

August 3, 2022

Q2 2022

Earnings Call Presentation



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 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; commodities availability and pricing, and an inability to achieve expected levels of success in additional commercial negotiations with customers; 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; 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 including our recent acquisitions of AKASOL AG, Santroll's light vehicle eMotor business, Rhombus Energy Solutions 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 and potential for recessionary conditions in regional economies; 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.

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 2022 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

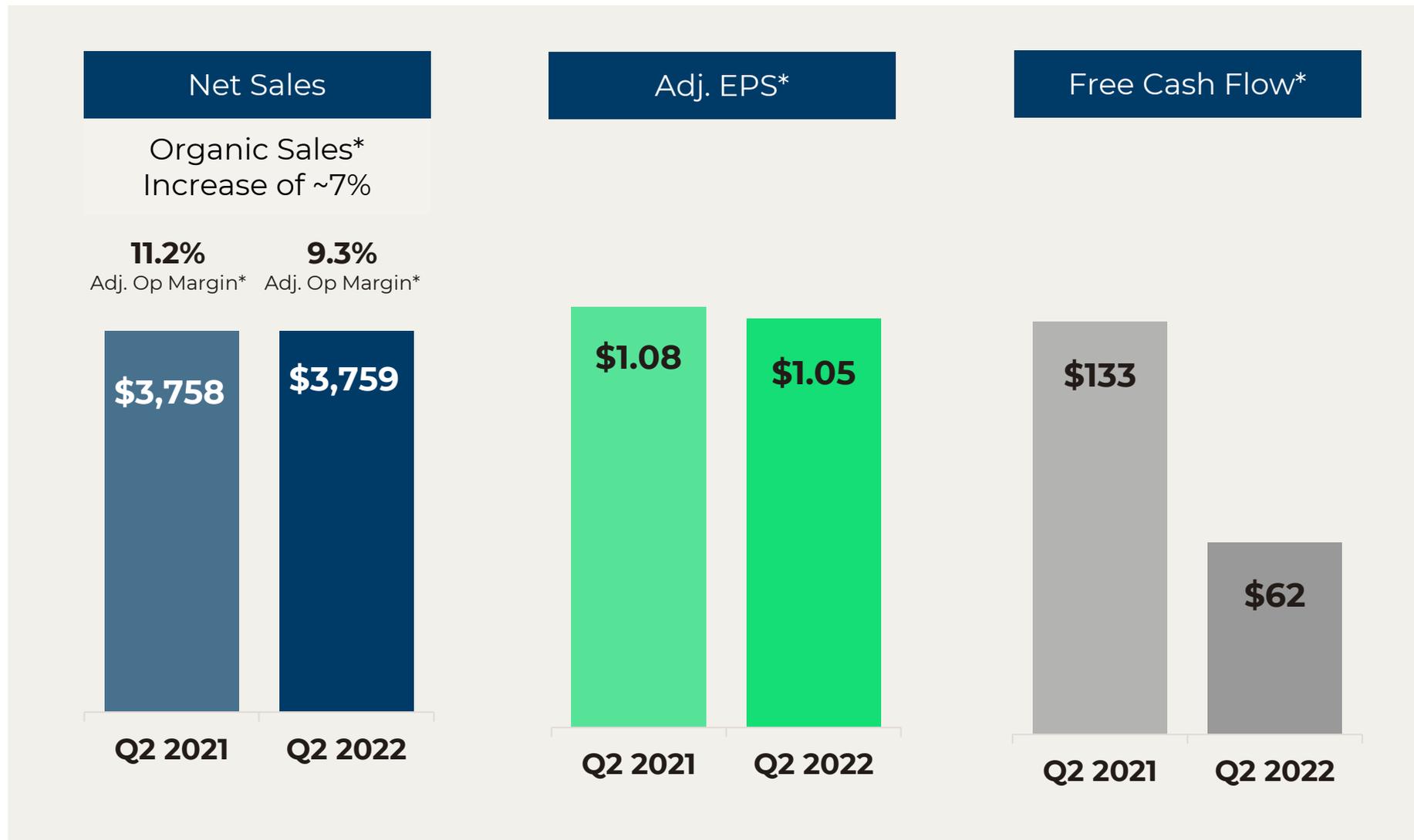
Chief Executive Officer

Kevin Nowlan

Chief Financial Officer

Q&A

Delivering Near-term Commitments While Enhancing Future Positioning



- Strong organic revenue performance vs. market
- Margin impacted by eProducts R&D, material cost inflation and production shutdowns in China
- Second half margins positioned for sequential improvement
- Completed the acquisition of Rhombus Energy Solutions
- Completed \$100M of share repurchases during the quarter
- Multiple new electrification program awards

* 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.

Charging Forward Aligns Our Business and Sustainability Strategy

New 2022 Sustainability Report shows our accomplishments and focus

CREATE A CLEANER, MORE ENERGY-EFFICIENT WORLD	LIVE THE BORGWARNER BELIEFS	PARTNER WITH AND REPORT TO STAKEHOLDERS
 <p>88% revenue from clean and emissions-reducing products</p> <ul style="list-style-type: none"> ● 45% EV revenue by 2030  <p>Reducing carbon & energy use</p> <p>↓ 11.7% from 2018 ↓ 5.2% from 2018</p> <ul style="list-style-type: none"> ● Carbon neutral operations by 2035 ● 85% absolute GHG reduction by 2030 	 <p>Power to Evolve training program to advance the electrification skills of our talent</p>  <p>30.1% women in workforce 25.0% racial/ethnic minorities in U.S. workforce</p> <ul style="list-style-type: none"> ● 35% global gender diversity by 2026 ● 30% US racial/ethnic diversity by 2026 	 <p>Executive pay linked to achieving Charging Forward eProduct goals</p>  <p>Sustainable Supply Chain strategy accelerates responsible and resilient supplier assessments</p> <ul style="list-style-type: none"> ● ESG performance to be a factor in sourcing decisions

eHybrid Portfolio Expected to Grow



Dual Inverter



eMotor



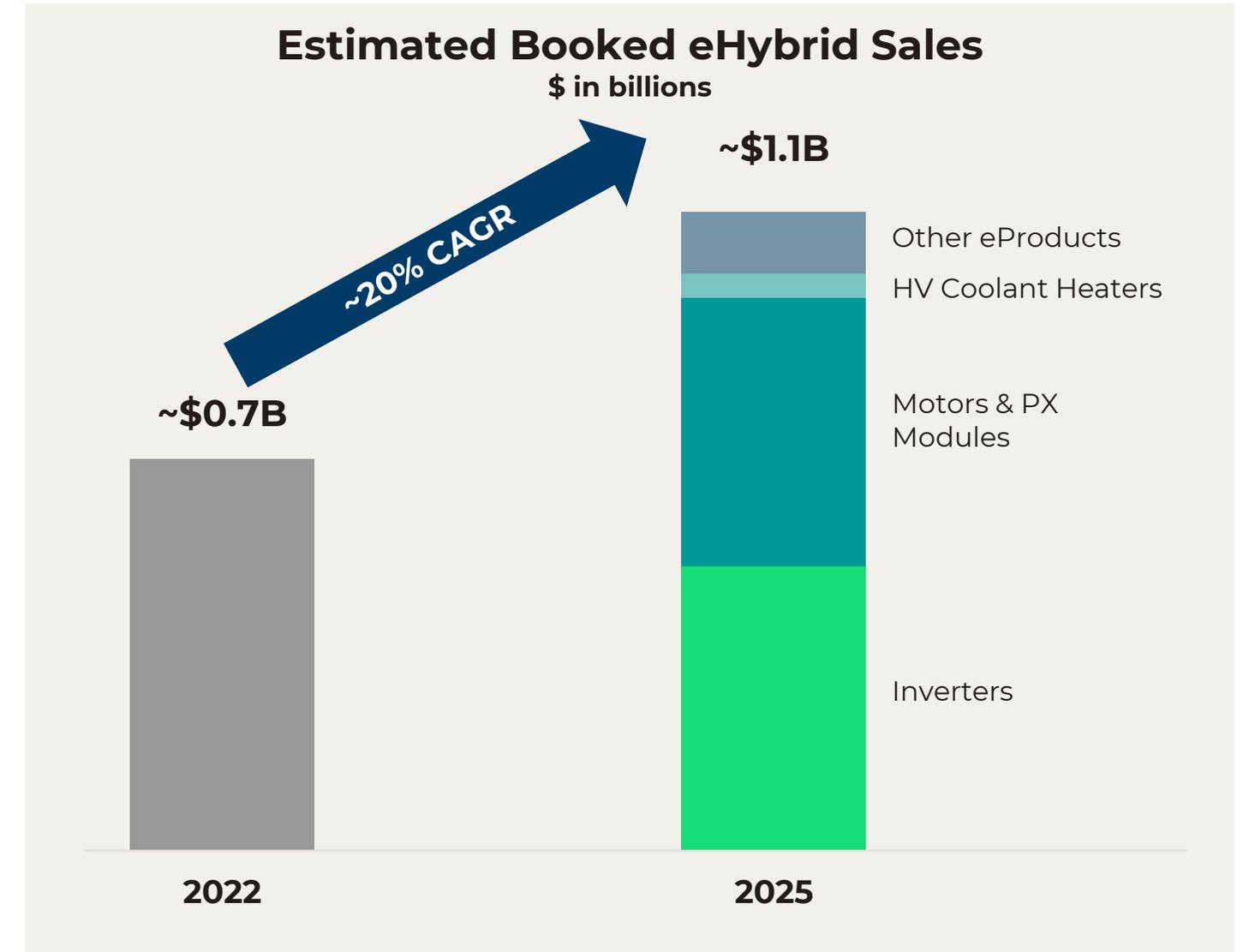
P3 Drive Module



HV Coolant Heater

eHybrid Product Details

- eHybrid products bridge to EVs for many OEMs
 - Advanced hybrid vehicles pair efficient gasoline engines with electric drivetrains
 - Similar technical profiles as eProducts for electric vehicles, which drives scale benefits



Multiple Awards Across Electric Vehicle Products



High-voltage Coolant Heaters

Awards with an established global automotive OEM & an emerging Chinese OEM expected to launch in 2023 and 2024, respectively



Commercial Vehicle Battery System

Award with a European commercial vehicle OEM expected to launch in 2024



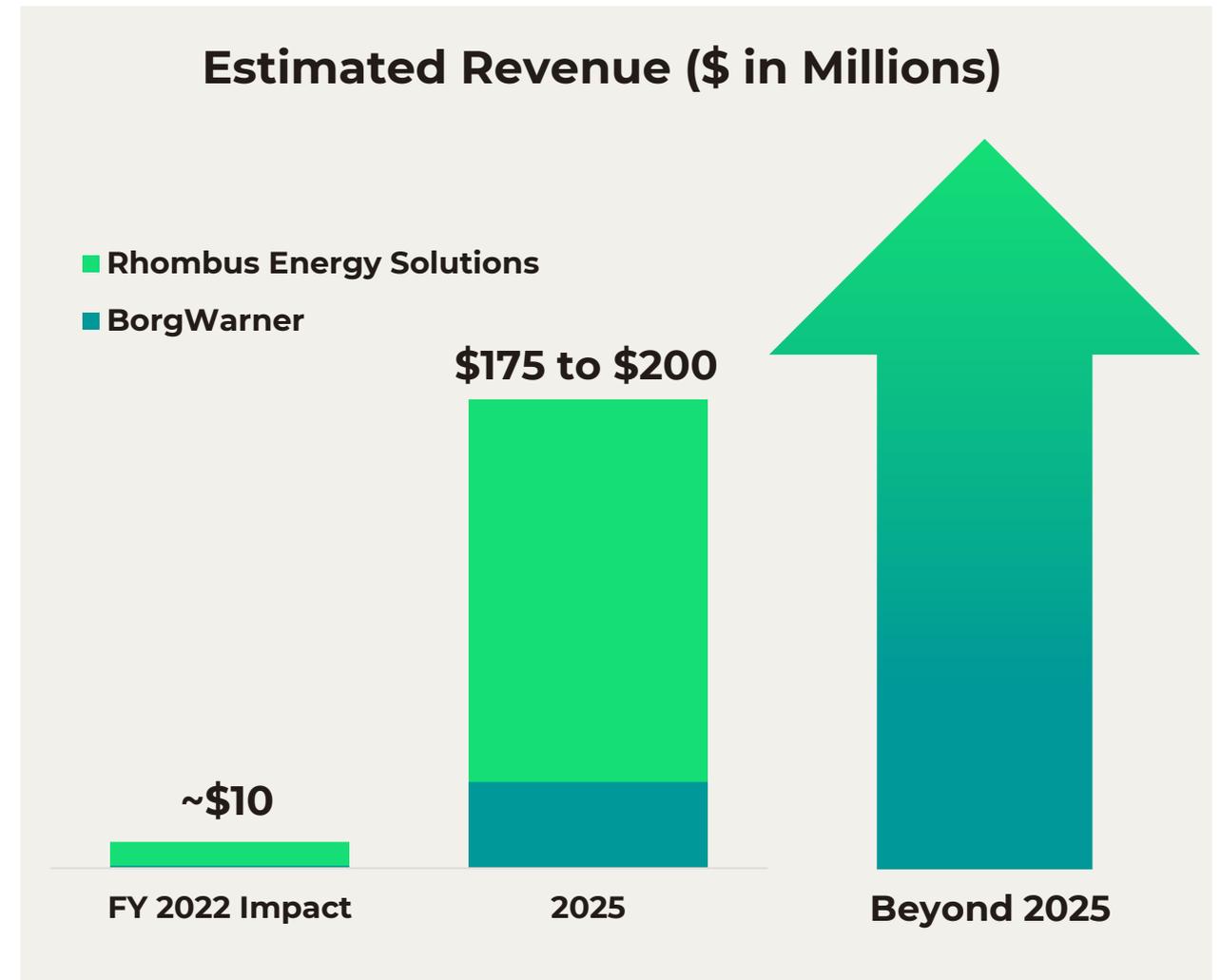
Iperion-120 Fast Charging Station

Award with an Italian service provider Route220 installed in 2022

Acquisition of Rhombus Energy Solutions Expands EV Growth Opportunities

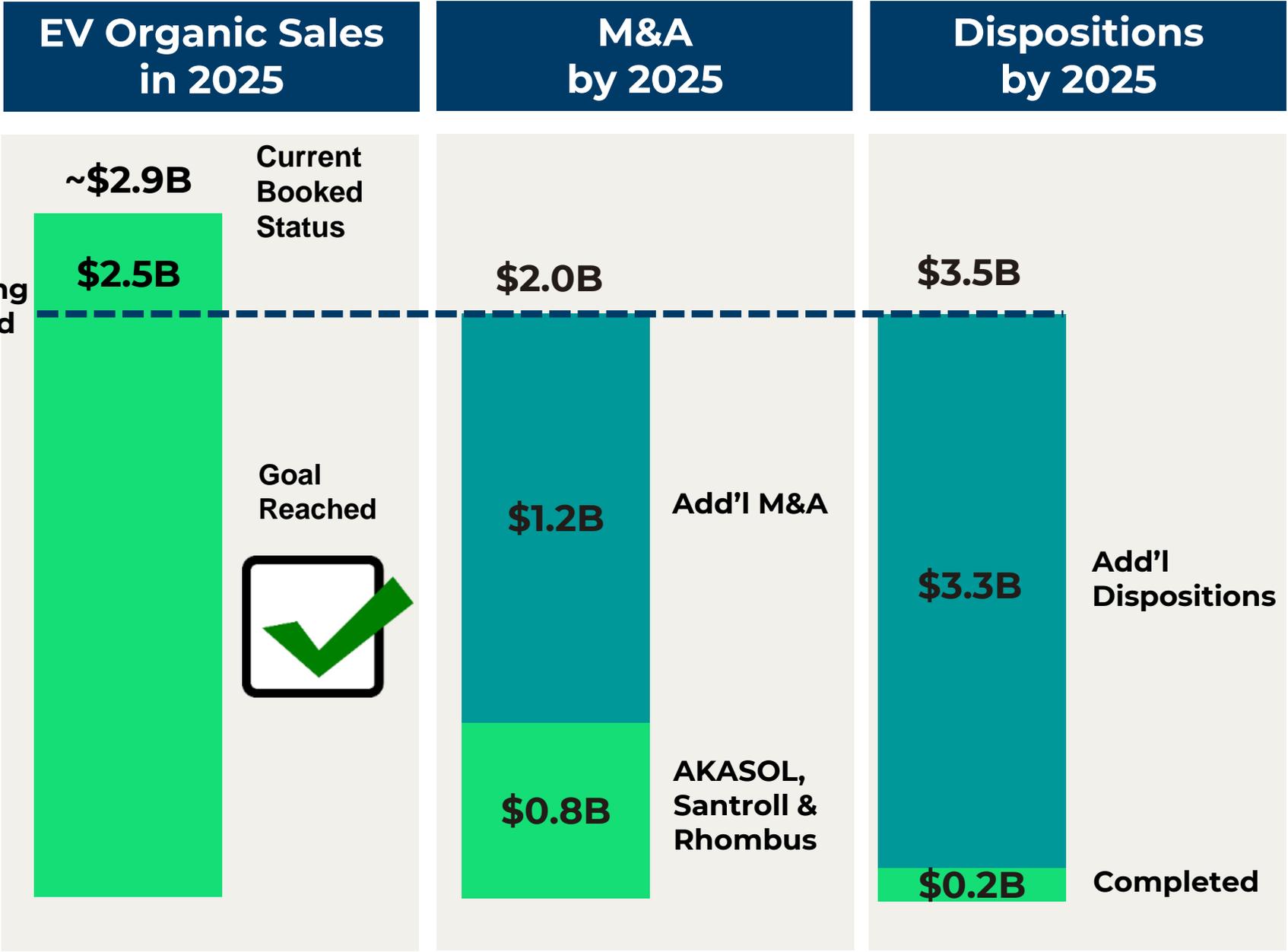
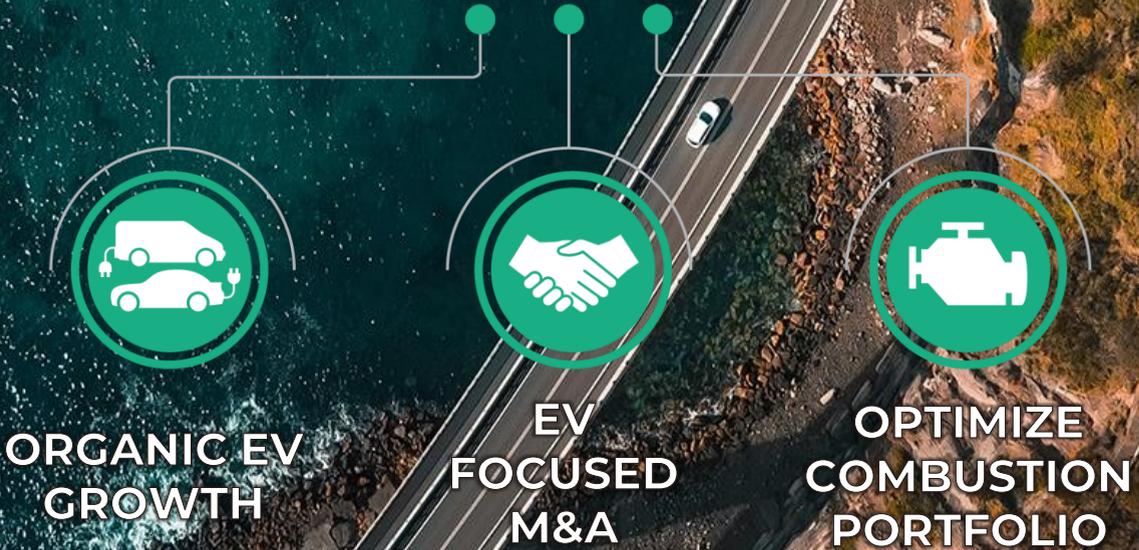
*BorgWarner to **accelerate the charging business**, leveraging the local knowledge and footprint of Rhombus Energy Solutions and BorgWarner's pre-existing business*

- Focuses on high-value DC fast-charging (DCFC) hardware and enabling software
- Complements existing BorgWarner European charging footprint to accelerate organic growth
- Adds North American regional presence
- Leverages BorgWarner's global strength and regional capabilities
 - Global strength across product quality, engineering, supply chain and manufacturing
 - Potential sales synergies with battery system customers
 - Regional sales capabilities and government interaction



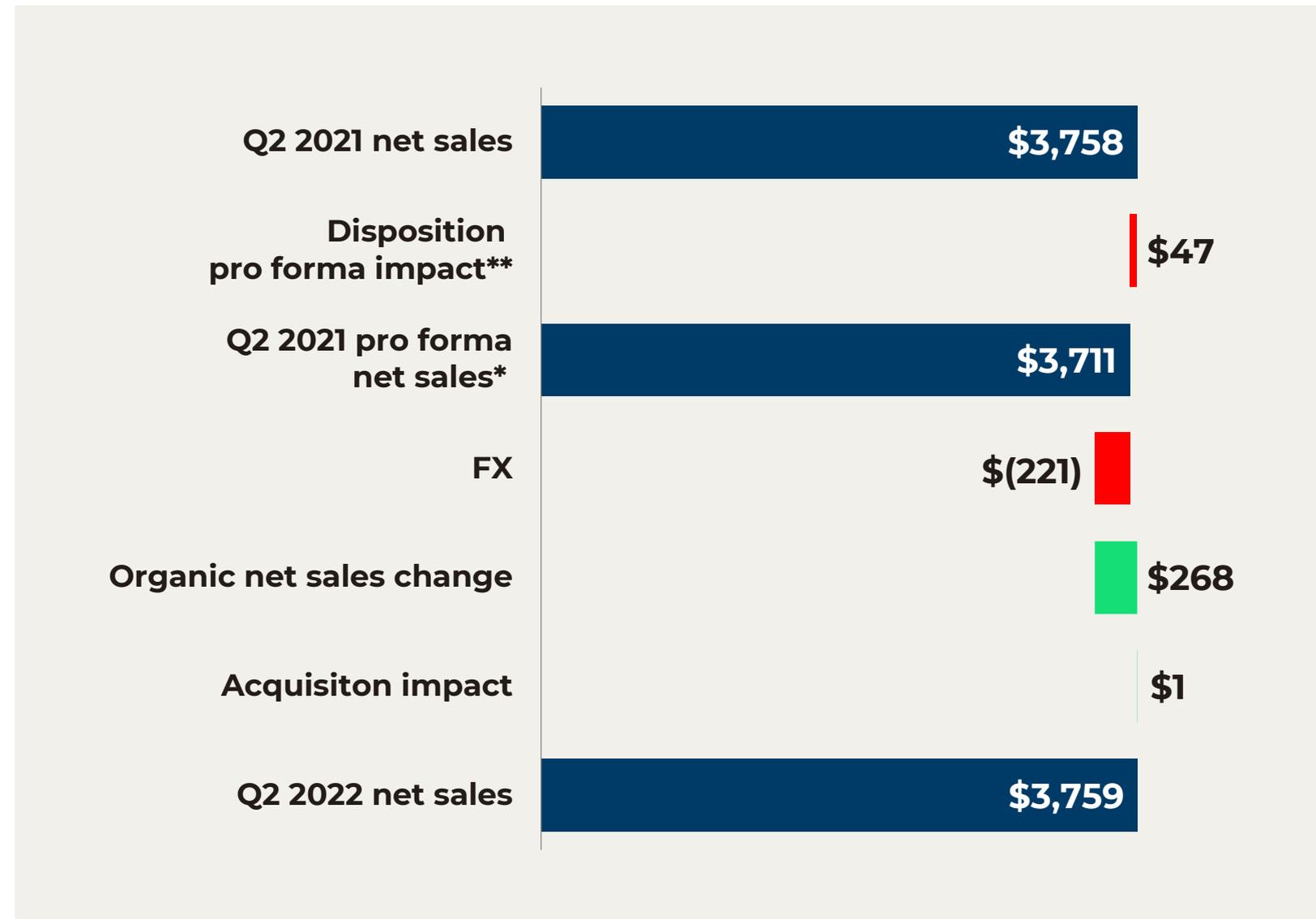
Progress Report

CHARGING FORWARD STRATEGY



BorgWarner Q2 2022 Net Sales Walk

\$ in millions



- Global vehicle markets down ~1% year over year
- Organic sales* increased ~7%, with strong performance in North America
 - **North America** – Product mix and new programs
 - **Europe** – Benefit of small gas turbos and AKASOL growth
 - **China** – Underperformed market due to normalization of certain combustion programs

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

** Disposition impact is from the sale of Water Valley business.

BorgWarner Financial Results & Adj. Operating Income

\$ in millions

Q2 2021 adj. operating income*	\$421
Disposition pro forma impact**	\$(4)
Q2 2021 pro forma adj. operating income*	\$417
FX	\$(18)
Organic change, R&D and performance	\$(51)
Q2 2022 adj. operating income*	\$348

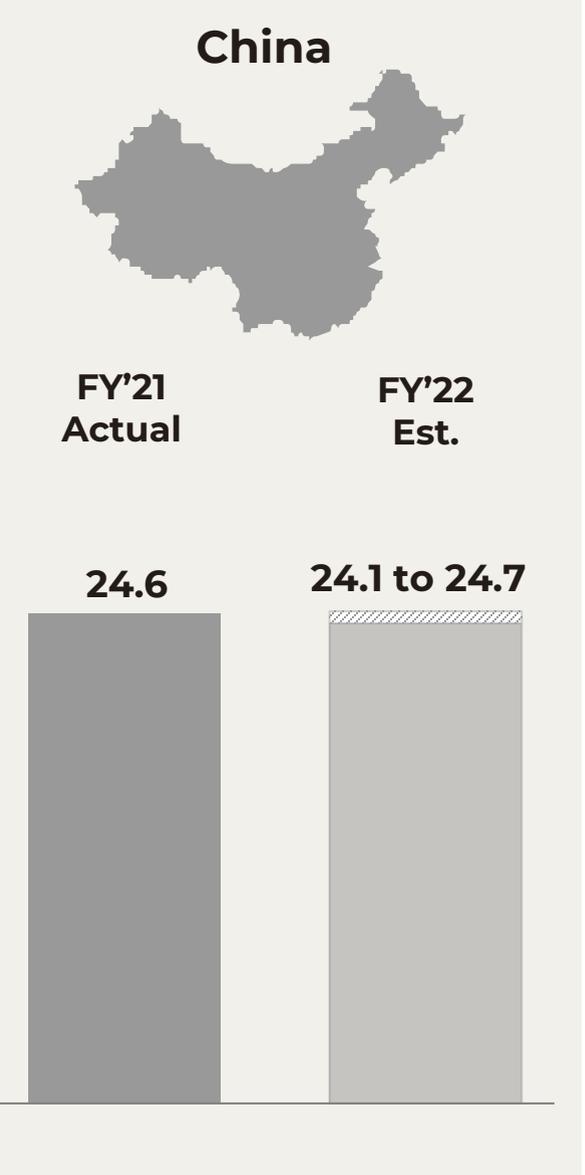
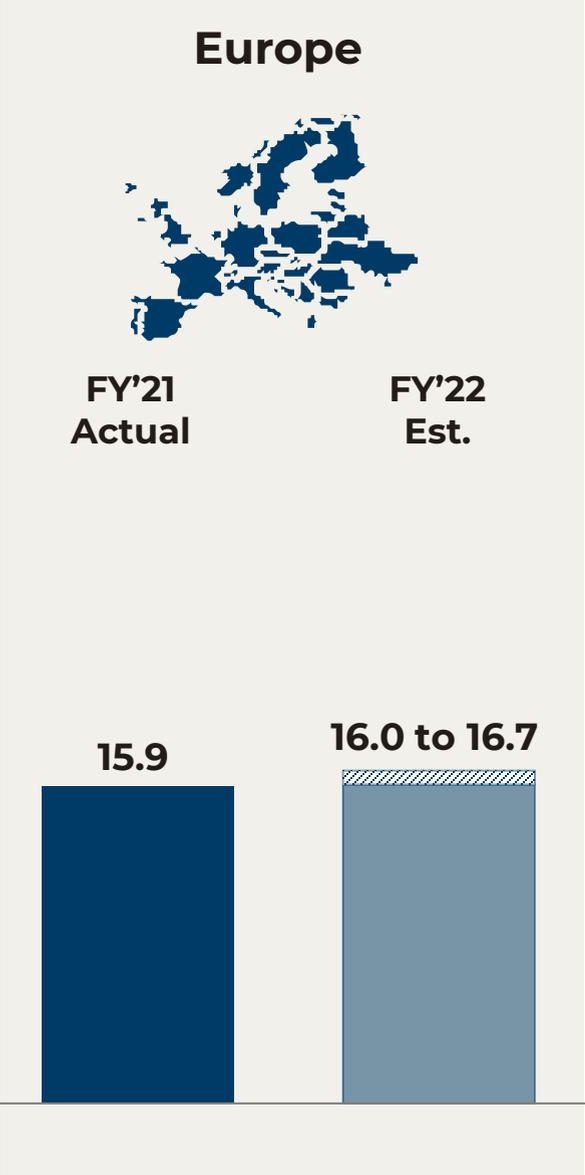
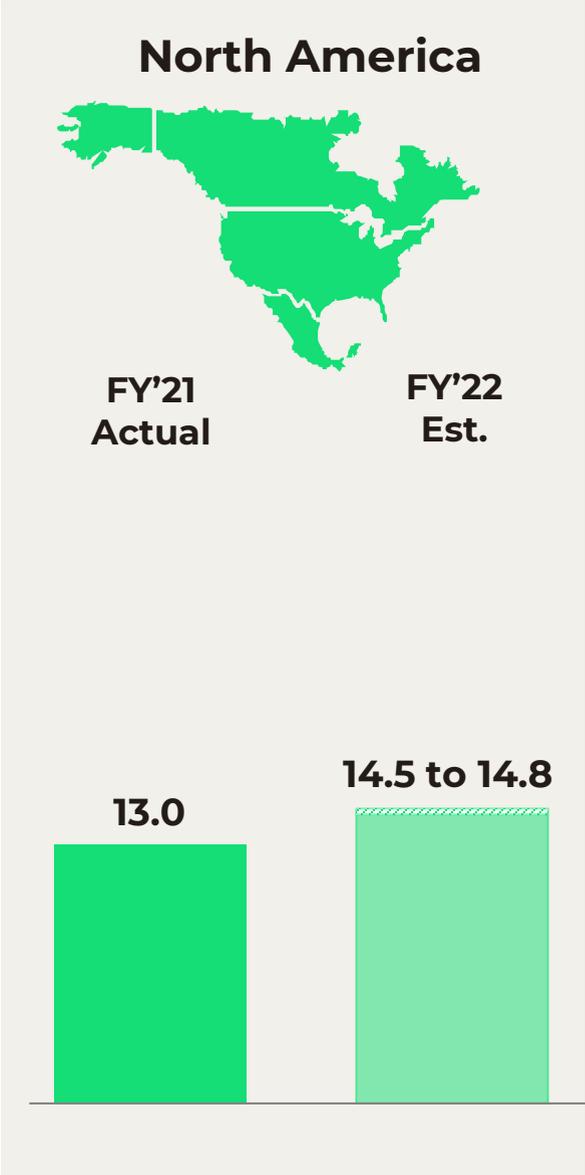
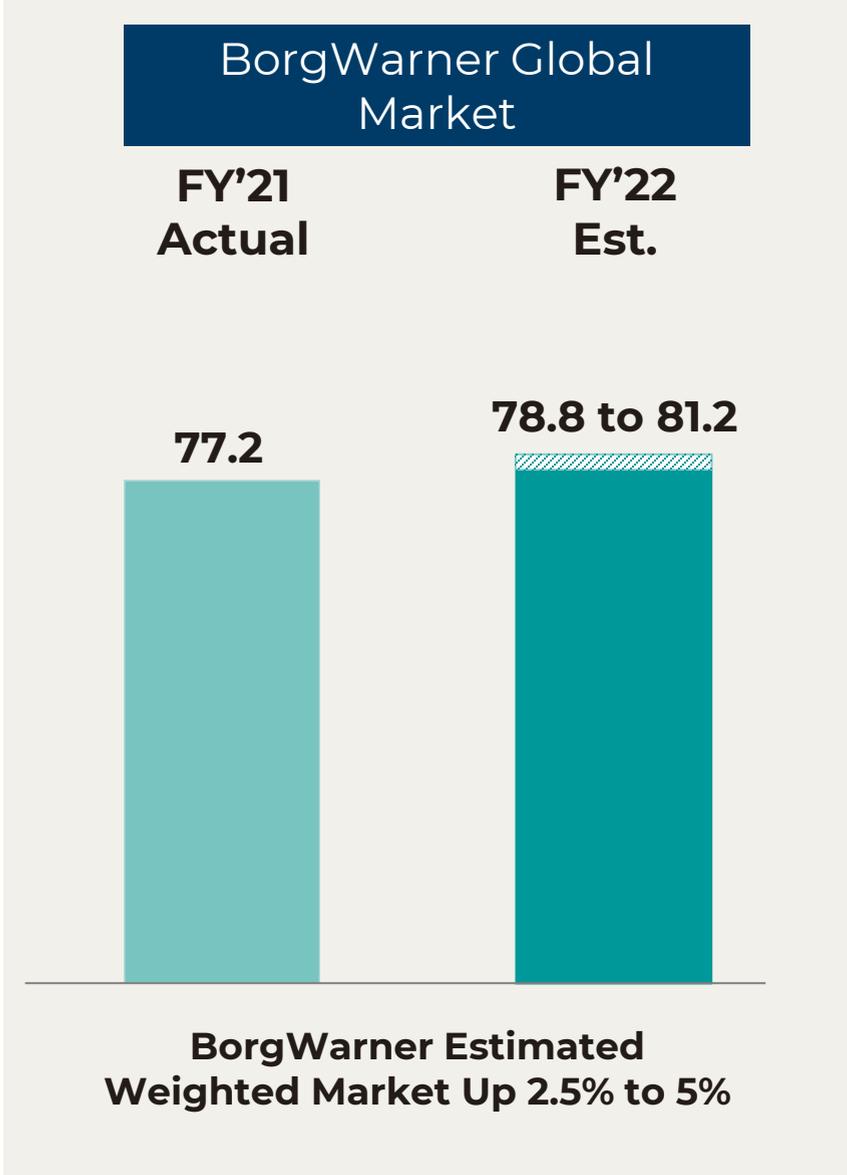
(in millions, except per share amounts) GAAP & Non-GAAP Financial Information	Three months ended June 30,	
	2021	2022
Sales	\$3,758	\$3,759
Adj. operating income* <i>Adj. operating margin*</i>	\$421 11.2%	\$348 9.3%
Adj. diluted EPS*	\$1.08	\$1.05
Free cash flow*	\$133	\$62

* 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.

** Disposition impact is from the sale of Water Valley business.

2022 Market Expectations Have Moderated

LV Units in millions



Note: Actual and estimated volumes are BorgWarner market assumptions.

2022 Expected Outlook and Considerations

\$ in millions

Full-year Net Sales Outlook

2021 net sales	\$14,838	
Disposition pro forma impact**	\$(177)	
2021 pro forma sales	10.9% Pro forma Adj. Operating Margin* \$14,661	
FX	\$(820)	
Organic net sales change	\$1,614	\$2,104
Acquisitions impact	\$45	\$55
2022 net sales	9.8% - 10.2% Adj. Operating Margin* \$15,500	\$16,000

Market & Earnings Outlook Considerations

	Prior Guidance	2022 Outlook
Global light vehicle production	78.3M to 80.9M	78.8M to 81.2M
Organic growth	10% to 13%	11% to 14%
eProducts R&D	\$130M to \$160M increase	\$145M to \$160M increase
Adj. diluted EPS*	\$3.90 to \$4.25	\$4.00 to \$4.40
Free cash flow*	\$650M to \$750M	\$650M to \$750M

* 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.

** Disposition impact is from the sale of Water Valley business.

Note: FX rates assumes \$1.03 for Euro.

August 3, 2022

Q2 2022 Earnings
Call Presentation

**THANK
YOU**

 **BorgWarner**

APPENDIX



2022 Planning Assumptions

- **CapEx** **\$800 to \$850 million**
- **Adjusted tax rate for ongoing operations** **27%**

BorgWarner Global Production Outlook (2022 vs. 2021)

Actual & Estimated Production Totals (in Millions of Units)

	North America		Europe		China		Total	
	2021	2022	2021	2022	2021	2022	2021	2022
Light Vehicle	13.0	14.5 to 14.8	15.9	16.0 to 16.7	24.6	24.1 to 24.7	77.2	78.8 to 81.2
Commercial Vehicle	0.5	~0.6	0.6	~0.5	1.7	~1.3	3.7	~3.4

Estimated Year-over-Year Change in Production

	North America	Europe	China	Total
Light Vehicle	11.5% to 13.5%	1% to 5%	(2%) to 0.5%	2% to 5%
Commercial Vehicle	~13.5	~(12.5%)	~(21.5%)	~(8.5%)
BorgWarner-Weighted	11.5% to 13.5%	(1.5%) to 2%	(2%) to (4.5%)	2.5% to 5%

Note: 2022 estimates are BorgWarner-weighted market assumptions based on July 2022 LV IHS and May 2022 CV On-Hwy IHS.

Second Quarter and Year-to-Date Reconciliation to US GAAP

Adjusted Operating Income and Operating Margin

In 2021 and prior, the Company defined adjusted operating income as operating income adjusted to exclude 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. Beginning in the first quarter of 2022, the Company updated its definition of adjusted operating income and adjusted operating margin to add back intangible asset amortization expense. The updated definition of adjusted operating income is 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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net sales	\$ 3,759	\$ 3,758	\$ 7,633	\$ 7,767
Operating income	\$ 272	\$ 317	\$ 624	\$ 720
Operating margin	7.2 %	8.4 %	8.2 %	9.3 %
Non-comparable items:				
Intangible asset amortization expense	\$ 27	\$ 20	\$ 50	\$ 40
Restructuring expense	27	62	42	92
Merger, acquisition and divestiture expense, net	9	15	32	28
Other, primarily asset write-offs	13	—	13	(2)
Loss (gain) on sale of business	—	7	(24)	7
Adjusted operating income	\$ 348	\$ 421	\$ 737	\$ 885
Adjusted operating margin	9.3 %	11.2 %	9.7 %	11.4 %

Note: 2021 has been updated from the prior adj. operating income definition of \$401 million QTD and \$845 million YTD of adj. operating income and 10.7% QTD and 10.9% YTD of Adj. operating margin by adding back the \$20 million QTD and \$40 million YTD of intangible asset amortization expense.

Second Quarter and Year-to-Date 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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Earnings per diluted share	\$ 0.91	\$ 1.03	\$ 1.74	\$ 1.30
Non-comparable items:				
Restructuring expense	0.11	0.19	0.17	0.31
Merger, acquisition and divestiture expense, net	0.04	0.06	0.13	0.10
Loss (gain) on sale of business	—	0.03	(0.08)	0.03
Unrealized (gain) loss on equity securities	(0.03)	0.01	0.11	0.88
Loss on debt extinguishment	—	0.06	—	0.06
Other, primarily asset write-offs	0.05	—	0.05	—
Tax adjustments	(0.03)	(0.30)	(0.03)	(0.38)
Adjusted earnings per diluted share	\$ 1.05	\$ 1.08	\$ 2.09	\$ 2.30

Second Quarter and Year-to-Date Organic Net Sales Change

Organic Net Sales Change

BorgWarner net sales change year over year excluding the estimated impact of foreign exchange (FX) the 2022 acquisition of Santroll's light vehicle eMotor business and the 2021 divestiture of the Water Valley, Mississippi business.

\$ in millions	Q2 2021 Net Sales	Disposition Impact	Q2 2021 Pro Forma Net Sales	FX	Q2 2022 Acquisition Impact	Organic Net Sales Change	Q2 2022 Net Sales	Organic Net Sales Change %
Air Management	\$ 1,754	\$ —	\$ 1,754	\$ (126)	\$ —	\$ 162	\$ 1,790	9.2%
e-Propulsion & Drivetrain	1,229	(47)	1,182	(58)	1	147	1,272	12.4%
Fuel Systems	582	—	582	(34)	—	(32)	516	(5.5)%
Aftermarket	332	—	332	(3)	—	(17)	312	(5.1)%
Inter-segment eliminations	(139)	—	(139)	—	—	8	(131)	—
Total	\$ 3,758	\$ (47)	\$ 3,711	\$ (221)	\$ 1	\$ 268	\$ 3,759	7.2%

\$ in millions	Q2 2021 YTD Net Sales	YTD Disposition Impact	Q2 2021 YTD Pro Forma Net Sales	FX	Q2 2022 YTD Acquisition Impact	Organic Net Sales Change	Q2 2022 YTD Net Sales	Organic Net Sales Change %
Air Management	\$ 3,647	\$ —	\$ 3,647	\$ (196)	\$ —	\$ 151	\$ 3,602	4.1%
e-Propulsion & Drivetrain	2,592	(99)	2,493	(78)	1	130	2,546	5.2%
Fuel Systems	1,173	—	1,173	(44)	—	(22)	1,107	(1.9)%
Aftermarket	634	—	634	(16)	—	15	633	2.4%
Inter-segment eliminations	(279)	—	(279)	—	—	24	(255)	—
Total	\$ 7,767	\$ (99)	\$ 7,668	\$ (334)	\$ 1	\$ 298	\$ 7,633	3.9%

FY'21 Adj. Operating Income and Adj. Operating Margin Reconciliation to US GAAP

\$ in millions	Year Ended December 31, 2021
Sales	\$ 14,838
Pro forma disposition impact	(177)
Pro forma sales	<u>\$ 14,661</u>
Operating income	\$ 1,151
Operating margin	7.8%
Non-comparable items:	
Restructuring expense	163
Customer warranty settlement	124
Intangible asset amortization expense	88
Merger, acquisition and divestiture expense	50
Loss on sales of businesses	29
Asset impairments and lease modifications	17
Net gain on insurance recovery for property damage	(3)
Adjusted operating income	<u>\$ 1,619</u>
Pro forma disposition impact	(14)
Pro forma adjusted operating income	<u>\$ 1,605</u>
Pro forma adjusted operating margin	<u>10.9%</u>

FY'22 Adj. Operating Income and Adj. Operating Margin Guidance Reconciliation to US GAAP

\$ in millions	Full-Year 2022 Guidance	
	Low	High
Net sales	\$ 15,500	\$ 16,000
Operating income	\$ 1,297	\$ 1,407
Operating margin	8.4 %	8.8 %
Non-comparable items:		
Restructuring expense	\$ 100	\$ 100
Intangible asset amortization expense	104	104
Merger, acquisition and divestiture expense, net	35	35
Other, primarily asset write-offs	13	13
Gain on sale of business	(24)	(24)
Adjusted operating income	\$ 1,525	\$ 1,635
Adjusted operating margin	9.8 %	10.2 %

FY'22 Adj. Earnings per Diluted Share Guidance Reconciliation to US GAAP

	Full-Year 2022 Guidance	
	Low	High
Earnings per diluted share	\$ 3.40	\$ 3.80
Non-comparable items:		
Restructuring expense	0.40	0.40
Merger, acquisition and divestiture expense, net	0.15	0.15
Unrealized loss on equity securities	0.11	0.11
Other, primarily asset write-offs	0.05	0.05
Gain on sale of business	(0.08)	(0.08)
Tax adjustments	(0.03)	(0.03)
Adjusted earnings per diluted share	\$ 4.00	\$ 4.40

FY'22 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), the 2022 acquisitions of Santroll's light vehicle eMotor business and Rhombus Energy Solutions as well as the 2021 divestiture of the Water Valley, Mississippi business.

\$ in millions	FY 2021 Net Sales	Disposition Impact	FY 2021 Pro Forma Net Sales	FX	FY 2022 Acquisition Impact	Organic Net Sales Change	FY 2022 Net Sales	Organic Net Sales Change %
Low	\$ 14,838	\$ (177)	\$ 14,661	\$ (820)	\$ 45	\$ 1,614	\$ 15,500	11.0 %
High	14,838	(177)	14,661	(820)	55	2,104	16,000	14.4%

Q2'22, YTD'22 and FY'22 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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net cash provided by operating activities	\$ 216	\$ 280	\$ 332	\$ 622
Capital expenditures, including tooling outlays	(154)	(147)	(331)	(342)
Free cash flow	\$ 62	\$ 133	\$ 1	\$ 280

\$ in millions	Full-Year 2022 Guidance	
	Low	High
Net cash provided by operating activities	\$ 1,500	\$ 1,550
Capital expenditures, including tooling outlays	(850)	(800)
Free cash flow	\$ 650	\$ 750

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 2022 acquisitions of Santroll's light vehicle eMotor business and Rhombus Energy Solutions as well as the 2021 divestiture of the Water Valley, Mississippi business.

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