

BORGWARNER

# Q4 & FY 2025 Earnings Call Presentation

February 11, 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 success of the turbine generator system and our other 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: 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, including artificial intelligence, and our ability to innovate in response; potential delays and other challenges associated with launching a new product, such as the turbine generator system, as it involves a new industry for the company; 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 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 Annual Report on 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.



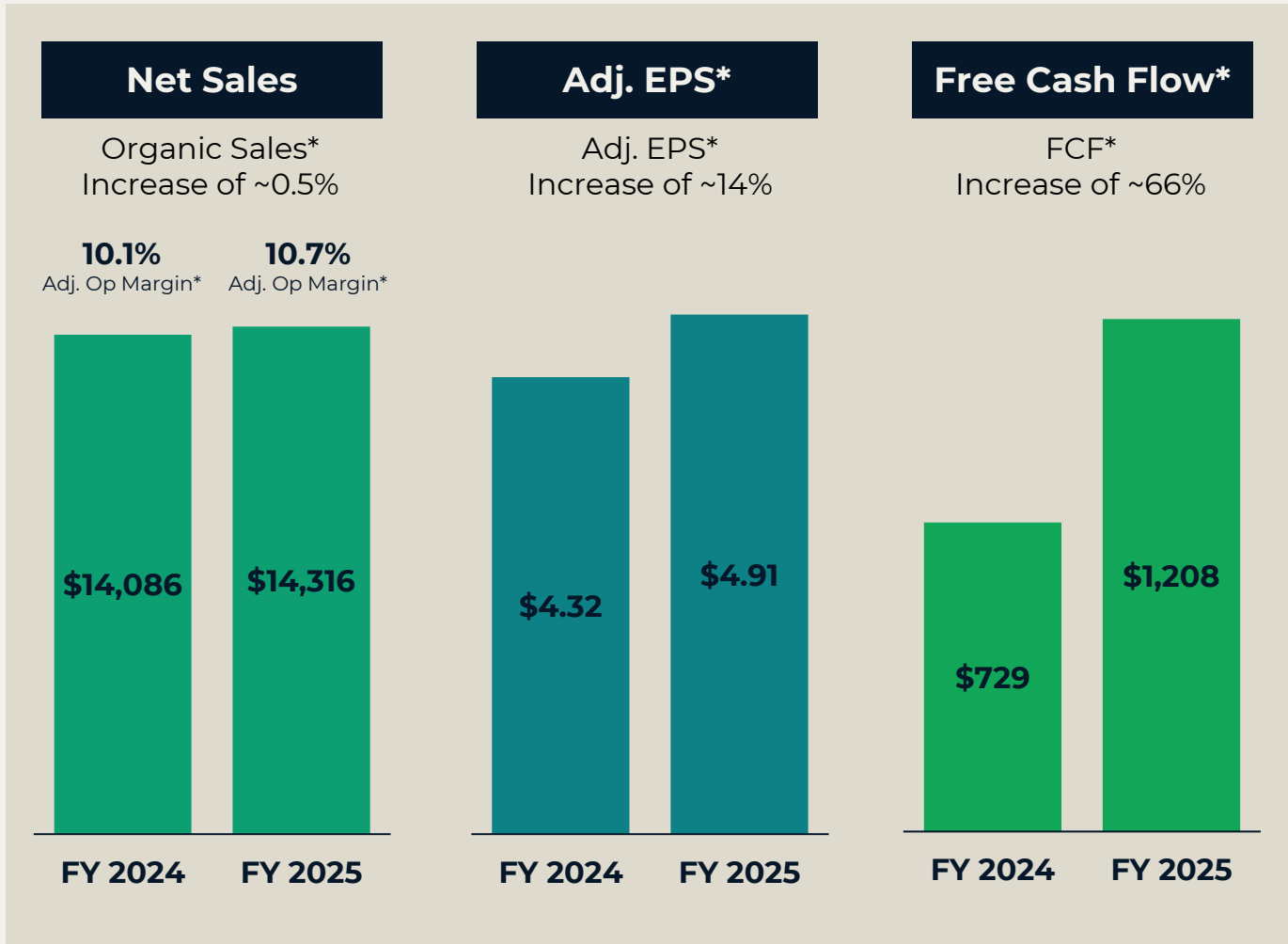
▶ Joe Fadoo  
*Chief Executive Officer*

▶ Craig Aaron  
*Chief Financial Officer*

▶ Q&A

# Significant Adj. Margin, Adj. EPS & Free Cash Flow Expansion; Record Awards Support Future Profitable Growth

\$ in millions, except EPS



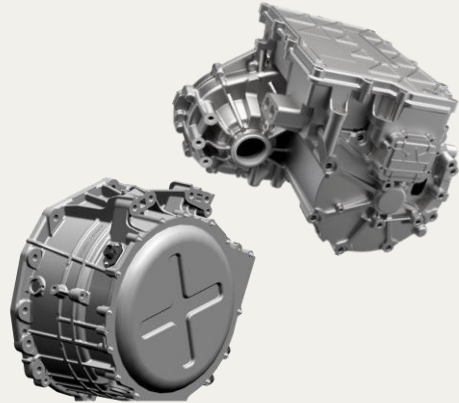
- YOY Light vehicle eProduct growth of ~23%
- Achieved significant adj. margin, adj. EPS and free cash flow expansion
- Secured record number of light vehicle awards across Foundational and eProduct portfolios
- Signed Supply Agreement for power generation solution for the data center market and other microgrid applications
- Believed to be well positioned to expand earnings power in 2026 and beyond

# Awards Across Technology-Focused Portfolio



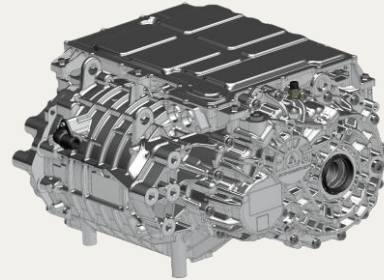
## Variable Turbine Geometry (VTG) Turbochargers

- Conquest hybrid award with a major European OEM for the North American market
- Production expected to begin in 2028



## Integrated Drive Modules (iDM) and Generator Modules with Dual Inverters

- North American OEM award for range extended electric vehicle trucks and large-frame SUVs
- Production expected to begin in 2029



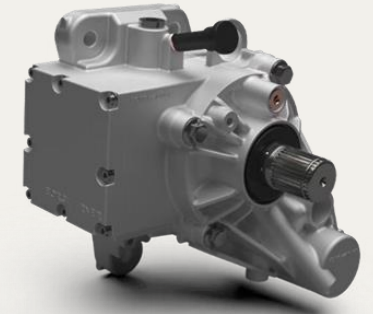
## Integrated Drive Modules (iDM)

- Award with a premium European OEM supporting a hybrid range extended powertrain architecture
- Production expected to begin in 2029



## Battery Management Systems (BMS)

- Award with a global OEM supporting additional B-segment and C-segment passenger cars and light commercial vehicles for both BEV and PHEV vehicles
- Production expected to begin in 2029



## Electric Cross Differentials (eXD)

- Award with a leading Chinese OEM used on 48V electrical and electronic architectures

# Strategically Enters Data Center Market with Supply Agreement for Power Generation Solutions



**TurboCell leverages BorgWarner's automotive core competencies to provide a competitive data center power solution**

- **Product:** Modular turbine generator system for AI driven data center market and other microgrid applications
- **Background/Rationale:**
  - Signed agreement with TurboCell (subsidiary of Endeavour) to support growing power generation demand
  - Endeavour provides turnkey facility solutions to Data Center and Micro Grid customers
  - Endeavour has 25 years of experience in the data center market and is operating multiple facilities (US and Europe)
- **Expected 2027 Sales:** More than \$300 million

# Turbine Generator System Provides Significant Advantages to Existing Power Generation Solutions



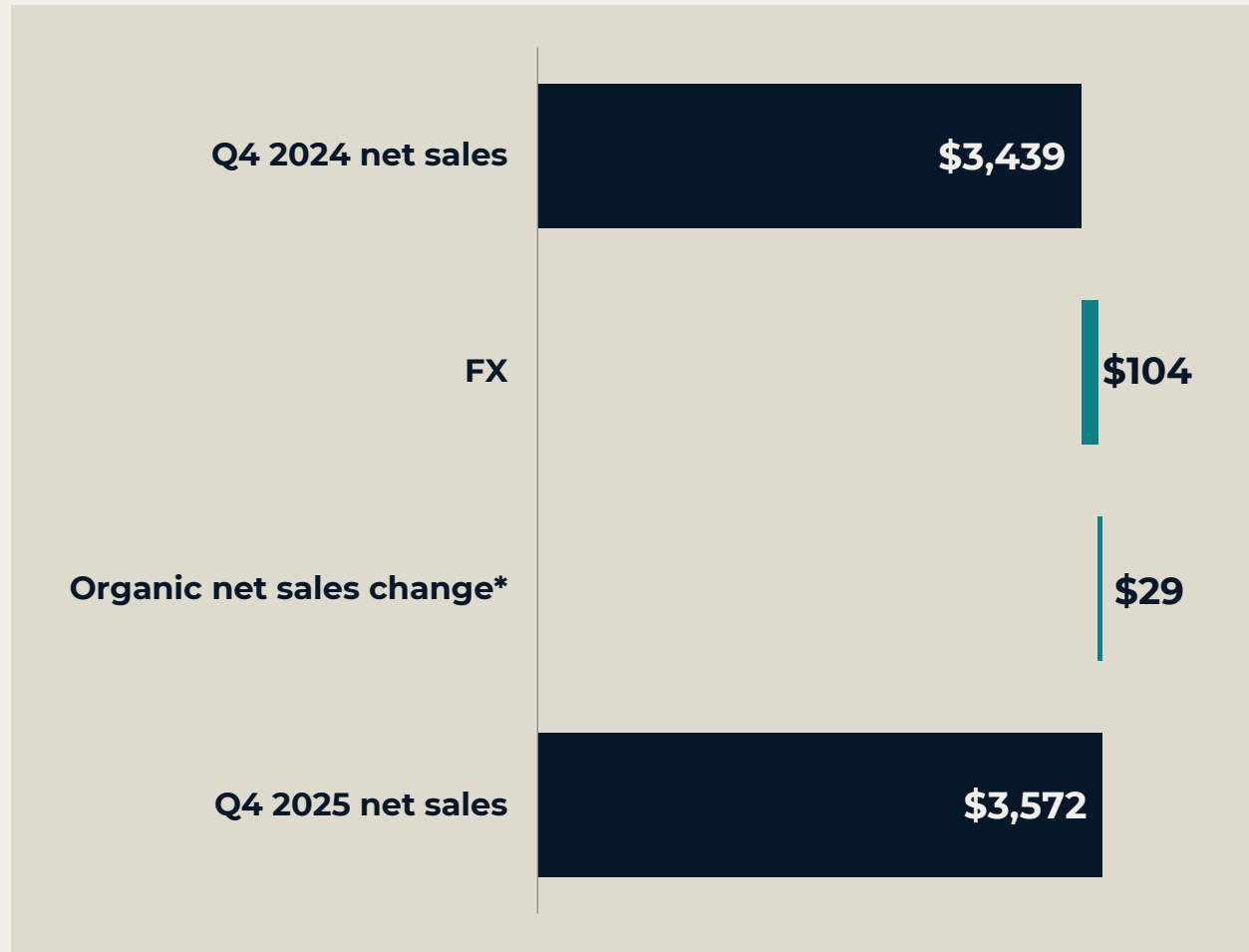
## Product Advantages

- **Power/Modular Flexibility:** continuous (bridging power) or backup power
- **Fuel Flexibility:** natural gas, propane, diesel and hydrogen
- **Emissions Regulations:** lower than traditional diesel solution
- **Automotive Scale:**
  - ~65% of the content manufactured by BorgWarner / ~35% designed and purchased components
  - Utilizing automotive and supply base scale to provide value

**Turbine generator system is a lower emission solution that provides power, fuel and load flexibility**

# Q4 2025 Net Sales Walk

\$ in millions

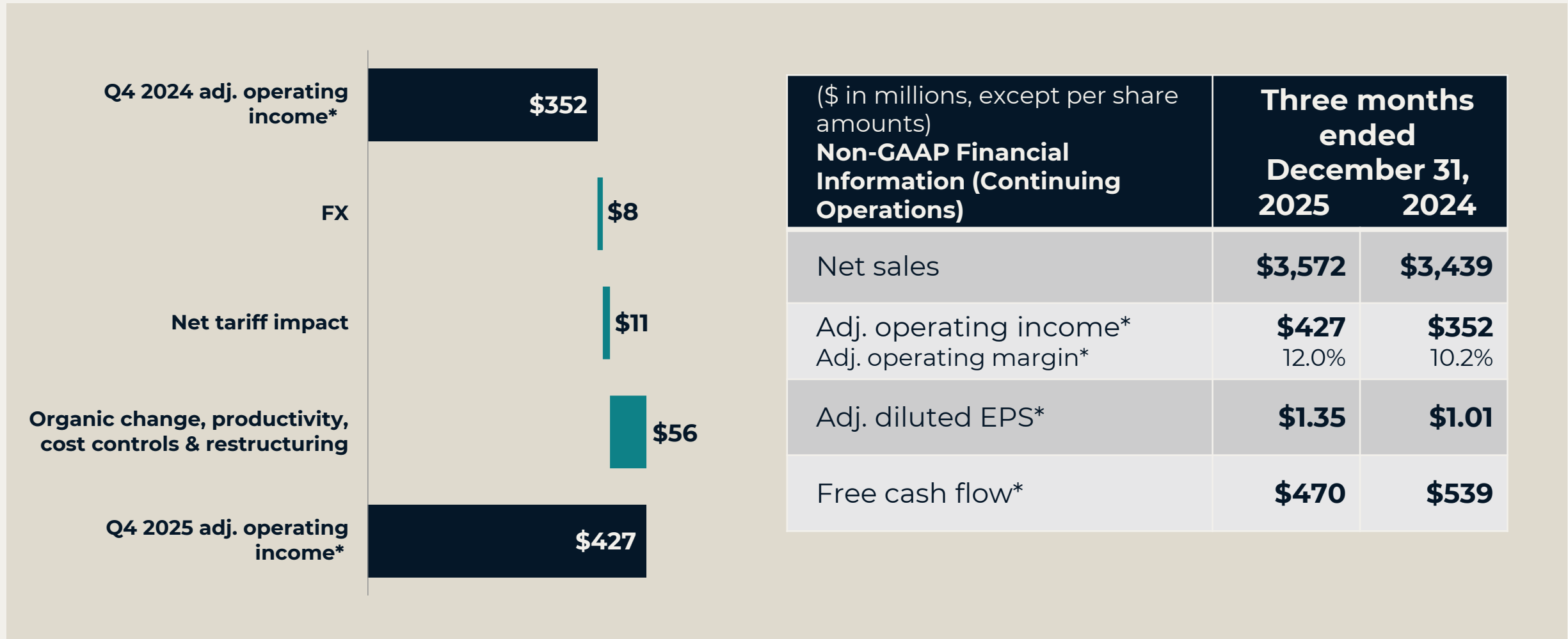


- **Organic sales\* up ~0.8%, or up ~1.5% versus our weighted market**
  - **North America** – Outgrowth supported by strong turbocharger sales as well as tariff and other customer recoveries
  - **China** – Modestly below market due to a decline in Foundational products
  - **Europe** – Modestly below market due to a decline in Foundational thermal products

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

# Q4 2025 Financial Results & Adj. Operating Income

\$ in millions



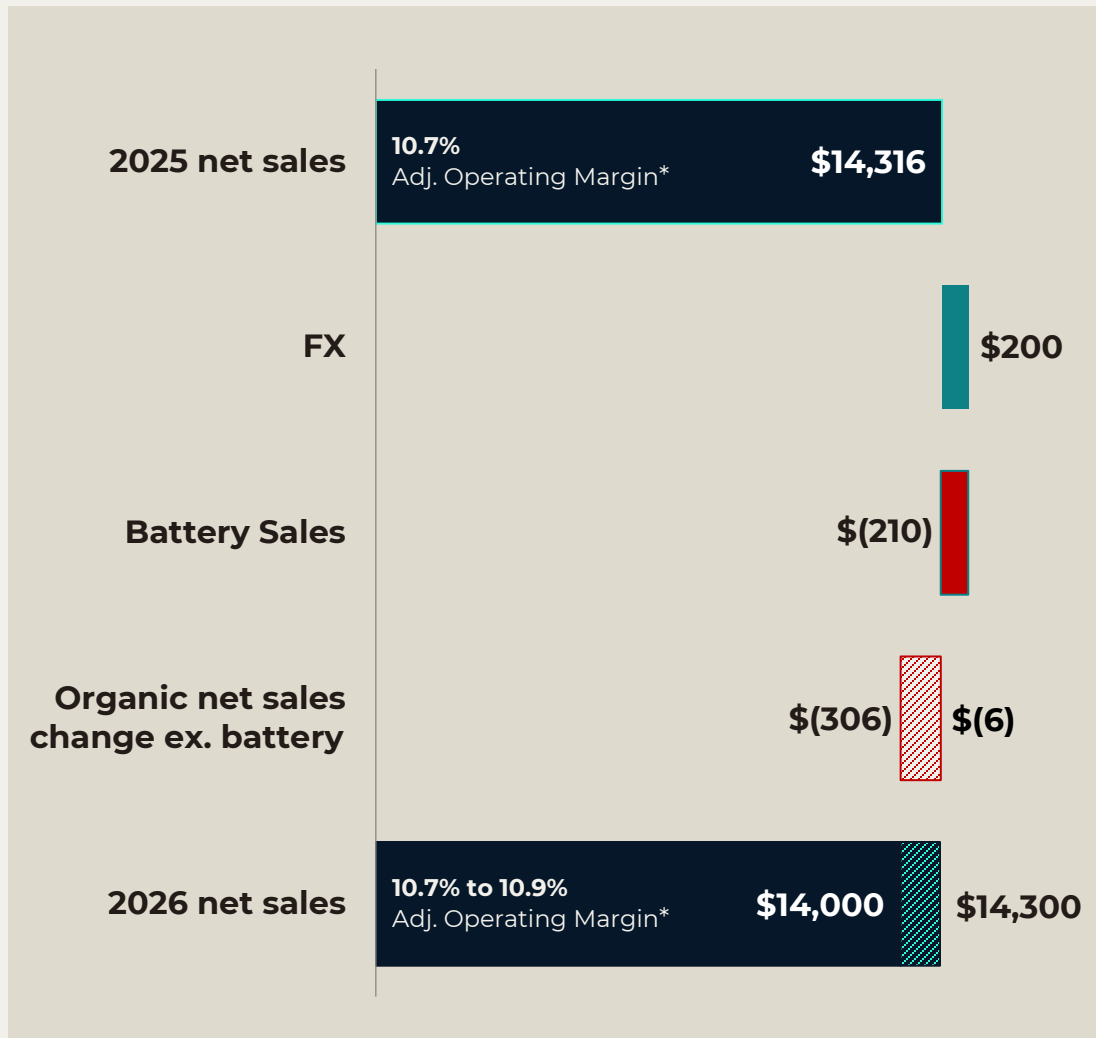
(\$ in millions, except per share amounts) Non-GAAP Financial Information (Continuing Operations)	Three months ended December 31,	
	2025	2024
Net sales	\$3,572	\$3,439
Adj. operating income*	\$427	\$352
Adj. operating margin*	12.0%	10.2%
Adj. diluted EPS*	\$1.35	\$1.01
Free cash flow*	\$470	\$539

\*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 (\$M)



## Market & Earnings Outlook

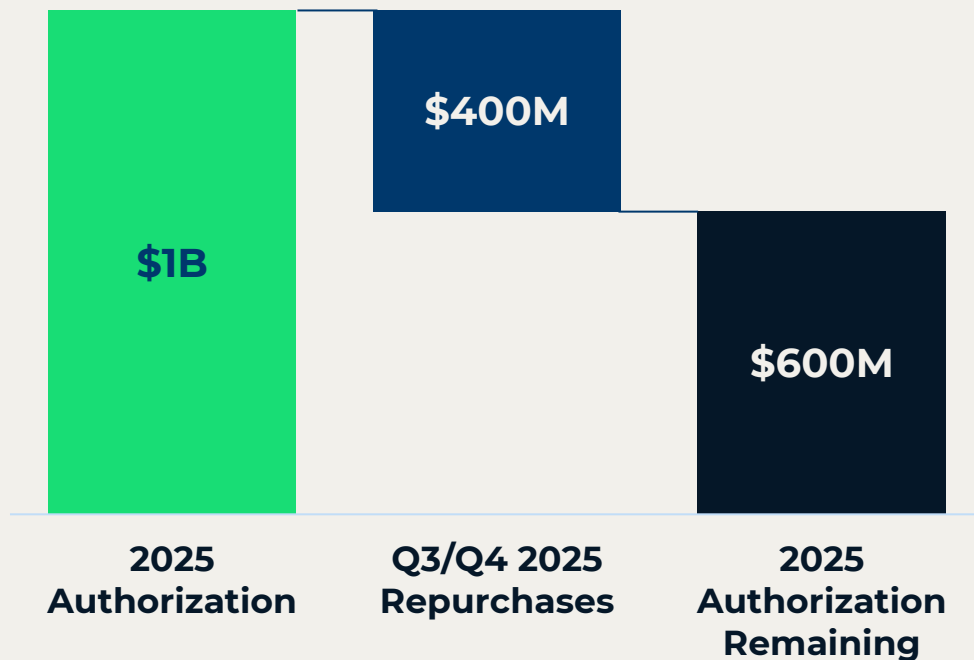
	2025 Actual	2026 Outlook
Organic growth*	0.5%	(3.5%) to (1.5%)
Adj. operating margin*	10.7%	10.7% to 10.9%
Adj. diluted EPS*	\$4.91	\$5.00 to \$5.20
Free cash flow*	\$1,208M	\$900M to \$1,100M

\*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.

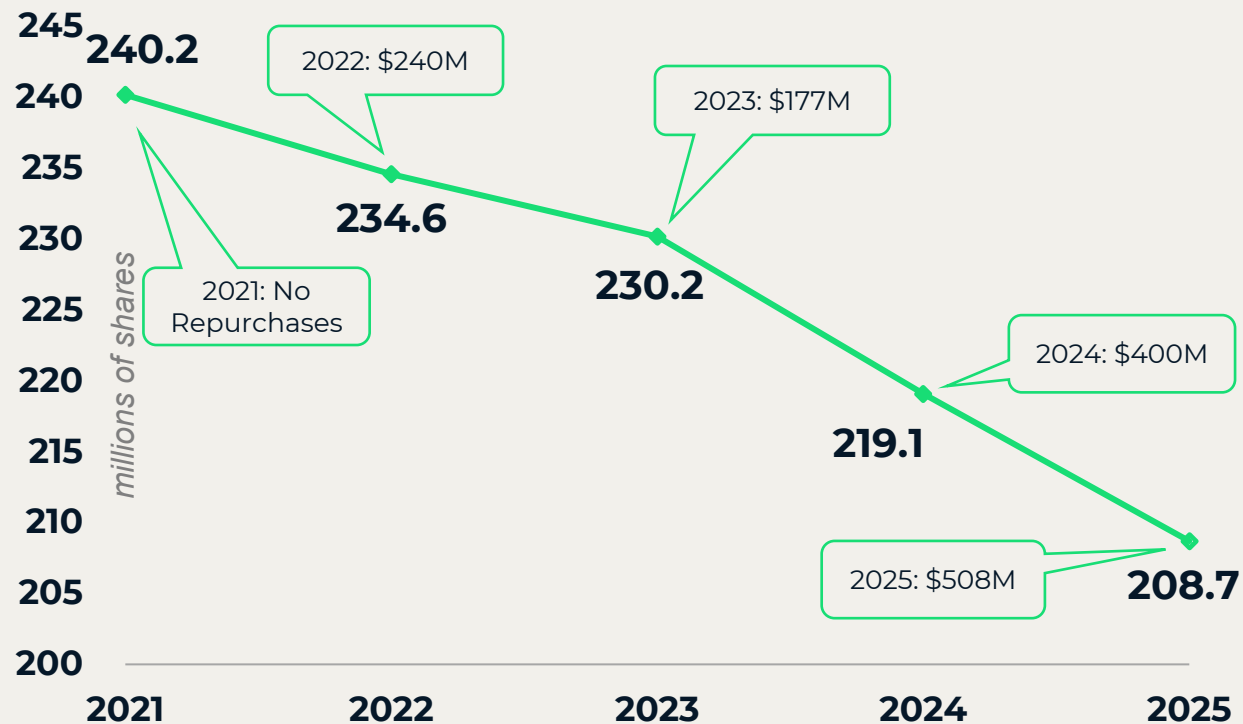
Note: FX rate assumes \$1.17 for Euro.

# Share Repurchase History

## Current Authorization



## Outstanding Dilutive Shares



Note: Repurchase dollars excludes excise taxes and commissions

**\$1.3B in share repurchases over the last four years;  
\$600M authorization remains available to support additional value creation**

February 11, 2026

**BORGWARNER**

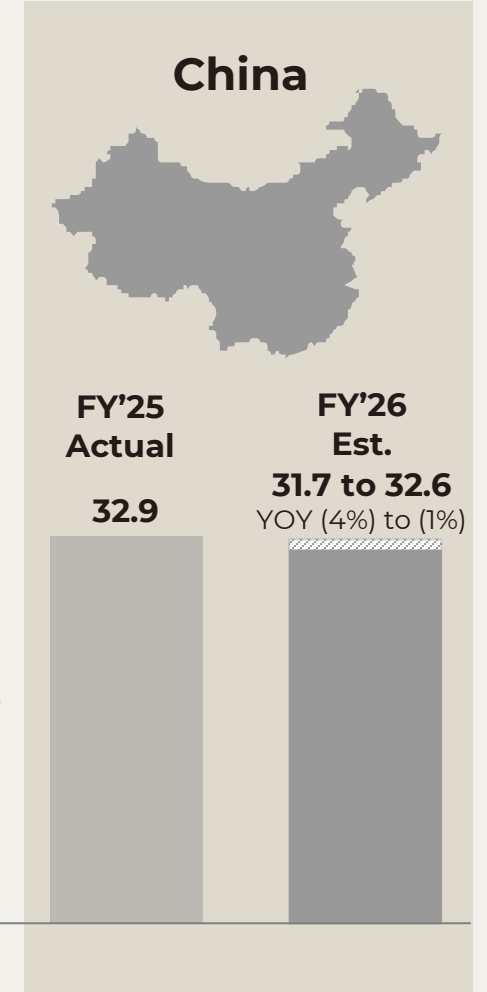
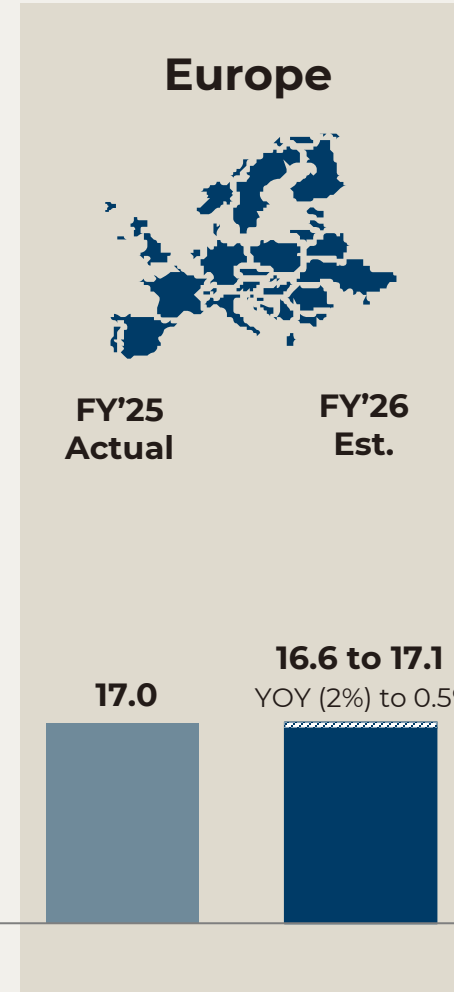
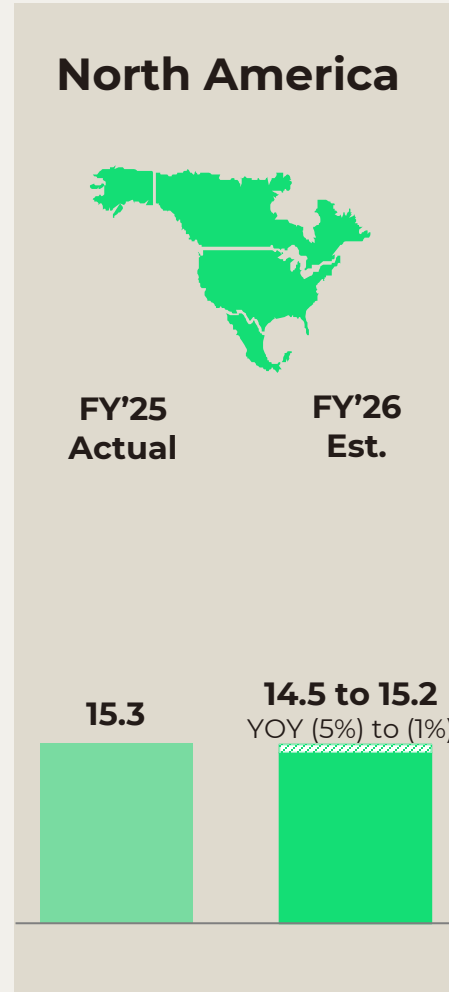
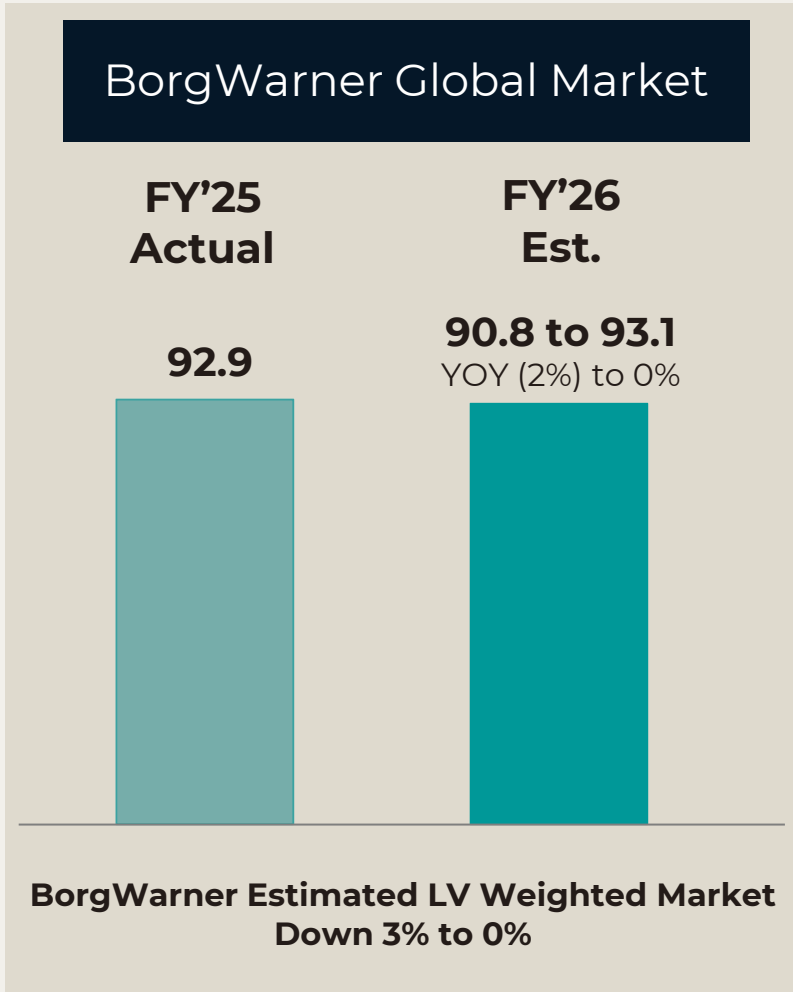
Q4 & FY 2025  
Earnings Call Presentation

**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%**

# Fourth Quarter & Full Year 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 December 31,		Twelve Months Ended December 31,	
	2025	2024	2025	2024
<b>Net sales</b>	\$ 3,572	\$ 3,439	\$ 14,316	\$ 14,086
<b>Operating (loss) income</b>	\$ (238)	\$ (316)	\$ 536	\$ 546
<b>Operating margin</b>	(6.7)%	(9.2)%	3.7 %	3.9 %
<b>Non-comparable items:</b>				
Impairment charges	\$ 582	\$ 646	\$ 624	\$ 646
Restructuring expense	30	9	101	74
Accelerated depreciation	9	15	90	50
Intangible asset amortization	17	18	66	69
Legal settlement	2	—	40	—
Costs to exit charging business	—	—	32	—
Impairment of investment	16	—	16	—
Chief Executive Officer ("CEO") transition compensation	—	—	11	—
Loss on sale of assets	3	2	9	2
Write-off customer incentive asset	—	—	7	—
Adjustments associated with Spin-Off related balances	—	3	7	17
Merger and acquisition expense, net	1	2	5	2
Loss on sale of businesses	—	3	2	6
Change in accounting method	—	(29)	—	(29)
Commercial contract settlement	—	—	—	15
Insurance recovery	—	—	(21)	—
Other non-comparable items	5	(1)	12	19
<b>Net non-comparable items</b>	<b>\$ 665</b>	<b>\$ 668</b>	<b>\$ 1,001</b>	<b>\$ 871</b>
<b>Adjusted operating income</b>	<b>\$ 427</b>	<b>\$ 352</b>	<b>\$ 1,537</b>	<b>\$ 1,417</b>
<b>Adjusted operating margin</b>	<b>12.0 %</b>	<b>10.2 %</b>	<b>10.7 %</b>	<b>10.1 %</b>

# Fourth Quarter & Full Year 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 December 31,		Twelve Months Ended December 31,	
	2025	2024	2025	2024
<b>(Loss) earnings per diluted share</b>	<b>\$ (1.23)</b>	<b>\$ (1.84)</b>	<b>\$ 1.28</b>	<b>\$ 1.63</b>
<b>Non-comparable items:</b>				
Impairment charges	2.51	2.80	2.63	2.73
Restructuring expense	0.09	0.03	0.36	0.24
Accelerated depreciation	0.04	0.05	0.31	0.18
Legal settlement	0.01	—	0.18	—
Costs to exit charging business	—	—	0.14	—
Impairment of investment	0.07	—	0.07	—
Chief Executive Officer ("CEO") transition compensation	—	—	0.05	—
Adjustments associated with Spin-Off related balances	—	0.01	0.03	0.14
Write-off of customer incentive asset	—	—	0.03	—
Loss on sale of assets	0.01	—	0.03	—
Merger and acquisition expense, net	—	0.01	0.02	—
Loss on sale of businesses	—	0.01	0.01	0.04
Commercial contract settlement	—	—	—	0.07
Change in accounting method	—	(0.10)	—	(0.10)
Gain on debt extinguishment	—	—	—	(0.01)
Unrealized gain on equity securities	(0.01)	—	(0.01)	—
Insurance recovery	—	—	(0.07)	—
Tax adjustments	(0.16)	0.02	(0.23)	(0.64)
Other non-comparable items	0.02	0.02	0.08	0.04
<b>Adjusted earnings per diluted share</b>	<b>\$ 1.35</b>	<b>\$ 1.01</b>	<b>\$ 4.91</b>	<b>\$ 4.32</b>

# Fourth 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	Q4 2024 Net Sales	FX	Organic Net Sales Change	Q4 2025 Net Sales	Organic Net Sales Change %
Turbos & Thermal Technologies	\$ 1,412	\$ 53	\$ (65)	\$ 1,400	(4.6)%
Drivetrain & Morse Systems	1,351	27	34	1,412	2.5%
PowerDrive Systems	525	17	81	623	15.4%
Battery & Charging Systems	162	7	(20)	149	(12.3)
Inter-segment eliminations	(11)	—	(1)	(12)	9.1
<b>Net sales</b>	<b>\$ 3,439</b>	<b>\$ 104</b>	<b>\$ 29</b>	<b>\$ 3,572</b>	<b>0.8%</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>\$ 1,373</b>	<b>\$ 1,428</b>
<b>Operating margin</b>	<b>9.8 %</b>	<b>10.0 %</b>
<b>Non-comparable items:</b>		
Restructuring expense	\$ 70	\$ 80
Intangible asset amortization	57	57
<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>\$ 4.74</b>	<b>\$ 4.91</b>
<b><u>Non-comparable items:</u></b>		
Restructuring expense	0.26	0.29
<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.

	<b>FY 2025 Net Sales</b>	<b>FX</b>	<b>Battery Sales Change</b>	<b>Organic Net Sales Change</b>	<b>FY 2026 Net Sales</b>	<b>Organic Net Sales Change Excluding Battery %</b>	<b>Organic Net Sales Change Including Battery %</b>	<b>BWA LV/CV Weighted Market</b>
\$ in millions								
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%

# Q4 & FY 2025, Q4 & FY 2024 & FY 2026 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 December 31,		Twelve Months Ended December 31,	
	2025	2024	2025	2024
Net cash provided by operating activities from continuing operations	\$ 619	\$ 682	\$ 1,648	\$ 1,382
Capital expenditures, including tooling outlays	(162)	(161)	(469)	(671)
Customer advances related to capital expenditures	13	18	29	18
<b>Free cash flow</b>	<b>\$ 470</b>	<b>\$ 539</b>	<b>\$ 1,208</b>	<b>\$ 729</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".