

Earnings Call Presentation

Q3 2017



October 26, 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.

Reconciliation to US GAAP

\$ in millions, except per share data

| | US GAAP (Reported) | Restructuring Expense | M&A Expense | Asset Impairment Expense | Contract Expiration Gain | Tax Adjustments | Non-US GAAP (Excluding non- comparable items, including M&A) |
|------------------|-----------------------|--------------------------|----------------|--------------------------------|--------------------------------|--------------------|---|
| 2017 Q3 | | | | | | | |
| Sales | \$2,416.2 | | | | | | \$2,416.2 |
| Operating income | 275.9 | (16.0) | (6.4) | | | | 298.3 |
| % of sales | 11.4% | | | | | | 12.3% |
| Diluted EPS | \$0.88 | \$0.07 | \$0.03 | | | \$(0.02) | \$0.95* |
| 2016 Q3 | | | | | | | |
| Sales | \$2,214.2 | | | | | | \$2,214.2 |
| Operating income | 150.3 | (1.3) | (5.9) | (106.5) | (1.3) | | 265.3 |
| % of sales | 6.8% | | | | | | 12.0% |
| Diluted EPS | \$0.39 | \$0.0 | \$0.03 | \$0.37 | \$0.0 | \$(0.01) | \$0.78 |

*Row does not add due to rounding and/or use of basic vs. diluted shares

Agenda

- James Verrier – President and Chief Executive Officer
 - Macro Outlook and Industry Perspective
 - Recent Product Announcements
 - Q3 2017 Recap and 2017 Outlook

- Ron Hundzinski – Chief Financial Officer
 - Q3 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
- Technology Trends

Recent Product Announcements



Cabin Heater

for a new electric vehicle (EV) for a globally known EV automaker.



High Voltage Hairpin (HVH) 410 Electric Motor

for Scania's new Citywide hybrid bus for urban areas.



Transfer Case

for the new Range Rover Velar premium SUV.



Compact Wastegate Turbocharger

for Honda's new three-cylinder 1.0-liter gasoline direct-injected engine.

Q3'17 Recap and 2017 Outlook

- Q3'17 organic exceeds the high-end of the range and our operating performance was in-line with expectations.
- 2017 Revenue and EPS Guidance increased

Sevcon Acquisition

- A global player in electrification technologies.
- Complements BorgWarner's existing power electronics capabilities.
- Annual sales for 2017 are expected to be approximately \$60 million.
- Modestly dilutive to earnings in 2018.

A white SUV is driving on a road that curves to the right. In the background, a city skyline is visible under a blue sky with some clouds. The foreground shows a green field and a metal guardrail. The overall scene is bright and clear.

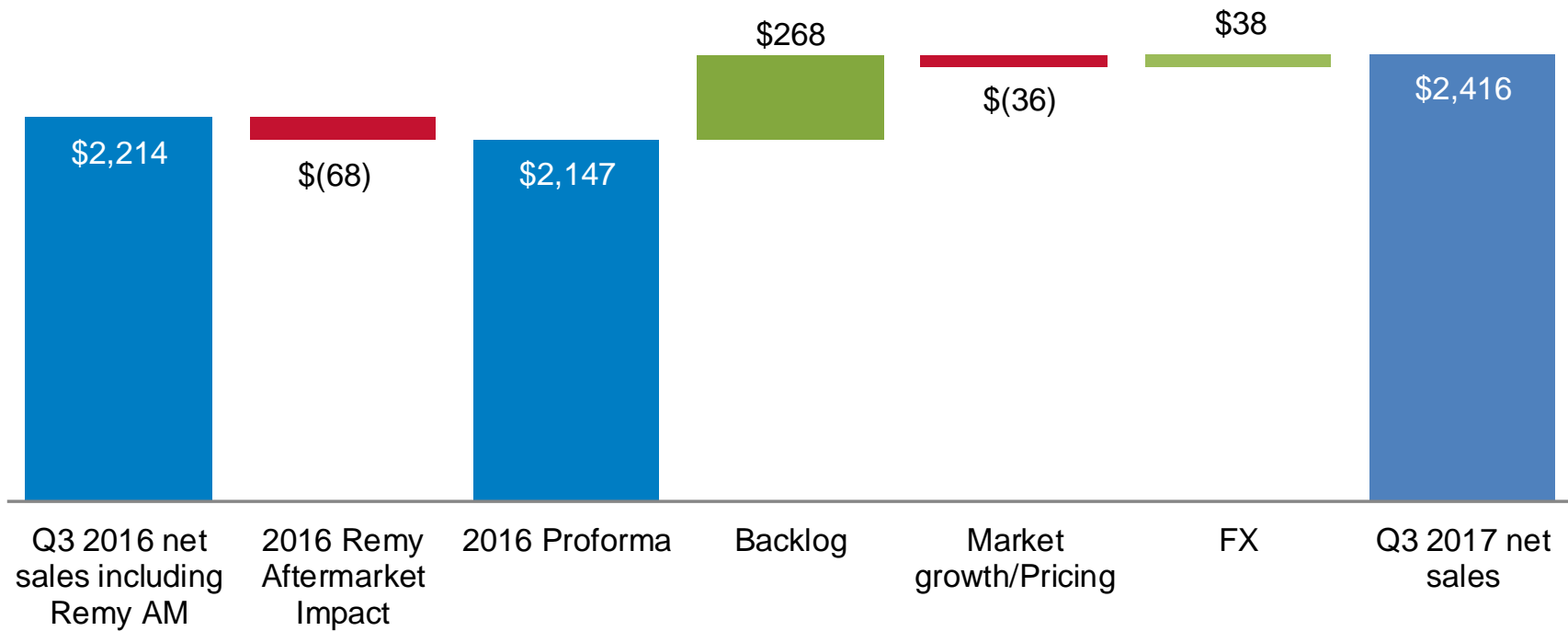
Earnings Review and Financial Outlook

Ron Hundzinski, Executive Vice President & Chief Financial Officer



BorgWarner Net Sales

Q3 2016 to Q3 2017, \$ in millions



Organic Sales Growth of 10.8%

BorgWarner Operating Income*

Q3 2016 to Q3 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

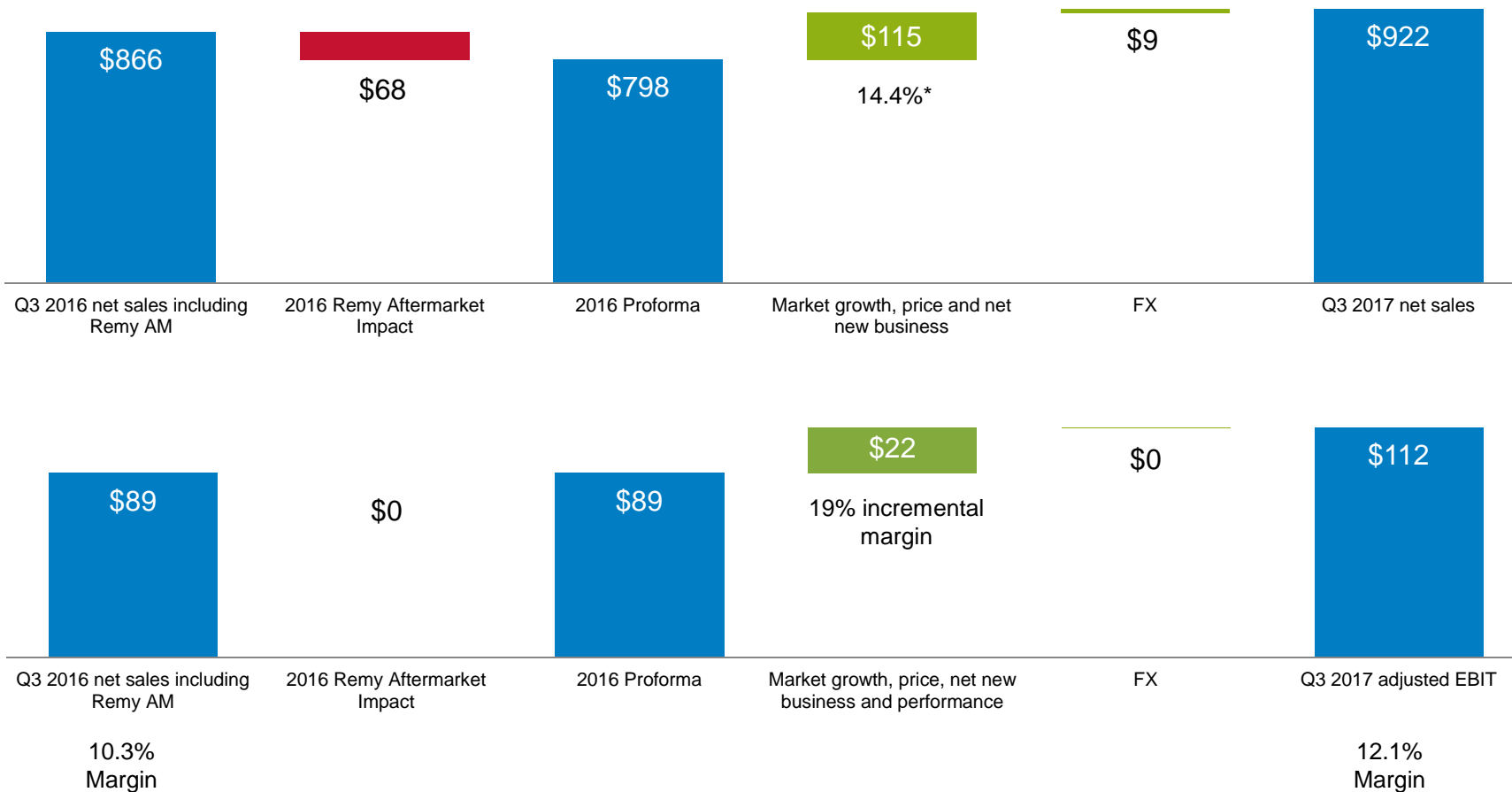
Q3 2016 to Q3 2017, \$ in millions



* % change to net sales

Drivetrain Segment Net Sales & Adjusted EBIT

Q3 2016 to Q3 2017, \$ in millions

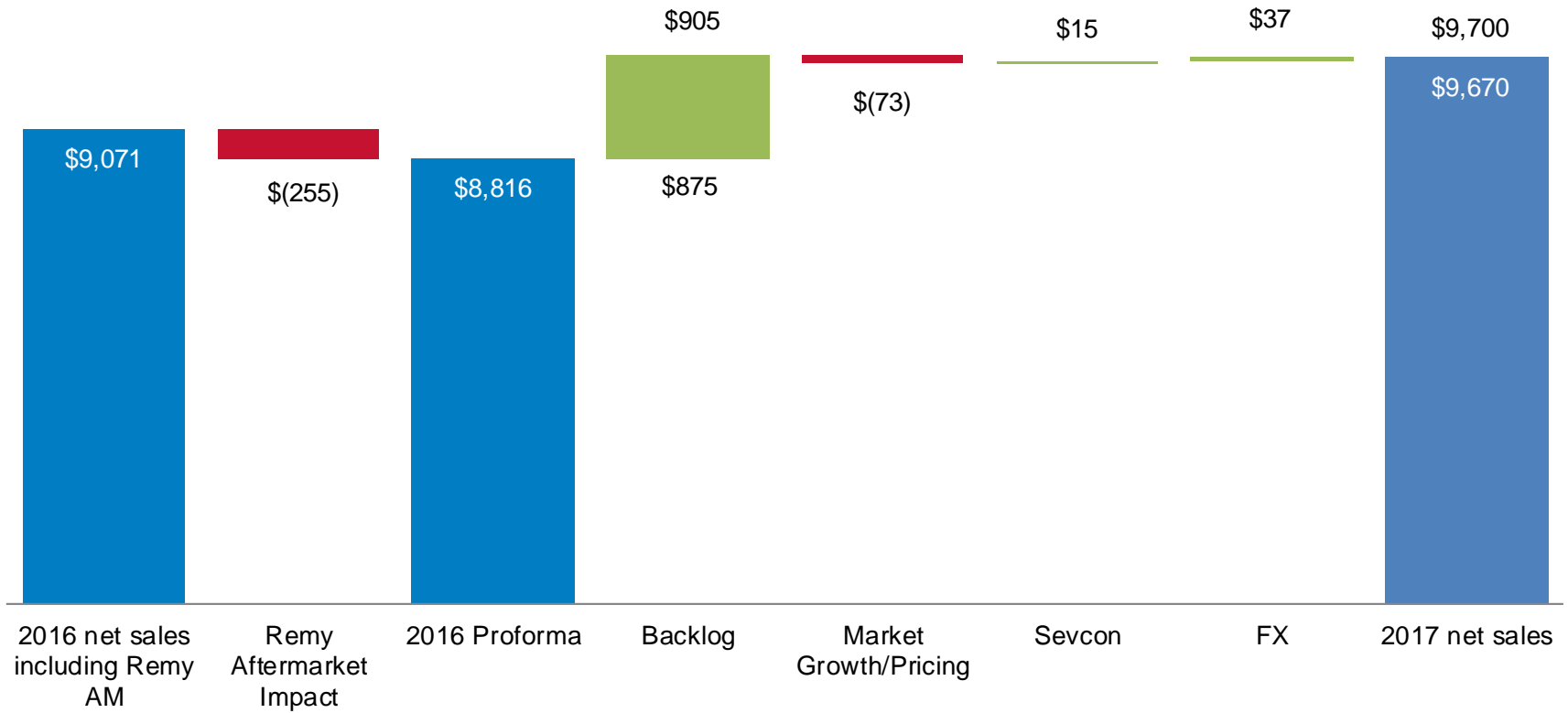


* % change to net sales

2017 Full Year Guidance

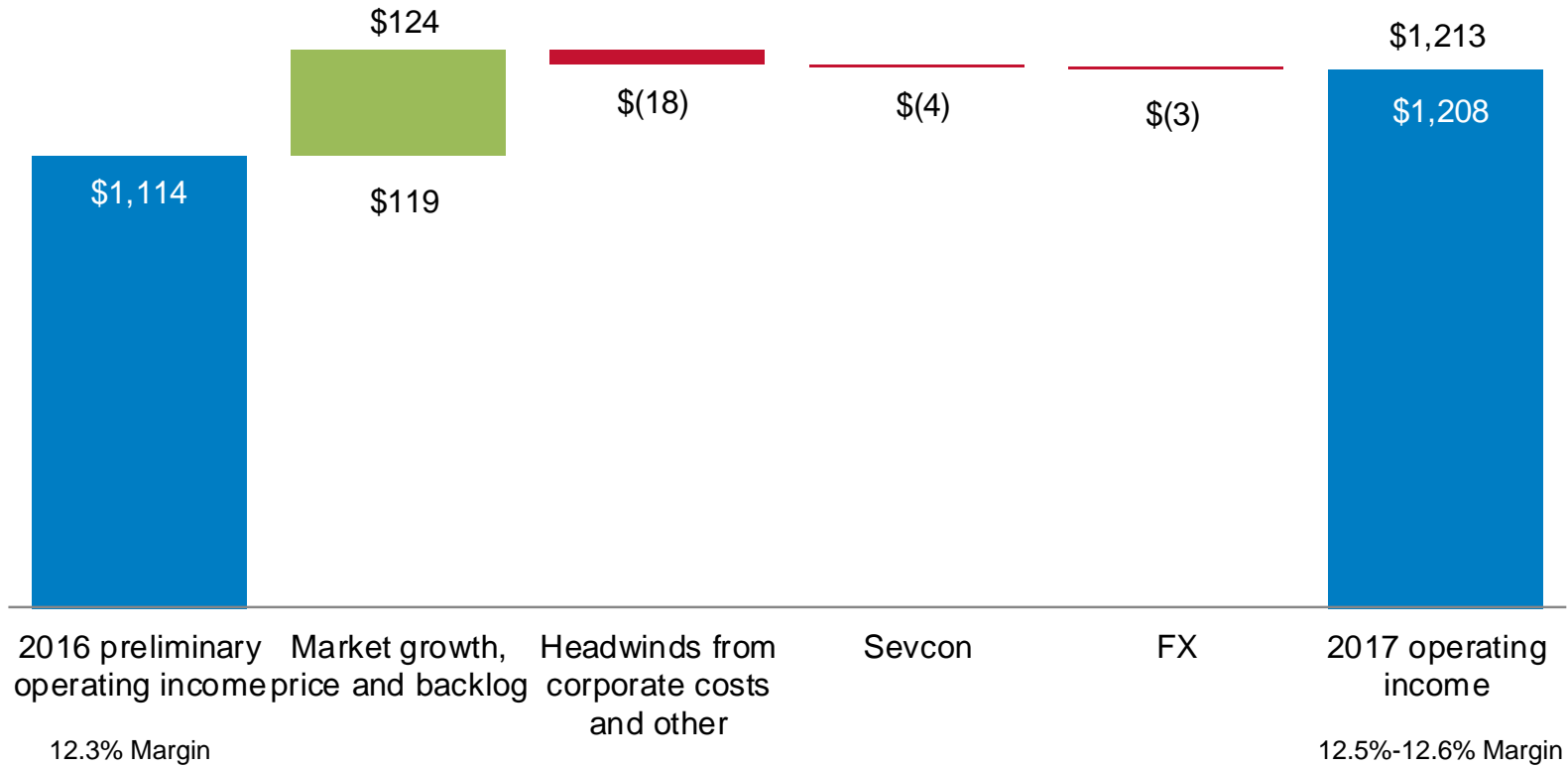
Organic Sales Growth excluding Sevcon of 9.0% - 9.5%

\$ in millions



Operating Margins Expand by 20-30 bps

\$ in millions



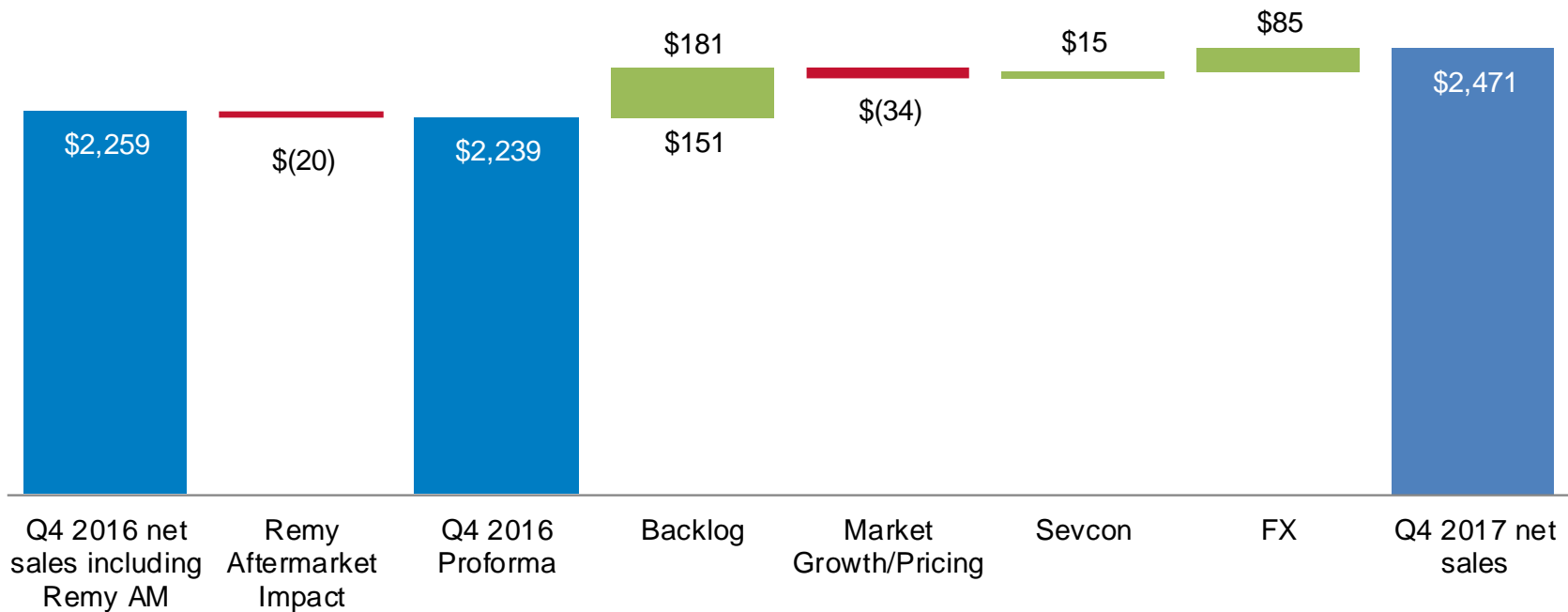
2017 Guidance Update - Other Items

| | | |
|----------------------------------|---|----------------------------|
| ■ EPS Guidance | ↑ | \$3.81-\$3.83 |
| ■ Free Cash Flow | ↔ | \$450-\$500 million |
| ■ CapEx | ↑ | \$525-\$575 million |
| ■ Share Repurchases | ↔ | \$100 million |
| ■ R&D Spending | ↔ | ~4% of sales |
| ■ Tax Rate | ↔ | ~29% |
| ■ \$ / Euro Exchange Rate | ↑ | \$1.125 |

2017 Fourth Quarter Guidance

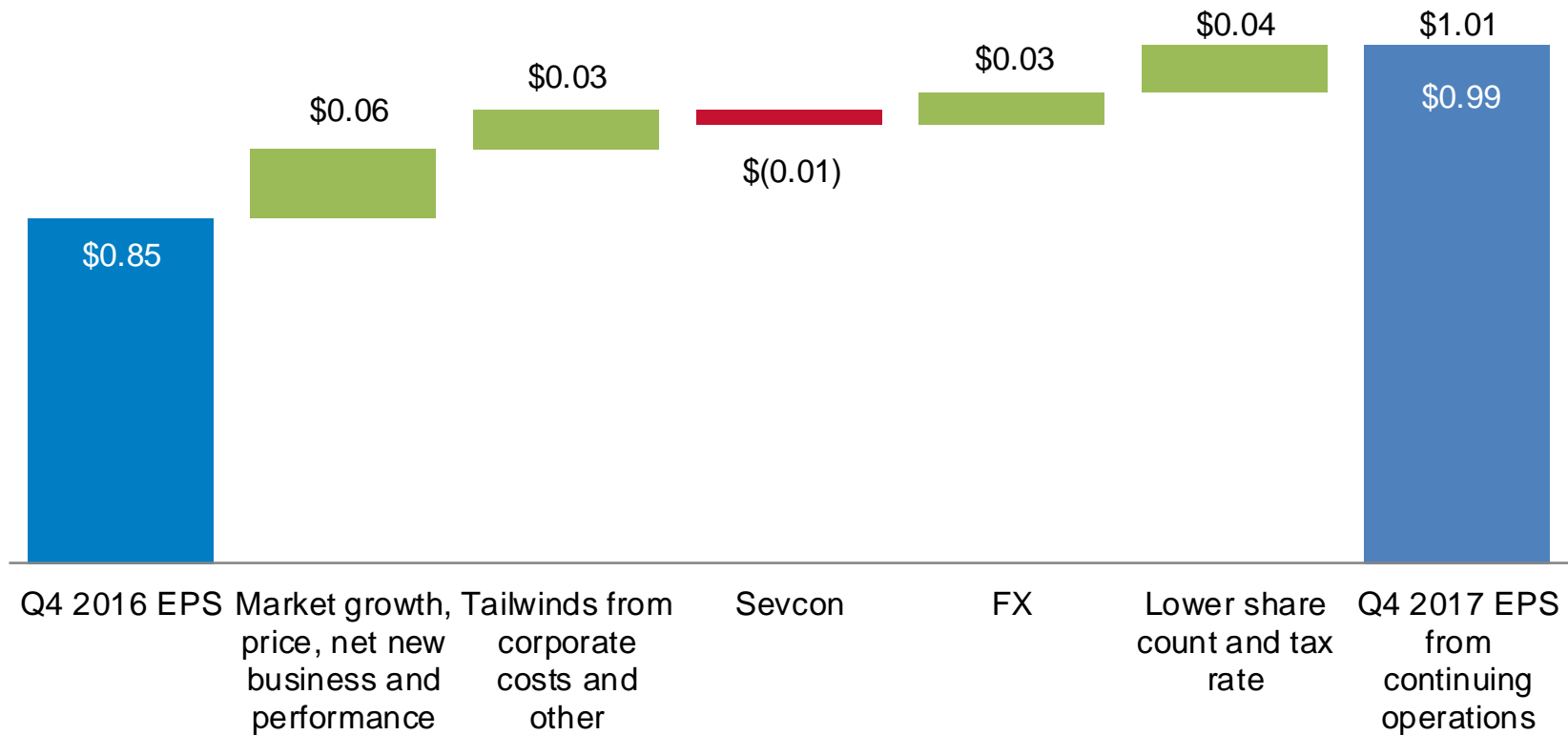
Organic Sales Growth of 5.0% - 6.5%

\$ in millions



YoY Incremental Margins to Improve Sequentially

\$ in millions



Thank you!



Combustion



Hybrid



Electric