

# BORGWARNER

**Immediate Release**

**Contact:** Patrick Nolan  
248.754.0884

**BorgWarner Reports Strong First Quarter 2026 Results  
Returned \$185 million to Shareholders During First Quarter 2026  
Announces 12 Awards Across Portfolio to Support Long-Term Profitable Growth**

Auburn Hills, Michigan, May 6, 2026 – BorgWarner Inc. (NYSE: BWA) today reported first quarter results for 2026.

## **First Quarter Results and Business Update**

- BorgWarner’s (the “Company”) U.S. GAAP net sales increased approximately 1%, while organic net sales decreased approximately 4.2%, year-over-year compared with the first quarter of 2025. Excluding the decline in Battery Energy Systems segment sales, this performance was roughly in line with the Company’s weighted light vehicle markets.
- The Company achieved a U.S. GAAP operating margin of 9.5% during the first quarter of 2026, or a decrease of 280 basis points, compared with the first quarter of 2025. The Company achieved an adjusted operating margin of 10.5%, or an increase of 50 basis points, compared with the first quarter of 2025. The Company’s continued focus on cost controls allowed it to deliver strong performance despite a lower industry production environment.
- The Company returned approximately \$185 million to its shareholders during the first quarter of 2026. This included the repurchase of approximately \$150 million of its outstanding shares and a \$35 million cash dividend payment.
- The Company continues to expand its data center and industrial portfolio. This now includes battery energy storage systems and bi-directional microgrid inverters. Additionally, the Company’s planned 2027 turbine generator system launch is on track with B-samples being delivered to the customer.

## **New Business Awards Across Portfolio**

The Company secured multiple new business awards that are expected to support its long-term profitable growth, including the following:

- Seven-year contract extension to supply eight families of engine, machine, power module, and battery management system controllers. This program starts in 2026 with a world-leading off-highway engine and machine manufacturer for large diesel engine applications.
- Three turbocharger program extension awards and one conquest award with a major European OEM. Production is expected to begin in phases starting in 2026 through 2029.
- Conquest variable turbine geometry (VTG) turbocharger and exhaust gas recirculation (EGR) cooler awards with a major European commercial vehicle OEM for on-highway use. Production is expected to begin in 2028.
- Dual clutch (DCT) award with a Chinese OEM for an SUV platform and a variable cam timing system (VCT) conquest award with a Japanese OEM for a hybrid program. Production is expected to begin in 2026 and 2028, respectively.

- Three eMotor awards with Asian OEMs, including two hybrid vehicle awards in China and one electric vehicle award in South Korea. Production is expected to begin in 2026 and 2027 in China and 2027 in South Korea.

### First Quarter Highlights:

- U.S. GAAP net sales of \$3,533 million, an increase of approximately 1% compared with the first quarter of 2025.
  - Excluding the impact of foreign currencies, organic net sales decreased 4.2% compared with the first quarter of 2025.
- U.S. GAAP net earnings of \$1.16 per diluted share.
  - Excluding \$0.08 of net losses per diluted share related to non-comparable items (detailed in the table below), adjusted net earnings were \$1.24 per diluted share, an increase of 12% compared with the first quarter of 2025.
- U.S. GAAP operating income of \$336 million, or 9.5% of net sales.
  - Excluding \$36 million of pretax expenses related to non-comparable items, adjusted operating income was \$372 million, or 10.5% of net sales.
- Net cash provided by operating activities of \$152 million.
  - Free cash flow of \$13 million.

### Financial Results:

The Company believes the following table is useful in highlighting non-comparable items that impacted its U.S. GAAP net earnings per diluted share. The non-comparable items presented below are calculated after tax using the corresponding effective tax rate discrete to each item and the weighted average number of diluted shares for the periods presented. 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.

	Three Months Ended March 31,	
	2026	2025
<b>Earnings per diluted share</b>	\$ 1.16	\$ 0.72
Non-comparable items:		
Restructuring expense	0.06	0.11
Adjustments associated with Spin-Off related balances	0.01	(0.01)
Unrealized loss on equity securities	0.01	—
Impairment charges	—	0.15
Costs to exit charging business	—	0.11
Merger and acquisition expense, net	(0.01)	0.01
Tax adjustments	0.01	0.01
Other non-comparable items	—	0.01
<b>Adjusted earnings per diluted share</b>	<u>\$ 1.24</u>	<u>\$ 1.11</u>

Net sales were \$3,533 million for the first quarter of 2026, an increase of approximately 1% compared with the first quarter of 2025. This increase was due to stronger foreign currencies compared to the U.S. dollar, partially offset by declining market production volumes and lower Battery Energy Systems segment sales. Net earnings for the first quarter of 2026 were \$242 million, or \$1.16 per diluted share, compared

with net earnings of \$157 million, or \$0.72 per diluted share for the first quarter of 2025. Adjusted net earnings per diluted share for the first quarter of 2026 were \$1.24, up approximately 12% from adjusted net earnings per diluted share of \$1.11 for the first quarter of 2025. Adjusted net earnings for the first quarter of 2026 excluded net non-comparable items of \$(0.08) per diluted share, while adjusted net earnings for the first quarter of 2025 excluded net non-comparable items of \$(0.39) per diluted share. These and other non-comparable items are listed in the table above, which is provided by the Company for comparison with other results and the most directly comparable U.S. GAAP measures. The increase in adjusted net earnings per diluted share was primarily due to higher adjusted operating income and the impact of a lower share count as a result of 2025 and 2026 share repurchases.

**Full Year 2026 Guidance Update:** The Company maintained its 2026 full year guidance. At the mid-point of its 2026 guidance, BorgWarner expects to deliver another year of adjusted operating margin improvement and adjusted earnings per share growth despite the Company's expectation that its weighted light vehicle markets will be down 3% to approximately flat and a decline in the Company's Battery Energy Systems segment sales. Net sales are expected to be in the range of \$14.0 billion to \$14.3 billion in 2026, compared with 2025 net sales of approximately \$14.3 billion. The Company's net sales guidance implies a year-over-year change in organic net sales of down 3.5% to down 1.5%. The Company's net sales guidance includes an expected year-over-year sales decline of approximately \$210 million in the Company's Battery Energy Systems segment, which represents approximately a 1.5% headwind to organic growth in 2026. Foreign currencies are expected to result in a year-over-year increase in sales of approximately \$200 million primarily due to the strengthening of the Euro and Chinese Renminbi against the U.S. dollar.

U.S. GAAP operating margin is expected to be in the range of 9.7% to 9.9% in 2026. Excluding the impact of non-comparable items and the add back of intangible asset amortization expense, adjusted operating margin is expected to be in the range of 10.7% to 10.9%. U.S. GAAP net earnings are expected to be within the range of \$4.70 to \$4.87 per diluted share. Excluding the impact of non-comparable items, adjusted net earnings are expected to increase and be in the range of \$5.00 to \$5.20 per diluted share. Full-year operating cash flow is expected to be in the range of \$1,600 million to \$1,700 million, while free cash flow is expected to be in the range of \$900 million to \$1,100 million.

At 9:30 a.m. ET today, a brief conference call concerning first quarter 2026 results and guidance will be webcast at: <https://www.borgwarner.com/investors>. Additionally, an earnings call presentation will be available at <https://www.borgwarner.com/investors>.

For more than 130 years, BorgWarner has been a transformative global product leader bringing successful mobility innovation to market. With a focus on sustainability, we're helping to build a cleaner, healthier, safer future for all.

###

**Forward Looking Statements:** This 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 release that we expect or anticipate will or may occur in the future regarding our financial position, including our guidance for full year 2026, our business strategy and measures to implement that strategy, including changes to operations, competitive strengths, goals, expansion and profitable growth of our business and operations, plans, references to future success, including the anticipated benefits of our new business awards 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 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: the success of our portfolio strategy; 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; conditions in the automotive industry; competitive challenges from existing and new competitors, including original equipment manufacturer (“OEM”) customers; the challenges associated with rapidly changing technologies, including artificial intelligence, and our ability to innovate in response; the difficulty in forecasting demand for electric vehicles and our electric vehicles revenue growth; potential future changes in laws and regulations, including, by way of example, taxes and tariffs, in the countries in which we operate; 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 tax 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 impact on the Company, its customers and its suppliers; the outcome of existing or any future legal proceedings, including litigation with respect to various claims, or governmental investigations, including related litigation; impacts from any potential future acquisition or

disposition transactions; and the other risks discussed in reports that we file with the Securities and Exchange Commission, including in 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 release to reflect any change in our expectations or any change in events, conditions, circumstances, or assumptions underlying the statements.

BorgWarner Inc.

Condensed Consolidated Statements of Operations (Unaudited)

(in millions, except per share amounts)

	Three Months Ended March 31,	
	2026	2025
Net sales	\$ 3,533	\$ 3,515
Cost of sales	2,856	2,876
Gross profit	677	639
Gross margin	19.2 %	18.2 %
Selling, general and administrative expenses	328	315
Restructuring expense	18	31
Other operating (income) expense, net	(5)	17
Impairment charges	—	39
Operating income	336	237
Equity in affiliates' earnings, net of tax	(6)	(10)
Unrealized loss on equity securities	1	—
Interest expense, net	11	12
Other postretirement expense	2	3
Earnings before income taxes and noncontrolling interest	328	232
Provision for income taxes	73	61
Net earnings	255	171
Net earnings attributable to noncontrolling interest	13	14
Net earnings attributable to BorgWarner Inc.	\$ 242	\$ 157
Earnings per share attributable to BorgWarner Inc. — diluted	\$ 1.16	\$ 0.72
Weighted average shares outstanding:		
Basic	205.3	217.2
Diluted	208.3	218.1

BorgWarner Inc.

Net Sales by Reportable Segment (Unaudited)

(in millions)

	Three Months Ended March 31,	
	2026	2025
Turbos & Thermal Technologies	\$ 1,433	\$ 1,454
Drivetrain & Morse Systems	1,422	1,361
PowerDrive Systems	587	561
Battery Energy Systems	102	150
Inter-segment eliminations	(11)	(11)
Net sales	<u>\$ 3,533</u>	<u>\$ 3,515</u>

Segment Adjusted Operating Income (Loss) (Unaudited)

(in millions)

	Three Months Ended March 31,	
	2026	2025
Turbos & Thermal Technologies	\$ 214	\$ 235
Drivetrain & Morse Systems	260	243
PowerDrive Systems	(36)	(43)
Battery Energy Systems	(2)	(22)
Segment Adjusted Operating Income	436	413
Corporate, including stock-based compensation	64	61
Restructuring expense	18	31
Intangible asset amortization expense	16	17
Accelerated depreciation	2	—
Adjustments associated with Spin-Off related balances	2	(3)
Impairment charges	—	39
Costs to exit charging business	—	26
Loss on sale of businesses	—	1
Merger and acquisition expense, net	(2)	2
Other non-comparable items	—	2
Equity in affiliates' earnings, net of tax	(6)	(10)
Unrealized loss on equity securities	1	—
Interest expense, net	11	12
Other postretirement expense	2	3
Earnings before income taxes and noncontrolling interest	<u>\$ 328</u>	<u>\$ 232</u>
Provision for income taxes	73	61
Net Earnings	255	171
Net earnings attributable to noncontrolling interest	13	14
Net earnings attributable to BorgWarner Inc.	<u>\$ 242</u>	<u>\$ 157</u>

BorgWarner Inc.

Condensed Consolidated Balance Sheets (Unaudited)

(in millions)

	March 31, 2026	December 31, 2025
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,110	\$ 2,313
Receivables, net	3,088	2,962
Inventories	1,200	1,207
Prepayments and other current assets	344	313
Total current assets	<u>6,742</u>	<u>6,795</u>
Property, plant and equipment, net	3,259	3,330
Other non-current assets	3,652	3,644
Total assets	<u>\$ 13,653</u>	<u>\$ 13,769</u>
<b>LIABILITIES AND EQUITY</b>		
Short-term debt	\$ 5	\$ 5
Accounts payable	2,058	1,996
Other current liabilities	1,102	1,281
Total current liabilities	<u>3,165</u>	<u>3,282</u>
Long-term debt	3,876	3,894
Other non-current liabilities:	970	979
Total liabilities	<u>8,011</u>	<u>8,155</u>
Total BorgWarner Inc. stockholders' equity	5,479	5,442
Noncontrolling interest	163	172
Total equity	<u>5,642</u>	<u>5,614</u>
Total liabilities and equity	<u>\$ 13,653</u>	<u>\$ 13,769</u>

(in millions)

	Three Months Ended March 31,	
	2026	2025
<b>OPERATING ACTIVITIES</b>		
Net cash provided by operating activities	\$ 152	\$ 82
<b>INVESTING ACTIVITIES</b>		
Capital expenditures, including tooling outlays	(143)	(119)
Customer advances related to capital expenditures	4	2
Proceeds from settlement of net investment hedges, net	9	12
Proceeds from asset disposals and other, net	—	11
Net cash used in investing activities	(130)	(94)
<b>FINANCING ACTIVITIES</b>		
Payments of notes payable	—	(5)
Repayments of debt, including current portion	(2)	(346)
Payments for purchase of treasury stock	(150)	—
Payments for stock-based compensation items	(28)	(18)
Payment for business acquired, net of cash acquired	(3)	—
Dividends paid to BorgWarner stockholders	(35)	(24)
Dividends paid to noncontrolling stockholders	—	(4)
Net cash used in financing activities	(218)	(397)
Effect of exchange rate changes on cash	(7)	22
Net decrease in cash, cash equivalents and restricted cash	(203)	(387)
Cash and cash equivalents at beginning of year	2,313	2,094
Cash, cash equivalents and restricted cash at end of period	\$ 2,110	\$ 1,707

## Supplemental Information (Unaudited)

(in millions)

	Three Months Ended March 31,	
	2026	2025
Depreciation and tooling amortization	\$ 129	\$ 138
Intangible asset amortization	\$ 16	\$ 17

**Non-GAAP Financial Measures**

This press release contains information about the Company'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 below and in the Financial Results table above. The provision of these comparable U.S. GAAP financial measures for 2026 is not intended to indicate that the Company 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 press release 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 the Company may not be comparable to similarly titled measures reported by other companies.

### **Adjusted Operating Income and Adjusted 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.

### **Adjusted Net Earnings**

The Company defines adjusted net earnings as net earnings attributable to the Company, 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 net earnings.

### **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.

### **Free Cash Flow**

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.

## 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.

### Adjusted Operating Income and Adjusted Operating Margin (Unaudited)

(in millions)	Three Months Ended March 31,	
	2026	2025
Net sales	\$ 3,533	\$ 3,515
Operating income	\$ 336	\$ 237
Operating margin	9.5 %	6.7 %
<b>Non-comparable items:</b>		
Restructuring expense	\$ 18	\$ 31
Intangible asset amortization expense	16	17
Accelerated depreciation	2	—
Adjustments associated with Spin-Off related balances	2	(3)
Impairment charges	—	39
Costs to exit charging business	—	26
Merger and acquisition expense, net	(2)	2
Loss on sale of businesses	—	1
Other non-comparable items	—	2
Adjusted operating income	\$ 372	\$ 352
Adjusted operating margin	10.5 %	10.0 %

### Free Cash Flow Reconciliation (Unaudited)

(in millions)	Three Months Ended March 31,	
	2026	2025
Net cash provided by operating activities	\$ 152	\$ 82
Capital expenditures, including tooling outlays	(143)	(119)
Customer advances related to capital expenditures	4	2
Free cash flow	\$ 13	\$ (35)

### First Quarter 2026 Organic Net Sales Change (Unaudited)

(in millions)	Q1 2025 Net Sales	FX	Organic Net Sales Change	Q1 2026 Net Sales	Organic Net Sales Change %
Turbos & Thermal Technologies	\$ 1,454	\$ 81	\$ (102)	\$ 1,433	(7.0)%
Drivetrain & Morse Systems	1,361	49	12	1,422	0.9%
PowerDrive Systems	561	31	(5)	587	(0.9)%
Battery Energy Systems	150	6	(54)	102	(36.0)%
Inter-segment eliminations	(11)	—	—	(11)	—%
Net sales	\$ 3,515	\$ 167	\$ (149)	\$ 3,533	(4.2)%

**Adjusted Operating Income and Adjusted Operating Margin Guidance Reconciliation (Unaudited)**

(in millions)	Full-Year 2026 Guidance	
	Low	High
Net sales	\$ 14,000	\$ 14,300
Operating income	\$ 1,361	\$ 1,416
Operating margin	9.7 %	9.9 %
<b>Non-comparable items:</b>		
Restructuring expense	\$ 80	\$ 90
Intangible asset amortization	57	57
Accelerated depreciation	2	2
Adjustment associated with Spin-Off related balances	2	2
Merger and acquisition expense, net	(2)	(2)
Adjusted operating income	\$ 1,500	\$ 1,565
Adjusted operating margin	10.7 %	10.9 %

**Adjusted Earnings Per Diluted Share Guidance Reconciliation (Unaudited)**

Earnings per Diluted Share	Full-Year 2026 Guidance	
	Low	High
	\$ 4.70	\$ 4.87
<b>Non-comparable items:</b>		
Restructuring expense	\$ 0.28	\$ 0.31
Adjustment associated with Spin-Off related balances	0.01	0.01
Unrealized loss on equity securities	0.01	0.01
Merger and acquisition expense, net	(0.01)	(0.01)
Tax adjustments	0.01	0.01
<b>Adjusted Earnings per Diluted Share</b>	<b>\$ 5.00</b>	<b>\$ 5.20</b>

**Free Cash Flow Guidance Reconciliation (Unaudited)**

(in millions)	Full-Year 2026 Guidance	
	Low	High
Net cash provided by operating activities	\$ 1,600	\$ 1,700
Capital expenditures, including tooling outlays	(700)	(600)
Free cash flow	\$ 900	\$ 1,100

**Full Year 2026 Organic Net Sales Change Guidance Reconciliation (Unaudited)**

(in millions)	FY 2025 Net Sales	FX	Battery Energy Systems ("BES") Sales Change	Organic Net Sales Change	FY 2026 Net Sales	Organic Net Sales Change Excluding BES %	Organic Net Sales Change Including BES %	BorgWarner LV Weighted Market %
Low	\$ 14,316	\$ 200	\$ (210)	\$ (306)	\$ 14,000	(2.1)%	(3.6)%	(3.0)%
High	\$ 14,316	\$ 200	\$ (210)	\$ (6)	\$ 14,300	—%	(1.5)%	—%

**Full Year 2026 Estimated Year-Over-Year Change in Production (Unaudited)**

	<u>North America</u>	<u>Europe</u>	<u>China</u>	<u>Total</u>	<u>BorgWarner Weighted Total</u>
Light vehicle	(3)% to 1%	(3)% to 0%	(4)% to (1.5)%	(3)% to (1)%	(3)% to 0%