



## **BorgWarner Agrees to Acquire AKASOL AG, Seeking to Expand Electrification Portfolio**

- *Acquisition Would Significantly Strengthen Commercial Vehicle Electrification Capabilities to Meet Industrywide Demand*
- *Cash Offer of €120.00 per Share Represents Approximately 23% Premium to AKASOL's Three-Month Volume-Weighted Average Share Price; Values 100% of AKASOL's Equity at Approximately €727 Million<sup>1</sup>*
- *Offer Fully Supported by AKASOL Executive Board and Supervisory Board*
- *Sven Schulz, AKASOL's Largest Shareholder, CEO and Founder, as well as Certain Other Shareholders, Have Entered into Irrevocable Undertakings to Tender Approximately 59% of AKASOL's Shares Outstanding*

AUBURN HILLS, Mich. and DARMSTADT, Germany, February 15, 2021 – BorgWarner Inc. (NYSE: BWA) and AKASOL AG (ETR: ASL) today announced that they have signed a Business Combination Agreement (“BCA”) to position BorgWarner to significantly expand its commercial vehicle electrification capabilities. As part of the agreement, a wholly-owned subsidiary of BorgWarner will launch a voluntary public takeover offer at €120.00 per share in cash for all outstanding shares of AKASOL (“the Offer”). Holders of approximately 59% of AKASOL’s outstanding shares have committed through Irrevocable Undertakings to accept the Offer with respect to their shares. The Offer represents a premium of approximately 23% to AKASOL’s three-month volume-weighted average share price prior to announcement and values AKASOL at a total enterprise value of approximately €754 million<sup>2</sup>, which includes the assumption of €27 million of net debt.

Headquartered in Darmstadt, Germany, AKASOL designs and manufactures customizable battery packs for use in buses, commercial vehicles, rail vehicles and industrial vehicles, as well as in ships and boats. AKASOL’s proprietary system technology is cell-agnostic, providing a low-cost, flexible solution to world-class customers. With more than 300 full-time employees and three facilities across Germany and one facility in the United States, AKASOL

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<sup>1</sup> Based on basic shares outstanding.

<sup>2</sup> Reflecting latest reported AKASOL balance sheet items as of 30 September 2020.

believes it is well positioned to capitalize on the large market opportunity across Europe and North America.

“AKASOL is an excellent strategic fit as BorgWarner seeks to continue to expand its electrification portfolio and capitalize on the profound industry shift towards electrification. AKASOL’s manufacturing footprint and established, in-production customer base are complementary to BorgWarner’s and would accelerate our foothold into the fast-growing commercial vehicle and off-highway battery pack market,” said Frédéric Lissalde, President and CEO of BorgWarner. “AKASOL is highly-regarded as a reputable and reliable partner, and like us, they have a customer-first mentality and a culture of innovation and environmentally friendly technology leadership. We look forward to welcoming their incredibly talented team to BorgWarner.”

BorgWarner believes the acquisition would significantly strengthen its commercial vehicle and off-highway battery systems business as it continues to execute its electrification strategy. With the global, lithium-ion battery market for electric vehicles expected to grow, AKASOL believes it is well positioned to meet the demand for battery systems in the global electric commercial vehicle market.

“The Executive Board welcomes the strategic partnership with BorgWarner, as it offers significant strategic perspectives to AKASOL,” said Sven Schulz, CEO and Founder of AKASOL. “BorgWarner shares our vision of emission-free mobility, and with joint forces, we will expand AKASOL’s technology and market leadership for high-performance battery systems.”

## **Transaction Terms**

As part of the agreement, a wholly-owned subsidiary of BorgWarner will launch a voluntary public takeover offer at €120.00 per share in cash for all outstanding shares of AKASOL. Both the Executive Board and Supervisory Board of AKASOL fully support the Offer.

BorgWarner has already secured commitments from the holders of approximately 59% of all outstanding shares of AKASOL via irrevocable undertakings, including from an entity controlled by Schulz.

AKASOL is expected to continue to be run independently from its Darmstadt headquarters, and BorgWarner intends to be represented on the Supervisory Board in a manner which appropriately reflects its shareholding. It is currently expected that CEO Schulz, CFO Carsten Bovenschen and CTO Stephen Raiser will continue their roles after completion of the transaction.

The Offer, which has been unanimously approved by the BorgWarner Board of Directors and the AKASOL Supervisory Board, is expected to be completed late in the second quarter of 2021, subject to the satisfaction of applicable regulatory approvals, as well as other closing

conditions. The acceptance period under the Offer is expected to commence by the end of March. The Offer will contain a minimum acceptance threshold of 50% of the AKASOL shares issued plus one share that will be achieved upon the tendering of shares by the shareholders that have irrevocably committed. BorgWarner does not currently intend to enter into a domination agreement and / or profit and loss transfer agreement with AKASOL.

BorgWarner currently anticipates that the transaction will be funded primarily with existing cash balances and potentially some incremental debt. For the purpose of satisfying German “Cash Confirmation” requirements, BorgWarner intends to secure a \$900 million, 364-day undrawn credit facility.

### **Advisors**

BofA Securities, Inc is acting as financial advisor, and Foley & Lardner LLP and Freshfields Bruckhaus Deringer are providing legal advice to BorgWarner. Berenberg is acting as financial advisor and Hogan Lovells is acting as legal advisor to AKASOL.

### **Transaction Presentation**

A supplemental presentation regarding the transaction is available on the investor relations section of BorgWarner’s website at <https://www.borgwarner.com/investors>.

### **About BorgWarner**

BorgWarner Inc. (NYSE: BWA) is a global product leader in clean and efficient technology solutions for combustion, hybrid and electric vehicles. Building on its original equipment expertise, BorgWarner also brings market leading product and service solutions to the global aftermarket. With manufacturing and technical facilities in 96 locations in 24 countries, the company has approximately 50,000 employees worldwide. For more information, please visit [borgwarner.com](http://borgwarner.com).

### **About AKASOL**

AKASOL is a leading German developer and manufacturer of high-energy and high-performance lithium-ion battery systems for use in buses, commercial vehicles, rail vehicles and industrial vehicles, as well as in ships and boats. With 30 years of experience, AKASOL is a pioneer in the development and manufacture of lithium-ion battery systems for commercial applications. Shares of AKASOL AG stock have been traded on the Prime Standard segment of the Frankfurt Stock Exchange since June 29, 2018.

## Forward-Looking Statements

This press release 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 press release 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 Annual Report on Form 10-K for the year ended December 31, 2019 ("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 in 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 press release. 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: uncertainties regarding the extent and duration of impacts of matters associated with COVID-19, including additional production disruptions; the possibility that the proposed transaction will not be consummated; failure to obtain necessary regulatory approvals or to satisfy any of the other conditions to the proposed transaction; adverse effects on the market price of BorgWarner's shares of common stock and BorgWarner's operating results because of a failure to complete the proposed transaction; failure to realize the expected benefits of the proposed transaction; negative effects relating to the announcement of the proposed transaction or any further announcements relating to the proposed transaction or the consummation of the proposed transaction on the market price of BorgWarner's shares of common stock; the failure to realize the expected benefits of the acquisition of Delphi Technologies PLC that the Company completed on October 1, 2020; 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; our reliance on major OEM customers; commodities availability and pricing; supply disruptions; fluctuations in interest rates and foreign currency exchange rates; availability of credit; the uncertainty of the global economic environment; 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 in our most recently-filed 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 press release to reflect any change in our expectations or any change in events, conditions, circumstances, or assumptions underlying the statements.

## Additional Information About the Offer

Additional information regarding the Offer may be found at: <http://www.abba-offer.com>.

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