

BORGWARNER

# Q3 2026 Earnings Call Presentation

October 29, 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 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 increased cost control and restructuring activities, 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 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 any potential refund recovery of tariffs imposed under the International Emergency Economic Powers Act) 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 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.



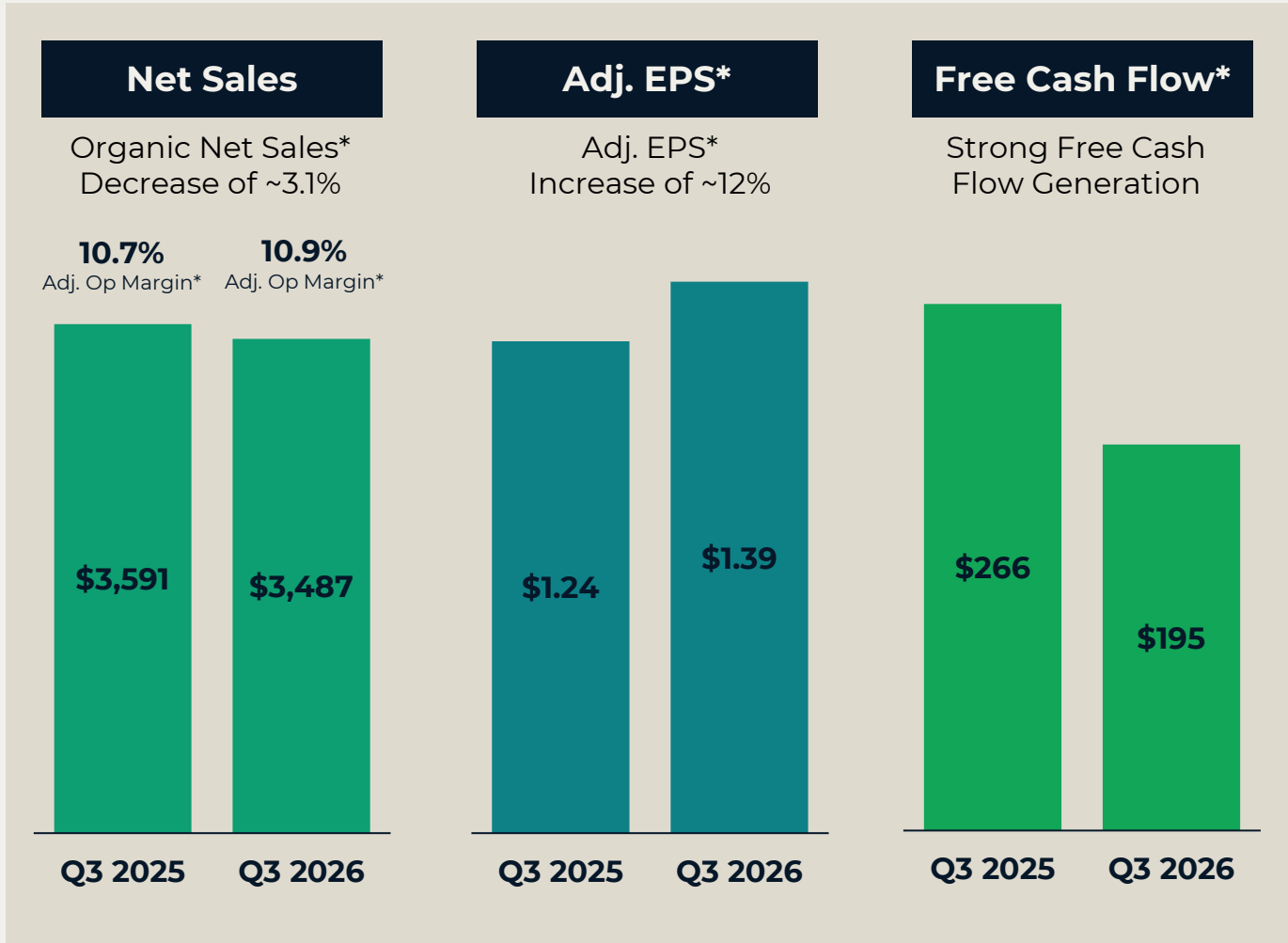
► Joe Fadoo  
*Chief Executive Officer*

► Craig Aaron  
*Chief Financial Officer*

► Q&A

# Strong Third Quarter Execution Supports EPS Guidance Increase; Remain Focused on Long-Term Value Creation

\$ in millions, except EPS



- Organic net sales performance roughly in line with market, excluding battery sales decline
- Adj. operating margin expansion supported by strong cost controls. Adj. EPS increase primarily due to share repurchases
- 9 program awards across Foundational and eProduct portfolios
- Improving product readiness and accelerating quoting activity for data center and industrial markets portfolio
- Increased full year adjusted EPS guidance

# Nine New Program Awards Highlight Continued Product Leadership

## Foundational



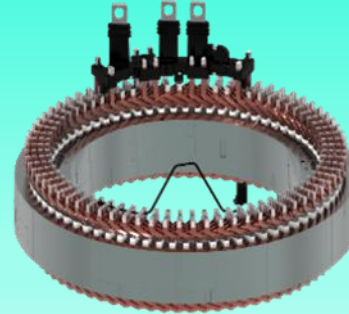
### Engine Control Modules

- Award with a global OEM for a new internal-combustion engine pickup truck platform
- Production is expected to begin in 2029



### Turbochargers

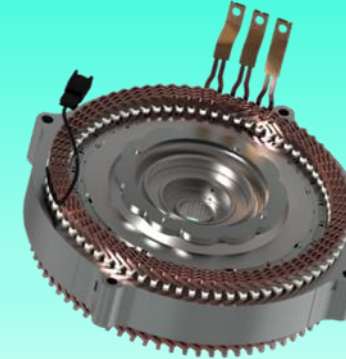
- Three conquest awards with a global powertrain leader for light vehicle gasoline platforms in South America and Europe
- Production is expected to begin in 2027



### eMotors

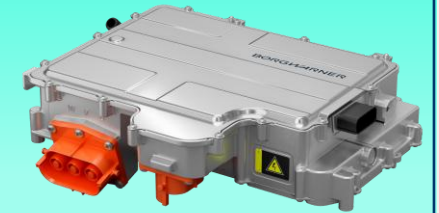
- First aluminum-wire program award with a major Chinese OEM for hybrid vehicles, including generator and traction motors for auxiliary drive applications
- Production is expected to begin in 2026

## eProduct



### HVH Motors

- Three awards with leading OEMs in China for range-extended, battery-electric and hybrid vehicle applications
- Production is expected to begin between 2027 and 2028



### High-Voltage Inverters

- Award with a global OEM for future battery-electric vehicle programs
- Builds on an established customer relationship

# Improving Product Readiness & Accelerating Quoting Activity for Data Center & Industrial Markets Portfolio

## Power Generation



### Turbine Generator System

- Customer interest remains strong with external demonstrations planned in Q4
- UL certification process of subsystems largely completed, system UL certification is underway
- Building construction completed
- Manufacturing floor and capital installation expected in December
- Production trials expected by year-end

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

## Energy Storage



### Battery Energy Storage System

- Supporting varying use cases in data center and other industrial environments
- Portfolio includes DC blocks, UPS and high-power racks, and controls
- Customer validation and UL compliance processes advancing
- Discussions continue with multiple customers for NMC and LFP applications

**Quoting Continues  
Est. 2027 Production Ready**

## Power Conversion



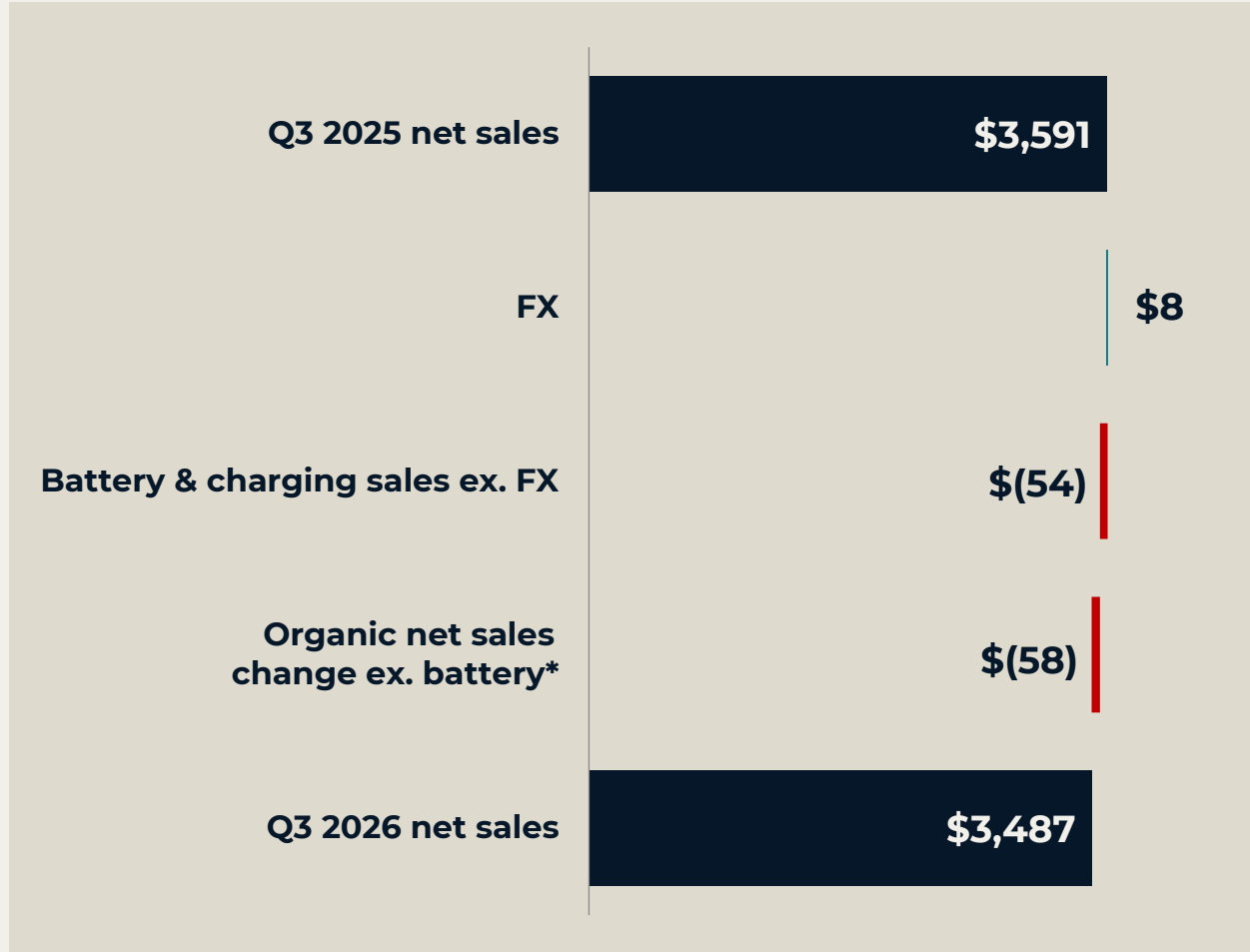
### Bi-Directional Microgrid Inverter

- Samples shipped to seven customers and engagement with several others
- UL certification expected early 2027
- Inverter system efficiency testing ahead of peers based on customer feedback
- 800V Power Supply Unit (PSU) developed and showcased at industry events
- Begun quoting with first major customer

**Engagement Increasing  
Est. 2027 Production Ready**

# Q3 2026 Net Sales Walk

\$ in millions



- **Organic net sales\*** down ~2%, or roughly in line with industry production, excluding Battery Energy Systems sales decline
  - **North America** – Outgrowth supported by transfer case volumes
  - **Europe** – Inline with market, supported by light vehicle eProduct growth, offset by battery declines
  - **China** – Slightly below market, driven by Foundational product declines

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

# Q3 2026 Financial Results & Adj. Operating Income

\$ in millions

|                                                                     |       |       |
|---------------------------------------------------------------------|-------|-------|
| Q3 2025 adj. operating income*                                      | \$385 |       |
| FX                                                                  |       | \$2   |
| Organic change, productivity, cost controls & restructuring savings |       | \$(6) |
| Q3 2026 adj. operating income*                                      | \$381 |       |

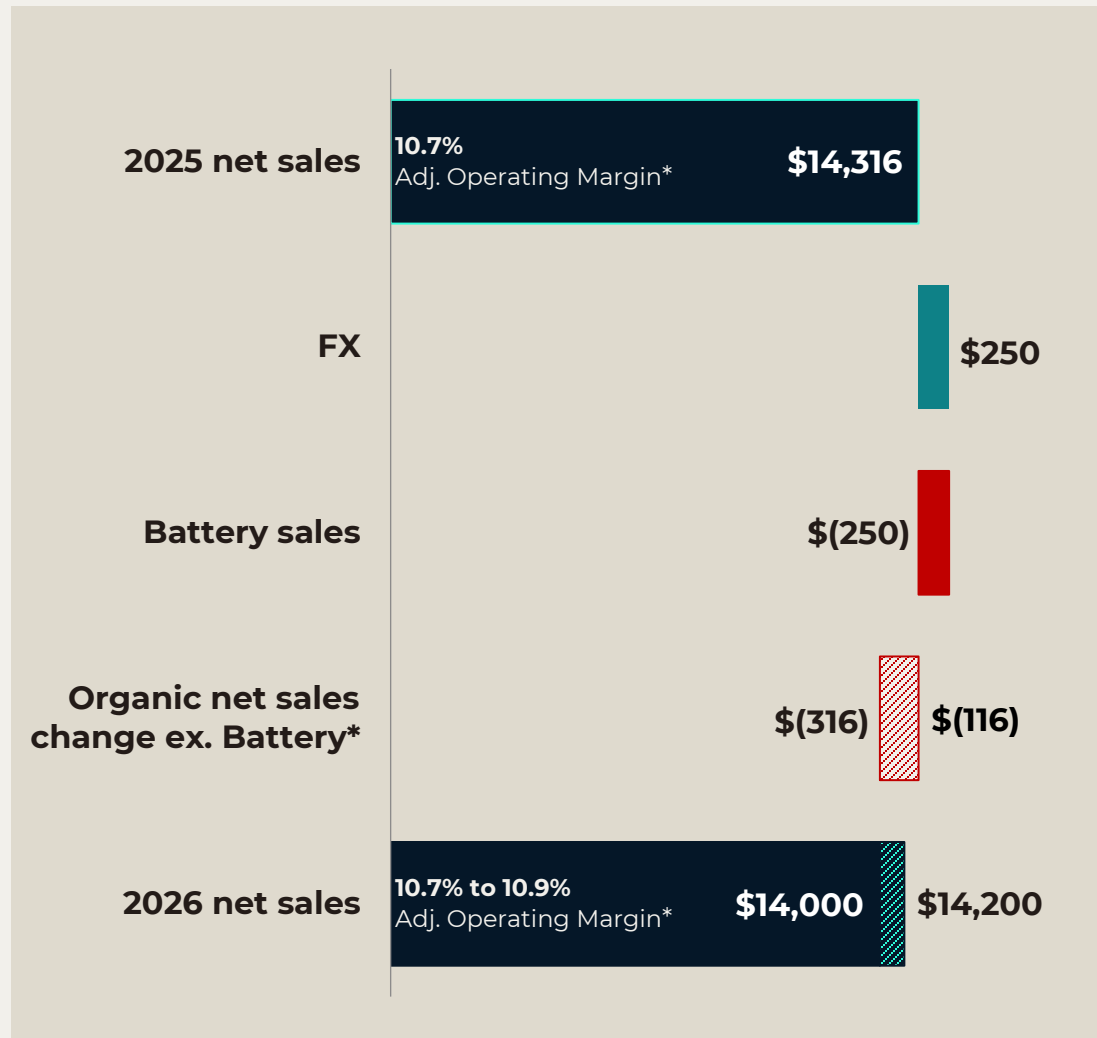
| (\$ in millions, except per share amounts)<br>Non-GAAP Financial Information | Three months ended September 30, |         |
|------------------------------------------------------------------------------|----------------------------------|---------|
|                                                                              | 2026                             | 2025    |
| Net sales                                                                    | \$3,487                          | \$3,591 |
| Adj. operating income*                                                       | \$381                            | \$385   |
| Adj. operating margin*                                                       | 10.9%                            | 10.7%   |
| Adj. diluted EPS*                                                            | \$1.39                           | \$1.24  |
| Free cash flow*                                                              | \$195                            | \$266   |

\*Adj. operating income, adj. operating margin, adj. diluted EPS and free cash flow on this slide are non US-GAAP measures. See reconciliation to U.S. 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 net sales change* | (3.5%) to (1.5%)    | (4%) to (2.5%)       |
| Adj. operating margin*    | 10.7% to 10.9%      | 10.7% to 10.9%       |
| Adj. diluted EPS*         | \$5.05 to \$5.30    | \$5.20 to \$5.35     |
| Free cash flow*           | \$900M to \$1,100M  | \$900M to \$1,100M   |

\*Organic net sales change, adj. operating margin, adj. diluted EPS and free cash flow on this slide are non U.S. GAAP measures. See reconciliation to U.S. GAAP in Appendix.

Note: FX rate assumes \$1.14 per Euro.

October 29, 2026

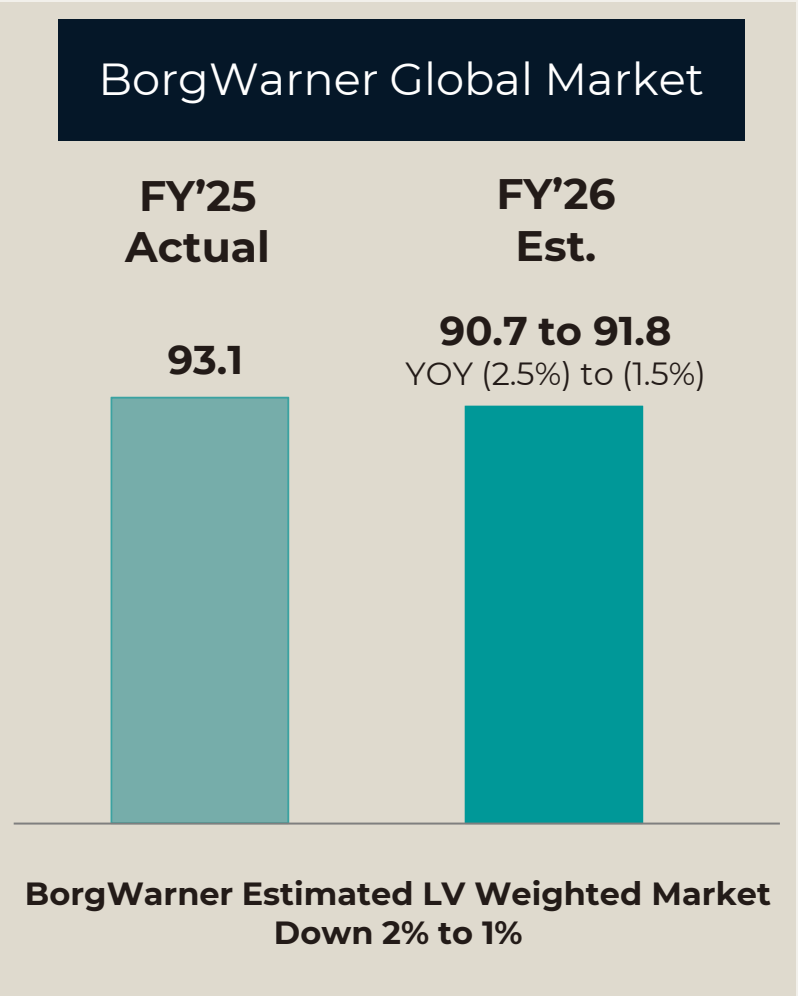
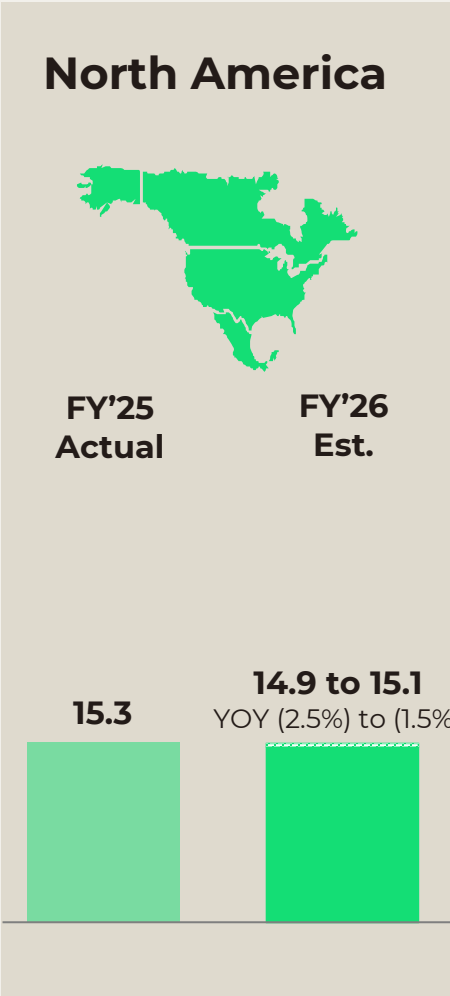
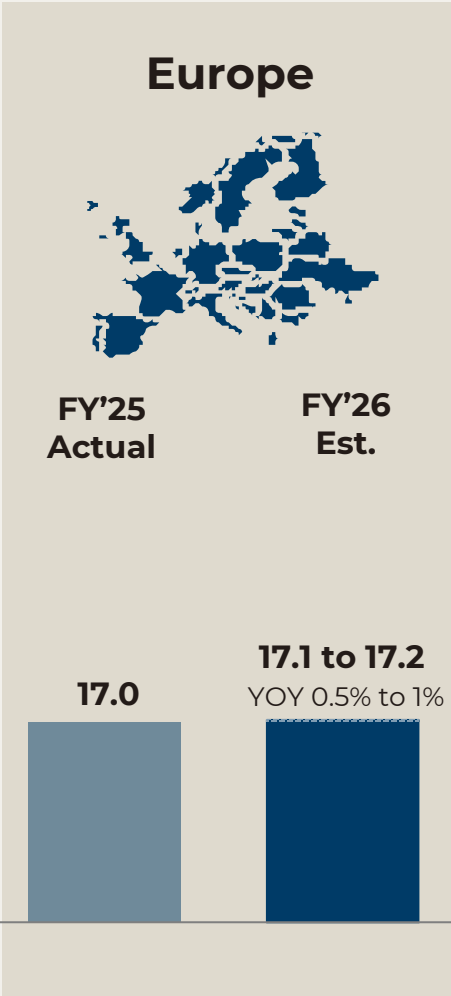
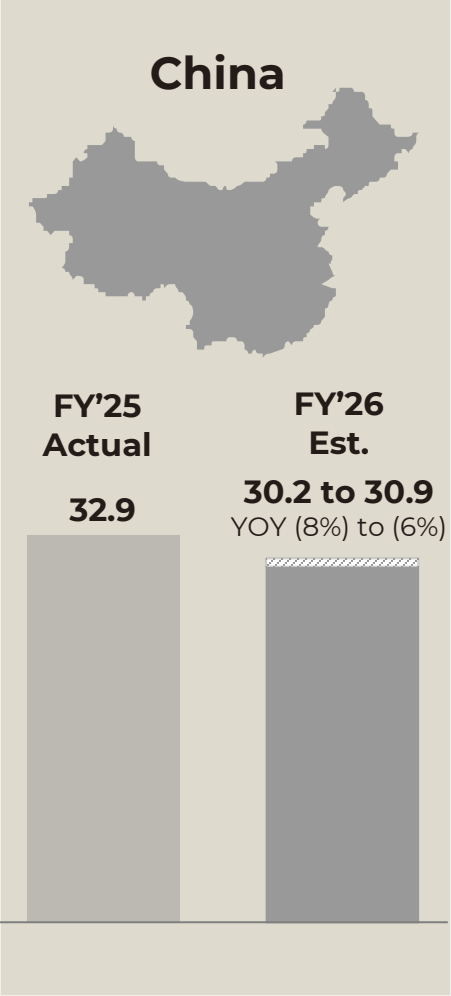
**BORGWARNER**

Q3 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** **~22.5%**

# Third Quarter & YTD Reconciliation to U.S. 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 September 30, |               | Nine Months Ended September 30, |                 |
|---------------------------------------------------------|----------------------------------|---------------|---------------------------------|-----------------|
|                                                         | 2026                             | 2025          | 2026                            | 2025            |
| <b>Net sales</b>                                        | \$ 3,487                         | \$ 3,591      | \$ 10,668                       | \$ 10,744       |
| <b>Operating income</b>                                 | \$ 302                           | \$ 248        | \$ 1,008                        | \$ 774          |
| <b>Operating margin</b>                                 | 8.7 %                            | 6.9 %         | 9.4 %                           | 7.2 %           |
| <b>Non-comparable items:</b>                            |                                  |               |                                 |                 |
| Restructuring expense                                   | \$ 50                            | \$ 23         | \$ 89                           | \$ 71           |
| Intangible asset amortization expense                   | 13                               | 16            | 43                              | 49              |
| Accelerated depreciation                                | 11                               | 60            | 20                              | 81              |
| Adjustments associated with Spin-Off related balances   | —                                | 8             | 1                               | 7               |
| Legal settlement                                        | —                                | 38            | —                               | 38              |
| Impairment charges                                      | —                                | —             | —                               | 42              |
| Write-off of customer incentive asset                   | —                                | —             | —                               | 7               |
| Costs to exit charging business                         | —                                | —             | —                               | 32              |
| Chief Executive Officer ("CEO") transition compensation | —                                | 5             | —                               | 11              |
| Loss on sale of assets                                  | —                                | 1             | —                               | 6               |
| Loss on sale of businesses                              | —                                | 1             | —                               | 2               |
| Insurance recovery                                      | —                                | (21)          | —                               | (21)            |
| Merger and acquisition expense (income), net            | 1                                | 2             | (1)                             | 4               |
| Other non-comparable items                              | 4                                | 4             | 6                               | 7               |
| <b>Adjusted operating income</b>                        | <b>\$ 381</b>                    | <b>\$ 385</b> | <b>\$ 1,166</b>                 | <b>\$ 1,110</b> |
| <b>Adjusted operating margin</b>                        | <b>10.9 %</b>                    | <b>10.7 %</b> | <b>10.9 %</b>                   | <b>10.3 %</b>   |

# Third Quarter & YTD Reconciliation to U.S. 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<br>September 30, |                | Nine Months Ended<br>September 30, |                |
|---------------------------------------------------------|-------------------------------------|----------------|------------------------------------|----------------|
|                                                         | 2026                                | 2025           | 2026                               | 2025           |
| <b>Earnings per diluted share</b>                       | <b>\$ 1.08</b>                      | <b>\$ 0.73</b> | <b>\$ 3.59</b>                     | <b>\$ 2.48</b> |
| <b>Non-comparable items:</b>                            |                                     |                |                                    |                |
| Restructuring expense                                   | 0.20                                | 0.10           | 0.32                               | 0.26           |
| Accelerated depreciation                                | 0.04                                | 0.19           | 0.07                               | 0.28           |
| U.S. pension plan settlement loss                       | 0.04                                | —              | 0.04                               | —              |
| Loss on debt extinguishment                             | 0.02                                | —              | 0.02                               | —              |
| Adjustments associated with Spin-Off related balances   | —                                   | 0.04           | 0.01                               | 0.03           |
| Impairment charges                                      | —                                   | —              | —                                  | 0.16           |
| Write-off of customer incentive asset                   | —                                   | —              | —                                  | 0.03           |
| Costs to exit charging business                         | —                                   | —              | —                                  | 0.14           |
| Legal settlement                                        | —                                   | 0.18           | —                                  | 0.18           |
| Chief Executive Officer ("CEO") transition compensation | —                                   | 0.02           | —                                  | 0.05           |
| Loss on sale of assets                                  | —                                   | 0.01           | —                                  | 0.02           |
| Loss on sale of businesses                              | —                                   | 0.01           | —                                  | 0.01           |
| Insurance recovery                                      | —                                   | (0.07)         | —                                  | (0.07)         |
| Merger and acquisition expense (income), net            | —                                   | —              | (0.01)                             | 0.02           |
| Unrealized (gain) loss on equity securities             | (0.02)                              | (0.01)         | (0.03)                             | (0.01)         |
| Tax adjustments                                         | 0.02                                | —              | 0.02                               | (0.06)         |
| Other non-comparable items                              | 0.01                                | 0.04           | 0.02                               | 0.05           |
| <b>Adjusted earnings per diluted share</b>              | <b>\$ 1.39</b>                      | <b>\$ 1.24</b> | <b>\$ 4.05</b>                     | <b>\$ 3.57</b> |

# Third Quarter & YTD 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)                 | Q3 2025 Net Sales | FX          | Organic Net Sales Change | Q3 2026 Net Sales | Organic Net Sales Change % |
|-------------------------------|-------------------|-------------|--------------------------|-------------------|----------------------------|
| Turbos & Thermal Technologies | \$ 1,437          | \$ (2)      | \$ (63)                  | \$ 1,372          | (4.4) %                    |
| Drivetrain & Morse Systems    | 1,452             | 1           | (107)                    | 1,346             | (7.4) %                    |
| PowerDrive Systems            | 582               | 9           | 114                      | 705               | 19.6 %                     |
| Battery Energy Systems        | 132               | —           | (54)                     | 78                | (40.9) %                   |
| Inter-segment eliminations    | (12)              | —           | (2)                      | (14)              | 16.7 %                     |
| <b>Net sales</b>              | <b>\$ 3,591</b>   | <b>\$ 8</b> | <b>\$ (112)</b>          | <b>\$ 3,487</b>   | <b>(3.1) %</b>             |

| (in millions)                 | Q3 2025 YTD Net Sales | FX            | Organic Net Sales Change | Q3 2026 YTD Net Sales | Organic Net Sales Change % |
|-------------------------------|-----------------------|---------------|--------------------------|-----------------------|----------------------------|
| Turbos & Thermal Technologies | \$ 4,372              | \$ 103        | \$ (228)                 | \$ 4,247              | (5.2) %                    |
| Drivetrain & Morse Systems    | 4,242                 | 61            | (80)                     | 4,223                 | (1.9) %                    |
| PowerDrive Systems            | 1,724                 | 56            | 177                      | 1,957                 | 10.3 %                     |
| Battery Energy Systems        | 441                   | 9             | (170)                    | 280                   | (38.5) %                   |
| Inter-segment eliminations    | (35)                  | —             | (4)                      | (39)                  | 11.4 %                     |
| <b>Total</b>                  | <b>\$ 10,744</b>      | <b>\$ 229</b> | <b>\$ (305)</b>          | <b>\$ 10,668</b>      | <b>(2.8) %</b>             |

# Full Year 2026 Adj. Operating Income and Adj. Operating Margin Guidance Reconciliation to U.S. 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>\$ 14,200</b> |
| <b>Operating income</b>                               | <b>\$ 1,308</b>         | <b>\$ 1,363</b>  |
| <b>Operating margin</b>                               | <b>9.3 %</b>            | <b>9.6 %</b>     |
| <b>Non-comparable items:</b>                          |                         |                  |
| Restructuring expense                                 | 110                     | 100              |
| Intangible asset amortization                         | 56                      | 56               |
| Accelerated depreciation                              | 20                      | 20               |
| Adjustments associated with Spin-Off related balances | 1                       | 1                |
| Merger and acquisition (income) expense, net          | (1)                     | (1)              |
| Other non-comparable items                            | 6                       | 6                |
| <b>Adjusted operating income</b>                      | <b>\$ 1,500</b>         | <b>\$ 1,545</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 U.S. 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>\$ 4.65</b>          | <b>\$ 4.84</b> |
| <b>Non-comparable items:</b>                          |                         |                |
| Restructuring expense                                 | \$ 0.41                 | \$ 0.37        |
| Accelerated depreciation                              | 0.07                    | 0.07           |
| U.S. pension plan settlement loss                     | 0.04                    | 0.04           |
| Loss on debt extinguishment                           | 0.02                    | 0.02           |
| Adjustments associated with Spin-Off related balances | 0.01                    | 0.01           |
| Merger and acquisition (income) expense, net          | (0.01)                  | (0.01)         |
| Unrealized (gain) loss on equity securities           | (0.03)                  | (0.03)         |
| Tax adjustments                                       | 0.02                    | 0.02           |
| Other non-comparable items                            | 0.02                    | 0.02           |
| <b>Adjusted Earnings per Diluted Share</b>            | <b>\$ 5.20</b>          | <b>\$ 5.35</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         | \$ 250 | \$ (250)                                    | \$ (316)                 | \$ 14,000         | (2.2) %                                  | (4.0) %                                  | (2.0) %                         |
| High          | \$ 14,316         | \$ 250 | \$ (250)                                    | \$ (116)                 | \$ 14,200         | (0.8) %                                  | (2.6) %                                  | (1.0) %                         |

# Free Cash Flow Reconciliations to U.S. 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<br>September 30, |               | Nine Months Ended<br>September 30, |               |
|---------------------------------------------------|-------------------------------------|---------------|------------------------------------|---------------|
|                                                   | 2026                                | 2025          | 2026                               | 2025          |
| Net cash provided by operating activities         | \$ 320                              | \$ 368        | \$ 1,058                           | \$ 1,029      |
| Capital expenditures, including tooling outlays   | (125)                               | (111)         | (364)                              | (307)         |
| Customer advances related to capital expenditures | —                                   | 9             | 6                                  | 16            |
| <b>Free cash flow</b>                             | <b>\$ 195</b>                       | <b>\$ 266</b> | <b>\$ 700</b>                      | <b>\$ 738</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".