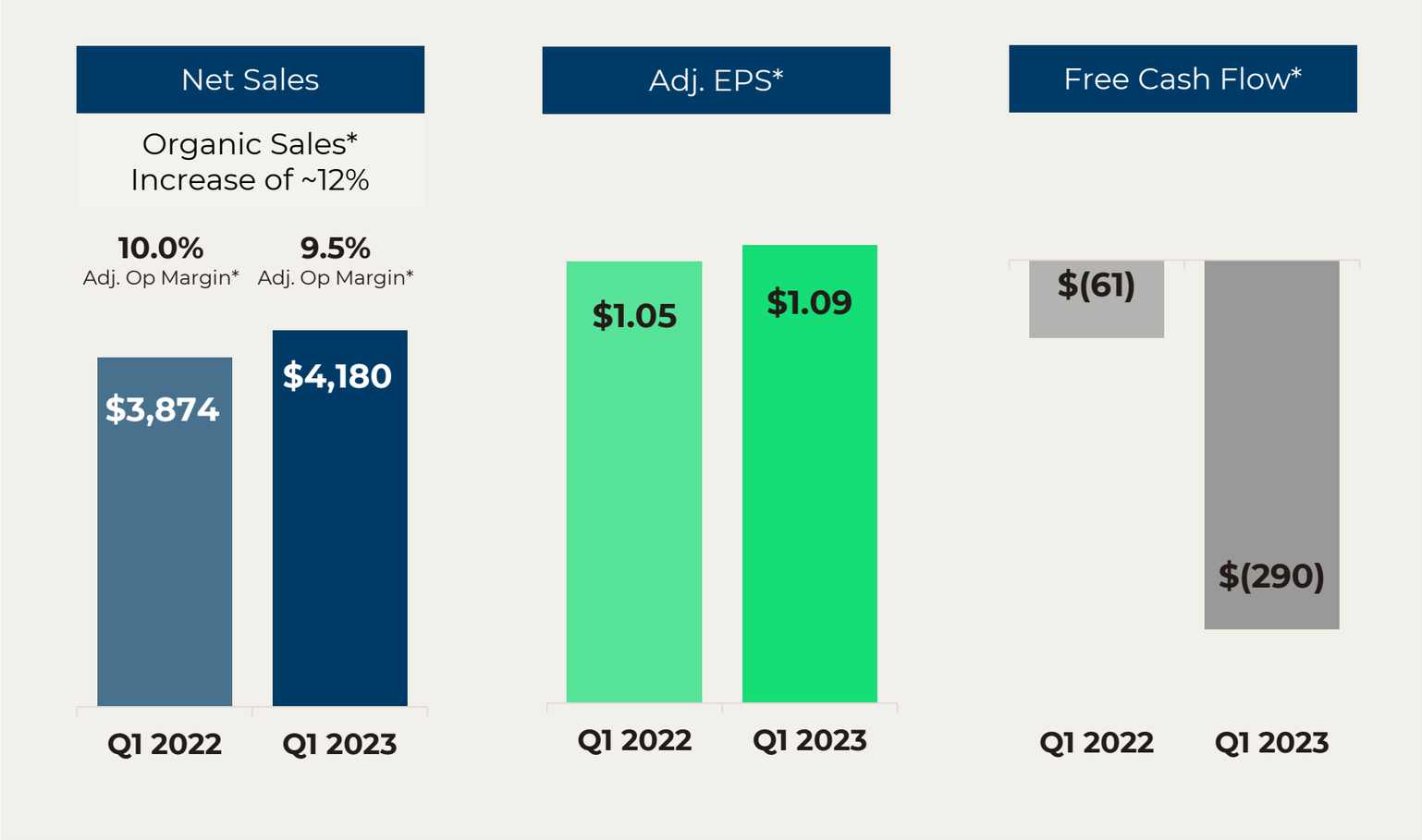
Agenda

Fred Lissalde
Chief Executive Officer

Kevin Nowlan
Chief Financial Officer

Q&A

Adj. EPS Higher on Strong Organic Growth, Charging Forward Progress Continues



- Delivered double-digit organic sales growth
- Margin impacted by cost inflation, lower China production and planned eR&D investment
- Additional new eProduct program awards
- Seneca battery pack expansion shows ability to utilize existing assets and workforce for eProduct growth
- Planned separation of PHINIA progressing well

* Organic sales, adj. operating margin, adj. EPS and free cash flow on this slide are non-US-GAAP measures. See reconciliation to US GAAP in Appendix.

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Continued Expansion Across Electrified Vehicle Products

HV Hairpin eMotors

- Award with Chinese manufacturer expected to launch in August 2023
  - eMotors expected to be used in Dedicated Hybrid Transmissions and Range Extended Electric Vehicles

DC Fast Chargers

- Award with Pontiac, Michigan School District to support school bus fleet electrification
  - V2G technology enables energy from bus batteries to be used by utilities or buildings

HV eFans

- Award with global CV OEM for European and North American markets expected to launch in 2025
  - Utilizes inverter expertise from the Q4 2022 Drivetek acquisition

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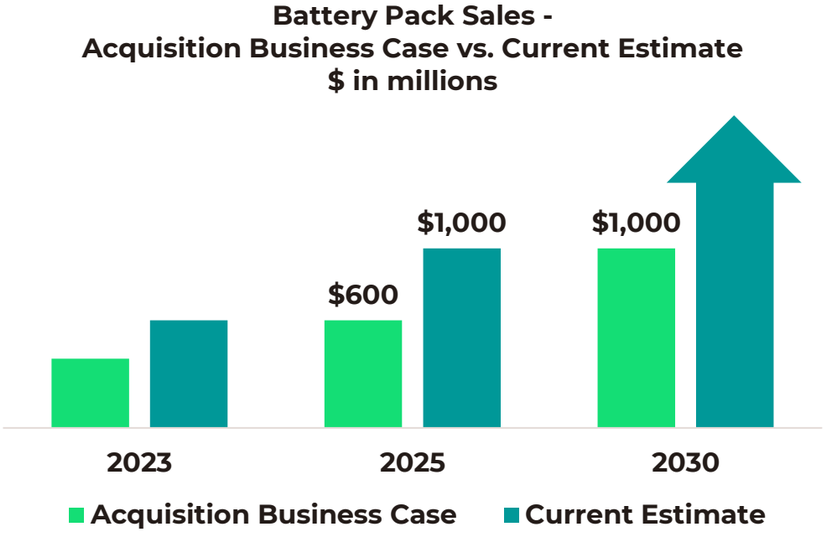
Battery Pack Business Growth Accelerating



Battery Packs

- Award with a global power technology company to supply battery packs for electric buses launched in early 2023

Seneca, SC Plant Expansion to Result in 3 GWh of U.S. Battery Pack Production

- Facility expansion slated to begin Q2 2023 with expected completion date by Q2 2024

- Sales expected to accelerate due to higher demand from existing customer and new product awards in both Europe and North America
- Est. 2023 CapEx of ~$100M based on increased capacity requirements

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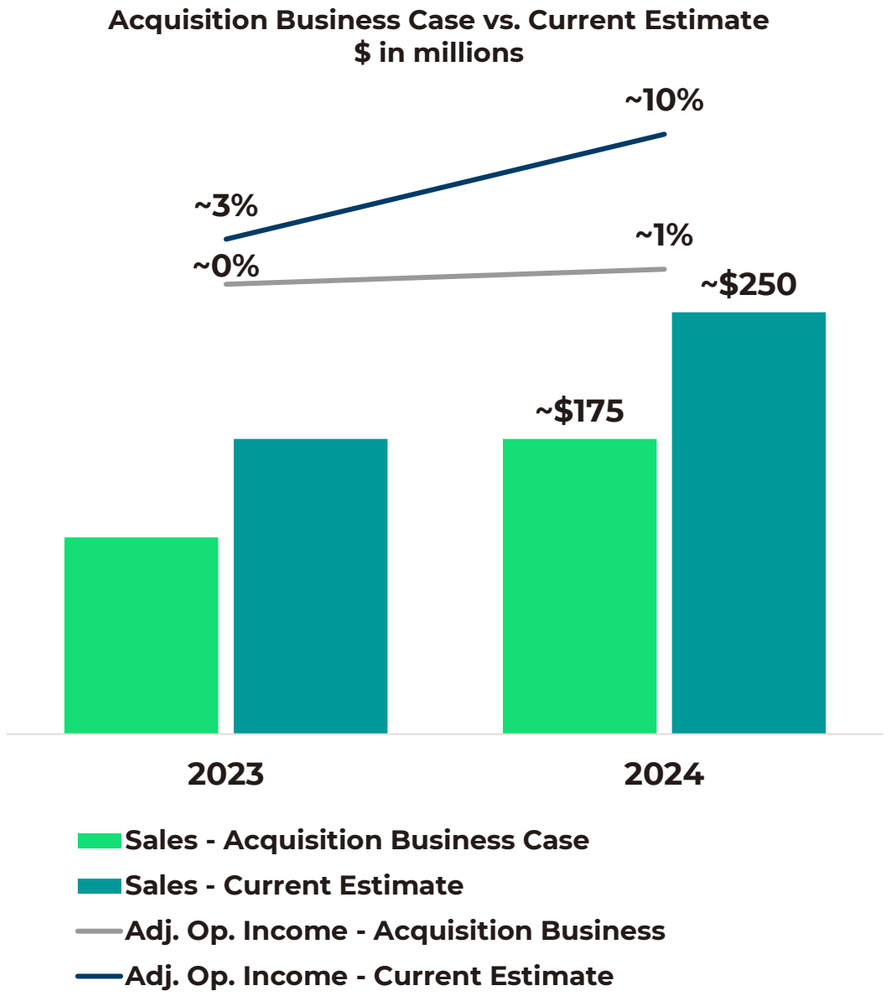
Santroll Acquisition Ahead of Initial Expectations



Product	Customer
800V eMotor	Award with leading EV brand in China
800V eMotor	Award with premium sports car brand in Europe
P4 iDM220	Award with leading Chinese domestic OEM
DHT & REEV eMotor	Award with Chinese domestic OEM
DHT eMotor P1 & P3	Award with Chinese domestic supplier
HVH180 IM eMotor	Award with leading Chinese domestic OEM

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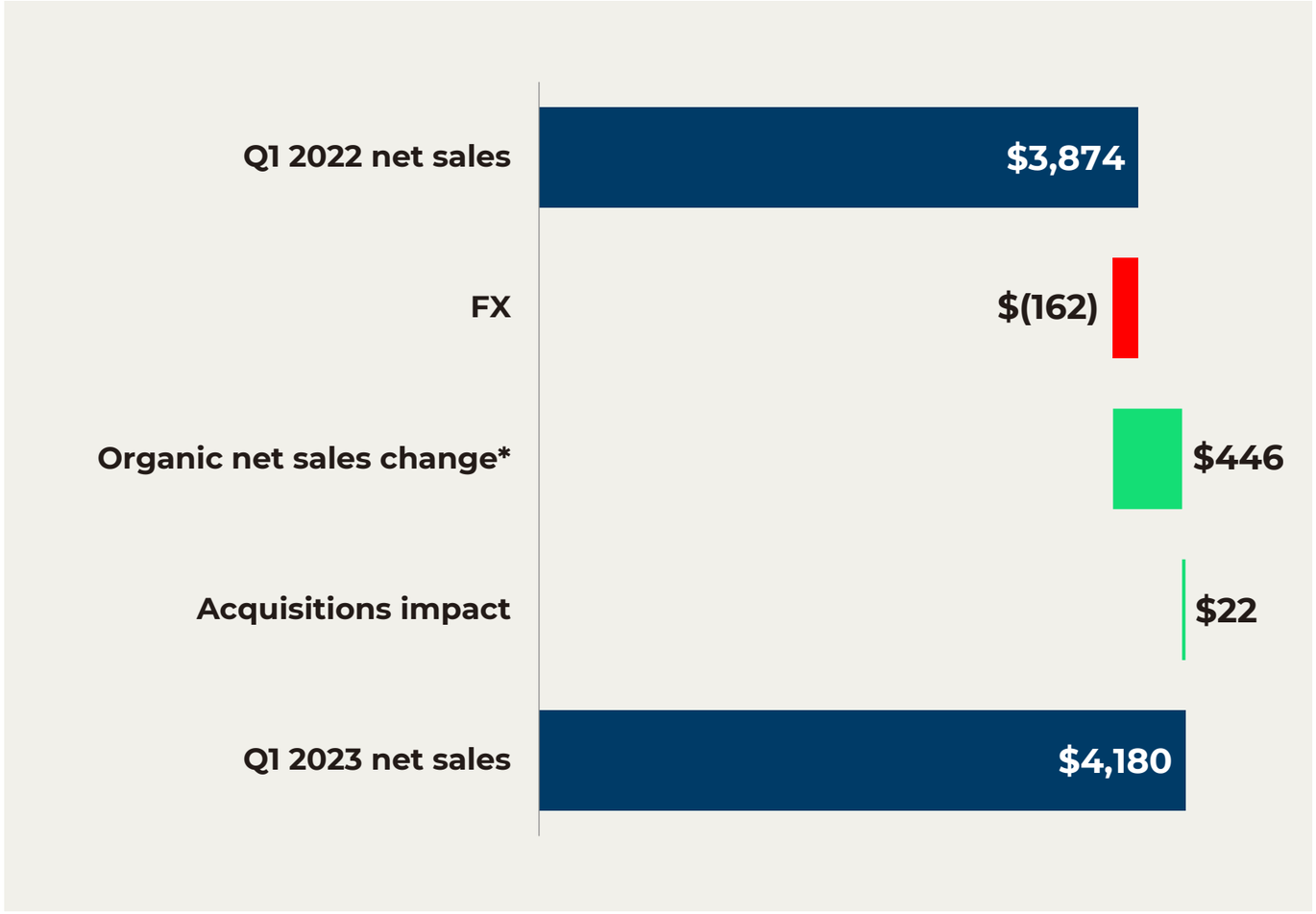
Q1 2023 Net Sales Walk

$ in millions



- Global vehicle markets up ~7% year over year
- Organic sales* increased ~12%, driven by growth in Europe and North America offset by reductions in China
  - **Europe** – Battery pack and exhaust gas recirculation (EGR) growth
  - **North America** – Battery pack and small gas turbo growth
  - **China** – Underperformed market on certain combustion products

* Organic net sales change on this slide is a non-US-GAAP measure. See reconciliation to US GAAP in Appendix.

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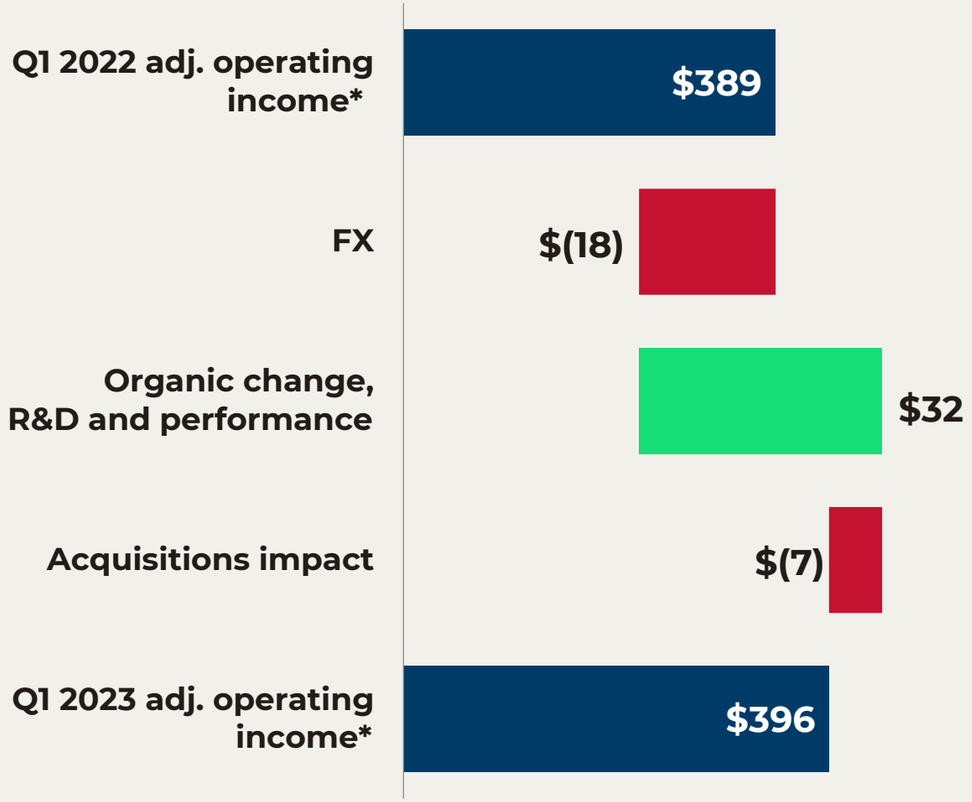
Financial Results & Adj. Operating Income

$ in millions



(in millions, except per share amounts) **GAAP & Non-GAAP Financial Information**	Three months ended March 31, 2022	2023
Sales	**$3,874**	**$4,180**
Adj. operating income* *Adj. operating margin**	**$389** *10.0%*	**$396** *9.5%*
Adj. diluted EPS*	**$1.05**	**$1.09**
Free cash flow*	**$(61)**	**$(290)**

* Adj. operating income, adj. operating margin, adj. diluted EPS and free cash flow on this slide are non-US-GAAP measures. See reconciliation to US GAAP in Appendix.

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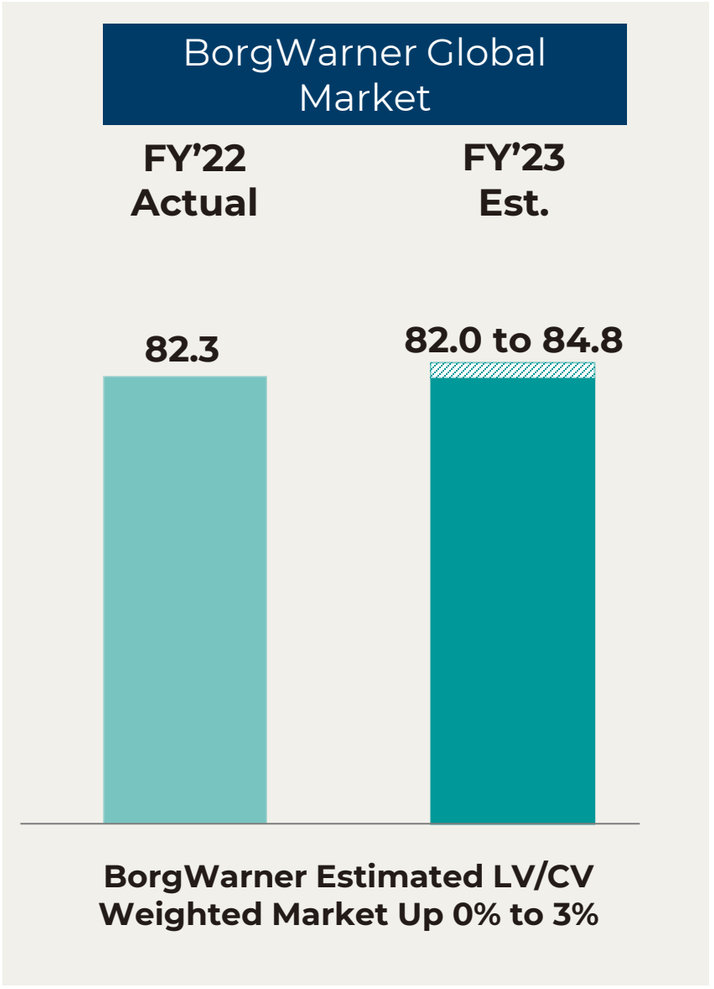
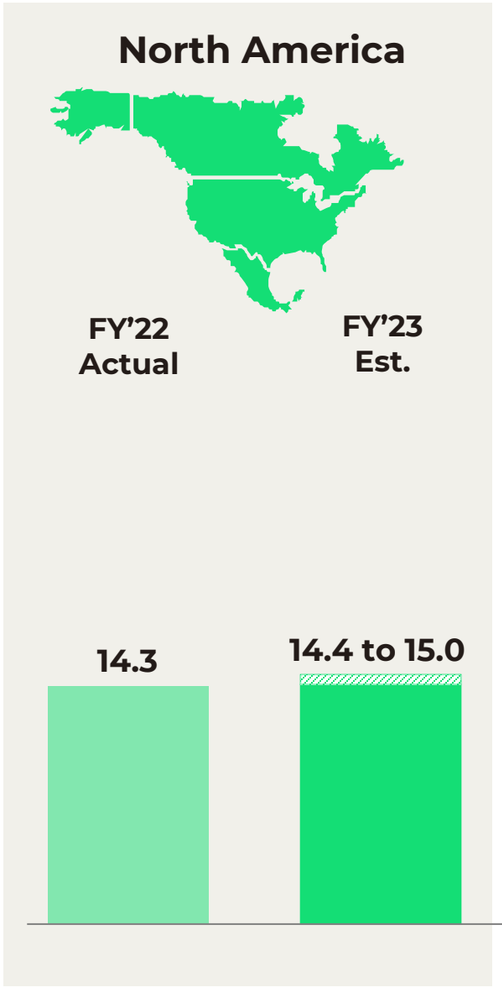
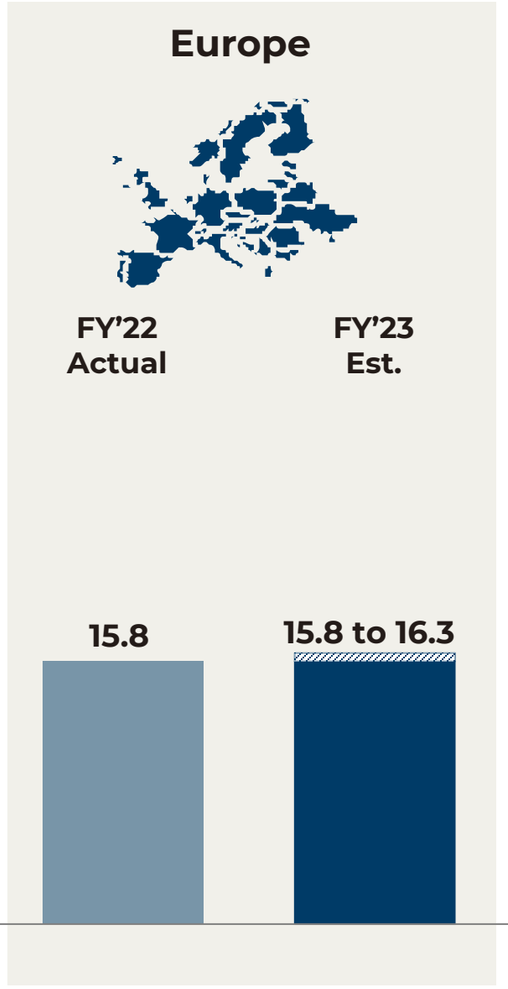
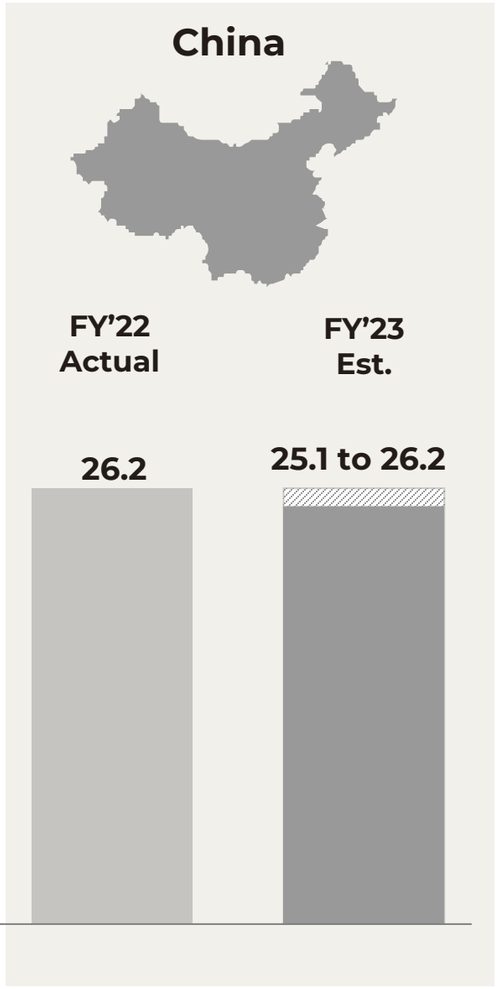
2023 Market Expectations Modestly Changed

LV Units in millions









Note: Actual and estimated volumes are BorgWarner market assumptions.

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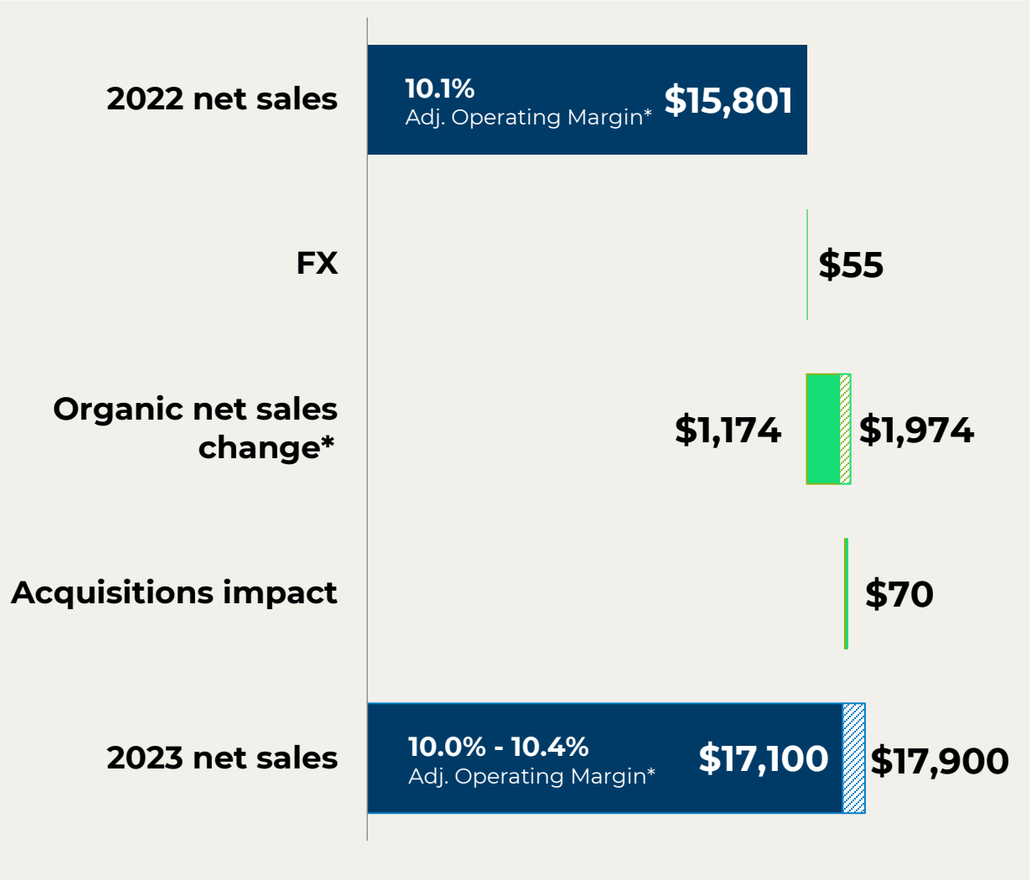
2023 Outlook and Other Items

$ in millions

Full-year Net Sales Outlook



Market & Earnings Outlook

	Prior Guidance	2023 Outlook
Organic growth*	7% to 12%	7.5% to 12.5%
EV sales	$1.5B to $1.8B	$1.5B to $1.8B
eProduct sales**	---	$2.3B to $2.6B
eR&D increase	$60M to $70M	$60M to $70M
Adj. diluted EPS*	$4.50 to $5.00	$4.60 to $5.15
Free cash flow*	$550M to $650M	$550M to $650M

* Adj. operating margin, adj. diluted EPS, free cash flow (FCF) and organic growth on this slide are non-US GAAP measures. See reconciliation to US GAAP in Appendix.

** eProducts include all products utilized on EVs, plus those products and components that are included in hybrid powertrains whose underlying technologies are adaptable or applicable to those used in EVs. No prior guidance given.

Note: FX rates assume ~US$ 1.08 per Euro.

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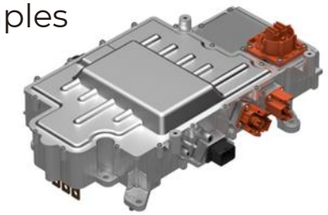
ePropulsion Segment Disclosure Provides Insight into eProduct Profitability

- ePropulsion Financial Profile
  - Expected 2023 net sales ~$2.5B to $2.7B
  - eProducts expected to comprise ~65% of 2023 net segment sales
  - 2022 R&D % of Sales ~18%
  - 2022 Adj. Operating Margin (4.4)%

Portfolio Examples

Integrated Drive Modules



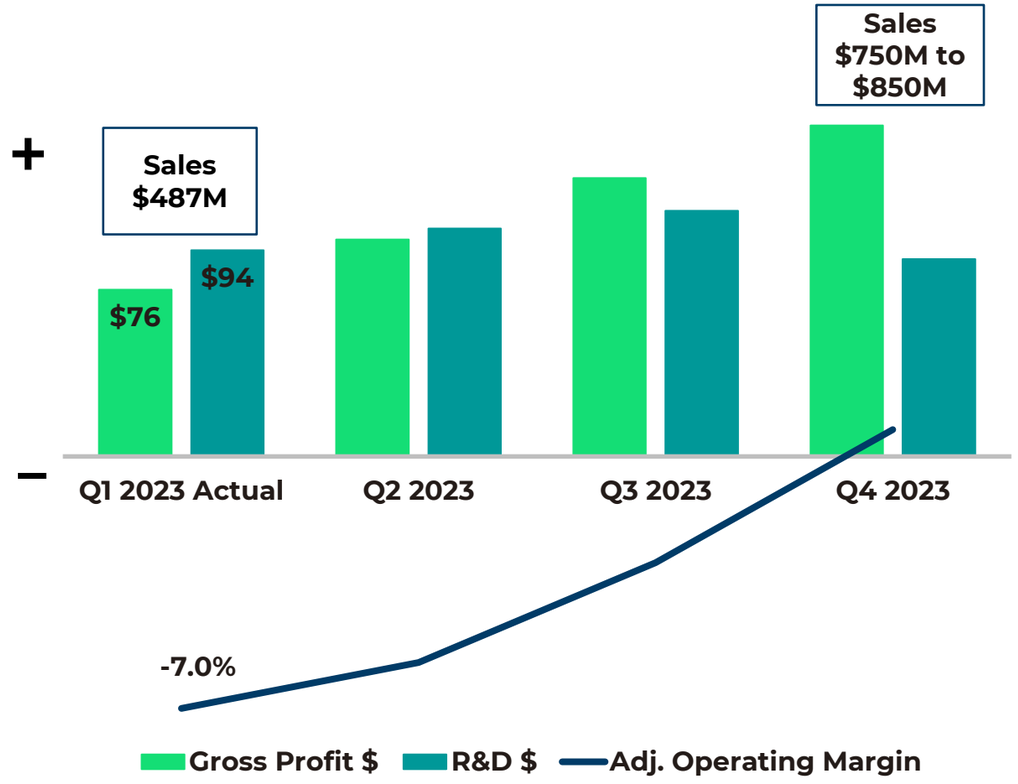
EV & Hybrid Inverters

Dual Inverters

eMotors

Hybrid Motors

Estimated 2023 ePropulsion Profitability



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THANK YOU

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APPENDIX

2023 Planning Assumptions

CapEx	$850 to $900 million
Adjusted tax rate for ongoing operations	25% to 26%

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BorgWarner Global Production Outlook (2023 vs. 2022)

Actual & Estimated Production Totals (in Millions of Units)

	North America		Europe		China		Total	
	2022	2023	2022	2023	2022	2023	2022	2023
Light Vehicle	14.3	14.4 to 15.0	15.8	15.8 to 16.3	26.2	25.1 to 26.2	82.3	82.0 to 84.8
Commercial Vehicle	0.6	~0.6	0.6	~0.6	0.8	~0.9	3.0	~3.1

Estimated Year-over-Year Change in Production

	North America	Europe	China	Total
Light Vehicle	0.5% to 5%	0% to 3%	(4%) to 0%	(0.5%) to 3%
Commercial Vehicle	0.5%	~(1%)	10% to 19.5%	3.5% to 6%
BorgWarner-Weighted	**0.5% to 4.5%**	**0% to 2%**	**(3%) to 1.5%**	**0% to 3%**

Note: 2023 estimates are BorgWarner-weighted market assumptions based on April 2023 LV S&P Global and March 2022 CV On-Hwy S&P Global.

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Quarterly & Full-Year 2022 Recast Segment Information

In the first quarter of 2023, the Company elected to disaggregate the former e-Propulsion & Drivetrain reporting segment into two separate reporting segments of Drivetrain & Battery Systems and ePropulsion. The Drivetrain & Battery Systems segment's technologies include battery management systems and control modules, software, friction and mechanical products for automatic transmissions and torque-management products. The ePropulsion segment primarily includes rotating electrical components, power electronics, inverters and electric motors. In the first quarter of 2022, the Company announced that the Americas starter and alternator business, previously reported in its former e-Propulsion & Drivetrain segment, would transition to the Aftermarket segment. The Company also announced in 2022 that the canisters and fuel delivery modules business, previously reported in its Air Management segment, would transition to the Fuel Systems segment. Both of these transitions were completed during the second quarter of 2022. Additionally, in the fourth quarter of 2022, the Company moved its battery systems business, previously reported in its Air Management segment, to the former e-Propulsion & Drivetrain segment. The reporting segment disclosures have been updated accordingly which included recasting prior period information for the new reporting structures. For informational purposes only, in the following tables, the Company has recast the quarterly segment information for fiscal 2022 to align with this presentation.

Net Sales by Reporting Segment

$ in millions	Three Months Ended March 31, 2022	Three Months Ended June 30, 2022	Three Months Ended September 30, 2022	Three Months Ended December 31, 2022	Year Ended December 31, 2022
Air Management	$ 1,768	$ 1,724	$ 1,841	$ 1,796	$ 7,129
Drivetrain & Battery Systems	895	896	954	991	3,736
Fuel Systems	591	516	600	607	2,314
ePropulsion	440	432	489	545	1,906
Aftermarket	307	326	327	325	1,285
Inter-segment eliminations	(127)	(135)	(151)	(156)	(569)
Net sales	**$ 3,874**	**$ 3,759**	**$ 4,060**	**$ 4,108**	**$ 15,801**

Segment Adjusted Operating Income (Loss)

$ in millions	Three Months Ended March 31, 2022		Three Months Ended June 30, 2022		Three Months Ended September 30, 2022		Three Months Ended December 31, 2022		Year Ended December 31, 2022	
		% margin		% margin		% margin		% margin		% margin
Air Management	$ 251	14.2%	$ 244	14.2%	$ 294	16.0 %	$ 279	15.5 %	$ 1,068	15.0 %
Drivetrain & Battery Systems	113	12.6 %	113	12.6 %	101	10.6 %	135	13.6 %	462	12.4 %
Fuel Systems	66	11.2 %	44	8.5 %	83	13.8 %	56	9.2 %	249	10.8 %
ePropulsion	(17)	(3.9) %	(42)	(9.7) %	(32)	(6.5) %	8	1.5 %	(83)	(4.4)%
Aftermarket	39	12.7 %	51	15.6 %	49	15.0 %	57	17.5 %	196	15.3 %

First Quarter Reconciliation to US GAAP

Adjusted Operating Income and Operating Margin
The Company defines adjusted operating income as operating income adjusted to exclude the impact of restructuring expense, merger, acquisition and divestiture expense, intangible asset amortization expense, other net expenses, discontinued operations, and other gains and losses not reflective of the Company's ongoing operations. Adjusted operating margin is defined as adjusted operating income divided by net sales.

$ in millions	Three Months Ended March 31, 2023	2022
Net sales	**$ 4,180**	**$ 3,874**
Operating income	**$ 340**	**$ 352**
Operating margin	**8.1 %**	**9.1 %**
Non-comparable items:		
Merger, acquisition and divestiture expense, net	$ 25	$ 23
Intangible asset amortization expense	24	23
Restructuring expense	7	15
Gain on sale of business	—	(24)
Adjusted operating income	**$ 396**	**$ 389**
Adjusted operating margin	**9.5 %**	**10.0 %**

First Quarter Reconciliation to US GAAP

Adjusted Earnings Per Diluted Share
The Company defines adjusted earnings per diluted share as earnings per diluted share adjusted to eliminate the impact of restructuring expense, merger, acquisition and divestiture expense, other net expenses, discontinued operations, other gains and losses not reflective of the Company's ongoing operations, and related tax effects. The non-comparable items presented below are calculated after tax using the corresponding effective tax rate discrete to each item and the weighted average number of diluted shares for each of the periods then ended.

	Three Months Ended March 31,	
	2023	2022
Earnings per diluted share	**$ 0.93**	**$ 0.84**
Non-comparable items:		
Merger, acquisition and divestiture expense, net	0.10	0.09
Restructuring expense	0.02	0.06
Unrealized loss on debt and equity securities	0.05	0.14
Gain on sale of business	—	(0.08)
Tax adjustments	(0.01)	—
Adjusted earnings per diluted share	**$ 1.09**	**$ 1.05**

First Quarter Organic Net Sales Change

Organic Net Sales Change
BorgWarner net sales change year over year excluding the estimated impact of foreign exchange (FX) and the 2022 acquisitions of Santroll's light vehicle eMotor business, Rhombus Energy Solutions and Drivetek.

$ in millions	Q1 2022 Net Sales	FX	Q1 2023 Acquisition Impact	Organic Net Sales Change	Q1 2023 Net Sales	Organic Net Sales Change %
Air Management	$ 1,768	$ (81)	$ 2	$ 290	$ 1,979	16.4 %
Drivetrain & Battery Systems	895	(32)	—	92	955	10.3 %
Fuel Systems	591	(24)	—	1	568	0.2 %
ePropulsion	440	(19)	20	46	487	10.5 %
Aftermarket	307	(6)	—	29	330	9.4 %
Inter-segment eliminations	(127)	—	—	(12)	(139)	—
Net sales	**$ 3,874**	**$ (162)**	**$ 22**	**$ 446**	**$ 4,180**	**11.5 %**

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2022 Adj. Operating Income and Adj. Operating Margin Reconciliation to US GAAP

Adjusted Operating Income and Operating Margin
The Company defines adjusted operating income as operating income adjusted to exclude the impact of restructuring expense, merger, acquisition and divestiture expense, intangible asset amortization expense, other net expenses, discontinued operations, and other gains and losses not reflective of the Company's ongoing operations. Adjusted operating margin is defined as adjusted operating income divided by net sales.

$ in millions		Year Ended December 31, 2022
Net sales	**$**	**15,801**
Operating income	**$**	**1,374**
Operating margin		**8.7 %**
Non-comparable items:		
Intangible asset amortization	$	97
Restructuring expense		59
Merger, acquisition and divestiture expense, net		40
Asset impairments and lease modifications		30
Gain on sales of businesses		(13)
Other, primarily asset write-offs		16
Adjusted operating income	**$**	**1,603**
Adjusted operating margin		**10.1 %**

2023 Adj. Operating Income and Adj. Operating Margin Guidance Reconciliation to US GAAP

$ in millions	Full-Year 2023 Guidance Low	Full-Year 2023 Guidance High
Net sales	**$ 17,100**	**$ 17,900**
Operating income	**$ 1,480**	**$ 1,610**
Operating margin	**8.7 %**	**9.0 %**
Non-comparable items:		
Intangible asset amortization expense	$ 95	$ 95
Merger, acquisition and divestiture expense, net	90	100
Restructuring expense	40	50
Adjusted operating income	**$ 1,705**	**$ 1,855**
Adjusted operating margin	**10.0 %**	**10.4 %**

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2023 Adj. Earnings per Diluted Share Guidance Reconciliation to US GAAP

	Full-Year 2023 Guidance	
	Low	High
Earnings per diluted share	**$ 3.87**	**$ 4.24**
Non-comparable items:		
Merger, acquisition and divestiture expense, net	0.56	0.70
Restructuring expense	0.13	0.17
Unrealized loss on debt and equity securities	0.05	0.05
Tax adjustments	(0.01)	(0.01)
Adjusted earnings per diluted share	**$ 4.60**	**$ 5.15**

2023 Organic Net Sales Change Guidance Reconciliation

Organic Net Sales Change
BorgWarner net sales change year over year excluding the estimated impact of foreign exchange (FX) and the acquisitions of Santroll's light vehicle eMotor business, Rhombus Energy Solutions, Drivetek and the electric vehicle solution, smart grid and smart energy businesses of Hubei Surpass Sun Electric.

$ in millions	FY 2022 Net Sales	FX	FY 2023 Acquisition Impact	Organic Net Sales Change	FY 2023 Net Sales	Organic Net Sales Change %
Low	$ 15,801	$ 55	$ 70	$ 1,174	$ 17,100	7.4%
High	15,801	55	70	1,974	17,900	12.5 %

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Q1 2023, Q1 2022 and Full Year 2023 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.

$ in millions	Three Months Ended March 31, 2023	2022
Net cash (used in) provided by operating activities	$ (12)	$ 116
Capital expenditures, including tooling outlays	(278)	(177)
Free cash flow	**$ (290)**	**$ (61)**

$ in millions	Full-Year 2023 Guidance Low	High
Net cash provided by operating activities	$ 1,400	$ 1,550
Capital expenditures, including tooling outlays	(850)	(900)
Free cash flow	**$ 550**	**$ 650**
One-time cash costs for spin-off transaction	150	150
Free cash flow excluding one-time cash costs for spin-off transaction	**$ 700**	**$ 800**

Key Definitions

The terms below are commonly used by management and investors in assessing ongoing financial performance:

Organic Net Sales Change. BorgWarner net sales change year over year excluding the estimated impact of foreign exchange (FX), the acquisitions of Santroll's light vehicle eMotor business, Rhombus Energy Solutions, Drivetek and the electric vehicle solution, smart grid and smart energy businesses of Hubei Surpass Sun Electric.

Market. Light and commercial vehicle production weighted for BorgWarner's geographic exposure as estimated by BorgWarner.