

December 2022

Advancing Our Strategy Through The Creation of Two Focused Public Companies



 **BorgWarner**

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 or, in the two instances noted, October 27, 2022. 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: our ability to effect the transaction described in this presentation and to meet the conditions related thereto; the ability of the separated companies to each succeed as a standalone publicly traded company; the potential that uncertainty during the pendency of the transaction could affect the Company's financial performance; the possibility that the transaction will not be completed within the anticipated time period, or at all; the possibility that the transaction will not achieve its intended benefits; the possibility of disruption, including changes to existing business relationships, disputes, litigation, or unanticipated costs in connection with the transaction; the uncertainty regarding the expected financial performance of the Company or Newco following completion of the transaction; potential negative effects of the announcement or pendency of the transaction on the market price of the Company's securities and/or on the financial performance of the Company; the impacts of any information and consultation processes with works councils and other employee representatives in connection with the transaction; evolving legal, regulatory, and tax regimes; the 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 concerning recovery of 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 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, and Rhombus Energy Solutions, the anticipated acquisition of Hubei Surpass Sun Electric's charging business, and our 2020 acquisition of Delphi Technologies PLC; 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 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.

Creating Two Leading, Focused Companies

Accelerating Our EV Strategy

- In March 2021, BorgWarner announced ***Charging Forward*** to plan for the next decade-plus of profitable and sustainable growth by **accelerating the company's electrification strategy**

Building on Our Accomplishments

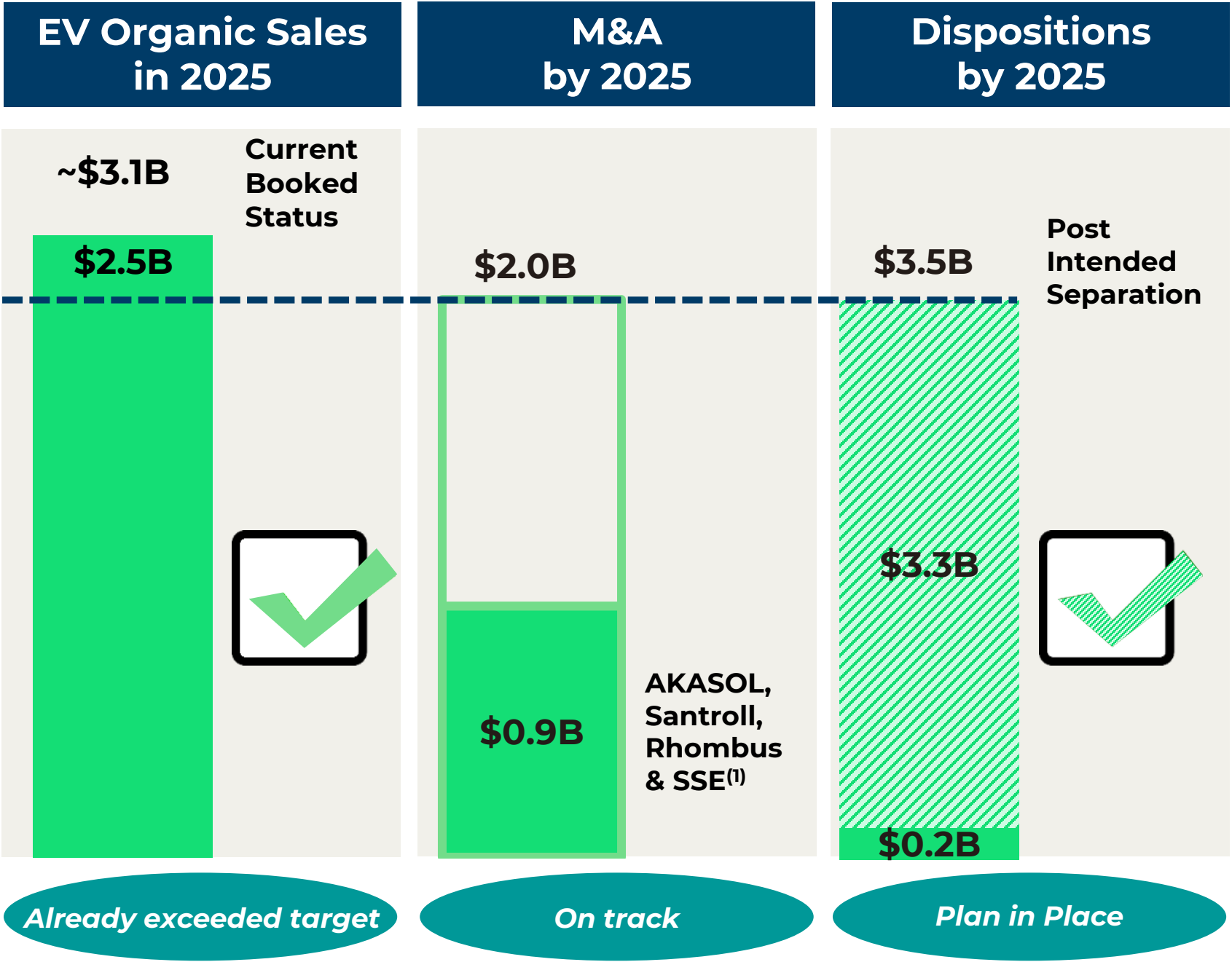
- We have been **aggressively pursuing BorgWarner's transformation** through focused execution, organic growth and strategic acquisitions

Creating Two Leading, Focused Companies

- Today, we are announcing the **planned separation of BorgWarner's Fuel Systems and Aftermarket Segments** into a NewCo, which would create two industry-leading, focused companies

We Believe the Intended Separation Will Maximize Shareholder Value

Executing Toward Our Targets



(1) SSE closing is expected in first quarter 2023, subject to satisfaction of customary closing conditions.

BorgWarner and NewCo – At a Glance

BorgWarner

Leader in Electrification with Focused ICE Business

2022E Revenue

\$12.3B

Air Management

13.7%

2022 9M Segment Adj. Op. Margin

e-Propulsion & Drivetrain

6.9%

2022 9M Segment Adj. Op. Margin

- Focused on establishing product leadership across various EV propulsion technologies
- Top-line growth supported by secular tailwinds
- Supporting customers through EV transition

NewCo

Leader in Fuel Systems Management and Aftermarket Technology

2022E Revenue

\$3.3B

Aftermarket

14.5%

2022 9M Segment Adj. Op. Margin

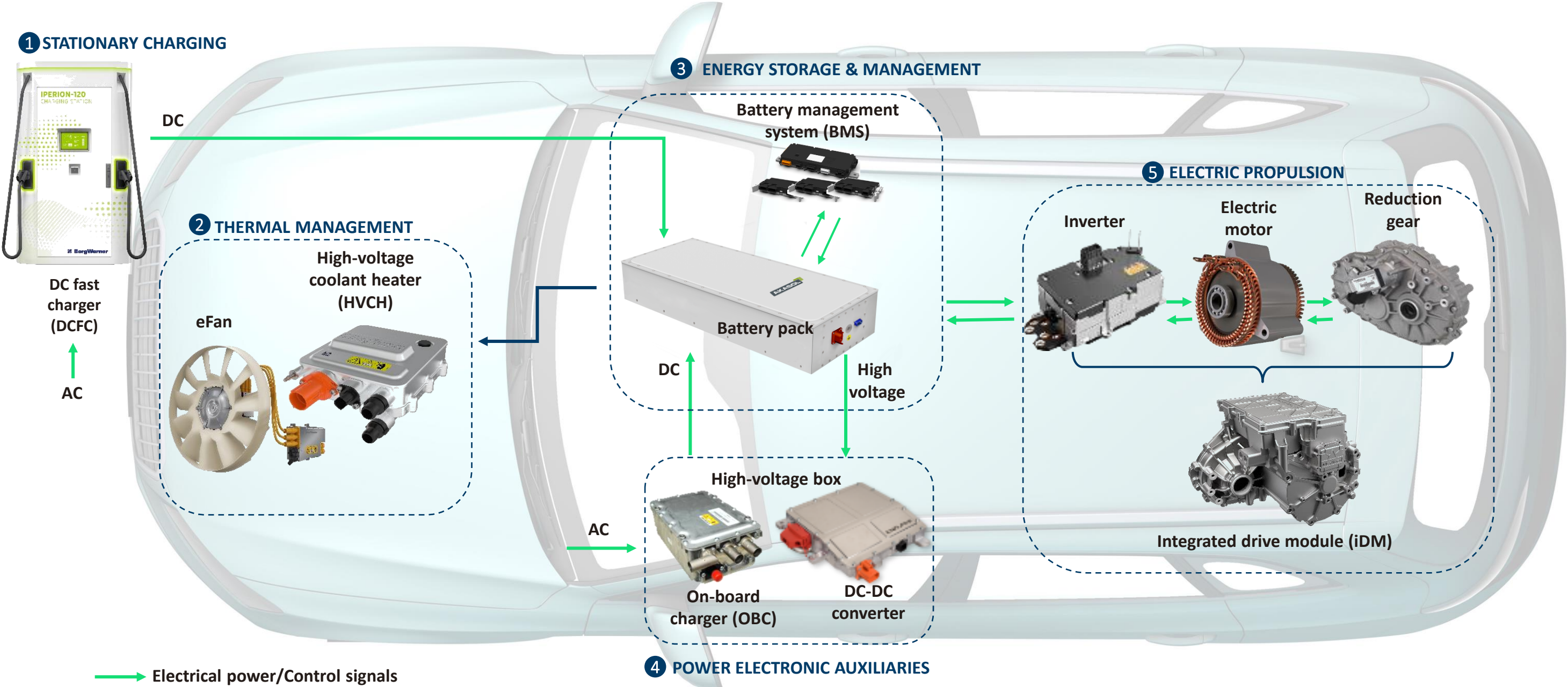
Fuel Systems

11.3%

2022 9M Segment Adj. Op. Margin

- Product leader in Fuel Systems and Aftermarket
- Synergistic exposure among CV, LV and Aftermarket end markets
- Strong global OEM relationships

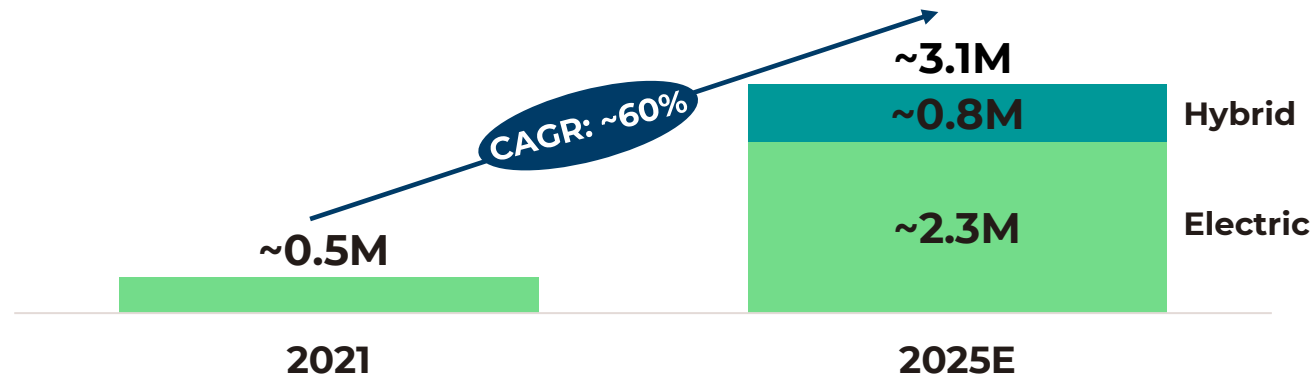
Our Investments Have Resulted in a Wide-Ranging Electric Vehicle System Portfolio..



→ Electrical power/Control signals
→ Thermal management

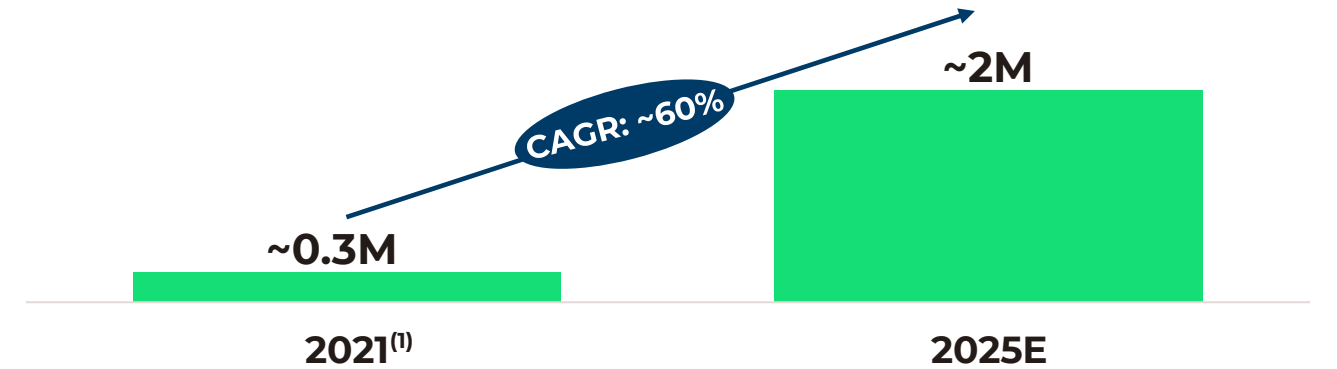
...With Leadership Across Product Categories that We Believe have Strong Growth Prospects

Booked Inverter Volumes



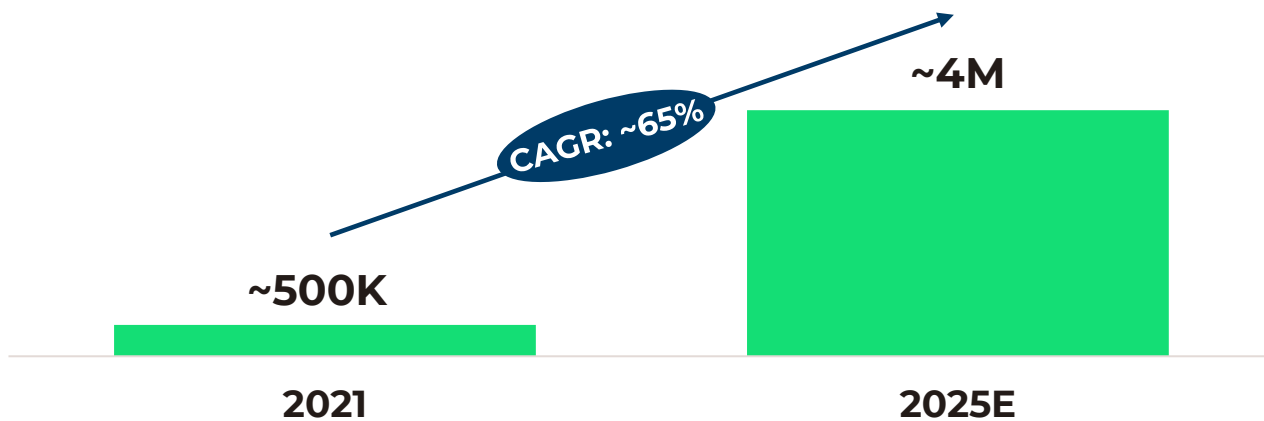
Expect to be #1 Non-Captive Producer by 2025

Booked eMotor Volumes (including in iDM)



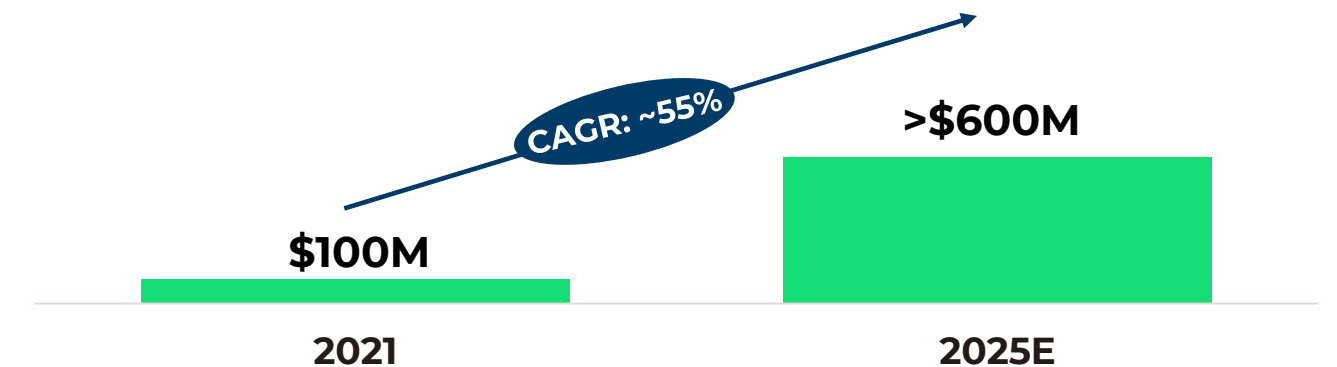
Business Award Momentum Across Voltages and LV / CV

Booked High-Voltage Coolant Heater Volumes



Expect to be a Market Leader by 2025

Expected Battery Pack Sales



Awards with High-Quality Commercial Vehicle Customers

Strong Foundation From Core Market-Leading Technologies Will Support 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⁽¹⁾ profitability and strong cash generation supporting investment in EV technologies

Continuity of Technologies and Capabilities

ICE

EV

Air and Thermal Management



Example:
EGR Modules



Thermal Management

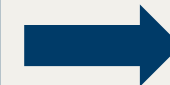


HV Coolant Heaters

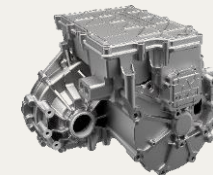
Drivetrain



Example:
Transfer Cases



Drivetrain and Vehicle Dynamic



Integrated Drive Modules

Engine and Transmission Controllers



Example:
Electronic Control Units



Power Electronics and Electronics

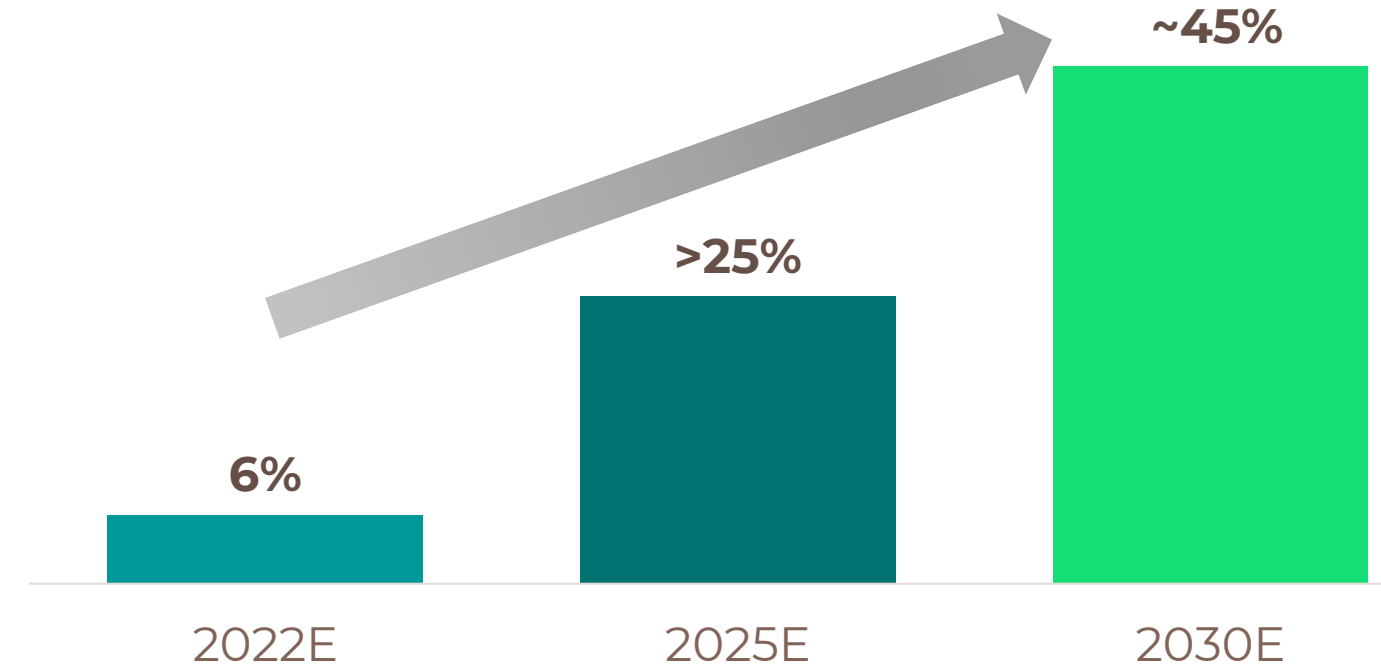


Inverters

Accelerating BorgWarner's EV Strategy

- Intended separation **would accelerate achievement of our *Charging Forward* objectives**
- Separation expected to enhance **focus and flexibility** to pursue **attractive EV opportunities**
- Better positions BorgWarner to be a **market leader in EV propulsion**
- Supports our vision of a **clean, energy-efficient world** as we deliver **innovative and sustainable solutions** for the vehicle market

EV Charging Forward Targets (% Sales)



Source: BorgWarner estimate.

NewCo: Product Leader with Top-Quartile⁽¹⁾ Margins and Solid Cash Generation

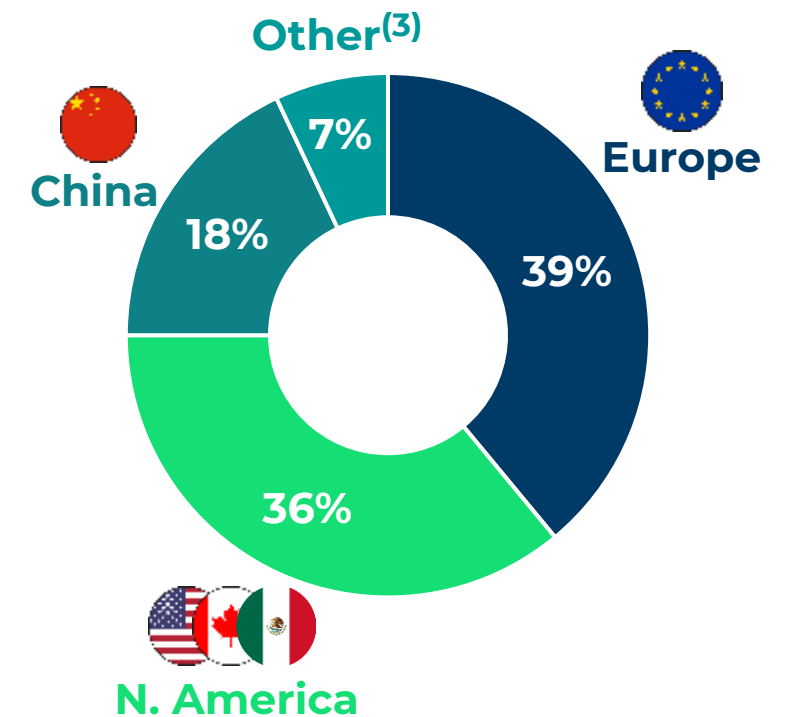
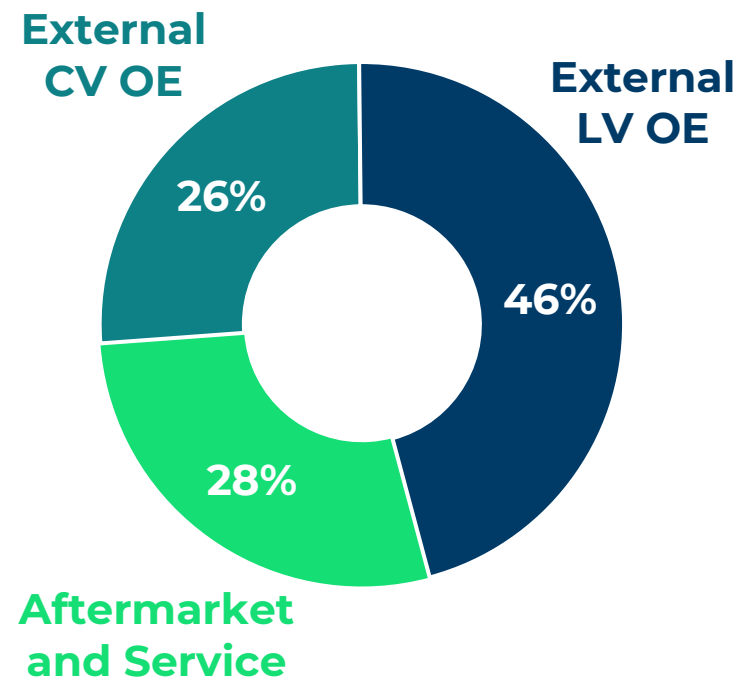
- 1 Technology-driven fuel systems, starter/alternator & aftermarket businesses with market-leading positions
- 2 Top-quartile⁽¹⁾ margins and solid free cash flow with above-market growth
- 3 Synergistic, diversified portfolio with expansion opportunities in Aftermarket and Commercial Vehicle
- 4 Longevity supported by embedded relationships with global OEMs
- 5 Positioned to benefit from secular growth trends in Gasoline Direct Injection (GDI) and Alternative Fuels, such as Hydrogen

\$3.3 Billion⁽²⁾

FY22E Sales

'22E Revenue by Market

'22E Revenue by Geography



10 (1) Estimated current margin relative to automotive industry peer group.

(2) The midpoint of BorgWarner's 2022 guidance provided on Oct. 27, 2022, included the 2022E revenue estimates after considering inter-segment eliminations.

(3) Represents S. America, Asia Pacific and India.

NewCo: Propulsion Technologies for LV, CV & Aftermarket



Electronics & SW / Calibration

Engine Management

Diagnostics, Training, & Technical support

Gasoline Direct Injection Systems

Starters & Alternators

Maintenance Solutions

Diesel Injection Systems

Alternative Fuel Systems*

Fuel Delivery Modules

Canisters

Transaction Summary

Structure

- Upon completion of the intended transaction, BorgWarner shareholders would receive shares of NewCo via a pro rata special distribution
- Expected to be tax free for U.S. federal tax purposes
- NewCo expected to have moderate leverage and solid liquidity, providing financial flexibility to support current operations and longer-term strategies

Process

- Expected to close in late 2023
- Subject to customary conditions including Form 10 registration, receipt of a tax opinion, consultation with works councils and final BorgWarner Board approval

Next Steps

- Finalize separation plans
- Proceed with SEC regulatory actions
- Further details to come