

BORGWARNER

# Q3 2025 Earnings Call Presentation

October 30, 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 our 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.

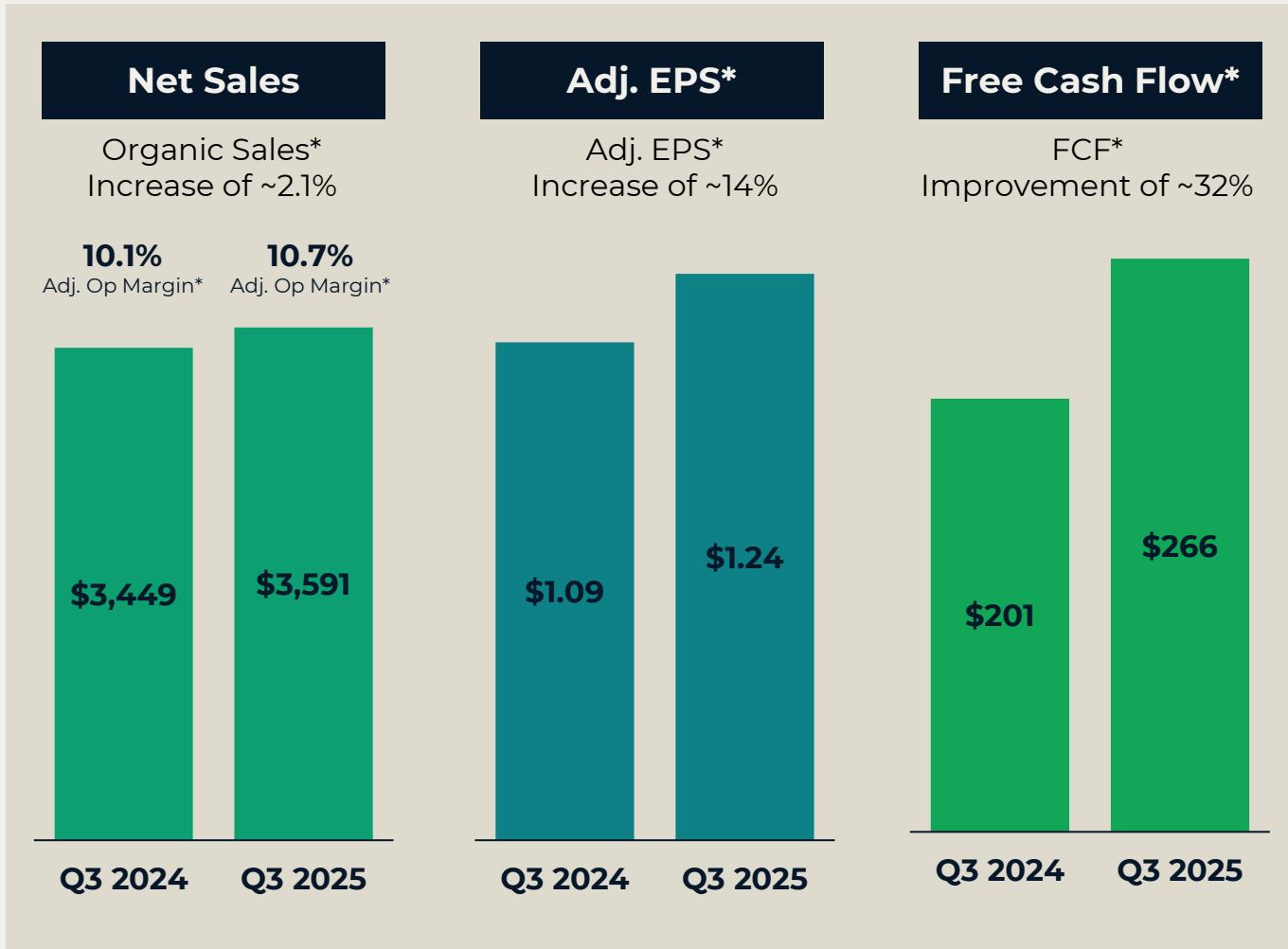
Non-GAAP financial measures are not and should not be considered a substitute for any U.S. GAAP measure. Additionally, because not all companies use identical calculations, the non-GAAP financial measures as presented by BorgWarner may not be comparable to similarly titled measures reported by other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

# Agenda

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

# Strong Third Quarter Execution Supports Full-year Guidance Increase

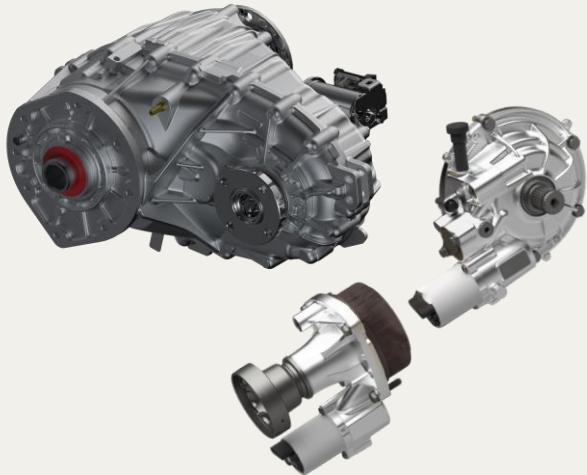
\$ in millions, except EPS



- Organic sales growth of ~2%, despite headwinds from lower battery sales and the impact of a European customer cyber attack
- Continued Foundational and eProduct awards across products
- Strong third quarter adjusted operating margin, adjusted EPS and free cash flow performance
- Returned \$136 million to stockholders during the third quarter
- Year-to-date performance supports increased adj. operating margin, adj. EPS and free cash flow guidance

\*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 Program Awards Highlight Continued Foundational Product Leadership



## Transfer Cases & Cross Wheel Drives

- Multiple awards with Chery including transfer cases for pickup trucks and cross wheel drives for SUVs
- Production is expected to begin in 2027



## Turbochargers

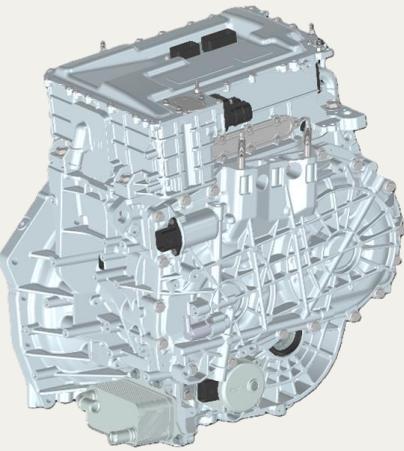
- Award with Stellantis for the Hurricane 4, a 4-cylinder gasoline engine used on the 2026 Jeep® Grand Cherokee



## Electric Variable Cam Timing

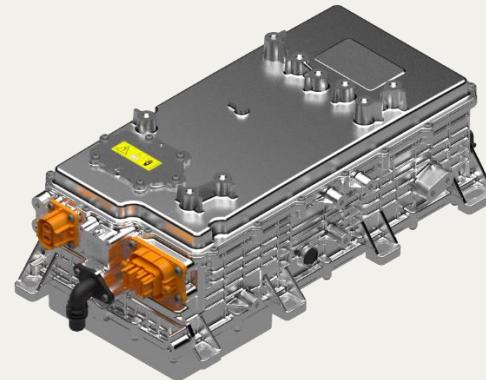
- Award with Stellantis for the Jeep Cherokee, marking the first use of an eVCT with this OEM

# eProduct Awards Across Technology-Focused Portfolio



## 7-in-1 Integrated Drive Modules

- Award with a leading Chinese OEM for a hybrid SUV
- Combines two electric motors, dual inverter integrated with on-board charger, DCDC converter, battery voltage boost, VCU and PDU functions and an eGear transmission
- Production expected to begin in 2026



## Dual Inverters

- Two awards with Great Wall Motor for HEV and PHEV vehicles
- Expands on two previously awarded dual inverter programs with Great Wall Motor
- Production expected to begin in 2026

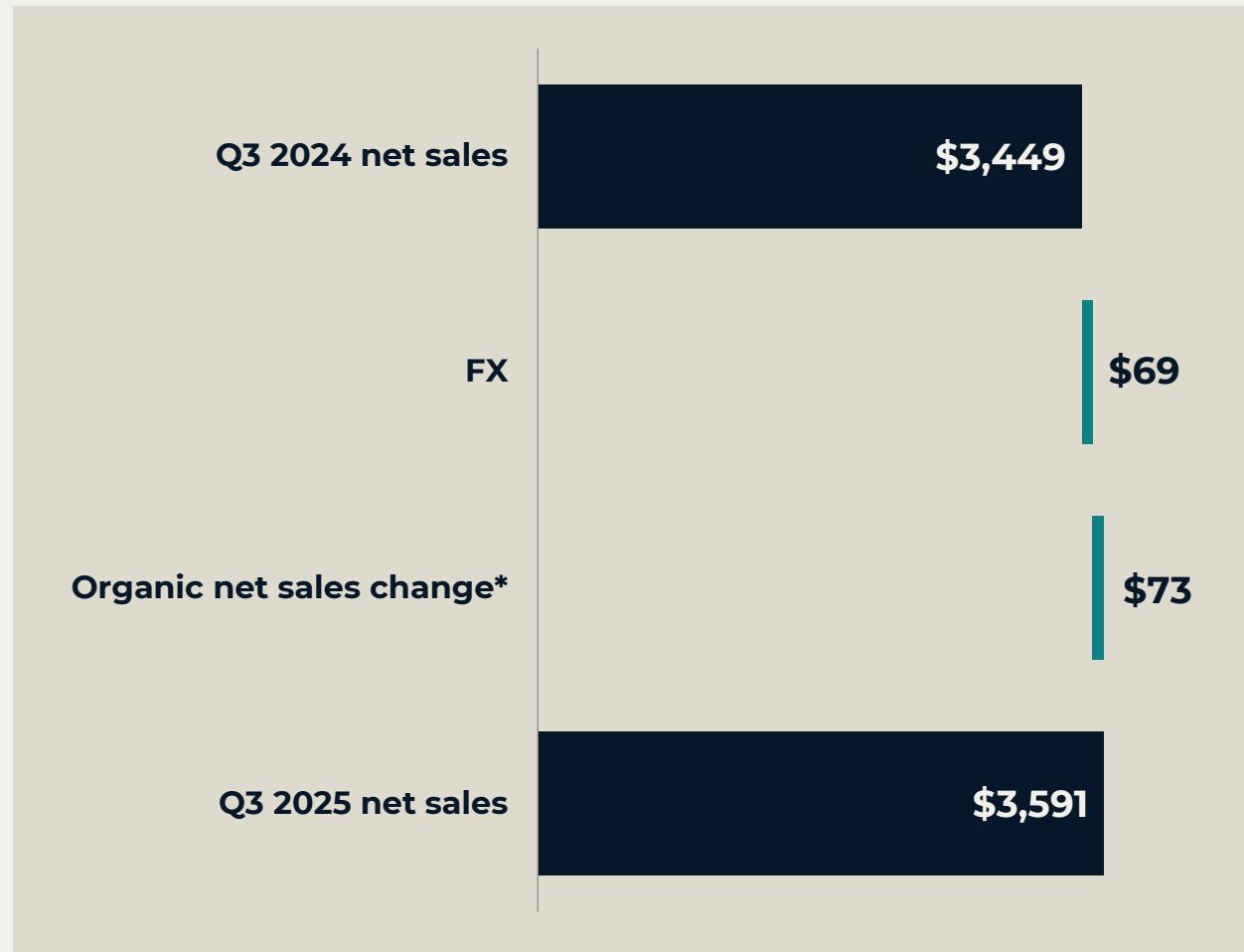


## Battery Systems

- Award for the HOLON Urban, a 15-person, Level 4 autonomous, fully electric shuttle
- Production expected to begin in 2027

# Q3 2025 Net Sales Walk

\$ in millions

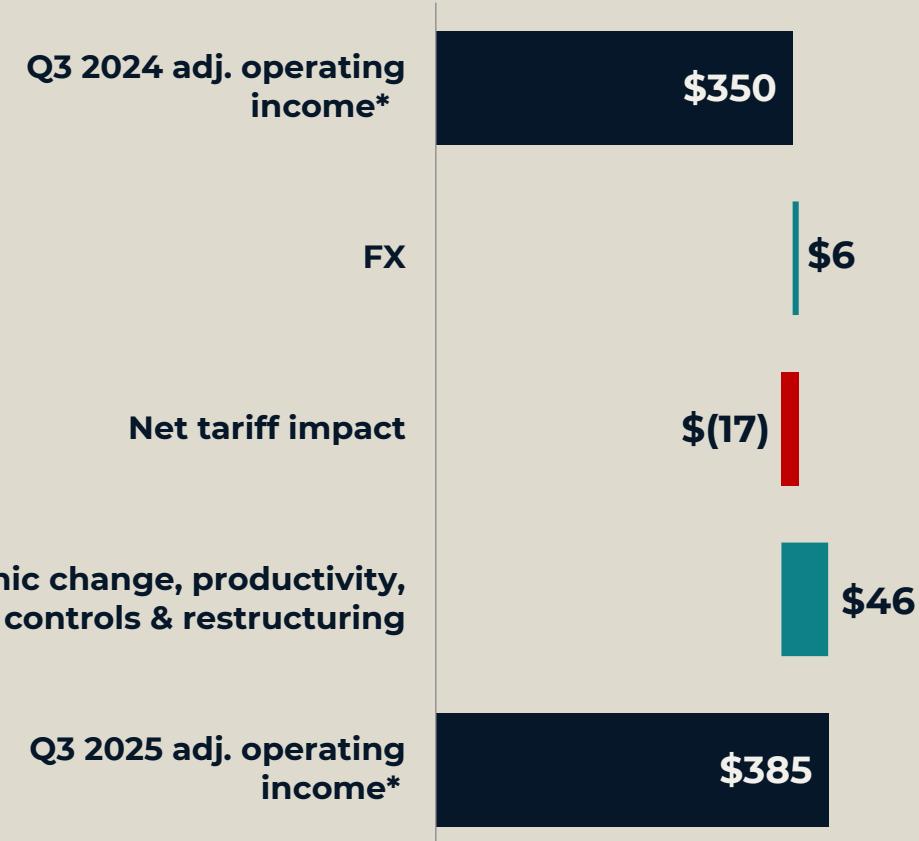


- **Organic sales\* up ~2.1%, or up ~4.1% excl. Battery & Charging Systems sales decline, in line with market**
  - **North America** – Outgrowth supported by transfer case and turbocharger growth
  - **China** – Modestly below market due to Foundational products decline, partially offset by growth in multiple eProducts
  - **Europe** – Below market due to impact of a European customer cyber attack and decline in battery sales

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

# Q3 2025 Financial Results & Adj. Operating Income

\$ in millions



(\$ in millions, except per share amounts)

## Non-GAAP Financial Information (Continuing Operations)

**Three months ended September 30, 2025**

**\$3,591**

**\$3,449**

**\$385**

**\$350**

10.7%

10.1%

**\$1.24**

**\$1.09**

**\$266**

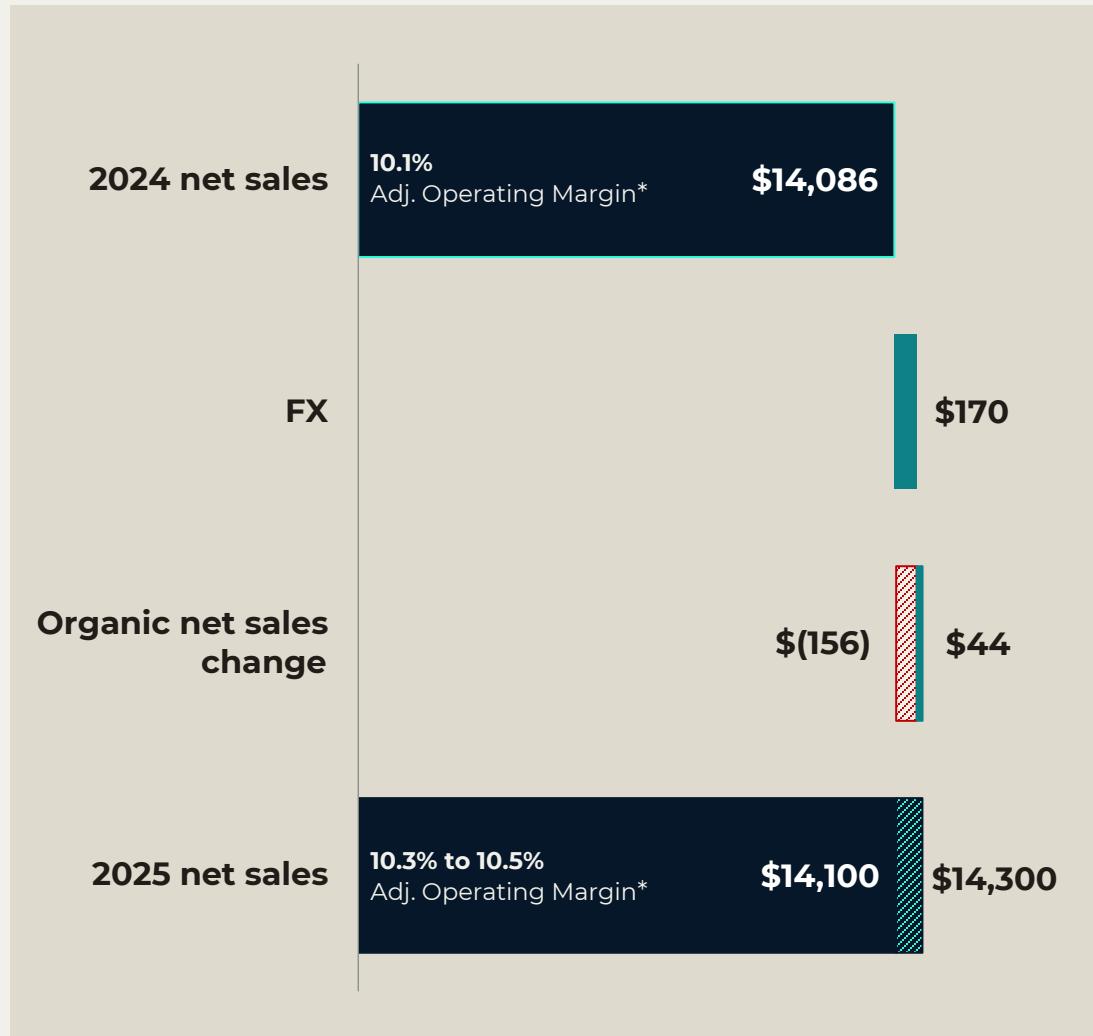
**\$201**

\*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*	(1.5%) to 1%	(1%) to 0%
LV/CV Weighted Market	(2.5%) to (0.5%)	(1%) to 0%
Adj. operating margin*	10.1% to 10.3%	10.3% to 10.5%
Adj. diluted EPS*	\$4.45 to \$4.65	\$4.60 to \$4.75
Free cash flow*	\$700M to \$800M	\$850M to \$950M
Tariff benefit to sales	Up to 1.0% of sales	Up to 1.0% of sales

\*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 \$1.16 for Euro.

October 30, 2025

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**THANK YOU**

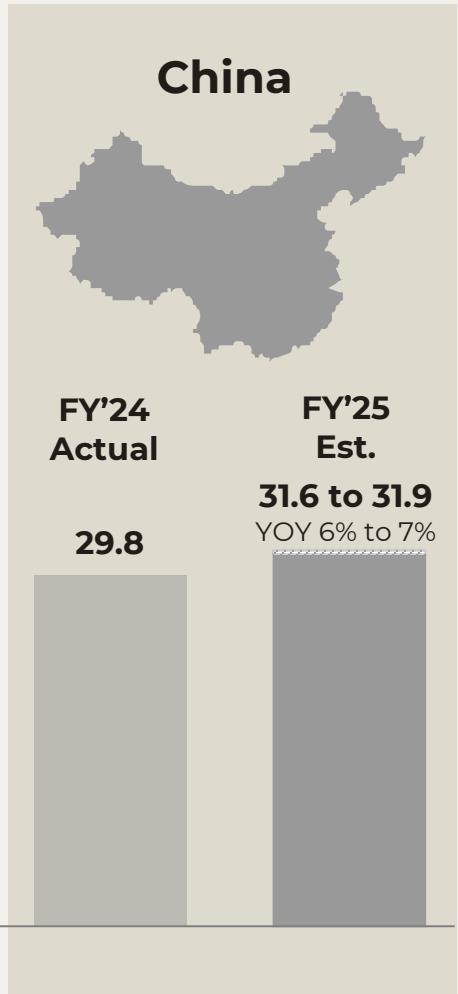
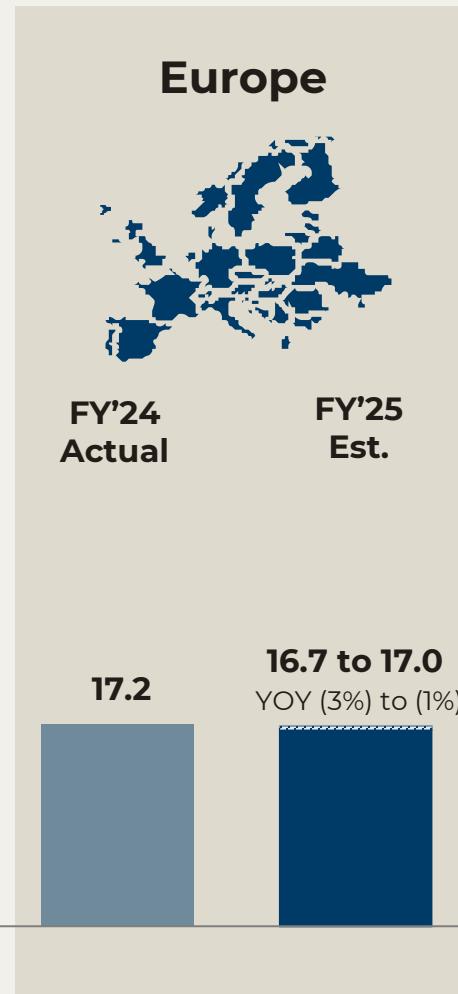
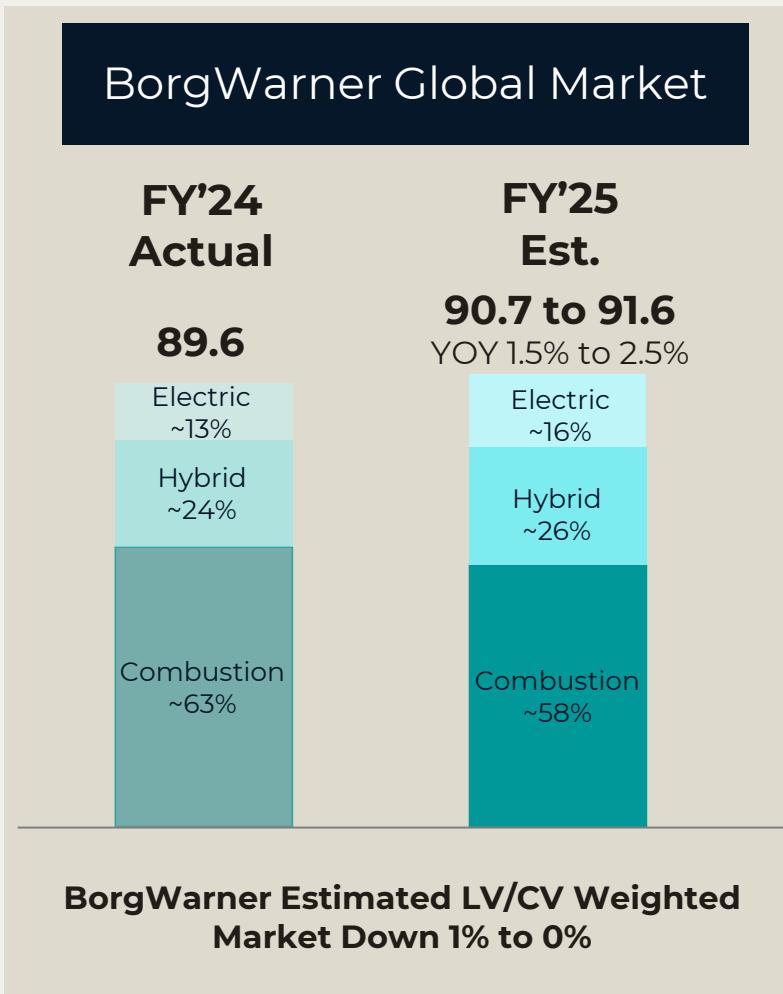
# APPENDIX

# 2025 Planning Assumptions

- **CapEx** **\$550 to \$600 million**
- **Adjusted tax rate for ongoing operations** **23%**

# 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
<b>Light Vehicle</b>	15.5	15.0 to 15.2	17.2	16.7 to 17.0	29.8	31.6 to 31.9	89.6	90.7 to 91.6
<b>Commercial Vehicle</b>	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
<b>Light Vehicle</b>	(3%) to (1.5%)	(3%) to (1%)	6% to 7%	1.5% to 2.5%
<b>Commercial Vehicle</b>	~(21%)	~2.5%	~8%	~0%
<b>BorgWarner-Weighted</b>	<b>(6%) to (4.5%)</b>	<b>(2%) to (0.5%)</b>	<b>6% to 7%</b>	<b>(1%) to 0%</b>

# Third 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 September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	\$ 3,591	\$ 3,449	\$ 10,744	\$ 10,647
<b>Net sales</b>				
<b>Operating income</b>	\$ 248	\$ 270	\$ 774	\$ 862
<b>Operating margin</b>	6.9 %	7.8 %	7.2 %	8.1 %
<b>Non-comparable items:</b>				
Accelerated depreciation	\$ 60	\$ 27	\$ 81	\$ 35
Restructuring expense	23	21	71	65
Intangible asset amortization expense	16	17	49	51
Impairment charges	—	—	42	—
Legal settlement	38	—	38	—
Costs to exit charging business	—	—	32	—
Chief Executive Officer ("CEO") transition compensation	5	—	11	—
Write-off of customer incentive asset	—	—	7	—
Adjustments associated with Spin-Off related balances	8	3	7	14
Loss on sale of assets	1	—	6	—
Merger and acquisition expense, net	2	(5)	4	—
Loss on sale of businesses	1	6	2	3
Insurance recovery	(21)	—	(21)	—
Commercial contract settlement	—	—	—	15
Collective bargaining agreement ratification bonus	—	4	—	4
Other non-comparable items	4	7	7	16
<b>Adjusted operating income</b>	<b>\$ 385</b>	<b>\$ 350</b>	<b>\$ 1,110</b>	<b>\$ 1,065</b>
<b>Adjusted operating margin</b>	10.7 %	10.1 %	10.3 %	10.0 %

# Third 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 September 30,		Nine Months Ended September 30,	
	2025		2024	
	\$ <b>0.73</b>	\$ <b>1.08</b>	\$ <b>2.48</b>	\$ <b>3.40</b>
<b>Earnings per diluted share</b>				
<b>Non-comparable items:</b>				
Accelerated depreciation	0.19	0.10	0.28	0.13
Restructuring expense	0.10	0.07	0.26	0.21
Impairment charges	—	—	0.16	—
Legal settlement	0.18	—	0.18	—
Costs to exit charging business	—	—	0.14	—
Chief Executive Officer ("CEO") transition compensation	0.02	—	0.05	—
Write-off of customer incentive asset	—	—	0.03	—
Adjustments associated with Spin-Off related balances	0.04	0.01	0.03	0.06
Loss on sale of assets	0.01	—	0.02	—
Merger and acquisition expense, net	—	(0.02)	0.02	—
Loss on sale of businesses	0.01	0.03	0.01	0.02
Unrealized gain on equity securities	(0.01)	(0.01)	(0.01)	—
Insurance recovery	(0.07)	—	(0.07)	—
Commercial contract settlement	—	0.02	—	0.06
Collective bargaining agreement ratification bonus	—	0.01	—	0.01
Gain on debt extinguishment	—	(0.01)	—	(0.01)
Tax adjustments	—	(0.23)	(0.06)	(0.65)
Other non-comparable items	0.04	0.04	0.05	0.07
<b>Adjusted earnings per diluted share</b>	<b>\$ <u>1.24</u></b>	<b>\$ <u>1.09</u></b>	<b>\$ <u>3.57</u></b>	<b>\$ <u>3.30</u></b>

# Third Quarter 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	Q3 2024 Net Sales	FX	Organic Net Sales Change	Q3 2025 Net Sales	Organic Net Sales Change %	Q3 2025 Battery & Charging Sales Decline	Organic Net Sales Excl. Battery Sales Decline
Turbos & Thermal Technologies	\$ 1,386	\$ 38	\$ 13	\$ 1,437	0.9%	\$ (0)	0.9%
Drivetrain & Morse Systems	1,365	17	70	1,452	5.1%	(0)	5.1%
PowerDrive Systems	512	9	61	582	11.9%	(0)	11.9%
Battery & Charging Systems	197	5	(70)	132	-35.5%	70	0.0%
Inter-segment eliminations	(11)	-	(1)	(12)	9.1%	-	9.1%
<b>Net Sales</b>	<b>\$ 3,449</b>	<b>\$ 69</b>	<b>\$ 73</b>	<b>\$ 3,591</b>	<b>2.1%</b>	<b>\$ 70</b>	<b>4.1%</b>

# 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
<b>Net sales</b>	\$ 14,100	\$ 14,300
<b>Operating income</b>	\$ 1,104	\$ 1,134
<b>Operating margin</b>	7.8 %	7.9 %
<b>Non-comparable items:</b>		
Accelerated depreciation	\$ 81	\$ 81
Restructuring expense	70	80
Intangible asset amortization	66	66
Impairment charges	42	42
Legal settlement	38	38
Costs to exit charging business	32	32
Chief Executive Officer ("CEO") transition compensation	11	11
Write-off of customer incentive asset	7	7
Adjustment associated with Spin-Off related balances	7	7
Loss on sale of assets	6	6
Merger and acquisition expense, net	4	4
Loss on sale of business	2	2
Insurance recovery	(21)	(21)
Other non-comparable items	6	6
<b>Adjusted operating income</b>	\$ 1,455	\$ 1,495
<b>Adjusted operating margin</b>	10.3 %	10.5 %

# 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.

		<b>Full-Year 2025 Guidance</b>	
		<b>Low</b>	<b>High</b>
<b>Earnings per Diluted Share</b>		<b>\$ 3.52</b>	<b>\$ 3.63</b>
<b>Non-comparable items:</b>			
Accelerated depreciation		0.28	0.28
Restructuring expense		0.25	0.29
Legal settlement		0.18	0.18
Impairment charges		0.16	0.16
Costs to exit charging business		0.14	0.14
Chief Executive Officer ("CEO") transition compensation		0.05	0.05
Write-off of customer incentive asset		0.03	0.03
Adjustment associated with Spin-Off related balances		0.03	0.03
Loss on sale of assets		0.02	0.02
Merger and acquisition expense, net		0.02	0.02
Unrealized gain on equity securities		(0.01)	(0.01)
Loss on sale of businesses		0.01	0.01
Insurance recovery		(0.07)	(0.07)
Tax adjustments		(0.06)	(0.06)
Other non-comparable items		0.05	0.05
<b>Adjusted Earnings per Diluted Share</b>		<b>\$ 4.60</b>	<b>\$ 4.75</b>

# 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.

(in millions)	FY 2024 Net Sales	FX	Organic Net Sales Change	FY 2025 Net Sales	Organic Net Sales Change %	LV/CV Weighted Market %	Outgrowth %
Low	\$ 14,086	\$ 170	\$ (156)	\$ 14,100	(1.1) %	(1.0) %	(0.1) %
High	\$ 14,086	\$ 170	\$ 44	\$ 14,300	0.3%	—%	0.3%

# Q3 & YTD 2025, Q3 & 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 September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net cash provided by operating activities from continuing operations	\$ 368	\$ 356	\$ 1,029	\$ 700
Capital expenditures, including tooling outlays	(111)	(155)	(307)	(510)
Customer advances related to capital expenditures	9	—	16	—
<b>Free cash flow</b>	<b>\$ 266</b>	<b>\$ 201</b>	<b>\$ 738</b>	<b>\$ 190</b>

(in millions)	Full-Year 2025 Guidance	
	Low	High
Net cash provided by operating activities from continuing operations	\$ 1,434	\$ 1,484
Capital expenditures, including tooling outlays	(600)	(550)
Customer advances related to capital expenditures	16	16
<b>Free cash flow</b>	<b>\$ 850</b>	<b>\$ 950</b>

# 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”.