

A white Ford SUV is driving on a highway towards a city skyline. The car is in the foreground, moving towards the viewer. The highway has a blue guardrail on the left. In the background, there is a city skyline with various skyscrapers under a blue sky with clouds. The overall scene is bright and clear.

Earnings Call Presentation

Q1 2018

April 26, 2018



Safe Harbor Statement

Statements contained in, or incorporated by reference into this presentation, future filings by us with the Securities and Exchange Commission ("SEC"), and oral statements made by, or with the approval of, our authorized personnel, that relate to our future performance or future events are forward-looking statements under the Private Securities Litigation Reform Act of 1995. Such statements can be identified by use of forward-looking words or phrases such as "intend," "anticipate," "plan," "estimate," "target," "aim," "forecast," "project," "expect," "believe," "we are optimistic that we can," "current visibility indicates that we forecast," "contemplation" or "currently envisions" and similar phrases. Although we believe that the expectations reflected in these forward-looking statements are reasonable, our expectations may not prove to be correct. Forward-looking statements are necessarily estimates reflecting the best judgment of our senior management and involve a number of risks and uncertainties, some of which may be beyond our control, which could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties, among others, include: 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; our dependence on key management; our dependence on information systems; the uncertainty of the global economic environment; the outcome of existing or any future legal proceedings, including litigation with respect to various claims; and future changes in laws and regulations in the countries in which we operate. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty. All subsequent written and oral forward-looking statements concerning the matters addressed in this presentation and attributable to us or any person acting on our behalf are qualified by these cautionary statements. Forward-looking statements are based on current expectations only and are not guarantees of future performance, and are subject to certain risks, uncertainties and assumptions. We may change our intentions, beliefs or expectations at any time and without notice, based upon any change in our assumptions or otherwise. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. In addition, some factors are beyond our control. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Reconciliation to US GAAP

Q1 2017 to Q1 2018

\$ in millions, except per share data

	US GAAP (Reported)	Asset Impairment & Loss on Divestiture	Restructuring Expense	M&A Expense	Sale of Asset	Other Tax Adjustments	Non-US GAAP (Excluding non- comparable items, including M&A)
2018 Q1							
Sales	\$2,784.3						\$2,784.3
Gross Profit	591.8						591.8
GP % of sales	21.3%						21.3%
Operating income	333.5		(6.0)	(2.2)	2.5		339.2
OI % of sales	12.0%						12.2%
Diluted EPS	\$1.07		\$0.03	\$0.01	(\$0.01)		\$1.10

2017 Q1							
Sales	\$2,407.0						\$2,407.0
Gross Profit	516.3						516.3
GP % of sales	21.4%						21.4%
Operating income	291.5						291.5
OI % of sales	12.1%						12.1%
Diluted EPS	\$0.89					\$0.02	\$0.91

Agenda

- James Verrier – President and Chief Executive Officer
 - Macro Outlook and Industry Perspective
 - Q1'18 Recap / 2018 Outlook
 - Recent Product Announcements

- Ron Hundzinski – Chief Financial Officer
 - Q1 2018 Results
 - 2018 Full Year Guidance / Q2 2018 Guidance

- Q&A

A white Ford SUV is driving on a multi-lane highway that curves to the right. The car is in the foreground, moving towards the viewer. The background features a city skyline with various skyscrapers under a blue sky with scattered clouds. The landscape on either side of the highway is green and grassy. The overall scene conveys a sense of motion and progress.

Industry Perspective & Company Update

James Verrier, President & Chief Executive Officer

April 26, 2018



Macro Outlook & Industry Perspective

- Q1 Light Vehicle Industry Volumes Modestly Weaker, Offset By Commercial Vehicle Growth
- Overall Full-Year Market Outlook Stable
- Hybrid and Electric Program Awards Have Continued

Q1'18 Recap and 2018 Outlook

- Strong Q1 2018 Results
 - Organic Growth of 6.6%
 - Adjusted EPS of \$1.10 vs. \$0.99 - \$1.03 Guidance
- Full-year 2018 Outlook
 - 2018 Organic Growth Guidance Maintained
 - EPS Range Increased To \$4.30 - \$4.40

Recent Product Announcements



eGearDrive® Transmission

for the First Automotive Works (FAW) Group's Besturn B30EV and Junpai A70E.



Electro-Mechanical On-Demand Transfer Case

for the Ram 1500 4x4 pickup truck.



Variable Cam Timing (VCT) Technology

for the new Hyundai Gamma II engine.



2018 Automotive News PACE Award

for its S-wind wire forming process for electric motors and alternators.

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Earnings Review & Financial Outlook

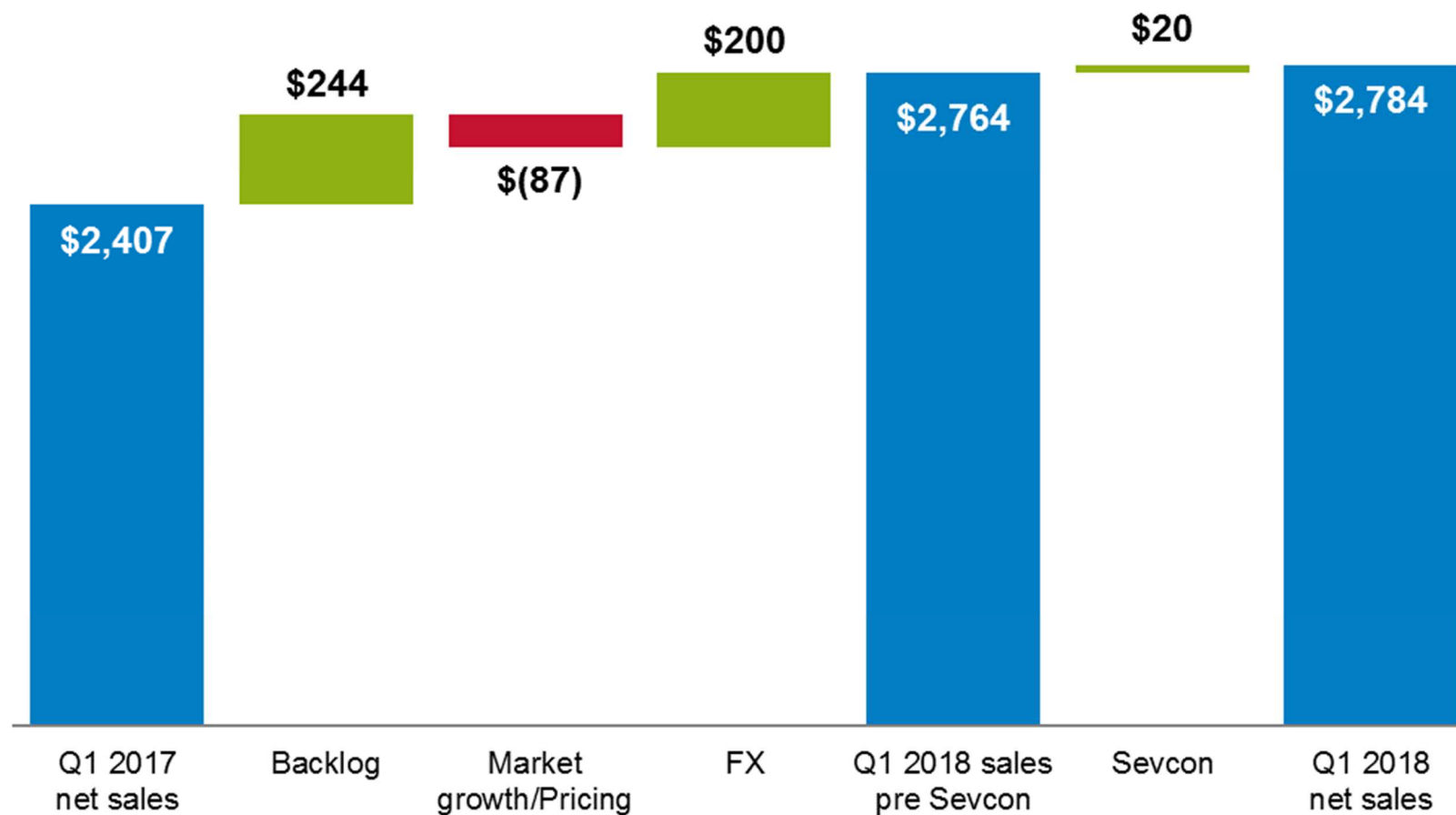
Ron Hundzinski, Executive Vice President & Chief Financial Officer

April 26, 2018



BorgWarner Net Sales

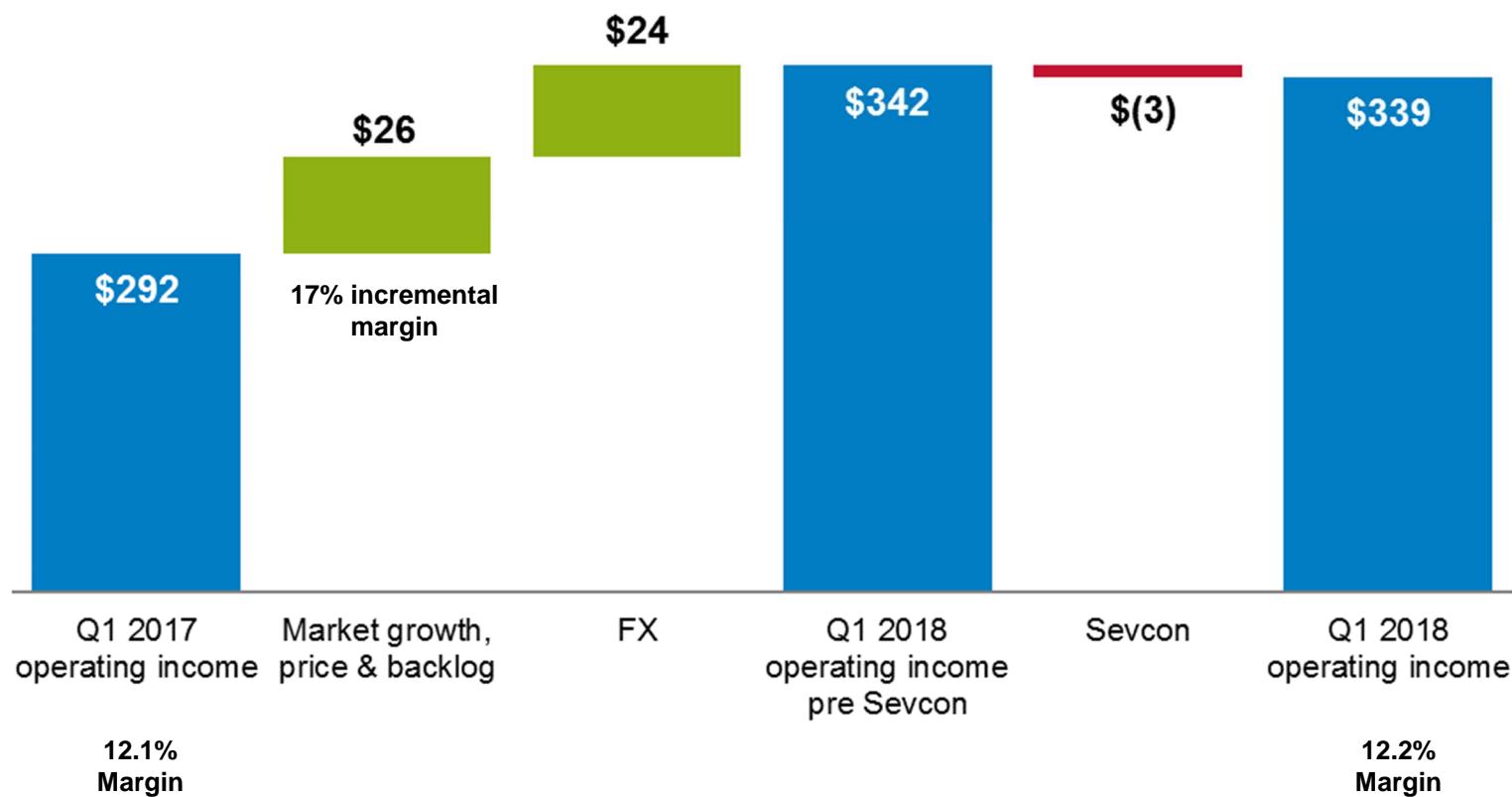
Q1 2017 to Q1 2018, \$ in millions



Organic Sales Growth of 6.6%

BorgWarner Operating Income*

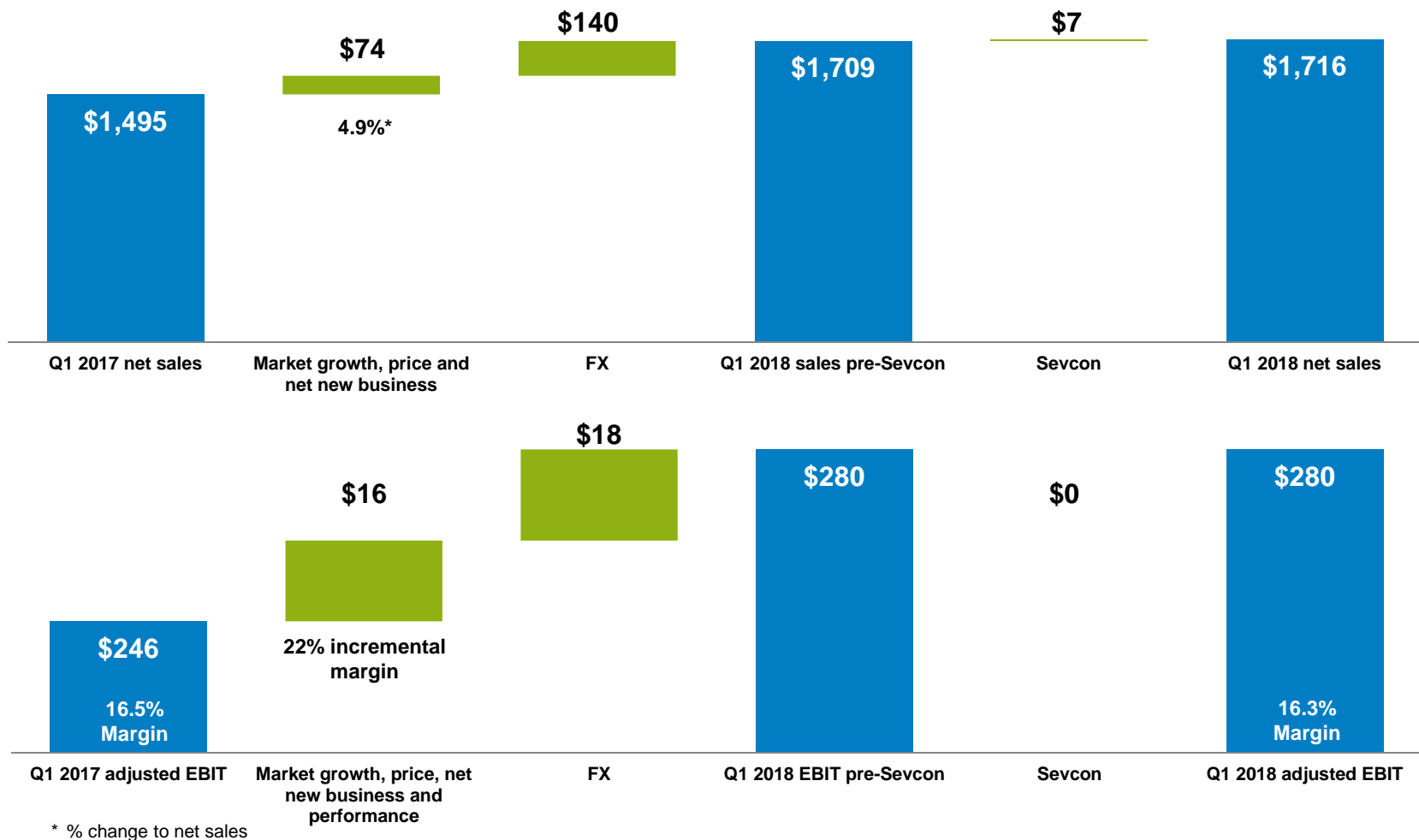
Q1 2017 to Q1 2018, \$ in millions



* Operating income as shown on this slide is non-US GAAP. See reconciliation to US GAAP

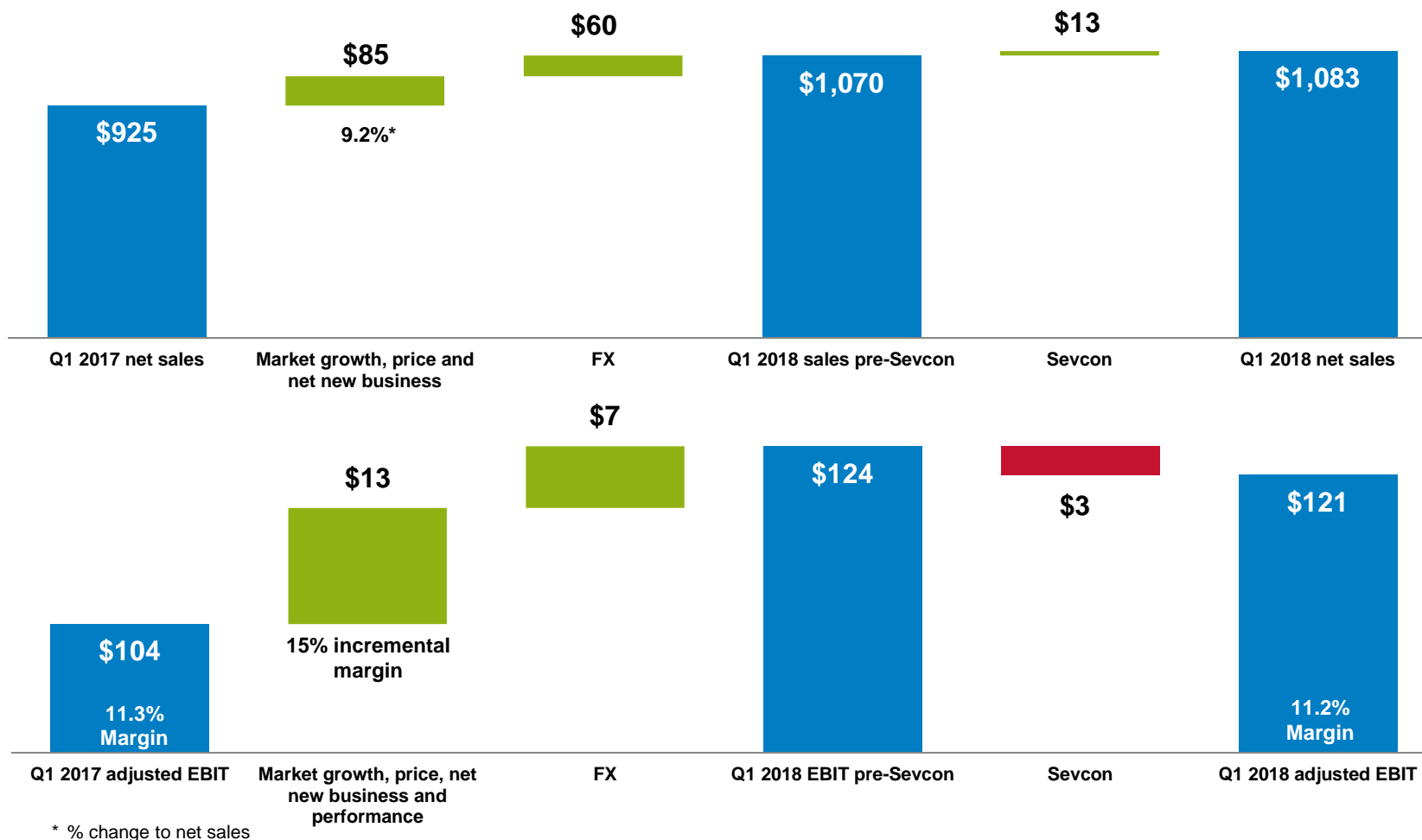
Engine Segment Net Sales & Adjusted EBIT

Q1 2017 to Q1 2018, \$ in millions



Drivetrain Segment Net Sales & Adjusted EBIT

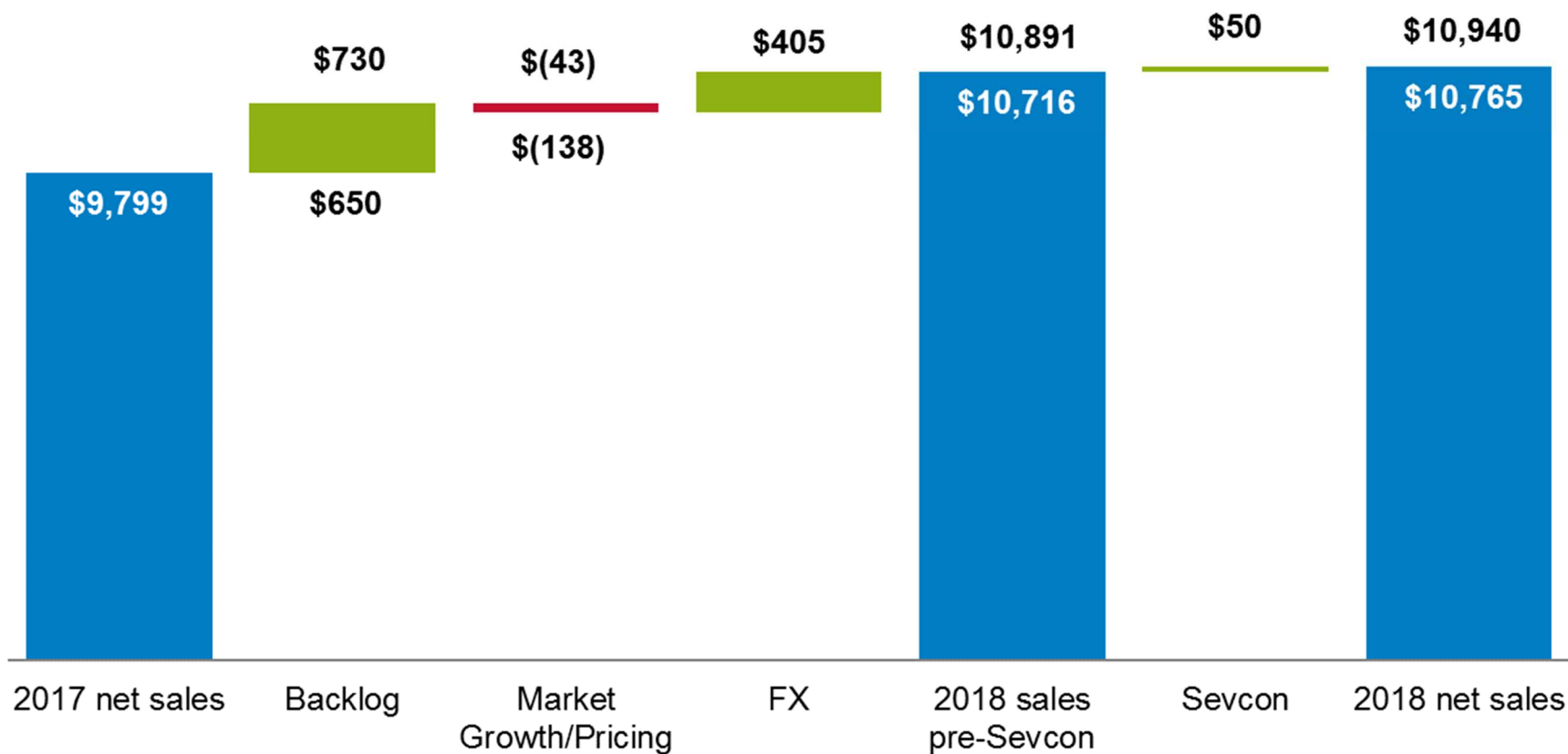
Q1 2017 to Q1 2018, \$ in millions



2018 Full Year Guidance

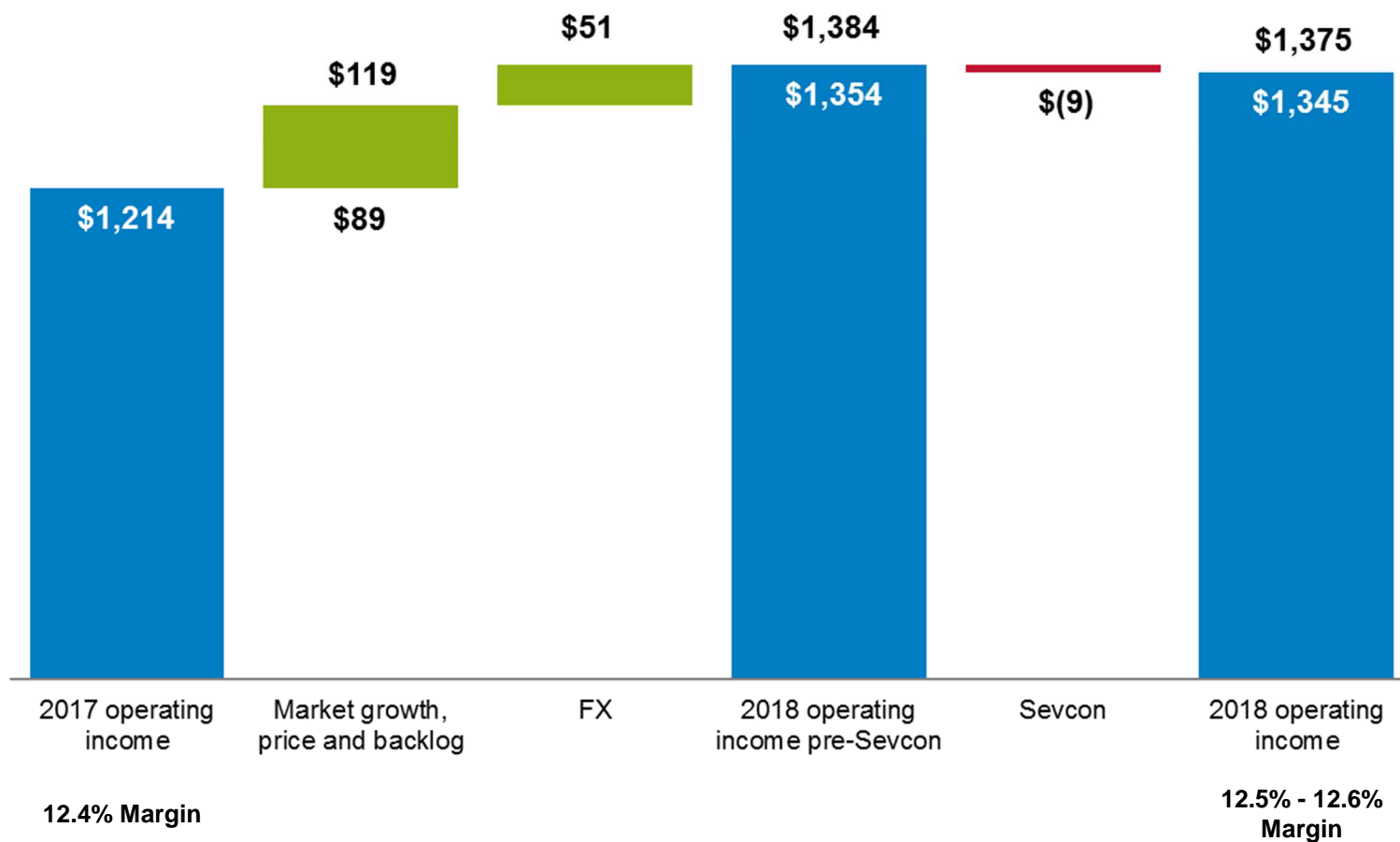
Organic Sales Growth of 5.0% - 7.0%

\$ in millions



Operating Margins Improve YOY

\$ in millions



Other Postretirement Income reclass reduced 2017 and 2018 Operating Income \$5M and \$10M respectively with no EPS impact.

2018 Guidance – Other Items

■ EPS Guidance	↑	\$4.30 - \$4.40
■ Free Cash Flow	↔	\$525 - \$575 million
■ CapEx	↔	\$575 - \$625 million
■ Share Repurchases	↔	~\$100 million
■ R&D Spending	↔	~4% of sales
■ Tax Rate	↔	~28%
■ \$ / Euro Exchange Rate	↑	~\$1.22 / \$405M

2018 Second Quarter Guidance

Q2 2018 Guidance

■ Sales Guidance Range	\$2.70B - \$2.75B
■ Organic Growth	7.0% - 9.0%
■ EPS Range	\$1.09 - \$1.11
■ Sevcon Impact	(\$0.02)
■ Tax Rate	~28%
■ \$ / Euro FX Rate & Impact	\$1.23 / \$125M

Thank you!

