

Earnings Call Presentation

Q3 2018



Safe Harbor Statement

Statements in 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," "initiative," "intends," "outlook," "plans," "potential," "project," "pursue," "seek," "should," "target," "when," "would," variations of such words and similar expressions are intended to identify such forward-looking statements. 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: 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, including by way of example, tariffs, in the countries in which we operate, as well as other risks noted in reports that we file with the Securities and Exchange Commission, including the Risk Factors identified in our most recently filed Annual Report on Form 10-K/A. We do not undertake any obligation to update or announce publicly any updates to or revision to any of the forward-looking statements.

Reconciliation to US GAAP

Q3 2017 to Q3 2018

\$ in millions, except per share data

| | US GAAP (Reported) | Restructuring & Other Expense | CEO Stock Awards Modification | M&A Expense | Other Tax Adjustments | Non-US GAAP (Excluding non- comparable Items, including M&A) |
|----------------------|-----------------------|-------------------------------------|-------------------------------------|----------------|--------------------------|---|
| 2018 Q3 | | | | | | |
| Sales | \$2,478.5 | | | | | \$2,478.5 |
| Gross Profit | 515.6 | | | | | 515.6 |
| <i>GP % of sales</i> | 20.8% | | | | | 20.8% |
| Operating income | 278.0 | (7.2) | (5.9) | (1.6) | | 292.7 |
| <i>OI % of sales</i> | 11.2% | | | | | 11.8% |
| Diluted EPS | \$0.98 | \$0.03 | \$0.03 | \$0.00 | (\$0.04) | \$1.00 |

| | | | | | | |
|----------------------|-----------|--------|--|--------|----------|-----------|
| 2017 Q3 | | | | | | |
| Sales | \$2,416.2 | | | | | \$2,416.2 |
| Gross Profit | 521.6 | | | | | 521.6 |
| <i>GP % of sales</i> | 21.6% | | | | | 21.6% |
| Operating income | 274.6 | (16.0) | | (6.4) | | 297.0 |
| <i>OI % of sales</i> | 11.4% | | | | | 12.3% |
| Diluted EPS | \$0.88 | \$0.07 | | \$0.03 | (\$0.02) | \$0.95* |

*Row does not add due to rounding

Agenda

- Fred Lissalde – Chief Executive Officer
 - Industry Perspective
 - Q3'18 Recap / 2018 Outlook
 - Recent Announcements / Investor Day Recap

- Ron Hundzinski – Chief Financial Officer
 - Q3 2018 Results
 - 2018 Full Year Guidance / Q4 2018 Guidance

- Q&A

Q3'18 Recap / 2018 Outlook



Fred Lissalde, President & Chief Executive Officer

October 25, 2018



Industry Perspective

- Q3 Light Vehicle Industry Volumes Weaker, Growth Over Market Remains Robust
- Expect Modestly Declining Full-year Industry Volumes
- Outgrowth of Market Continues Based on Strong Demand for BorgWarner Products

Q3'18 Recap and 2018 Outlook

- Solid Q3 2018 Results Despite Challenging Industry Volumes
 - Organic Growth of 3.6%
 - Adjusted EPS of \$1.00

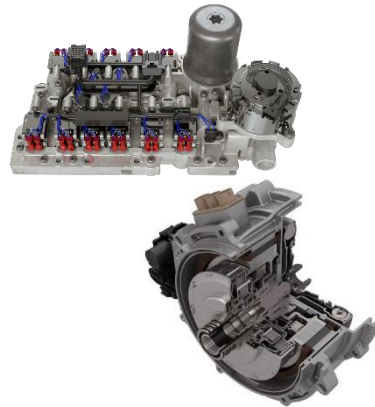
- Full-year 2018 Outlook
 - Organic Growth Guidance of 4.5% - 5.5%, 500bps+ over market
 - EPS Guidance of \$4.35 - \$4.40

Recent Product Announcements



Electric Drive Module (eDM)

for New Electric Vehicles from Great Wall Motors.



P2 On-Axis Hybrid Module

for two Leading Chinese automakers.



High-Voltage Coolant Heater

for two New Electric Vehicles, one located in Europe and one in Asia.



High-Voltage Cabin Heater

For NIO ES8 Electric SUV.

Investor Day Recap

- \$14 billion Revenue Outlook
- Overweight Hybrid and Electric by 2023
- \$1 billion Free Cash Flow Outlook
- Electrification Accelerates Opportunities

Earnings Review & Financial Outlook



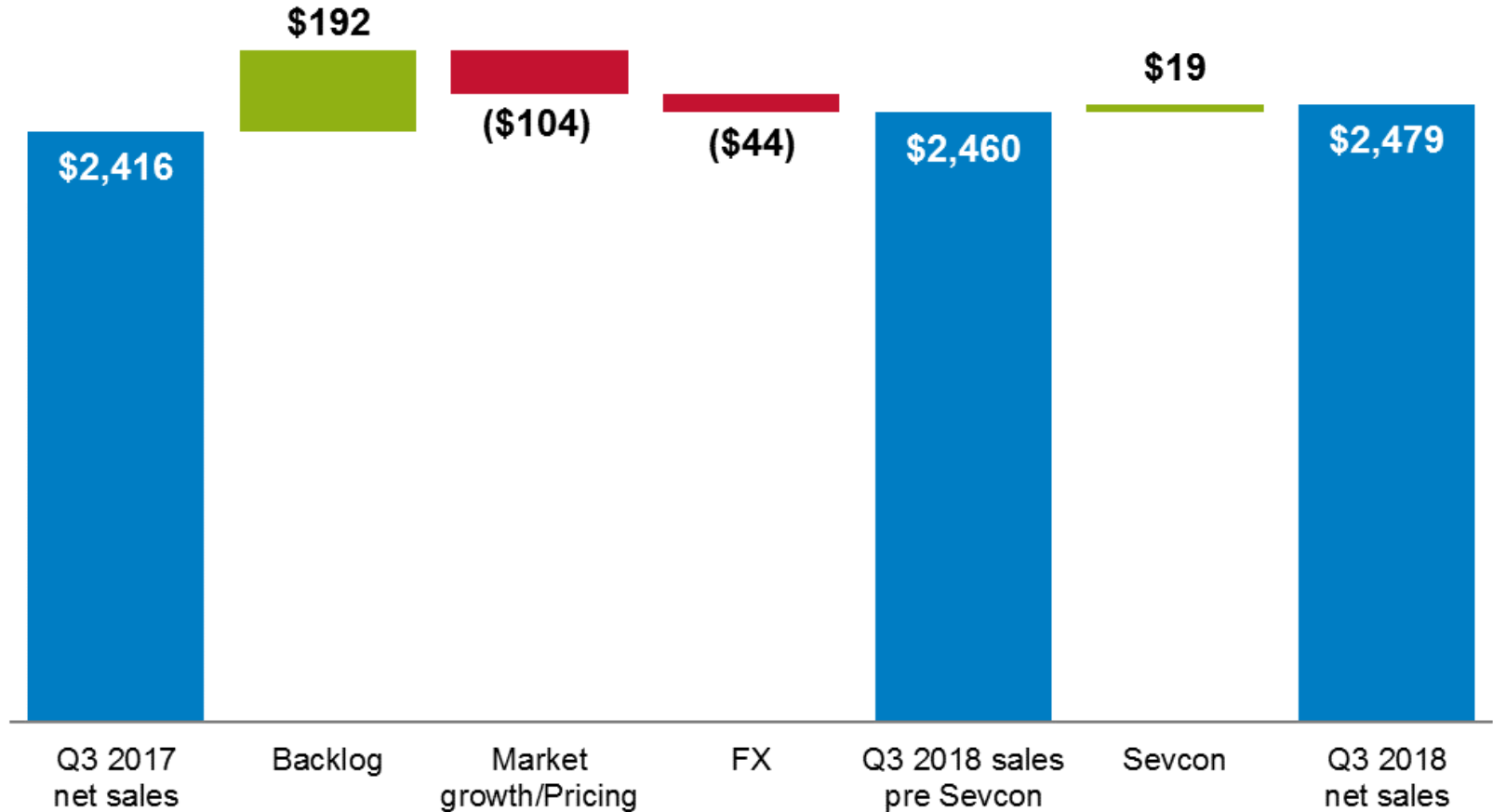
Ron Hundzinski, Executive Vice President and Chief Financial Officer

October 25, 2018



BorgWarner Net Sales

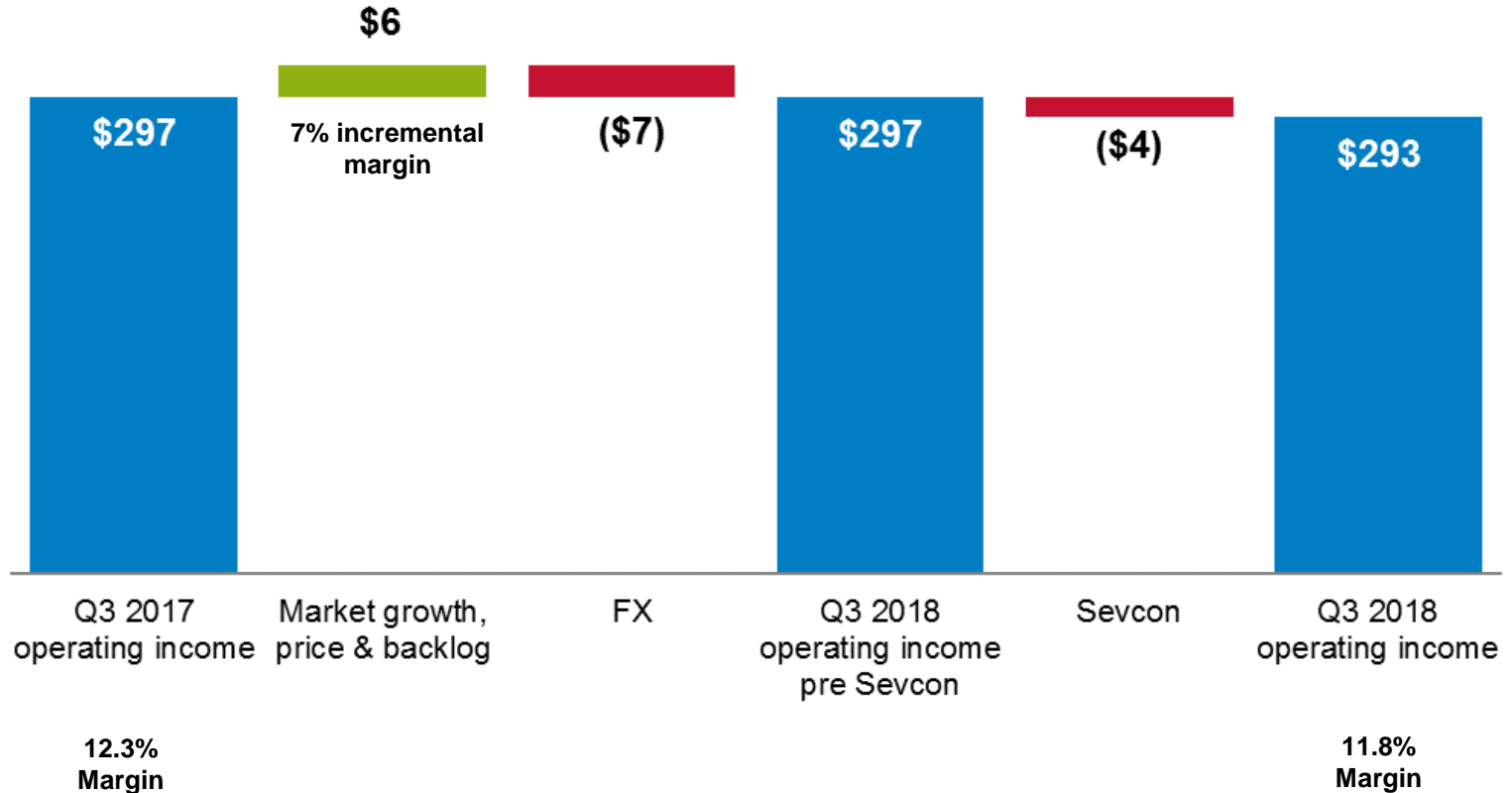
Q3 2017 to Q3 2018, \$ in millions



Organic Sales Growth of 3.6%

BorgWarner Operating Income*

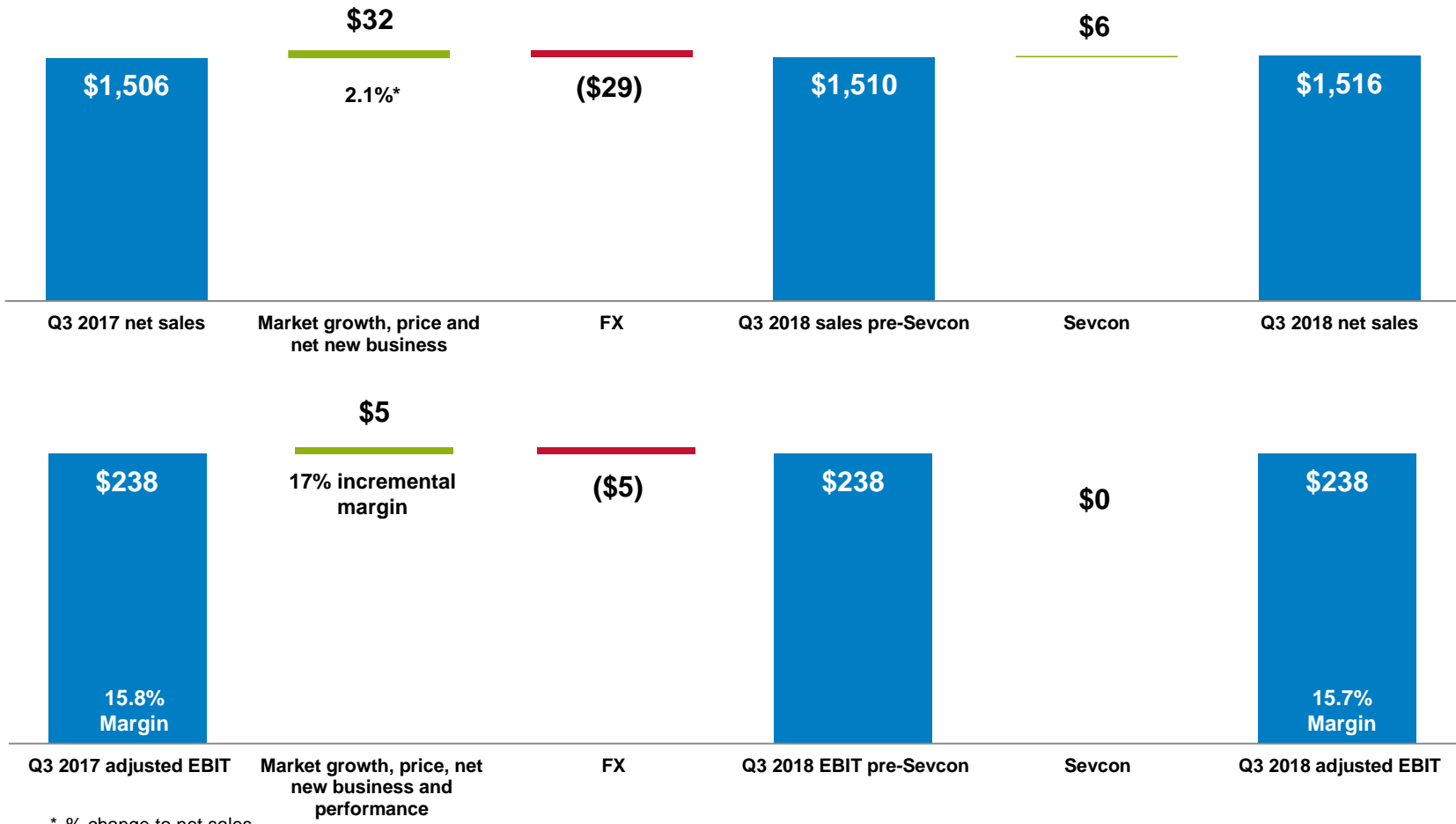
Q3 2017 to Q3 2018, \$ in millions



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

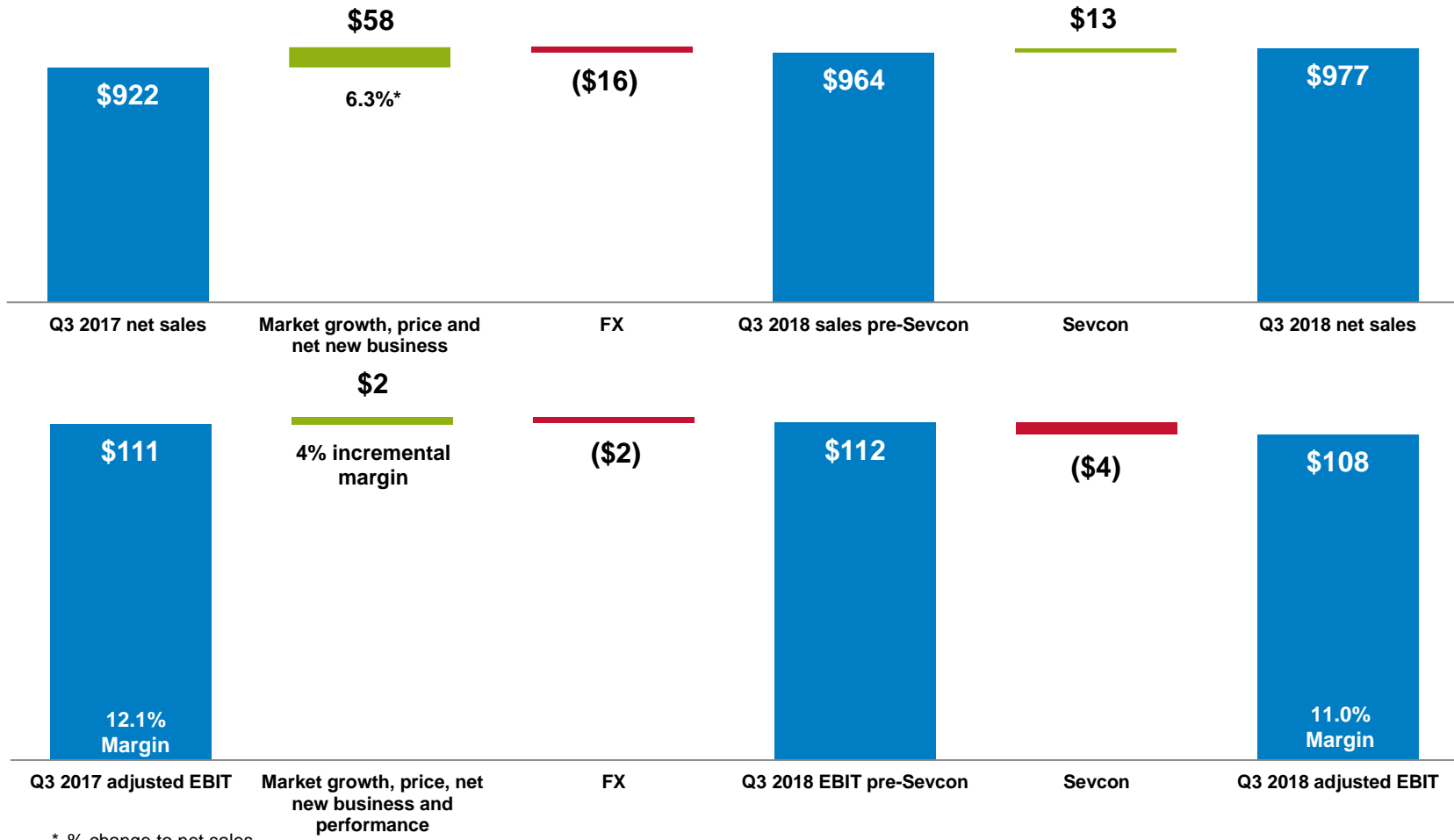
Engine Segment Net Sales & Adjusted EBIT

Q3 2017 to Q3 2018, \$ in millions



Drivetrain Segment Net Sales & Adjusted EBIT

Q3 2017 to Q3 2018, \$ in millions

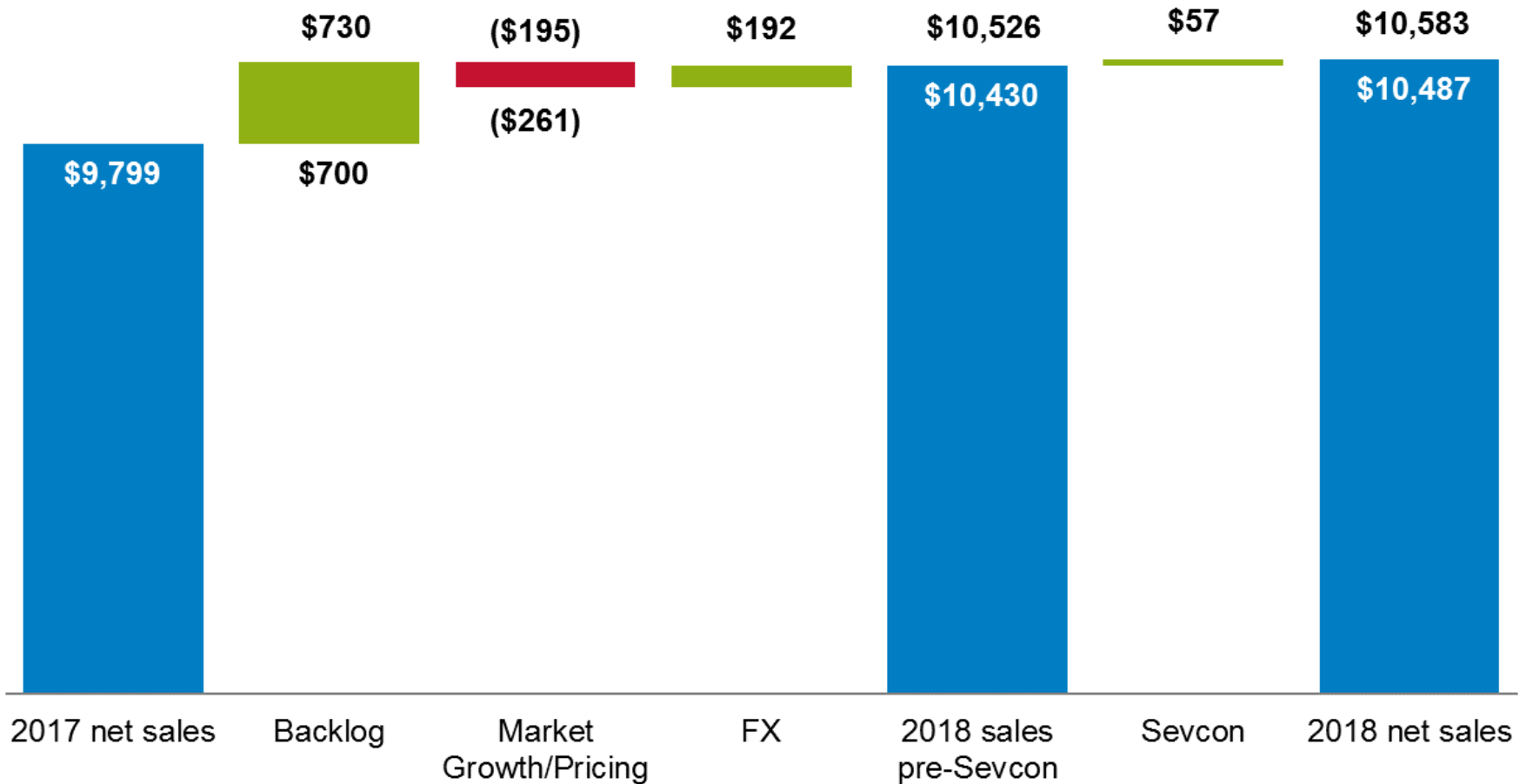


* % change to net sales

2018 Full Year Guidance

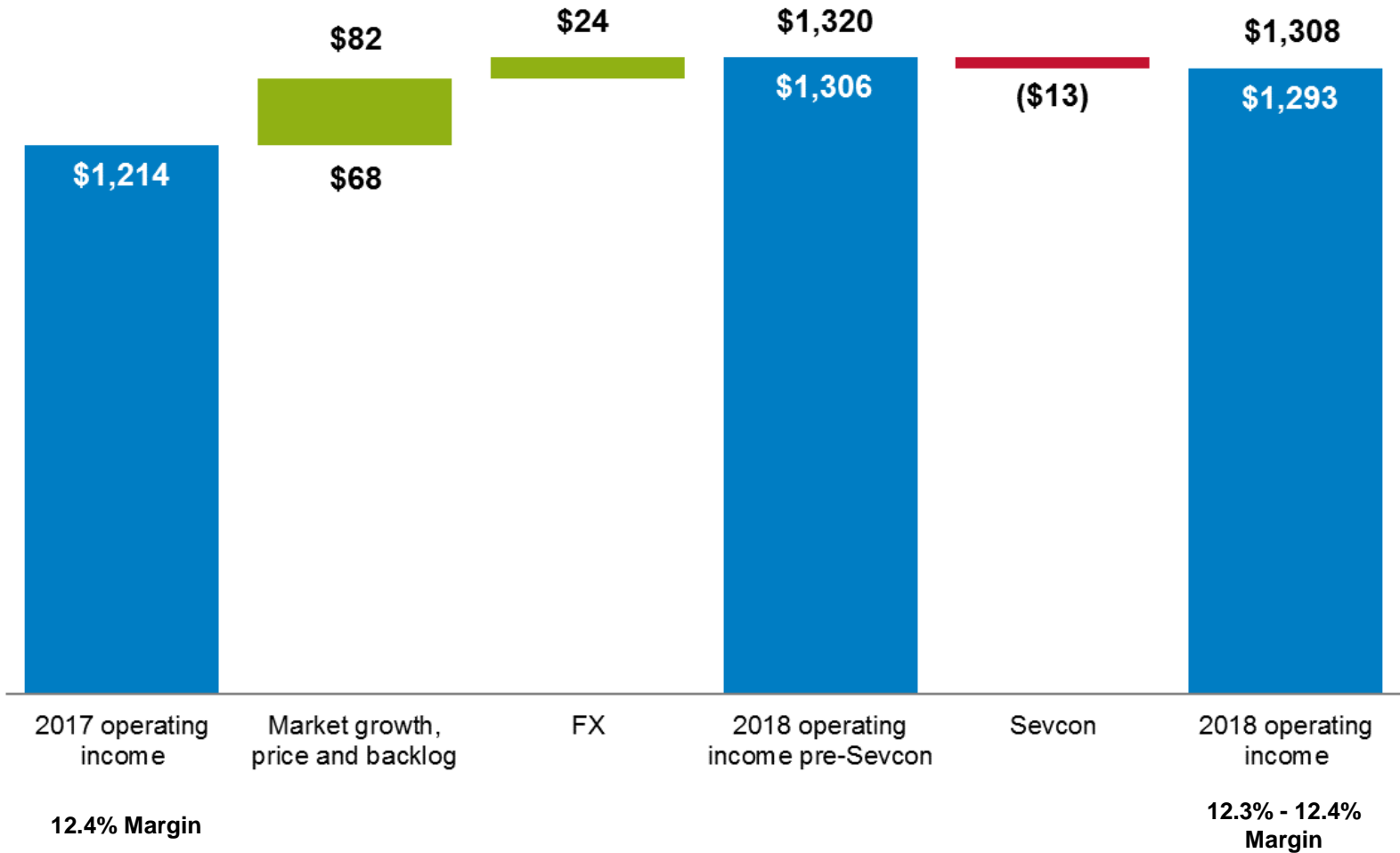
Organic Sales Growth of ~4.5% - 5.5%

\$ in millions



Operating Margins Flattish YOY

\$ in millions



2018 Guidance – Other Items

| | | |
|----------------------------------|---|------------------------------|
| ■ EPS Guidance | ↔ | \$4.35 - \$4.40 |
| ■ Free Cash Flow | ↔ | \$550 - \$575 million |
| ■ CapEx | ↔ | \$575 - \$625 million |
| ■ Share Repurchases | ↔ | \$150+ million |
| ■ R&D Spending | ↔ | ~4% of sales |
| ■ Tax Rate | ↔ | Low 26% range |
| ■ FY'18 FX Revenue Impact | ↔ | ~\$192M |

2018 Fourth Quarter Guidance

Q4 2018 Guidance

- **Sales Guidance Range** **\$2.53B - \$2.63B**
- **Organic Growth** **1.0% - 4.5%**
- **EPS Range** **\$1.07 - \$1.12**
- **Tax Rate** **Low 26% range**
- **\$ / Euro FX Rate & Impact** **\$1.15 / (\$75)M**

Thank you!



Combustion



Hybrid



Electric