

BORGWARNER

# Q1 2026 Earnings Call Presentation

May 6, 2026



# 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, including our 2026 outlook, market, production and earnings expectations, 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 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: 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 our 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 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 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 certain 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 2026 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.



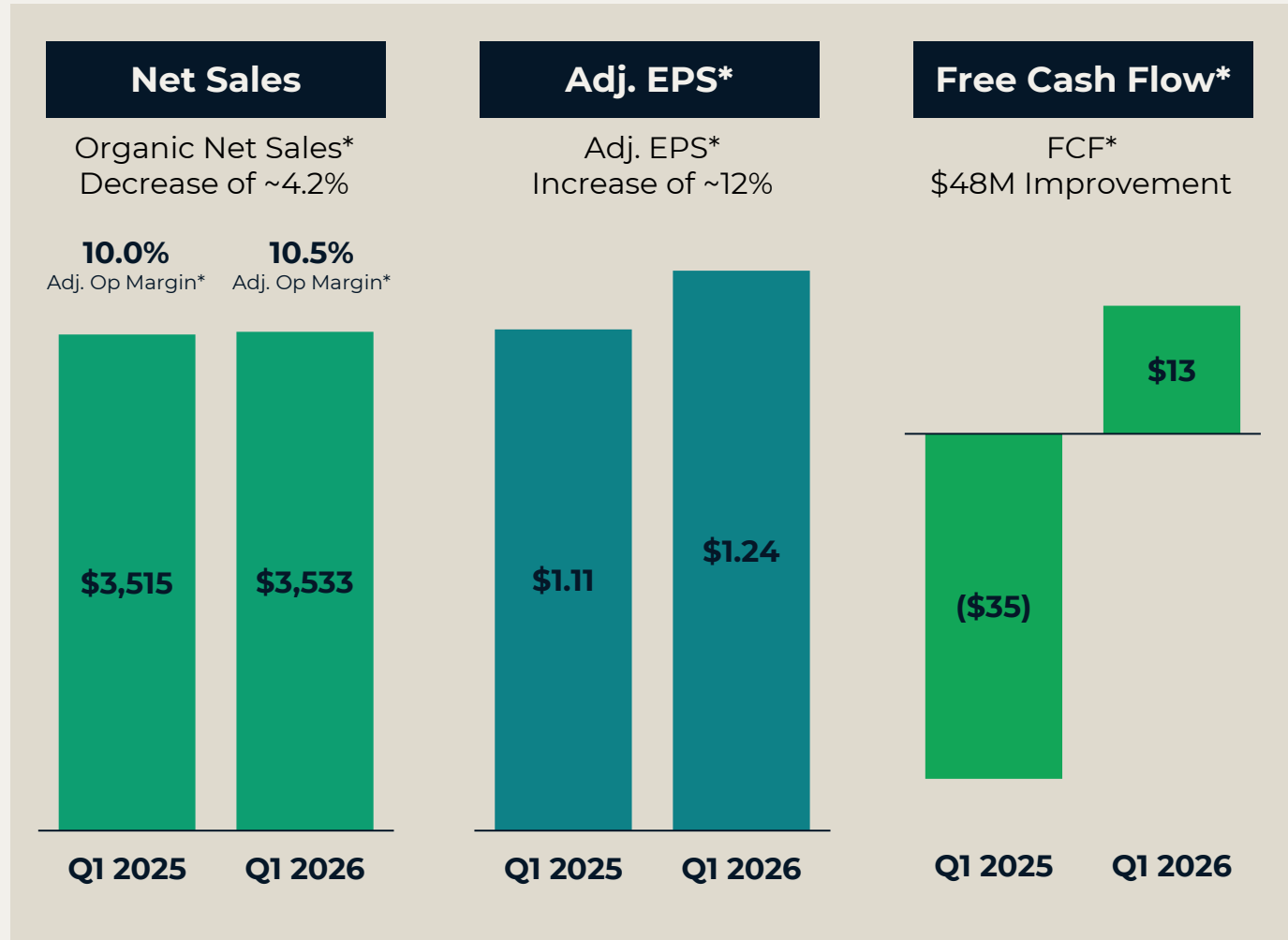
▶ Joe Fadoo  
*Chief Executive Officer*

▶ Craig Aaron  
*Chief Financial Officer*

▶ Q&A

# Solid Adj. Margin, Adj. EPS & Free Cash Flow Expansion; Awards Across Portfolio Support Future Profitable Growth

\$ in millions, except EPS



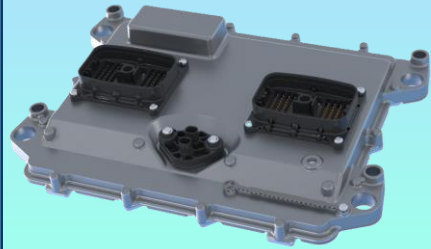
- Organic net sales performance in-line with market, excluding Battery Energy Systems sales decline
- Adj. operating margin, adj. EPS and free cash flow expansion supported by charging business exit and strong cost controls
- Additional program awards in both Foundational and eProducts
- Expanded portfolio offerings for data center and other industrial markets
- Returned \$185 million to shareholders during the first quarter

# Twelve Awards Across Portfolio and Regions



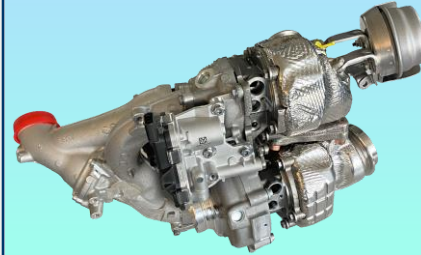
## eMotors

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



## Engine, Machine, Power Module & BMS Controllers

- A seven-year program extension award with a world-leading off-highway manufacturer
- Broad range of applications, include construction vehicles, marine platforms and stationary power systems



## Turbochargers

- Three program extension awards and one conquest award with a major European OEM
- Production expected to begin in phases starting in 2026 through 2029



## Turbochargers and Exhaust Gas Recirculation (EGR) Coolers

- Conquest awards with a major European commercial vehicle OEM for on-highway use
- Production expected to begin in 2028



## Dual Clutches (DCT) & Variable Cam Timing Systems (VCT)

- DCT award with a Chinese OEM for an SUV platform and a VCT conquest award with a Japanese OEM for a hybrid program
- Production expected to begin in 2026 and 2028, respectively

# BorgWarner Continues to Expand Portfolio to Serve Data Center and Other Industrial Markets

## Power Generation

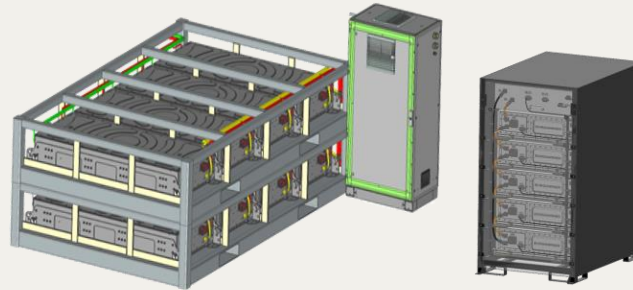


### Turbine Generator System

- Strong customer demand indicators continue, with ongoing end-customer visits\*
- Begun B-Sample customer deliveries
- Supplier nominations complete
- UL compliance in process

**Expected SOP 2027**  
**>\$300M Launch Year Sales**

## Energy Storage



### Battery Energy Storage System

- Data centers (AI and mechanical load)
- Cell-chemistry-, -formfactor- and application independent
- Modular, lean, scalable, redundant for peak-shaving, backup power, etc.
- Customer validation and UL compliance in process

**Actively Quoting**  
**Est. 2027 Production Ready**

## Power Conversion



### Bi-Directional Microgrid Inverter

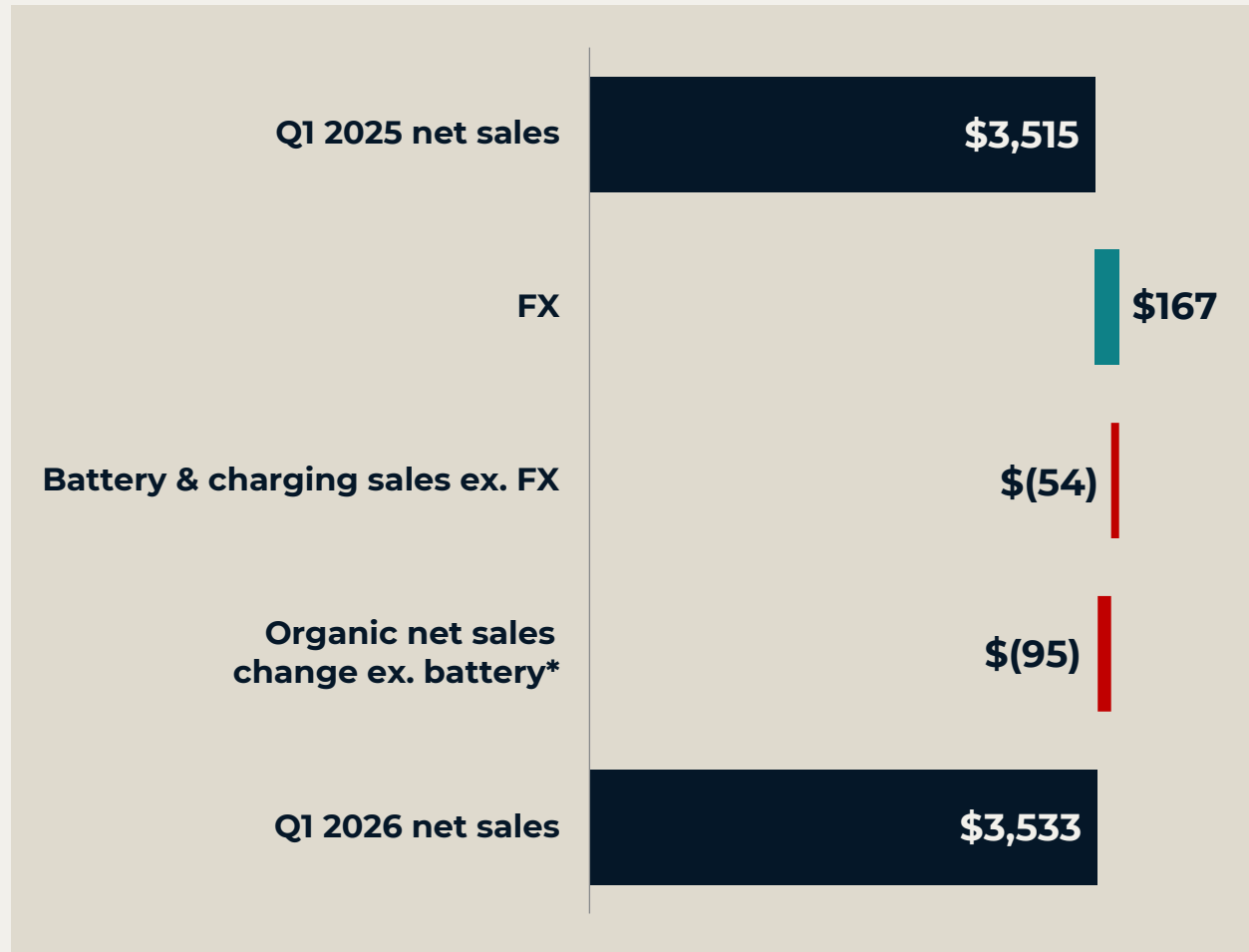
- Power distribution unit critical for efficient and flexible grid forming across microgrid applications
- Begun B-Sample customer deliveries
- UL compliance in process

**Testing Started**  
**Est. 2027 Production Ready**

\*TurboCell is available exclusively through Endeavour's Edged Infrastructure solutions division.

# Q1 2026 Net Sales Walk

\$ in millions

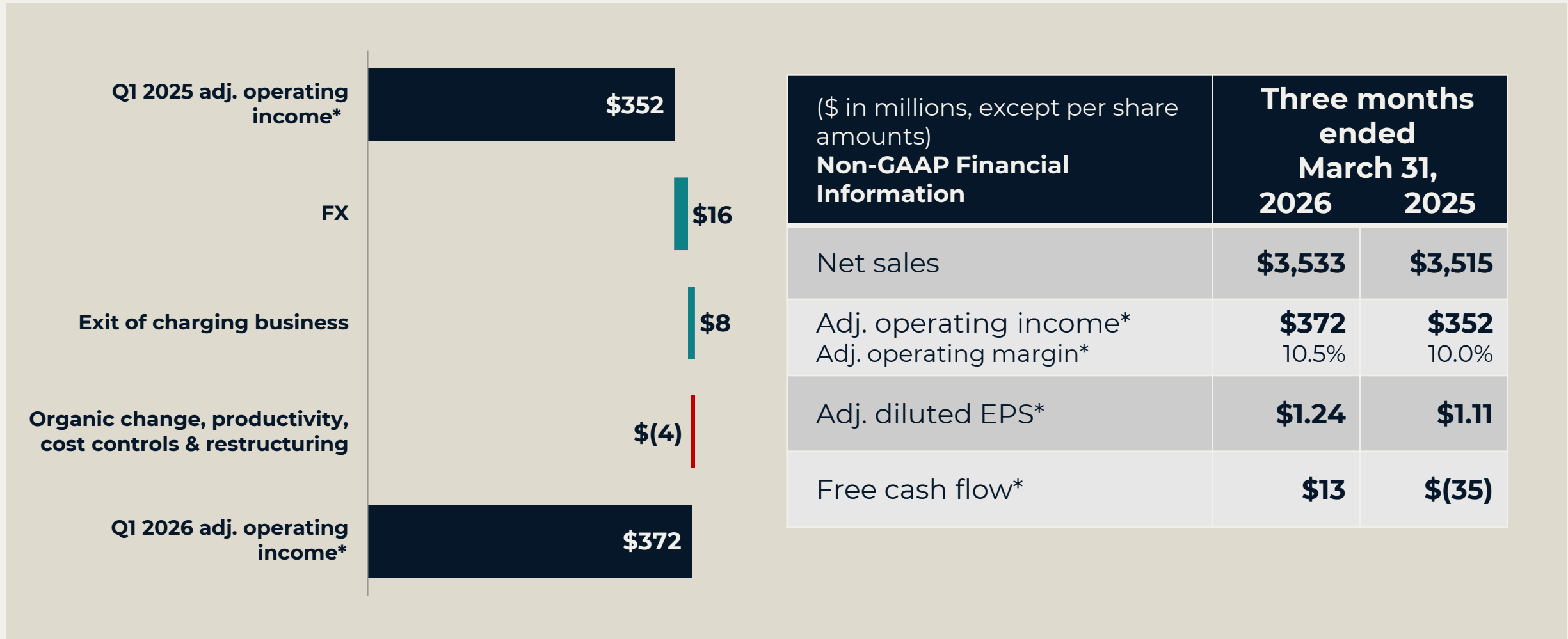


- **Organic net sales\* down ~4.2%, or in-line with market, excluding Battery Energy Systems sales decline**
  - **North America** – Outgrowth supported by transfer case volumes
  - **China** – Modestly below market due to a timing ramp up for an eProduct program
  - **Europe** – Below market due to a decline in Foundational thermal products and battery sales, partially offset by eProduct growth

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

# Q1 2026 Financial Results & Adj. Operating Income

\$ in millions



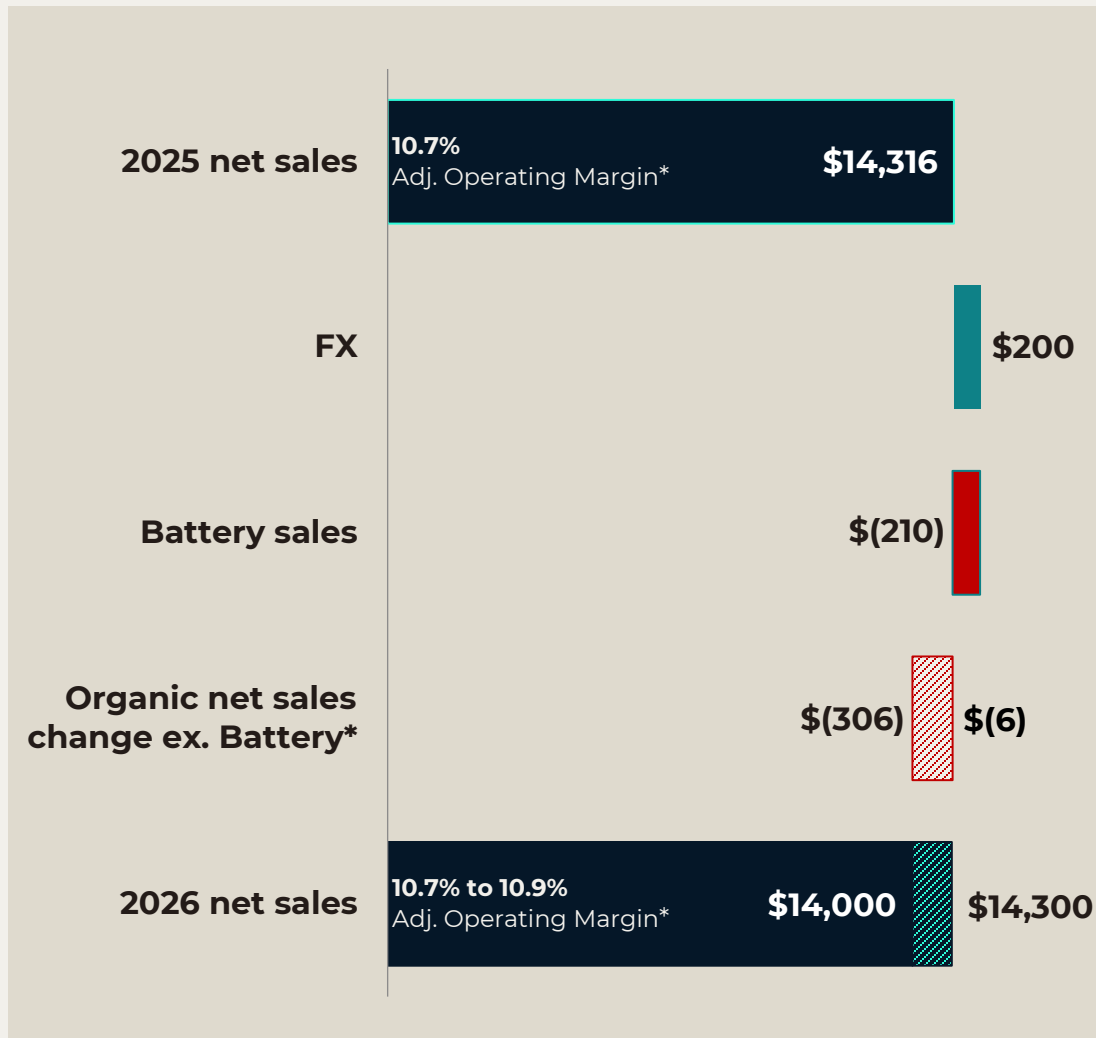
(\$ in millions, except per share amounts) Non-GAAP Financial Information	Three months ended March 31,	
	2026	2025
Net sales	\$3,533	\$3,515
Adj. operating income*	\$372	\$352
Adj. operating margin*	10.5%	10.0%
Adj. diluted EPS*	\$1.24	\$1.11
Free cash flow*	\$13	\$(35)

\*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.

# 2026 Outlook and Other Items

\$ in millions, except EPS

## Full-year Net Sales Outlook



## Market & Earnings Outlook

	Prior 2026 Guidance	Revised 2026 Outlook
Organic growth*	(3.5%) to (1.5%)	(3.5%) to (1.5%)
Adj. operating margin*	10.7% to 10.9%	10.7% to 10.9%
Adj. diluted EPS*	\$5.00 to \$5.20	\$5.00 to \$5.20
Free cash flow*	\$900M to \$1,100M	\$900M to \$1,100M

\*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 \$1.17 for Euro.

May 6, 2026

**BORGWARNER**

Q1 2026

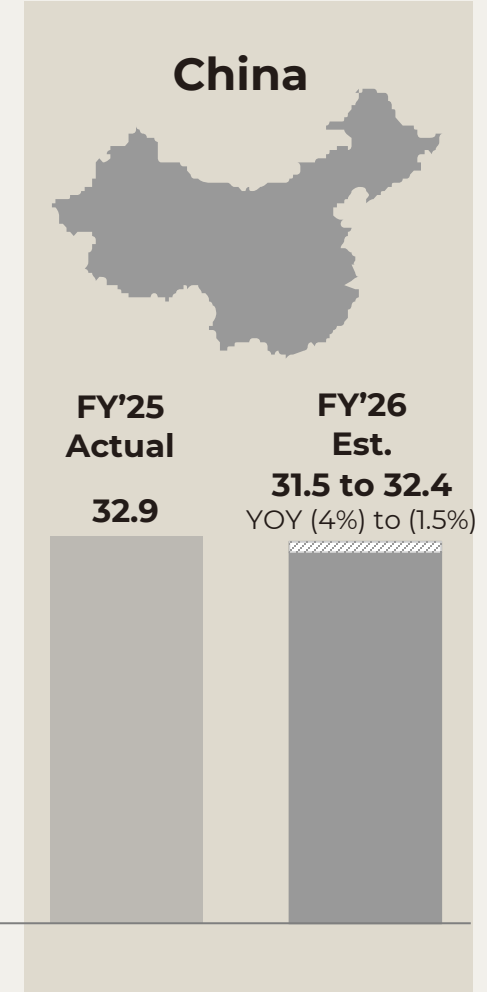
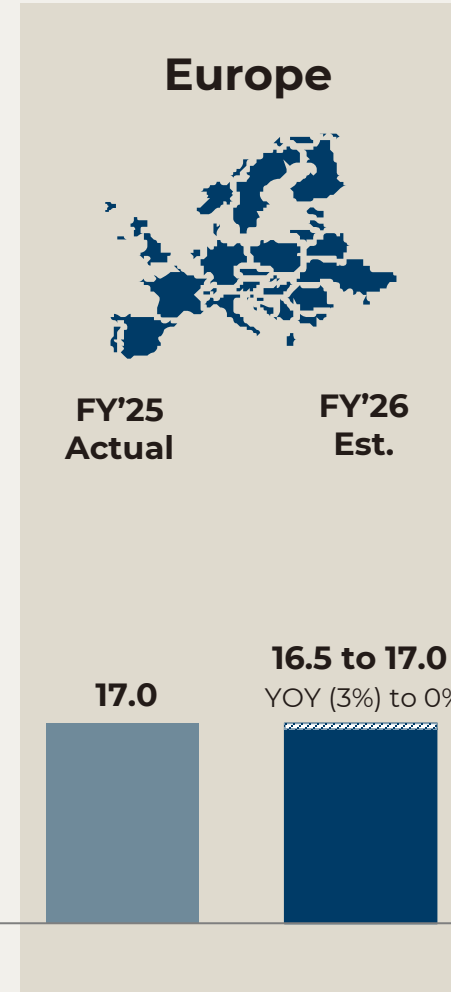
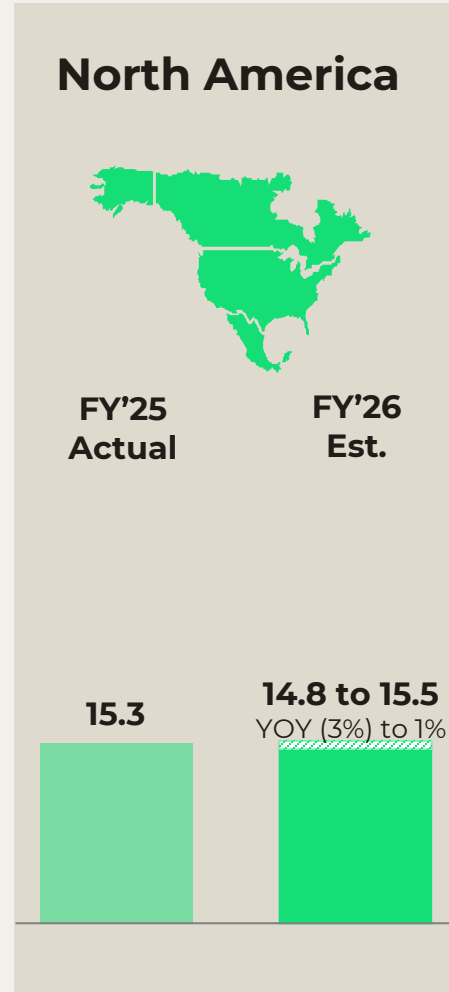
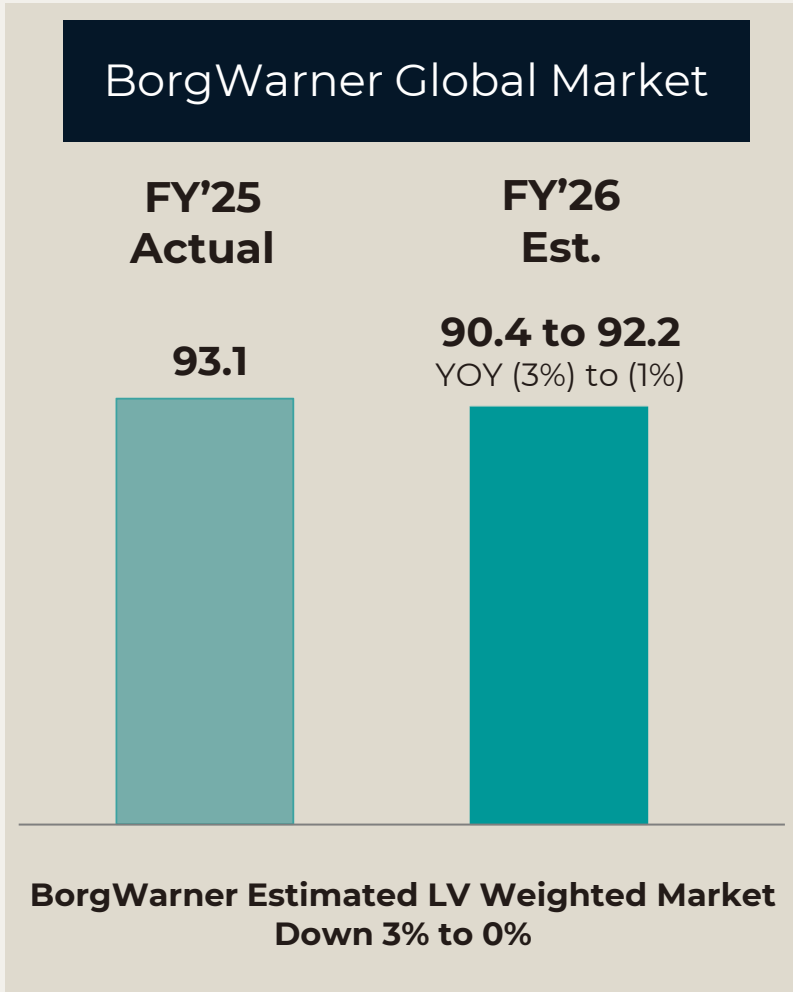
Earnings Call Presentation

**THANK YOU**

# APPENDIX

# 2026 Light Vehicle Market Expectations

LV Units in millions



# 2026 Planning Assumptions

- **CapEx** **\$600 to \$700 million**
- **Adjusted tax rate for ongoing operations** **~23%**

# First Quarter 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 March 31,	
	2026	2025
<b>Net sales</b>	\$ 3,533	\$ 3,515
<b>Operating income</b>	\$ 336	\$ 237
<b>Operating margin</b>	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
<b>Adjusted operating income</b>	<b>\$ 372</b>	<b>\$ 352</b>
<b>Adjusted operating margin</b>	<b>10.5 %</b>	<b>10.0 %</b>

# First Quarter 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>Three Months Ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
<b>Earnings per diluted share</b>	<b>\$ 1.16</b>	<b>\$ 0.72</b>
<b>Non-comparable items:</b>		
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>	<b>\$ 1.24</b>	<b>\$ 1.11</b>

# First 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)	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)	—%
<b>Net sales</b>	<b>\$ 3,515</b>	<b>\$ 167</b>	<b>\$ (149)</b>	<b>\$ 3,533</b>	<b>(4.2)%</b>

# Full Year 2026 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 2026 Guidance	
	Low	High
<b>Net sales</b>	<b>\$ 14,000</b>	<b>\$ 14,300</b>
<b>Operating income</b>	<b>\$ 1,361</b>	<b>\$ 1,416</b>
<b>Operating margin</b>	<b>9.7 %</b>	<b>9.9 %</b>
<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)
<b>Adjusted operating income</b>	<b>\$ 1,500</b>	<b>\$ 1,565</b>
<b>Adjusted operating margin</b>	<b>10.7 %</b>	<b>10.9 %</b>

# Full Year 2026 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 2026 Guidance	
	Low	High
<b>Earnings per Diluted Share</b>	<b>\$ 4.70</b>	<b>\$ 4.87</b>
<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>

# Full Year 2026 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 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	0.0%	(1.5)%	0.0%

# Q1 2026, Q1 2025 & Full Year 2026 Guidance

## 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 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
<b>Free cash flow</b>	<b>\$ 13</b>	<b>\$ (35)</b>

(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)
<b>Free cash flow</b>	<b>\$ 900</b>	<b>\$ 1,100</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 vehicle production weighted for BorgWarner's geographic exposure as estimated by BorgWarner.

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