

Q2 2024

BORGWARNER

CHARGING  
FORWARD

Investor 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 May 2, 2024. 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, 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 original equipment manufacturer ("OEM") customers; the challenges associated with rapidly changing technologies, particularly as they relate to electric vehicles, and our ability to innovate in response; the difficulty in forecasting demand for electric vehicles and our electric vehicles revenue growth; potential disruptions in the global economy caused by wars or other geopolitical conflicts; the ability to identify targets and consummate acquisitions on acceptable terms; failure to realize the expected benefits of acquisitions on a timely basis; the possibility that our 2023 tax-free spin-off of our former Fuel Systems and Aftermarket segments into a separate publicly traded company 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 which is highly cyclical and subject to disruptions; our reliance on major OEM customers; impacts of any future strikes involving some of our OEM customers and any actions such OEM customers take in response; 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, or governmental investigations, including related litigation; 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 in the context of guidance for 2024 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.



# Executing on Our Vision & Mission



## Our Vision

- A **clean, energy-efficient world**

## Our Mission

- We deliver **innovative and sustainable mobility solutions**



# BorgWarner Today



**63**

Manufacturing Locations



**19**

Technical Centers



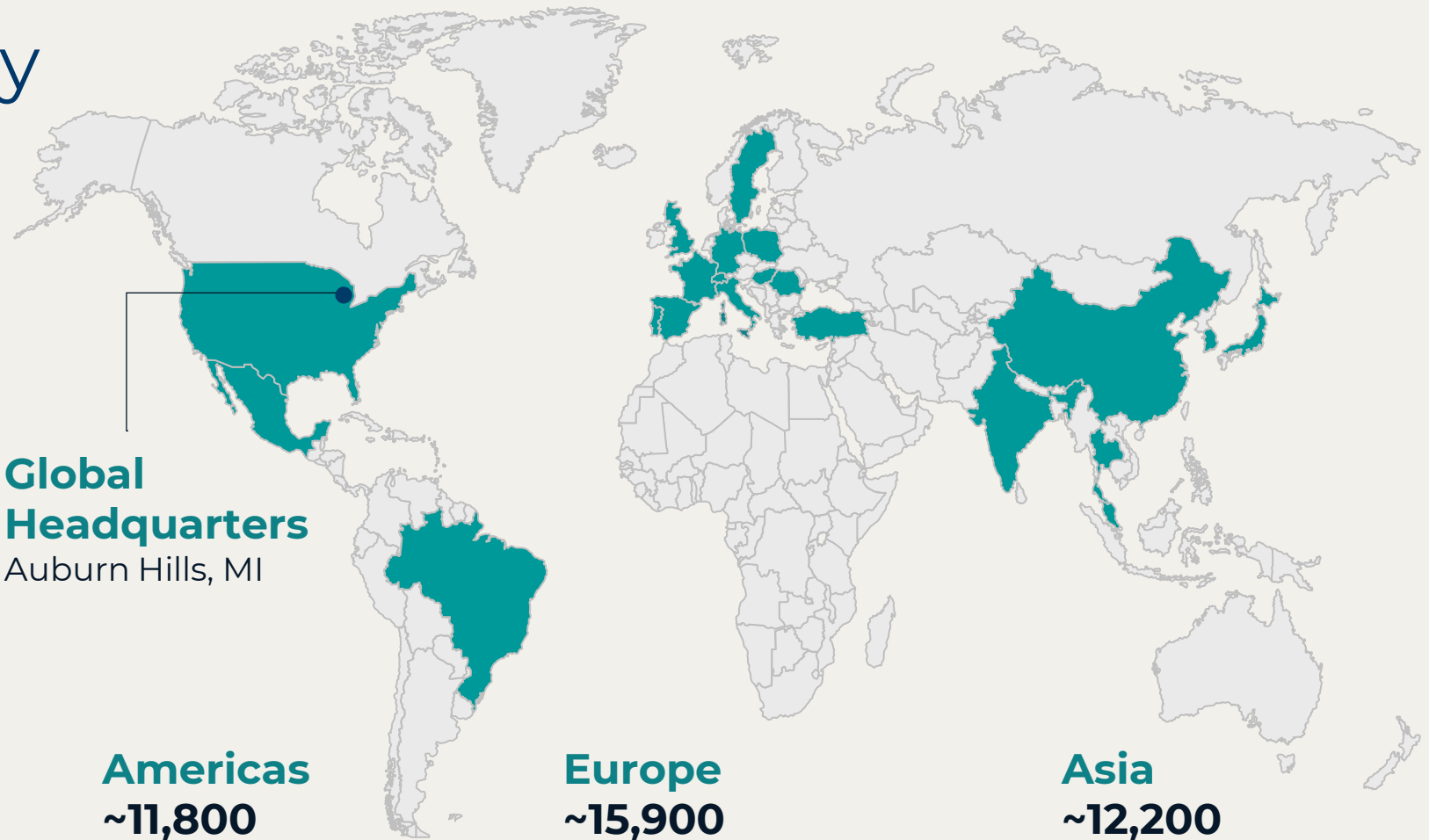
**~39,900**

Employees



**~8,200**

Engineers



**Global Headquarters**  
Auburn Hills, MI

## Americas

**~11,800**

Employees

**26**

Locations

**3**

Countries

## Europe

**~15,900**

Employees

**24**

Locations

**10**

Countries

## Asia

**~12,200**

Employees

**32**

Locations

**7**

Countries

# Charging Forward Strategy Supports Long-Term, Profitable Growth and Near-Term Resiliency

## CHARGING FORWARD

### STRATEGY



# eProduct Portfolio a Result of Long-Term Investment Strategy

**Organic eProduct Activity has Intensified**

**~\$2.2B**

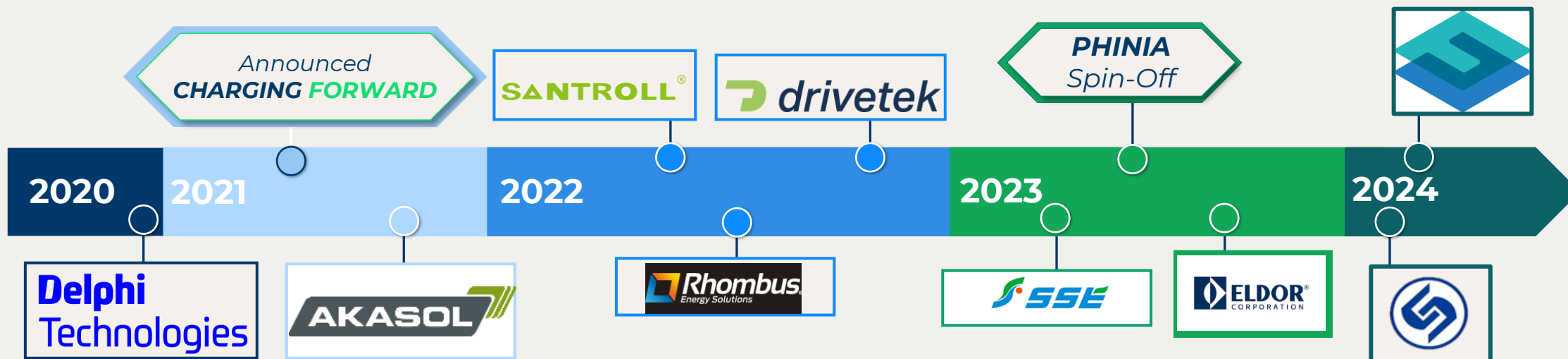
2021 – 2023 Organic eProduct R&D & CapEx Investment

**42 Awards**

eProduct Awards Announced Since March 2021 Investor Day

**\$2.5-\$2.8B**

2024E eProduct Sales Guidance



# Our Priorities for Delivering on Our Vision

Creating a Cleaner,  
More Energy-Efficient  
World



- **88% of 2022 sales** from clean and emissions-reducing products
- **66% of 2023 R&D** invested in eProduct projects

Enhancing the  
Sustainability of Our  
Value Chain



- Commitment to **carbon neutrality by 2035**
- **Goal of 25% Scope 3 emissions reduction** by 2030 from 2021 baseline

Focusing on Workforce  
Transition

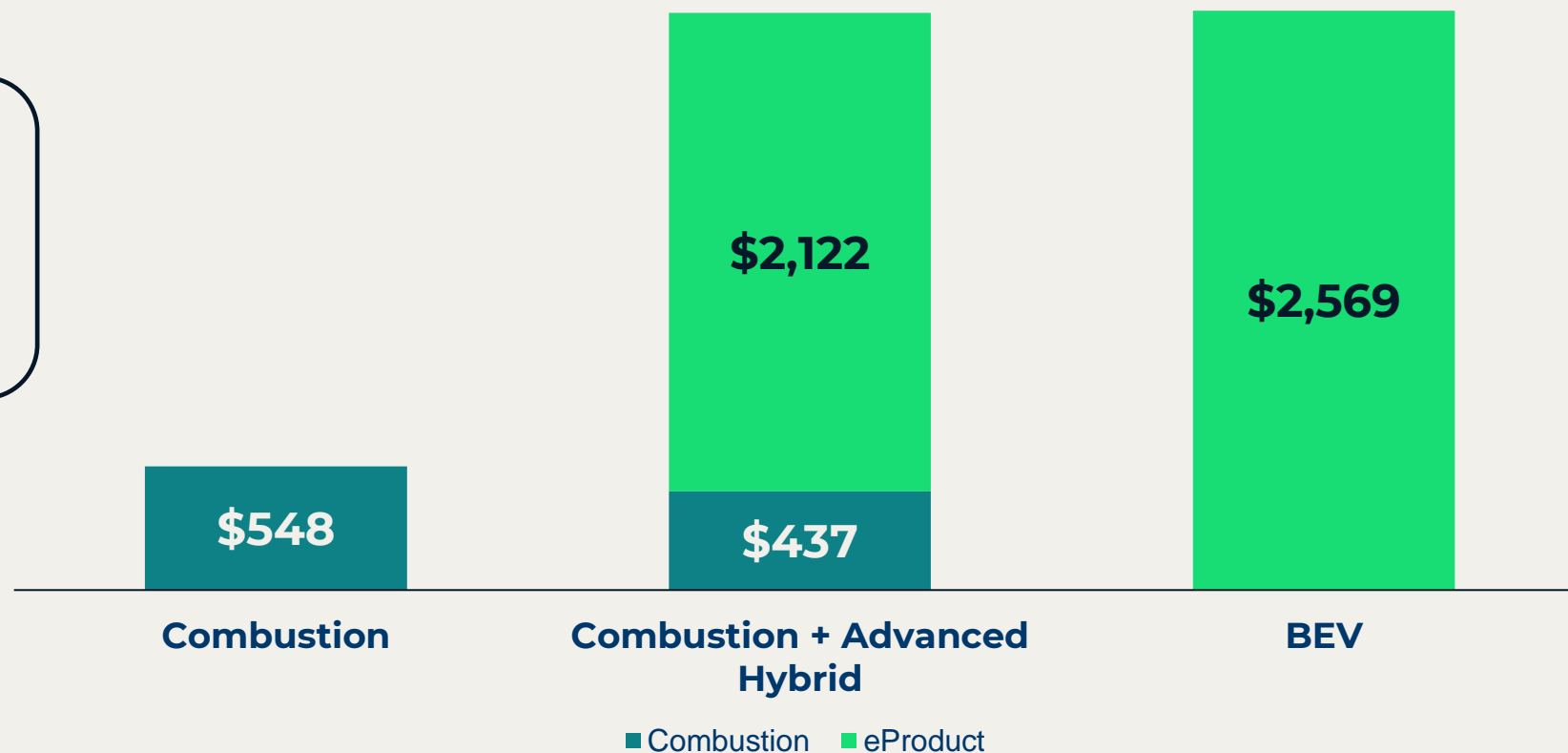


- Power to Evolve program has placed >90% of **participating engineers into electric platforms**
- **338** engineers enrolled in three cohorts










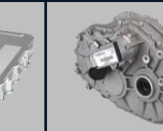




# Content Opportunity Per Vehicle (COPV) Increases from Combustion to Advanced Hybrids and BEVs

Est. 2027  
BorgWarner Content  
Opportunity Per  
Light Vehicle  
Summary

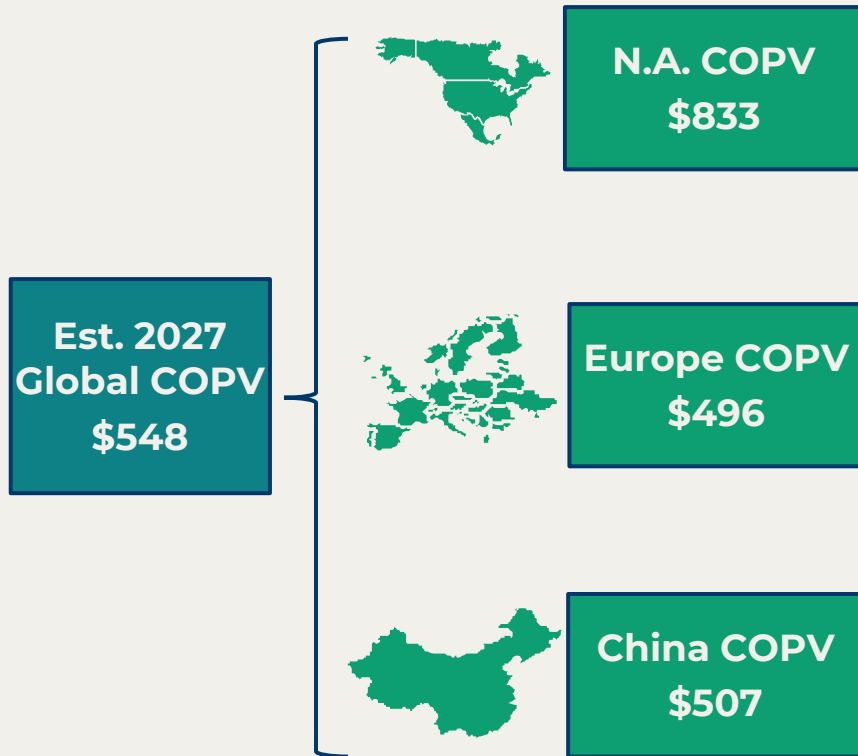


# Resilient Product Portfolio Well-Positioned for Growth



	Foundational Products						eProducts					
	Turbos	AWD/4WD	Intake & EGRs	ECUs	Engine Timing	Transmission Products	Inverters	Other Power Electronics	Thermal Mgt.	EV Gearboxes	Electric Drive Motors	Battery Systems
												
Combustion	✓	✓	✓	✓	✓	✓						
Hybrid	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Electric							✓	✓	✓	✓	✓	✓

# Believe Foundational Portfolio Positioned for Outgrowth

## 2027 Estimated Combustion Content Opportunity Per Light Vehicle (COPV)

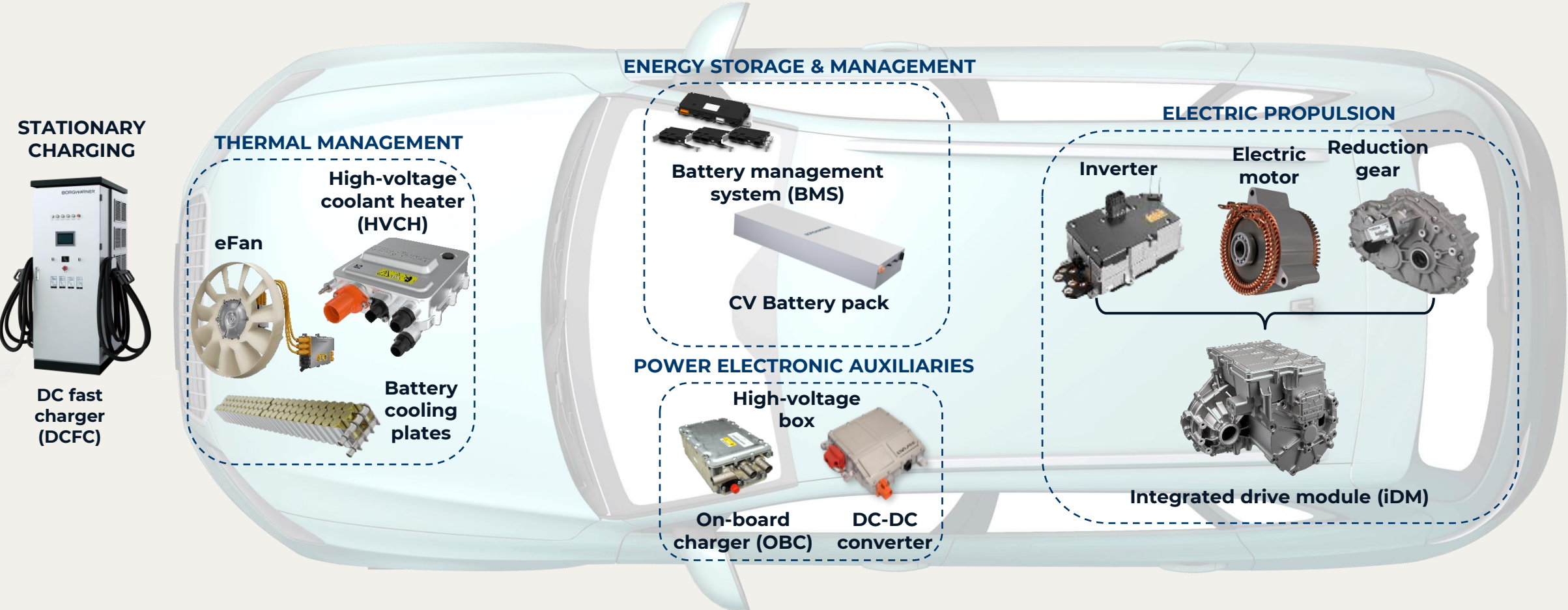


## 2023 Foundational Sales >\$12 Billion

 <p><b>Turbocharger</b> Top 2 Market Position*</p>	<p>Penetration Opportunity in North America</p> <ul style="list-style-type: none"> <li>N.A. penetration of 44%, compared to 92% in Europe &amp; 69% in China</li> </ul>	 <p><b>EGR</b> #1 Market Position*</p>	<p>Penetration Opportunity on Hybrid Architectures</p> <ul style="list-style-type: none"> <li>Efficiency benefit higher in hybrids as ICE operates more steady state</li> </ul>
 <p><b>Timing Systems</b> #1 Market Position*</p>	<p>Growth Opportunity in PHEV and REEV</p> <ul style="list-style-type: none"> <li>Chain preferred timing system on hybrids due to durability and strength</li> </ul>	 <p><b>AWD</b> Top 2 Market Position*</p>	<p>Penetration Opportunity in Asia and Longer Tail in N.A.</p> <ul style="list-style-type: none"> <li>China penetration 6% compared to 51% in N.A.</li> </ul>

\*Based on BorgWarner Global Market Research

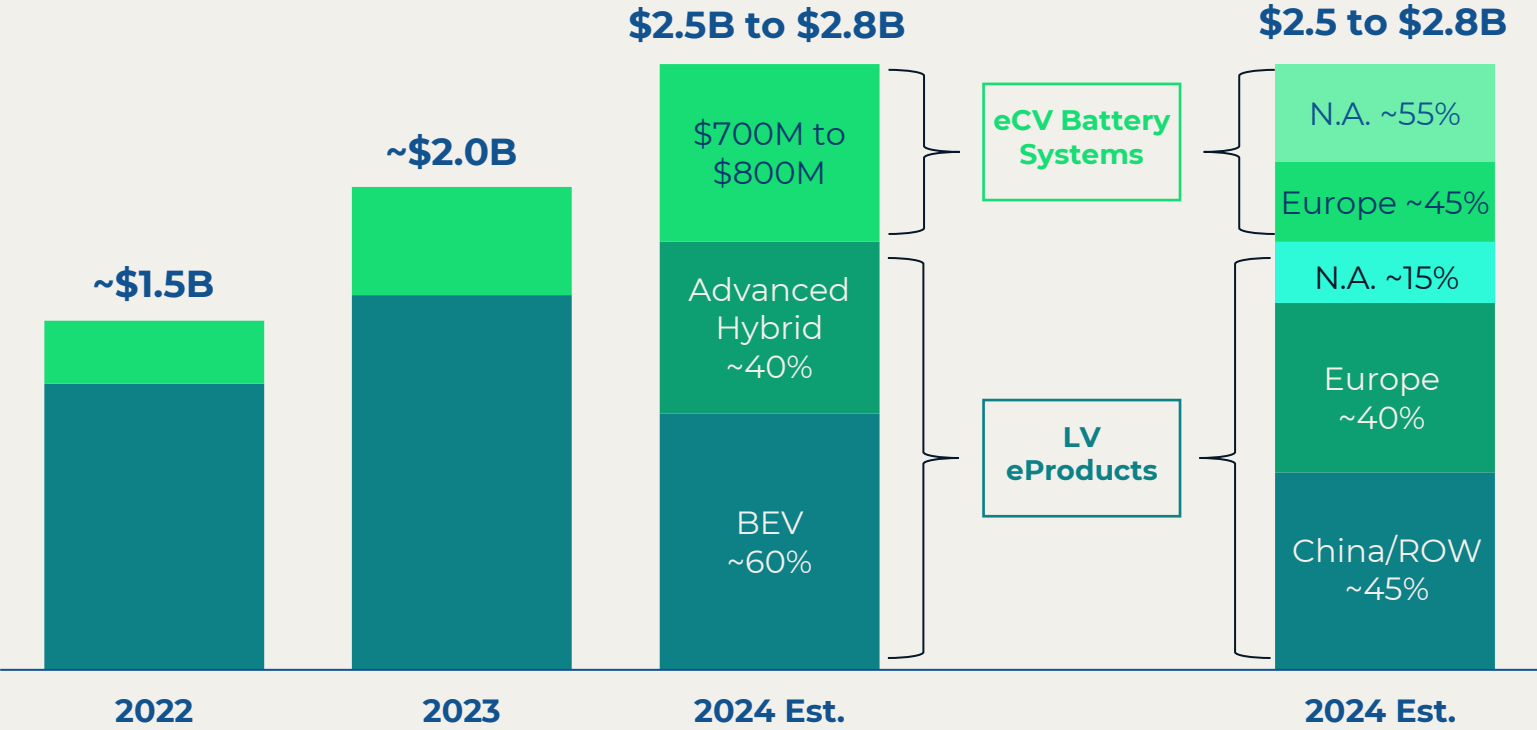
# Our Investments Have Resulted in a Wide-Ranging Electric Vehicle System Portfolio





# Expected eProduct Sales Growth Supported by Capacity Expansion and Secured New Programs

## eProduct Sales

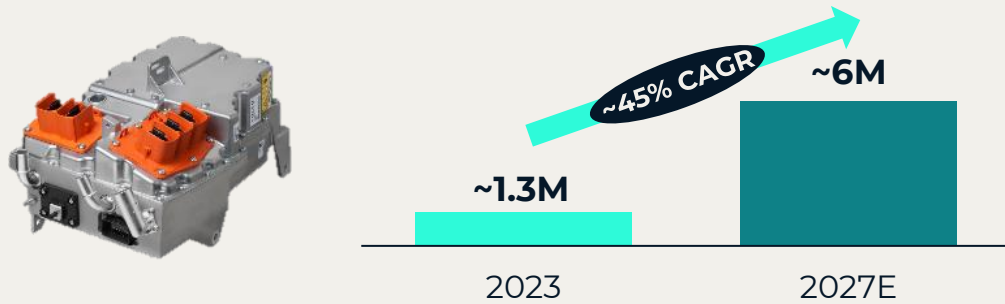


## Growth Drivers

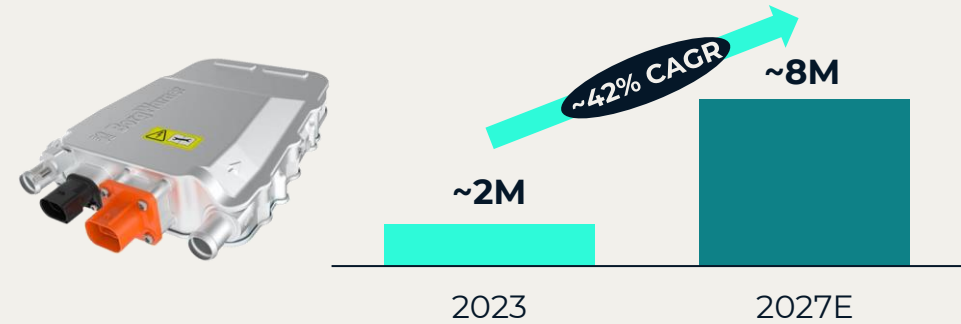
- Expect 20% global LV BEV and Hybrid market growth from 2023 to 2024
- Battery systems capacity expansion to meet strong customer demand

# Significant Volumes Across Numerous eProduct Categories

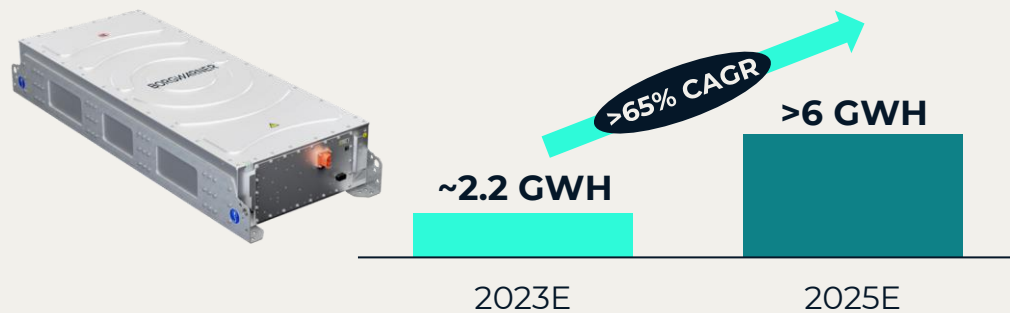
## Expected Inverter Volumes



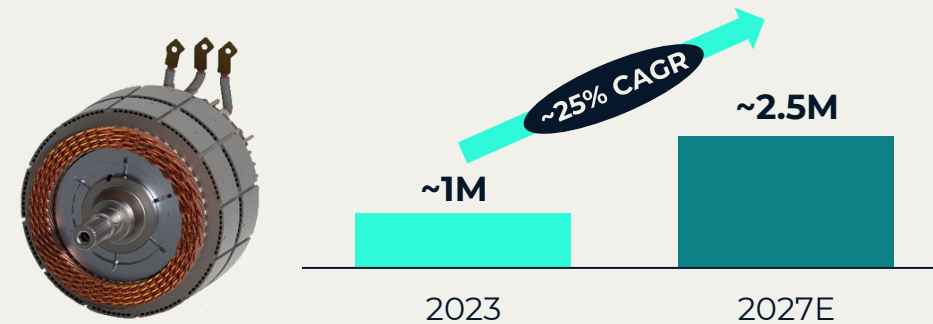
## Expected High-Voltage Coolant eHeater Volumes



## Expected Production Capacity



## Expected eMotor Volumes (including in iDM)



# Winning eProduct Awards with OEMs Around the World

## North America

12 eProduct Awards Since 2021

Product	SOP Year
CV Battery System	2023
Battery Pack	2023
DC Fast Charging Station	2023
HV Inverter	2024
Generator Inverter	2024
800V Inverter	2025
HV eFan	2025
Battery Cooling Plate	2025
800V HV Coolant Heater	2025
400V HV Coolant Heater	2025
800V HV Coolant Heater	2026
800V Onboard Charger	2027

## Europe

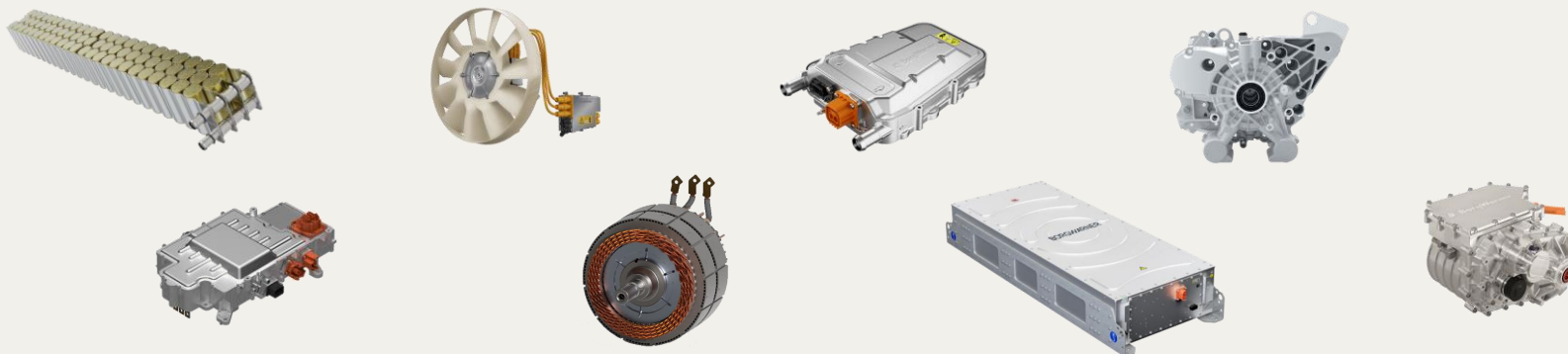
11 eProduct Awards Since 2021

Product	SOP Year
DC Fast Charging Station	2022
Battery Management System	2023
800V HV Coolant Heater	2023
HV eFan	2024
CV Battery System	2024
eTVD	2024
800V Inverter	2025
800V Inverter	2025
800V Inverter	2025
Battery Cooling Plate	2025
HV eFan	2025

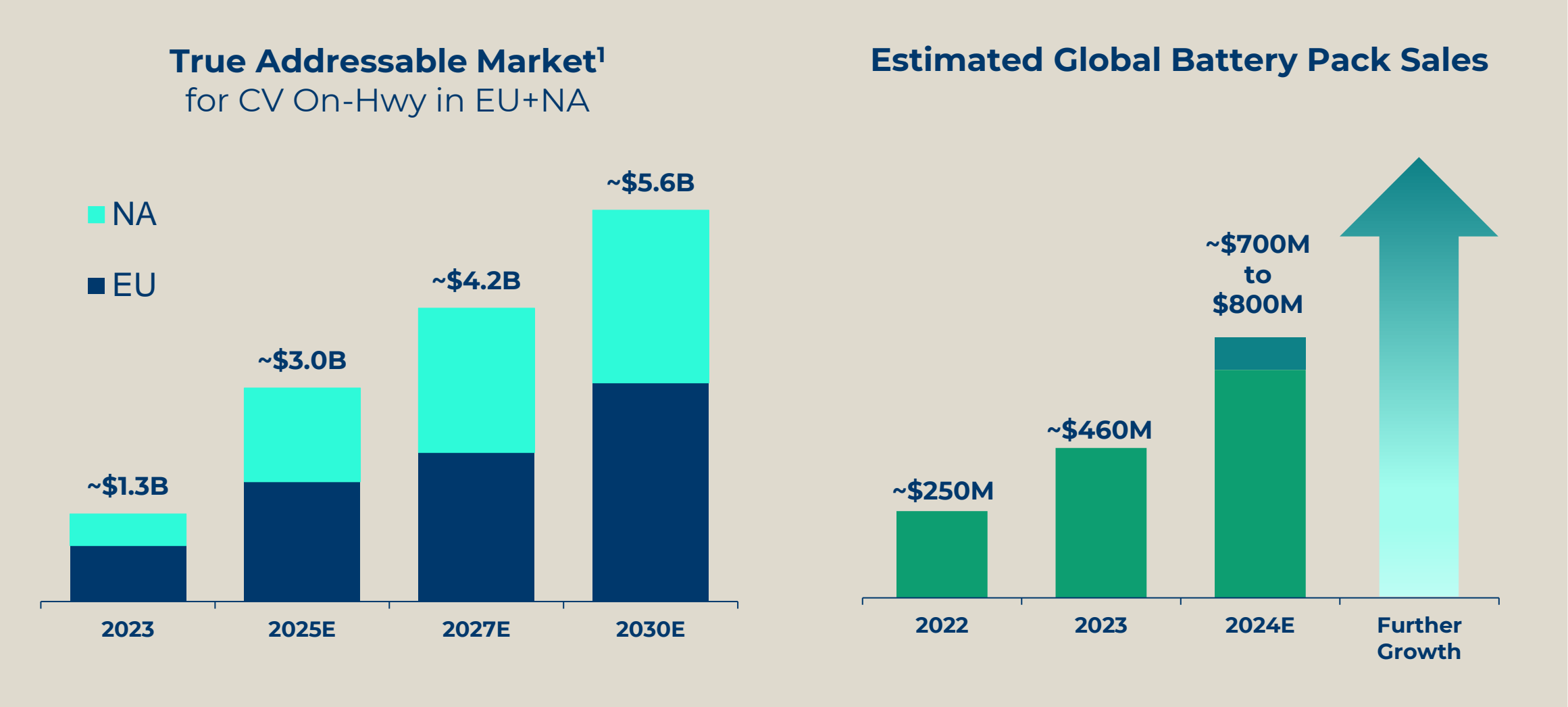
## China/ROW

19 eProduct Awards Since 2021

Product	SOP Year
HV Coolant Heater	2021
400V iDM	2023
Dual Inverter	2023
400V iDM	2023
800V Inverter	2023
800V eMotor	2023
HV Coolant Heater	2023
P4 Hybrid iDM	2023
Motor for E-Axle	2023
eMotor	2023
800V HV Coolant Heater	2024
400V iDM	2024
Hybrid iDM	2024
eMotor Rotor/Stator	2024
Boosted Dual Inverter	2024
eTVD	2024
800V eMotor	2025
Inverter + eMotor	2025
Comb. Inverter & DC/DC Converter	2025



# Battery Systems Business Positioned for Long-Term Growth





# Battery Systems NMC Expansion Supports Growth



**Darmstadt, Germany**  
Manufacturing Location & Tech Center



**Auburn Hills MI, USA**  
Propulsion Tech Center



**Hazel Park, MI, USA**  
Manufacturing Location



**Seneca, SC, USA**  
Manufacturing Location



**Piracicaba, Brazil**  
Manufacturing Location



**Shanghai, China**  
China Tech Center



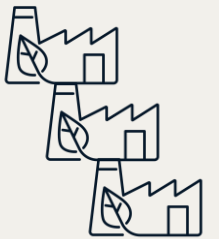
**2.2 GWH**  
(22,000 BPs/yr)  
Production Capacity

2023

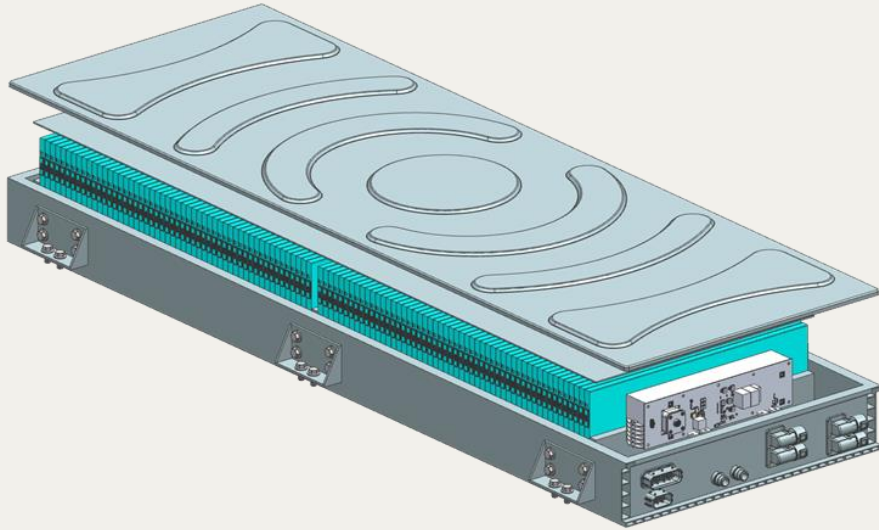
Estimated NMC Capacity

2025E

**>6.0 GWH**  
(>60,000 BPs/yr)  
Production Capacity



# LFP Strategic Relationship Agreement (BorgWarner & BYD FinDreams) Provides Continuing Battery Systems Development



+



## Strength

- Strong customer intimacy
- Manufacturing, quality and integration capabilities
- Software and system knowhow

## Strength

- LFP scale
- Proven production in China
- Intellectual property in LFP cells and pack design



## Strategic Relationship Agreement Advantage

- BorgWarner to manufacture packs utilizing FinDreams cell and pack intellectual property
- Collaboration expected to increase speed to market
- Vehicle integration flexibility with modular battery pack approach



# Attractive Characteristics of Core Foundational Portfolio



**Focused ICE Portfolio Helps Customers Transition From Combustion to Hybrid to Electric**

**Leading Market Positions**

**Maintaining**

Expected Adjusted Operating Margins

**~100%**

Expected Free Cash Flow Conversion<sup>1</sup>

# Strong Foundation From Core Market-Leading Technologies Supports EV Growth

## Supporting Customers

Supporting customers with **access to critical technology as they execute their own transitions to EV**

## Enhancing Capabilities

Core design, manufacturing and engineering capabilities applicable to **electric vehicles**

## Strong Financial Profile

Top-quartile<sup>1</sup> profitability and strong cash generation supporting investment in EV technologies

## Continuity of Technologies and Capabilities

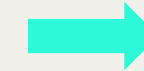
### Foundational

### eProduct

#### Air and Thermal Management



*Example:*  
EGR Modules



#### Thermal Management

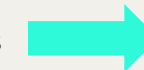


HV Coolant Heaters

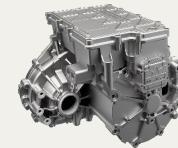
#### Drivetrain



*Example:*  
Transfer Cases



#### Drivetrain and Vehicle Dynamic

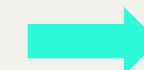


Integrated Drive Modules

#### Engine and Transmission Controllers



*Example:*  
Electronic Control Units



#### Power Electronics and Electronics



Inverters



# Leveraging Existing Footprint to Support eProduct Growth

## North America

Plant Location	eProduct	SOP
SLP, Mexico	eMotor & iDM assembly	2021
Cadillac, MI, US	HV Heaters	2022
Seneca, SC, US	Battery Packs	2024
Additional Facility	eFan	2025
Additional Facility	Battery Coolers	2026

## Europe

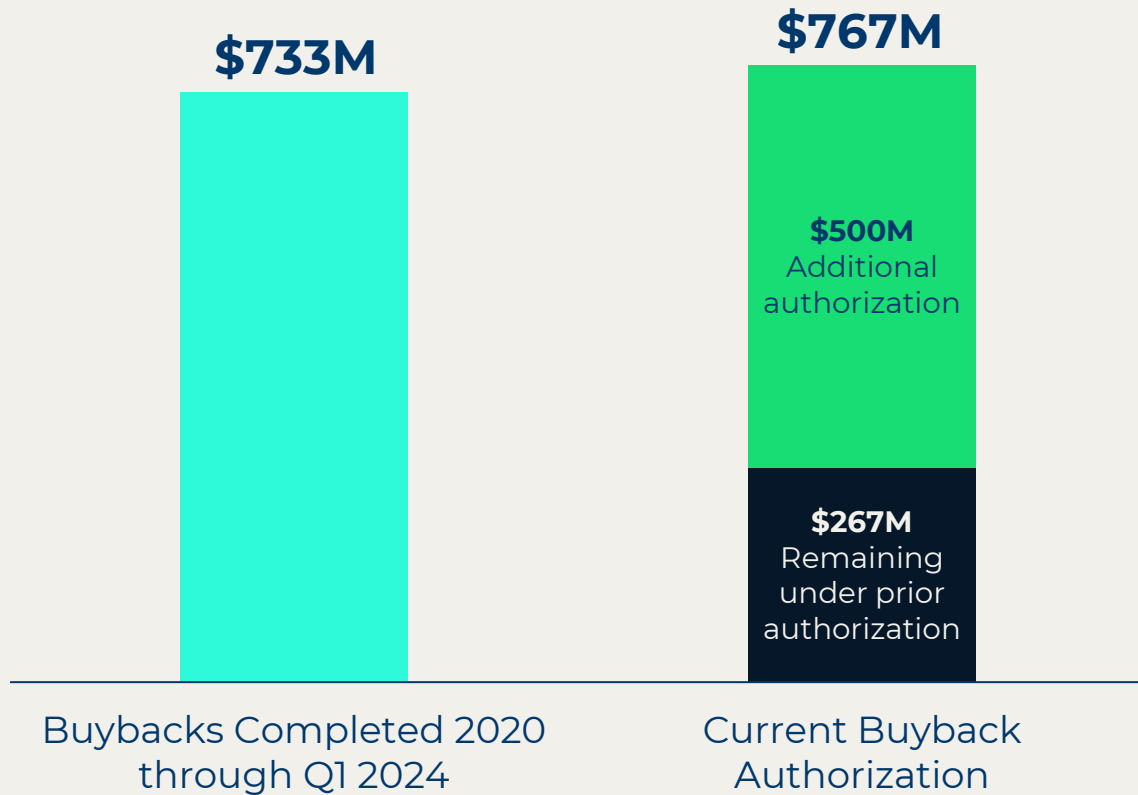
Plant Location	eProduct	SOP
Landskrona, Sweden	eMotors	2018
Viana, Portugal	HV Heaters	2021
Blonie, Poland	Inverters	2023
x2 Additional Facilities	eFan	2024-2025
x2 Additional Facilities	Battery & PE Coolers	2025-2026

## China/ROW

Plant Location	eProduct	SOP
Jiangshan, China	HV Heaters	2021
Wuhan, China	eMotor & iDM assembly	2022
Changnyeong, Korea	eMotor & iDM assembly	2023

**Utilizing Existing Manufacturing Facilities to Support eProduct Growth**

# Strong Liquidity and Expected Free Cash Flow Generation Enables Disciplined Capital Deployment

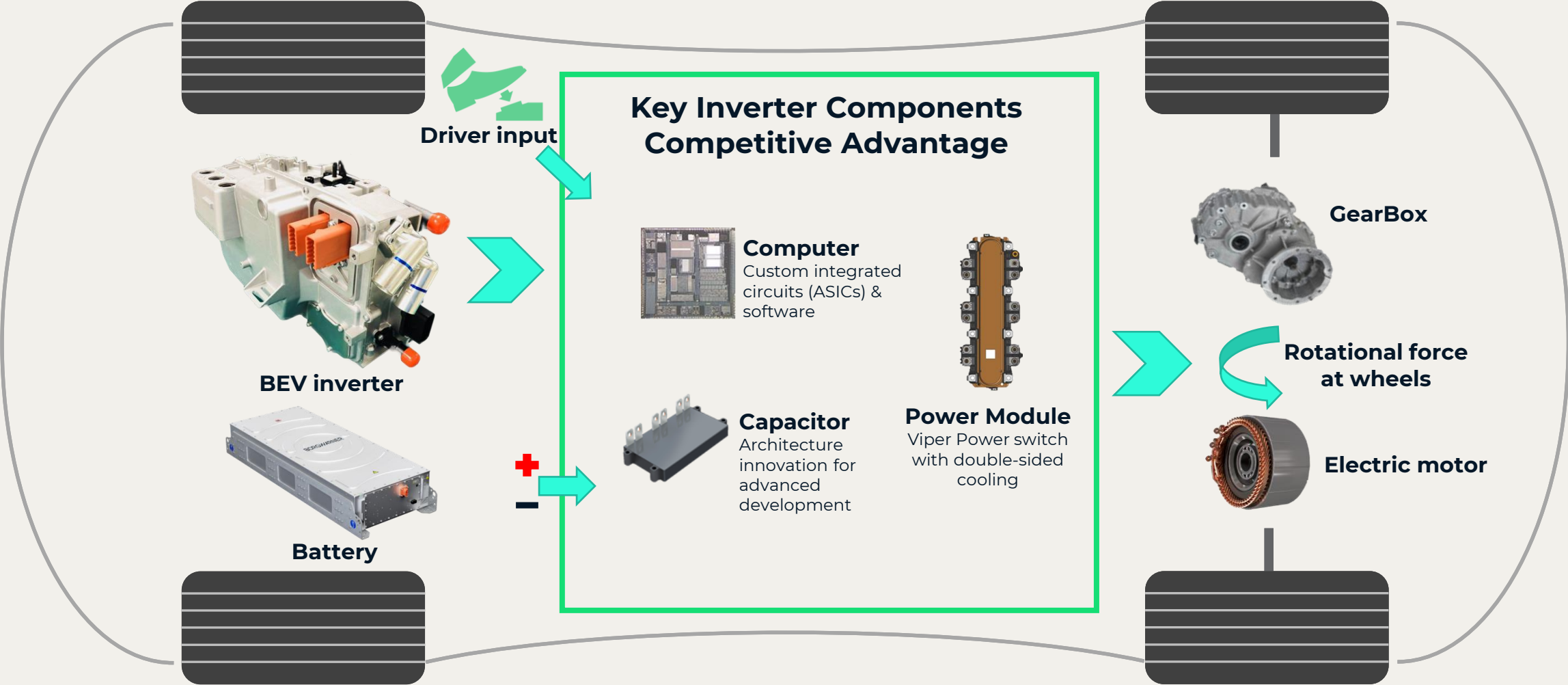


## BorgWarner's Balanced Capital Allocation Approach

Since 2020	
Buybacks	~\$733 million
Dividends	~\$623 million
Market Cap of PHINA at Spin-off	~\$1.7 billion
<b>Total Capital Returned</b>	<b>~\$3.1 billion</b>

# APPENDIX

# Innovation Driving Technology Leadership in Inverters



# 2024 Light Vehicle Market Expectations

LV Units in millions

