

BORGWARNER

Q2 2025 Earnings Call Presentation

July 31, 2025



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, 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, 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; impacts of our exit of the charging business; 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 any 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 uncertainty surrounding global trade policies including tariffs and export restrictions, and their impacts on the Company, its customers and suppliers and the economies in which the Company operates; 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 U.S. GAAP. Such non-GAAP financial measures are reconciled to their closest U.S. GAAP financial measures in the Appendix. The provision of these comparable U.S. GAAP financial measures in the context of guidance for 2025 is not intended to indicate that BorgWarner is explicitly or implicitly providing projections on those U.S. 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 analyses of the Company's business and operating performance. Management also uses this information for operational planning and decision-making purposes.

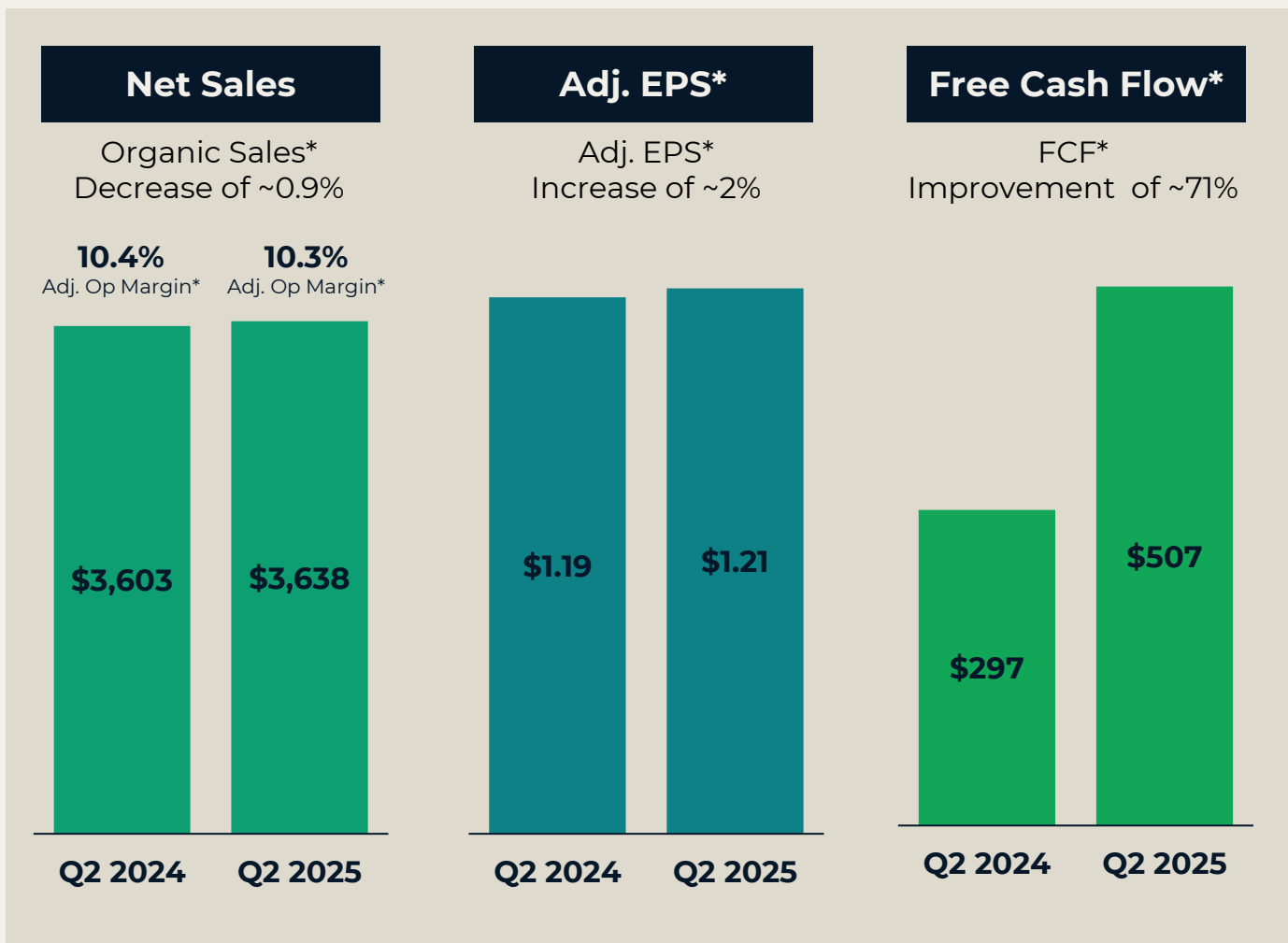
Non-GAAP financial measures are not and should not be considered a substitute for any U.S. GAAP measure. Additionally, because not all companies use identical calculations, the non-GAAP financial measures as presented by BorgWarner may not be comparable to similarly titled measures reported by other companies.

Agenda

- ▶ Joe Fadoo
Chief Executive Officer
- ▶ Craig Aaron
Chief Financial Officer
- ▶ Q&A

Strong Second Quarter Execution, Focused on Long-Term Value Creation

\$ in millions, except EPS



- Light vehicle eProduct growth of ~31% driven by Europe, China & RoW
- Continued Foundational and eProduct awards across multiple products and regions
- Strong adjusted margin, adjusted EPS and cash flow performance despite net tariff headwinds
- Strong liquidity and free cash flow support Q2 share repurchases, as well as dividend and share authorization increases

*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.

New Programs & Conquest Turbocharger Wins Highlight Foundational Product Leadership



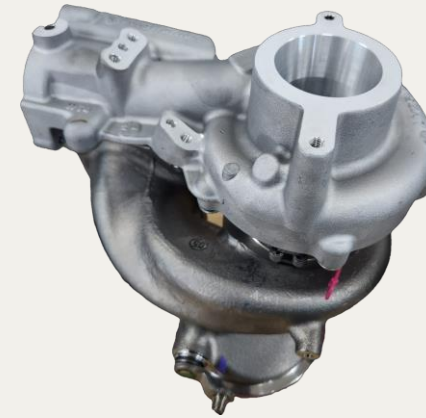
Wastegate Turbochargers

- Two conquest awards with a major global OEM, one for the European hybrid market and the other for the North American hybrid market
- Production expected to begin in 2027 and 2028 respectively



Wastegate Turbochargers

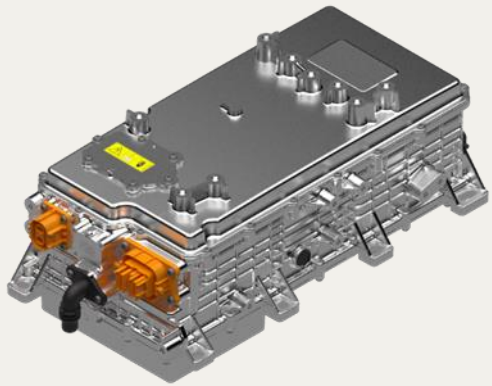
- Award with a major East Asian OEM for hybrid electric vehicle SUV applications
- Production expected to begin in 2027



Wastegate Turbochargers

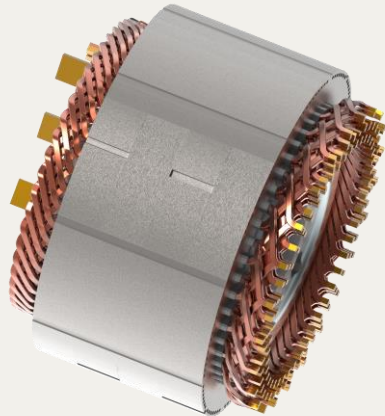
- Award with a major global OEM for a hybrid sports car application
- Production expected to begin in 2028

eProduct Awards Across Technology-Focused Portfolio



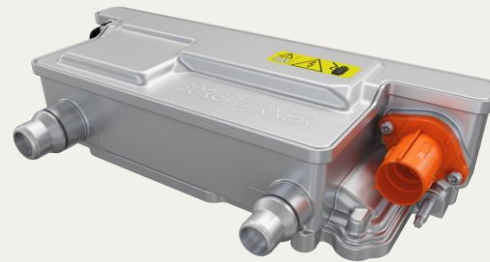
Dual Inverters

- Award with major Chinese OEM for its new energy vehicle (NEV) hybrid lineup, extending the partnership established in 2021
- Production expected to begin the end of 2025



Electric Motors

- Award with a major Chinese OEM for platform-based design compatible across a full range of NEVs, including battery electric and hybrid models
- Production expected to begin in 2026



High-Voltage Coolant Heaters (HVCH)

- Awards with two major global OEMs for plug-in hybrid electric vehicle platforms (PHEV)
- Production expected to begin in 2028 for both OEMs

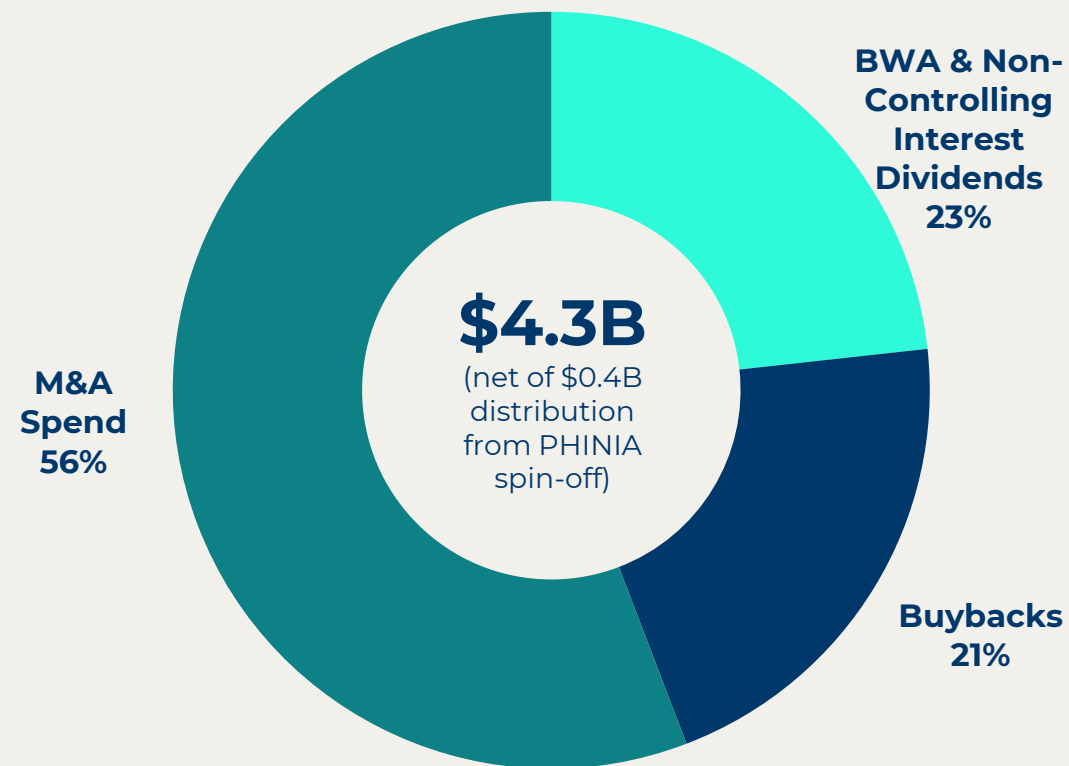


Electric Cross Differentials (eXD)

- Award with a leading Chinese OEM for electric cross differentials for battery electric vehicles (BEV)

History of Balanced Capital Allocation

Capital Allocation Since 2021



Capital Allocation Balanced Between Inorganic Investments and Shareholder Return Activity

Inorganic Investment Screening Process

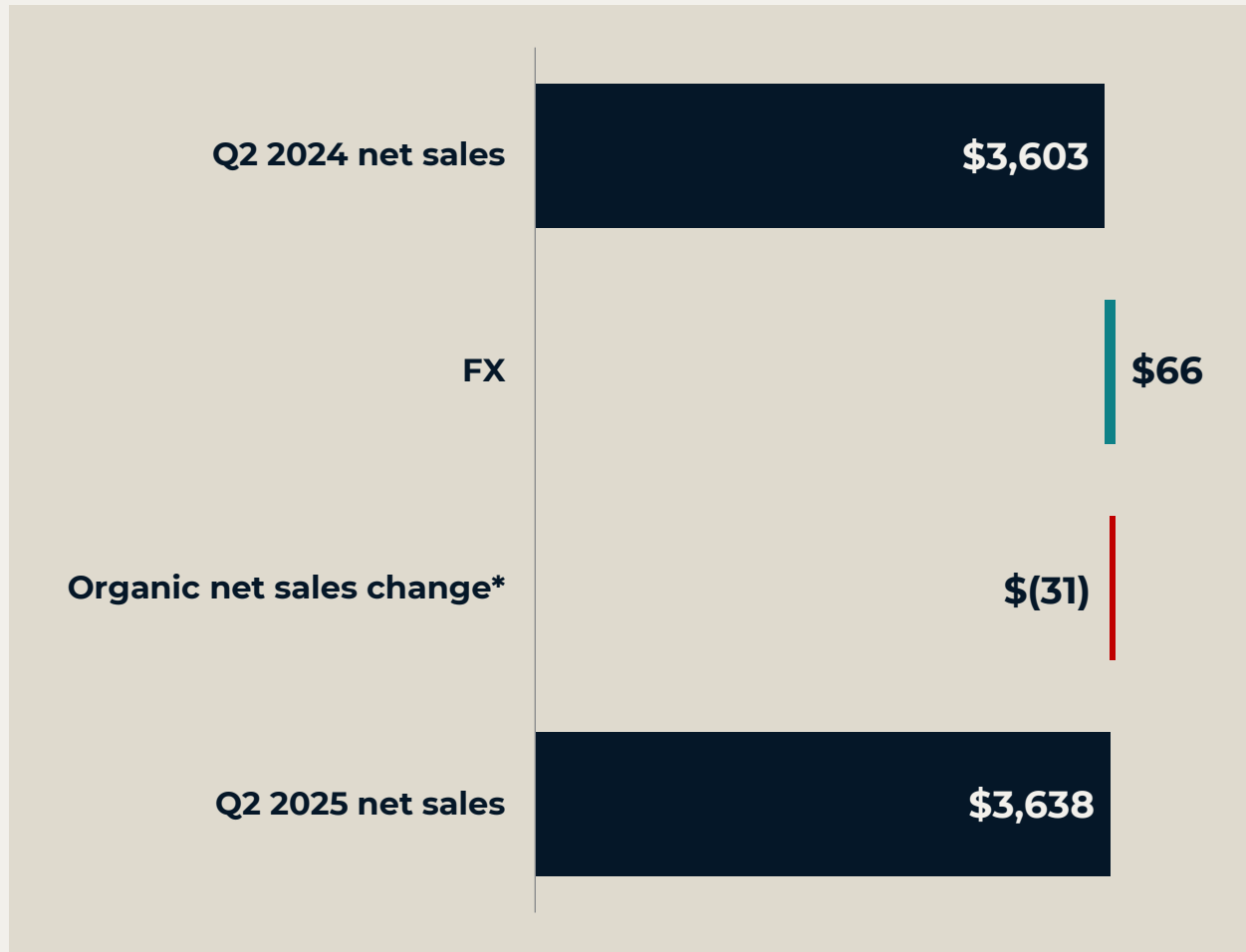
- **Industrial logic** – leverage BorgWarner's core competencies (not limited to BorgWarner's current portfolio)
- **Near-term accretion** – potential M&A intended to increase BorgWarner's earnings power
- **Thoughtful / diligent valuation consideration** – incorporating current macro risks and industry turmoil



BorgWarner Intends to Create Additional Shareholder Value with Free Cash Flow

Q2 2025 Net Sales Walk

\$ in millions

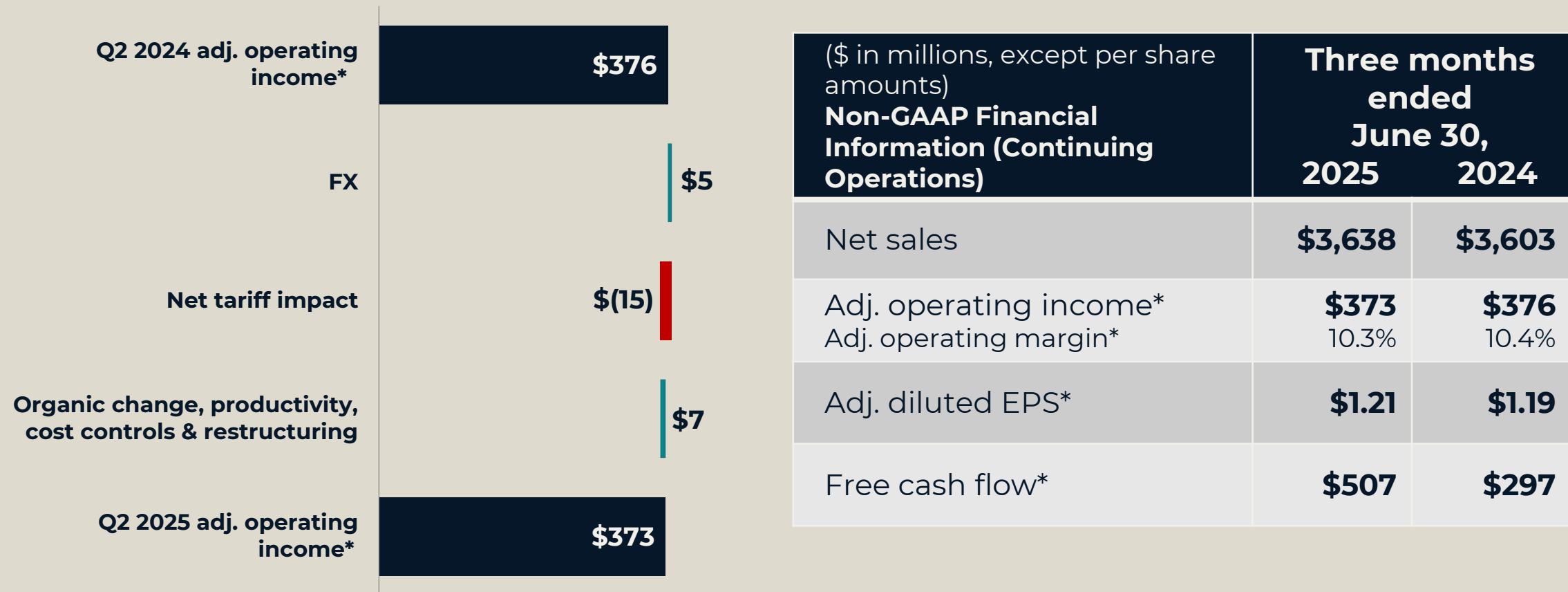


- **Organic sales* relatively flat, roughly in line with industry production**
 - **North America** – Modest outgrowth supported by transfer case growth, partially offset by battery decline
 - **China** – In line with market driven by growth in multiple eProducts, offset by Foundational products decline
 - **Europe** – Battery and Foundational products decline not fully offset by outgrowth in inverters and other eProducts

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

Q2 2025 Financial Results & Adj. Operating Income

\$ in millions

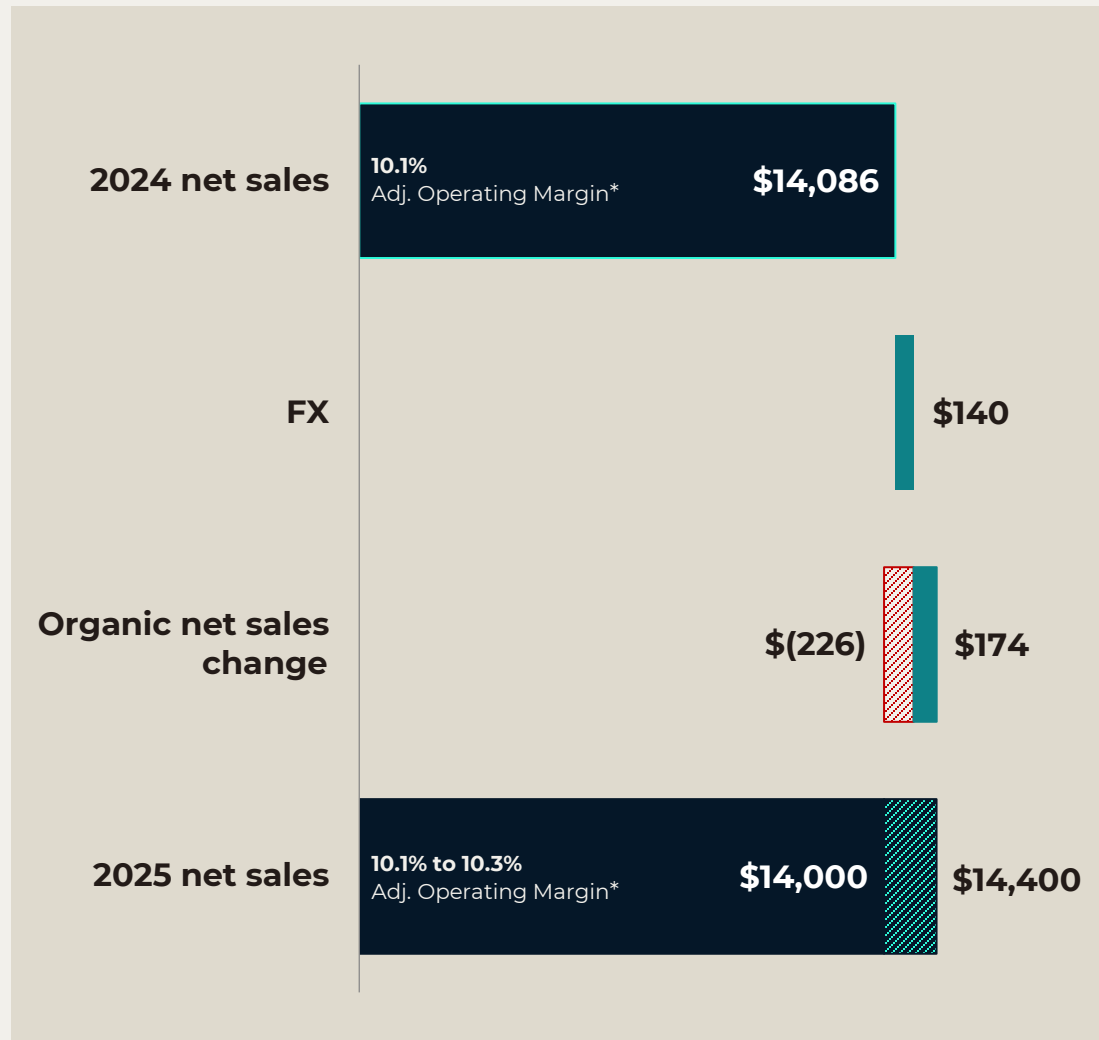


*Adj. operating income, adj. operating margin, adj. diluted EPS and free cash flow on this slide are non-US-GAAP measures. See reconciliation to US GAAP in Appendix.

2025 Outlook and Other Items

\$ in millions, except EPS

Full-year Net Sales Outlook (\$M)



Market & Earnings Outlook

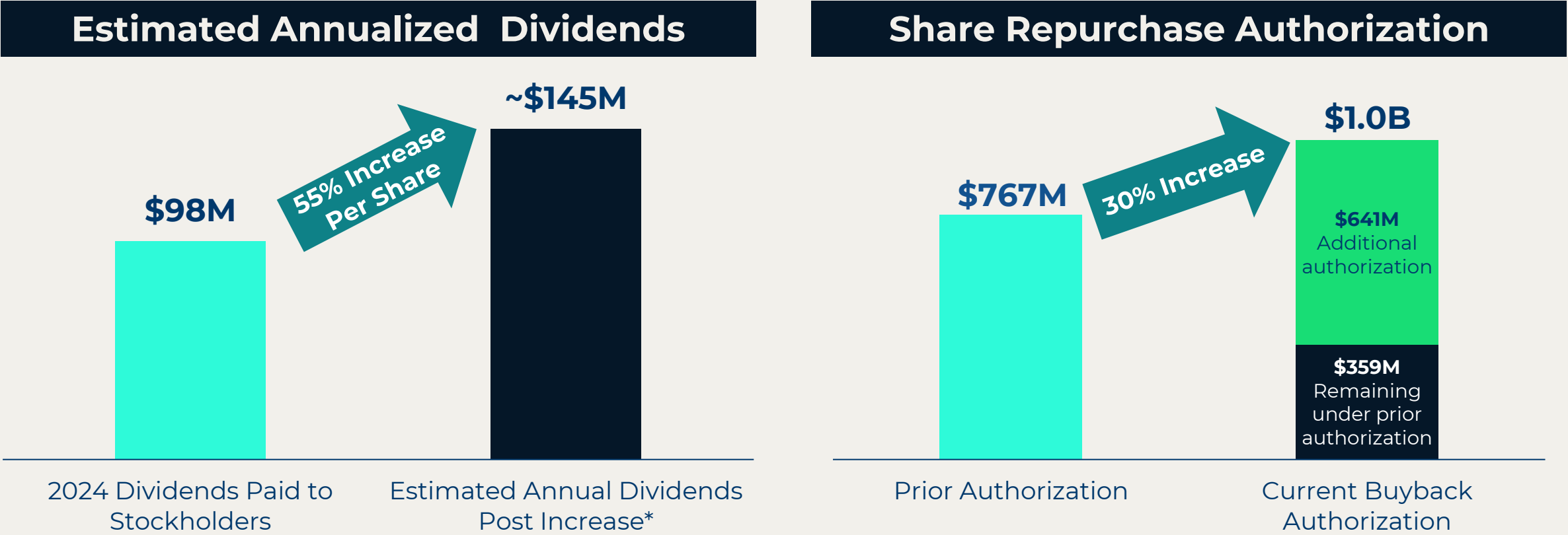
	Prior 2025 Guidance	Revised 2025 Outlook
Organic growth*	(2%) to 2%	(1.5%) to 1%
LV/CV Weighted Market	(4%) to (2%)	(2.5%) to (0.5%)
Adj. operating margin*	9.6% to 10.2%	10.1% to 10.3%
Adj. diluted EPS*	\$4.00 to \$4.45	\$4.45 to \$4.65
Free cash flow*	\$650M to \$750M	\$700M to \$800M
Tariff benefit to sales	Up to 1.6% of sales	Up to 1.0% of sales
Tariff headwind to adj. operating margin	~20 bps	~10 bps

*Organic growth, 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.

Note: FX rate assumes \$1.15 for Euro.

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We Believe Strong Liquidity and Free Cash Flow Enable Disciplined Return to Shareholders



**Increase to Both Dividend and Buyback Authorization
Consistent with BorgWarner’s History of Balanced Capital Return to Shareholders**

*Based on Q2'25 share count

July 31, 2025

BORGWARNER

Q2 2025

Earnings Call Presentation

THANK YOU

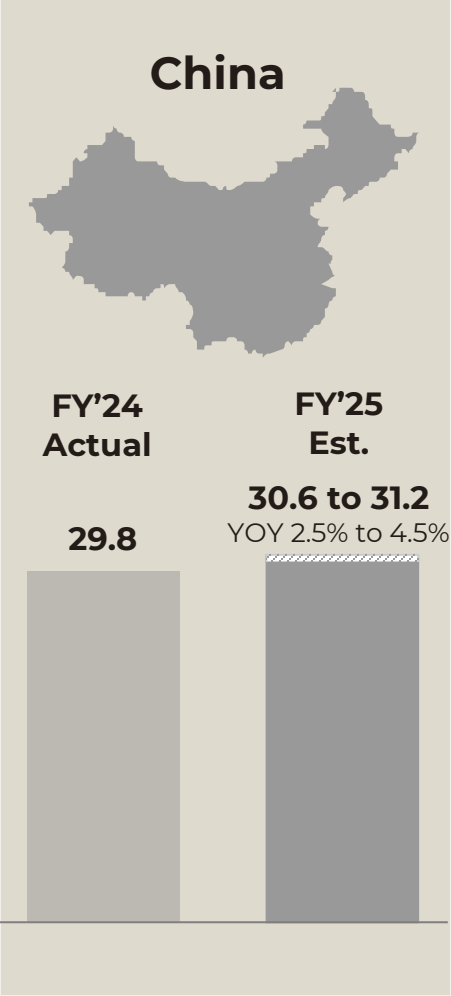
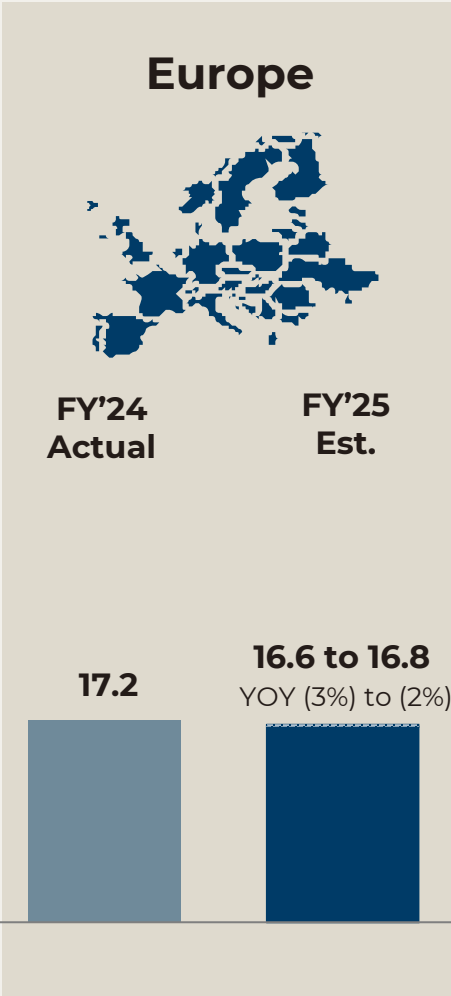
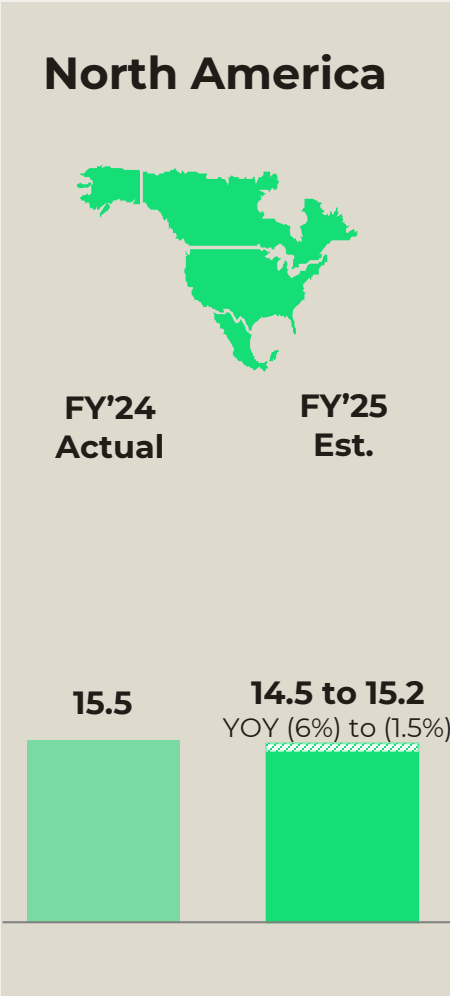
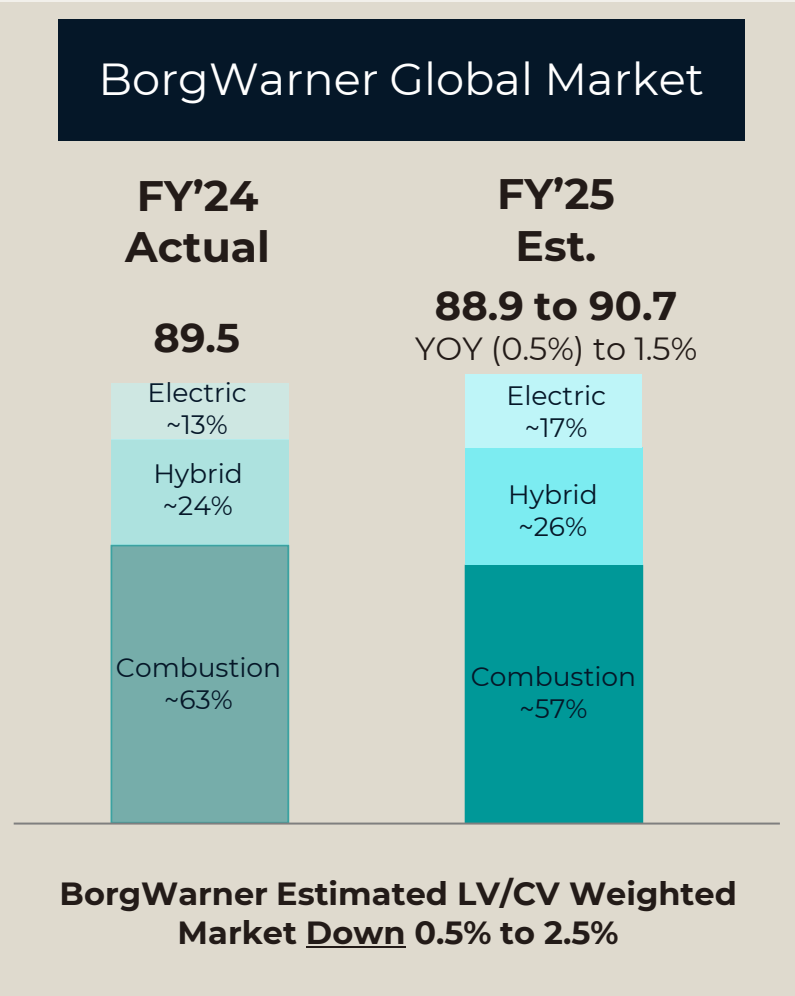
APPENDIX

2025 Planning Assumptions

- **CapEx** **\$625 to \$675 million**
- **Adjusted tax rate for ongoing operations** **23.5%**

2025 Light Vehicle Market Expectations

LV Units in millions



BorgWarner Global Production Outlook (2025 vs. 2024)

Actual & Estimated Production Totals (in Millions of Units)

	North America		Europe		China		Total	
	2024	2025	2024	2025	2024	2025	2024	2025
Light Vehicle	15.5	14.5 to 15.2	17.2	16.6 to 16.8	29.8	30.6 to 31.2	89.5	88.9 to 90.7
Commercial Vehicle	0.7	~0.5	0.6	~0.6	1.1	~1.2	3.3	~3.3

Estimated Year-over-Year Change in Production (Low to High)

	North America	Europe	China	Total
Light Vehicle	(6%) to (1.5%)	(3%) to (2%)	2.5% to 4.5%	(0.5%) to 1.5%
Commercial Vehicle	~(20%)	~0%	~4.5%	~(1%)
BorgWarner-Weighted	(7.5%) to (3.5)%	(2.5%) to (1.5%)	3% to 4.5%	(2.5%) to (0.5%)

Note: estimates are BorgWarner-weighted market assumptions based on LV and CV S&P Global.

Second Quarter & YTD Reconciliation to US GAAP

Adjusted Operating Income and Operating Margin

The Company defines adjusted operating income as 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,	
	2025	2024		2025	2024
Net sales	\$ 3,638	\$ 3,603		\$ 7,153	\$ 7,198
Operating income	\$ 289	\$ 297		\$ 526	\$ 592
Operating margin	7.9 %	8.2 %		7.4 %	8.2 %
Non-comparable items:					
Restructuring expense	\$ 17	\$ 25		\$ 48	\$ 44
Impairment charges	3	—		42	—
Intangible asset amortization expense	16	17		33	34
Costs to exit charging business	6	—		32	—
Accelerated depreciation	21	8		21	8
Write-off of customer incentive asset	7	—		7	—
Chief Executive Officer ("CEO") transition compensation	6	—		6	—
Loss on sale of assets	5	—		5	(3)
Merger and acquisition expense, net	—	—		2	5
Loss (gain) on sale of businesses	—	—		1	(3)
Commercial contract settlement	—	15		—	15
Adjustments associated with Spin-Off related balances	2	11		(1)	11
Other non-comparable items	1	3		3	9
Adjusted operating income	<u>\$ 373</u>	<u>\$ 376</u>		<u>\$ 725</u>	<u>\$ 715</u>
Adjusted operating margin	<u>10.3 %</u>	<u>10.4 %</u>		<u>10.1 %</u>	<u>9.9 %</u>

Second Quarter & YTD 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 and other gains and losses not reflective of the Company's ongoing operations and related tax effects. The impact of intangible asset amortization expense continues to be included in adjusted earnings per share.

	Three Months Ended June 30,			Six Months Ended June 30,	
	2025	2024		2025	2024
Earnings per diluted share	\$ 1.03	\$ 1.39		\$ 1.75	\$ 2.32
Non-comparable items:					
Restructuring expense	0.06	0.08		0.17	0.14
Impairment charges	0.01	—		0.16	—
Costs to exit charging business	0.02	—		0.13	—
Accelerated depreciation	0.08	0.03		0.08	0.03
Write-off of customer incentive asset	0.03	—		0.03	—
Chief Executive Officer ("CEO") transition compensation	0.03	—		0.03	—
Loss on sale of assets	0.02	—		0.02	—
Merger and acquisition expense, net	—	—		0.01	0.02
Adjustments associated with Spin-Off related balances	0.01	0.05		(0.01)	0.05
Commercial contract settlement	—	0.05		—	0.05
Unrealized loss on equity securities	—	—		—	0.01
Gain on sale of businesses	—	—		—	(0.01)
Tax adjustments	(0.08)	(0.42)		(0.06)	(0.42)
Other non-comparable items	—	0.01		0.01	0.03
Adjusted earnings per diluted share	\$ 1.21	\$ 1.19		\$ 2.32	\$ 2.22

Second Quarter & YTD Organic Net Sales Change

Organic Net Sales Change

The Company defines organic net sales changes as net sales change year-over-year excluding the estimated impact of foreign exchange (FX) and net mergers, acquisitions and divestitures.

(in millions)	Q2 2024 Net Sales	FX	Acquisition Impact	Organic Net Sales Change	Q2 2025 Net Sales	Organic Net Sales Change %
Turbos & Thermal Technologies	\$ 1,515	\$ 30	\$ —	\$ (64)	\$ 1,481	(4.2) %
Drivetrain & Morse Systems	1,442	23	—	(36)	1,429	(2.5) %
PowerDrive Systems	464	8	—	109	581	23.5 %
Battery & Charging Systems	193	5	—	(39)	159	(20.2) %
Inter-segment eliminations	(11)	—	—	(1)	(12)	9.1 %
Net sales	\$ 3,603	\$ 66	\$ —	\$ (31)	\$ 3,638	(0.9) %

(in millions)	Q2 2024 YTD Net Sales	FX	Acquisition Impact	Organic Net Sales Change	Q2 2025 YTD Net Sales	Organic Net Sales Change %
Turbos & Thermal Technologies	\$ 3,089	\$ (14)	\$ —	\$ (140)	\$ 2,935	(4.5) %
Drivetrain & Morse Systems	2,861	(2)	—	(69)	2,790	(2.4) %
PowerDrive Systems	900	(4)	—	246	1,142	27.3 %
Battery & Charging Systems	370	1	—	(62)	309	(16.8) %
Inter-segment eliminations	(22)	—	—	(1)	(23)	4.5 %
Total	\$ 7,198	\$ (19)	\$ —	\$ (26)	\$ 7,153	(0.4) %

Full Year 2025 Adj. Operating Income and Adj. Operating Margin Guidance Reconciliation to US GAAP

Adjusted Operating Income and Operating Margin

The Company defines adjusted operating income as 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)	Full-Year 2025 Guidance	
	Low	High
Net sales	\$ 14,000	\$ 14,400
Operating income	\$ 1,167	\$ 1,217
Operating margin	8.3 %	8.5 %
Non-comparable items:		
Restructuring expense	\$ 70	\$ 80
Intangible asset amortization	65	65
Impairment charges	42	42
Costs to exit charging business	32	32
Accelerated depreciation	21	21
Write-off of customer incentive asset	7	7
Chief Executive Officer ("CEO") transition compensation	6	6
Loss on sale of assets	5	5
Merger and acquisition expense, net	2	2
Loss on sale of business	1	1
Adjustment associated with Spin-Off related balances	(1)	(1)
Other non-comparable items	3	3
Adjusted operating income	\$ 1,420	\$ 1,480
Adjusted operating margin	10.1 %	10.3 %

Full Year 2025 Adj. Earnings per Diluted Share Guidance 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 and other gains and losses not reflective of the Company's ongoing operations and related tax effects. The impact of intangible asset amortization expense continues to be included in adjusted earnings per share.

	Full-Year 2025 Guidance	
	Low	High
Earnings per Diluted Share	\$ 3.80	\$ 3.97
Non-comparable items:		
Restructuring expense	0.25	0.28
Impairment charges	0.16	0.16
Costs to exit charging business	0.13	0.13
Accelerated depreciation	0.08	0.08
Write-off of customer incentive asset	0.03	0.03
Chief Executive Officer ("CEO") transition compensation	0.03	0.03
Loss on sale of assets	0.02	0.02
Merger and acquisition expense, net	0.01	0.01
Adjustment associated with Spin-Off related balances	(0.01)	(0.01)
Tax adjustments	(0.06)	(0.06)
Other non-comparable items	0.01	0.01
Adjusted Earnings per Diluted Share	\$ 4.45	\$ 4.65

Full Year 2025 Estimated Organic Net Sales Change Guidance and Outgrowth Reconciliation

Organic Net Sales Change
 The Company defines organic net sales changes as net sales change year-over-year excluding the estimated impact of foreign exchange (FX) and net mergers, acquisitions and divestitures.

	FY 2024 Net Sales		FX		Organic Net Sales Change		FY 2025 Net Sales		Organic Net Sales Change %		LV/CV Weighted Market %	Outgrowth %
(in millions)												
Low	\$	14,086	\$	140	\$	(226)	\$	14,000		(1.6) %	(2.5) %	0.9 %
High	\$	14,086	\$	140	\$	174	\$	14,400		1.2 %	(0.5) %	1.7 %

Q2 & YTD 2025, Q2 & YTD 2024 & Full Year 2025

Free Cash Flow Reconciliations to US GAAP

The Company defines free cash flow as net cash provided by operating activities minus capital expenditures, net of customer advances related to capital expenditures. The Company believes this 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,	
	2025	2024	2025	2024
Net cash provided by operating activities from continuing operations	\$ 579	\$ 462	\$ 661	\$ 344
Capital expenditures, including tooling outlays	\$ (77)	\$ (165)	\$ (196)	\$ (355)
Customer advances related to capital expenditures	\$ 5	\$ —	\$ 7	\$ —
Free cash flow	\$ 507	\$ 297	\$ 472	\$ (11)

(in millions)	Full-Year 2025 Guidance	
	Low	High
Net cash provided by operating activities	\$ 1,368	\$ 1,418
Capital expenditures, including tooling outlays	(675)	(625)
Customer advances related to capital expenditures	7	7
Free cash flow	\$ 700	\$ 800

Key Definitions

The terms below are commonly used by management and investors in assessing ongoing financial performance:

Organic Net Sales Change. The Company defines organic net sales changes as net sales change year over year excluding the estimated impact of foreign exchange (FX) and net mergers, acquisitions and divestitures.

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

Outgrowth. "Organic Net Sales Change" vs. year-over-year change in "Market".