

Fast Forward



Deutsche Bank 2015 Global Auto Industry Conference



January 14, 2015

2015 Guidance—Highlights

- **Sales growth of 2% to 6% compared with 2014 sales**
 - 9.5% to 12% sales growth, excluding currency
- **EPS guidance range of \$3.35 to \$3.55 per diluted share**
 - \$3.60 to \$3.75 excluding currency
 - 11% to 14% increase over 2014 EPS guidance of \$3.23 to \$3.28 per diluted share, excluding non-recurring items
- **Operating margin above 13%**
 - Up for the sixth straight year

As of January 14, 2015

A Portfolio of Leading Powertrain Technology

Engine

67% / SALES

Turbo Systems

- Wastegate
- Variable Turbine Geometry (VTG)
- Regulated 2-stage (R2S™)
- Actuators

Thermal Systems

- Thermal Management Components and Systems
- Viscronic® Systems
- Fans/Fan Drives

Emissions Systems

- Glow Plugs
- Instant Start System
- Pressure Sensor Glow Plugs
- Gasoline Ignition Technology
- Sensor Technology
- PTC Cabin Heaters
- Exhaust Gas Recirculation (EGR) Valves
- EGR Coolers & EGR tubes
- Integrated EGR Modules
- Secondary Air Systems
- Thermostats

Morse TEC

- Engine Valve Timing Systems
 - Timing Chain
- Variable Cam Timing
 - Oil Pressure Actuated
 - Torsional Assist
 - Cam Torque Actuated
- HY-VO® Transmission Chain
 - Transmission/Transfer case chain

Drivetrain

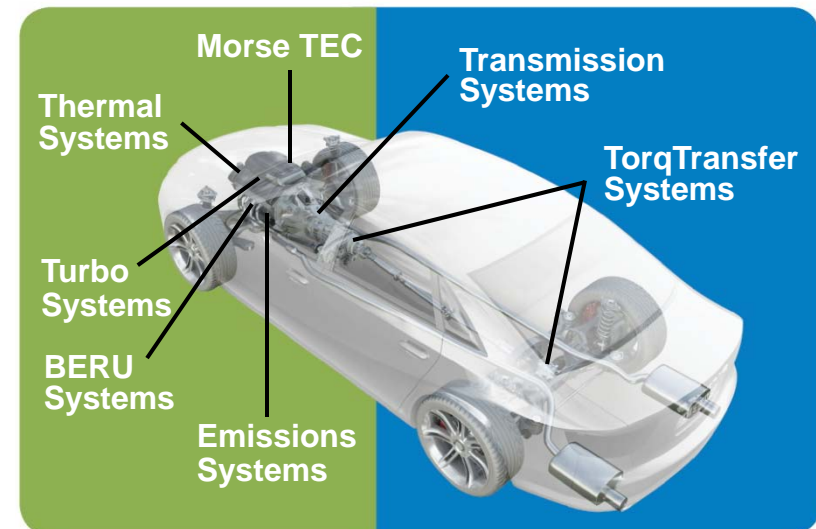
33% / SALES

Transmission Systems

- DualTronic® Systems for Dual Clutch Transmissions
- ECO-Launch™ Stop/Start Accumulator Solenoid Valves
- One-way Clutches and Modules
- Friction and Steel Plates

TorqTransfer Systems

- AWD Couplings
- Transfer Cases
- eGearDrive® Electric Drive Transmissions
- eAWD Torque Vectoring
- AWD Electronic Controls and Systems Integration



The BorgWarner Strategic Difference

- **Technology Leadership**
- **Customer and Geographic Diversity**
- **Financial Strength and Discipline**

Global Macro Trends



Pace of Innovation



Connected Living



**Autonomous and
Connected Vehicles**



**Global
Rebalancing of
Economic
Power**



Urbanization



Improved Efficiency



Big Data



**Resource
Scarcity &
Environment**

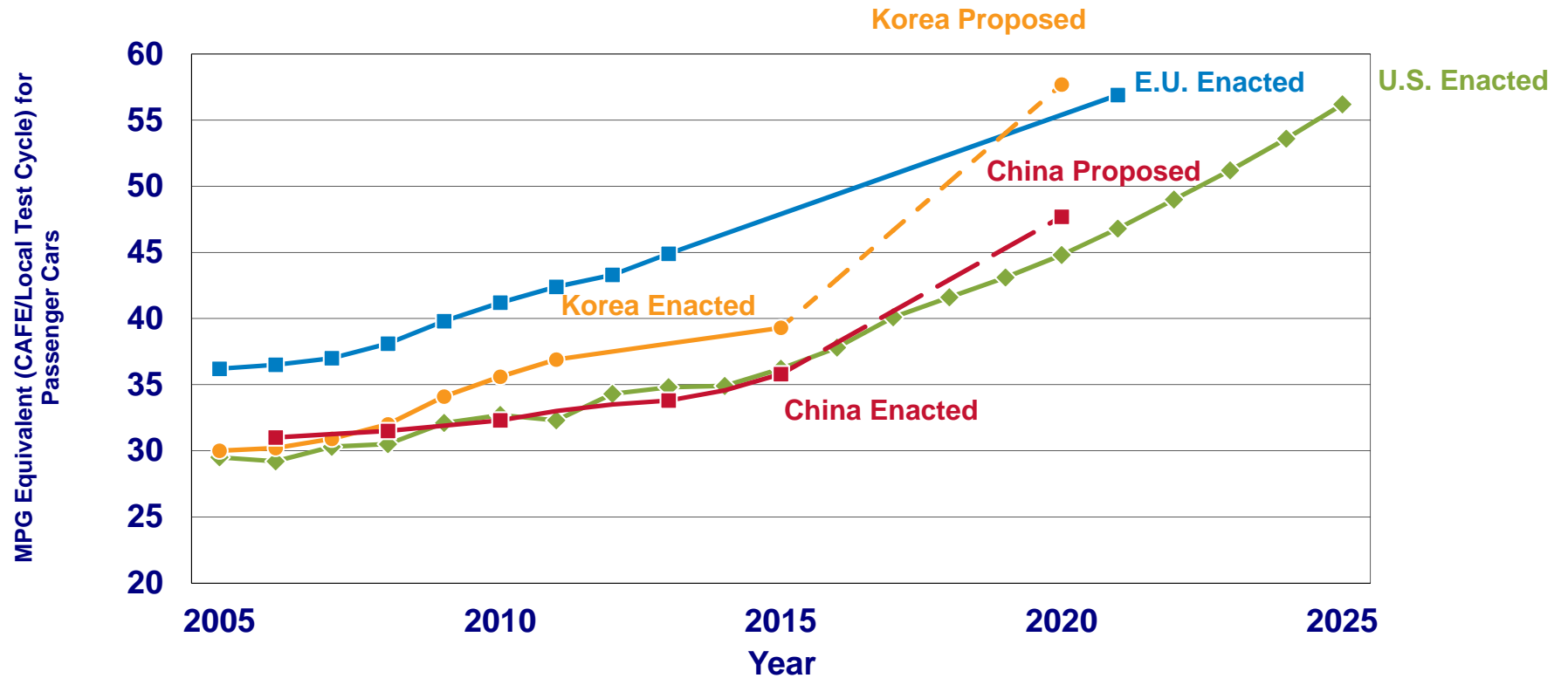


Demographic Shifts



**Increased
Vehicle
Population**

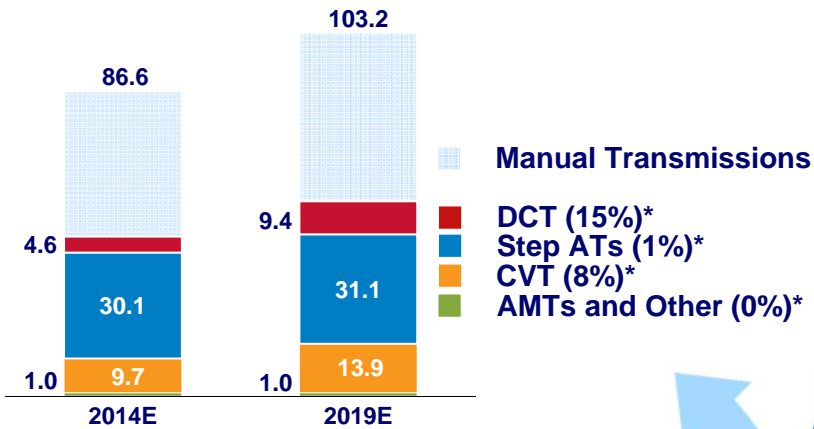
Stringent Regulations—A Resilient Secular Trend



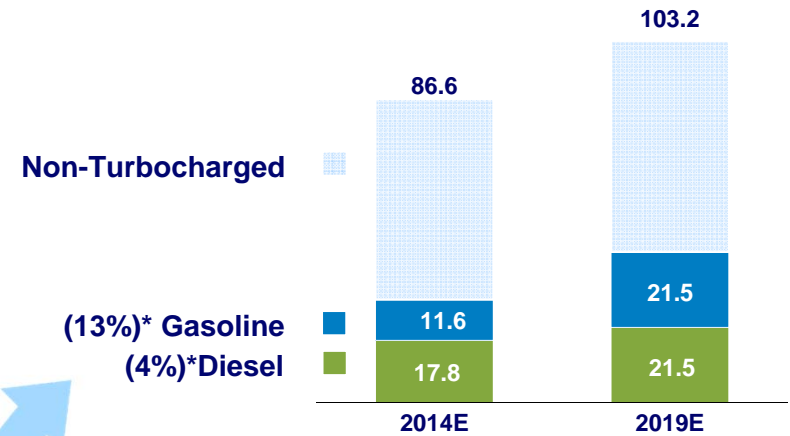
Source: International Council on Clean Transportation, November 2014

Fuel Economy Drives Growth for BorgWarner

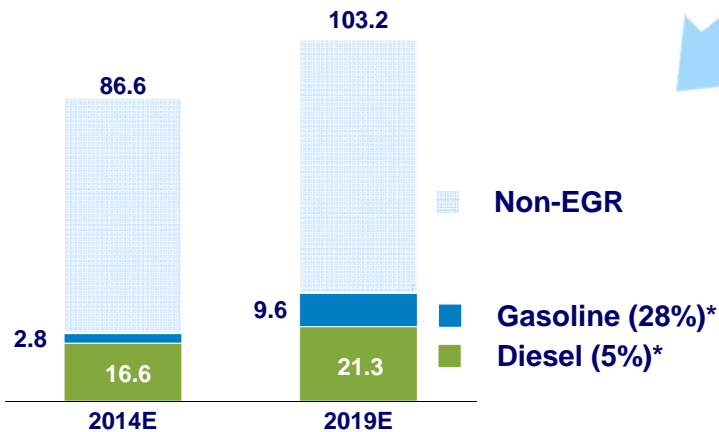
LV Transmissions



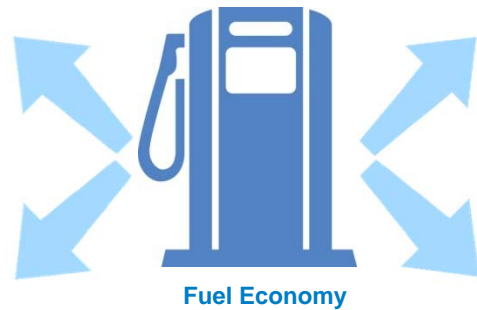
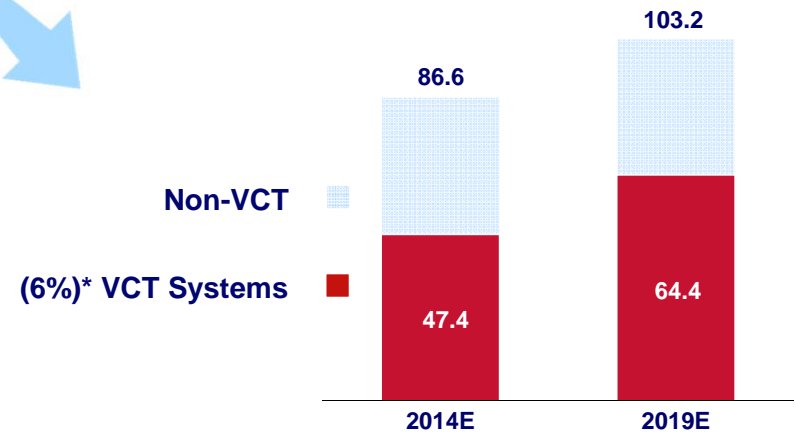
LV Turbocharged Systems



LV EGR Systems



LV VCT Systems



Global light vehicle industry volumes; units in millions (January 2014)

* CAGRs are shown in parentheses

Powertrain Trends



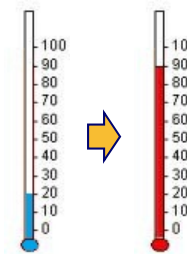
Electrification



Stop/Start



48 Volts



Thermal Management



**Downsizing
and boosting**



Downspeeding



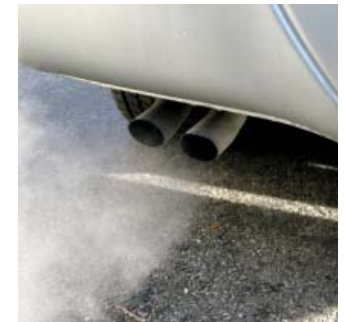
Light-weighting



Cost Reduction

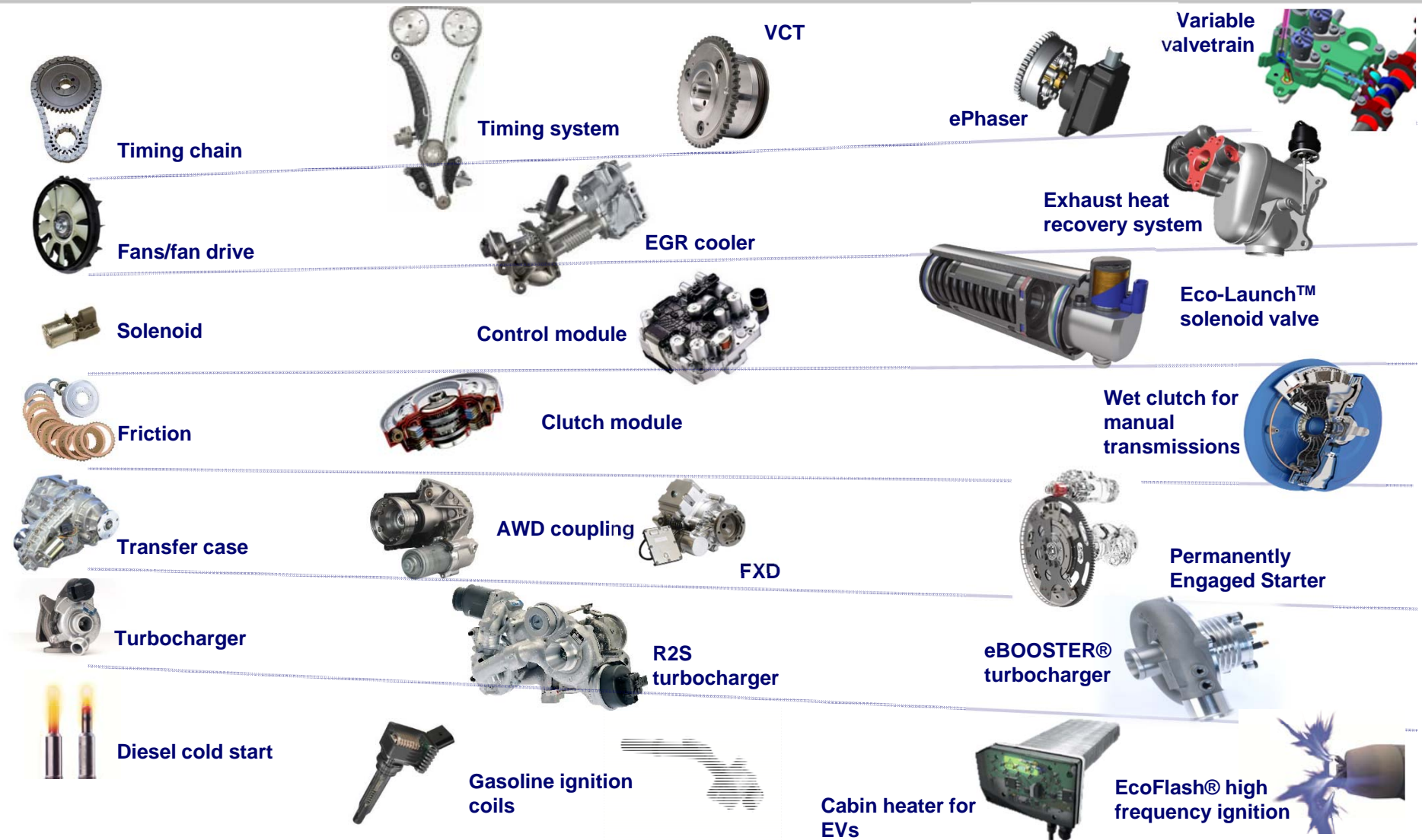


Fuel Diversification



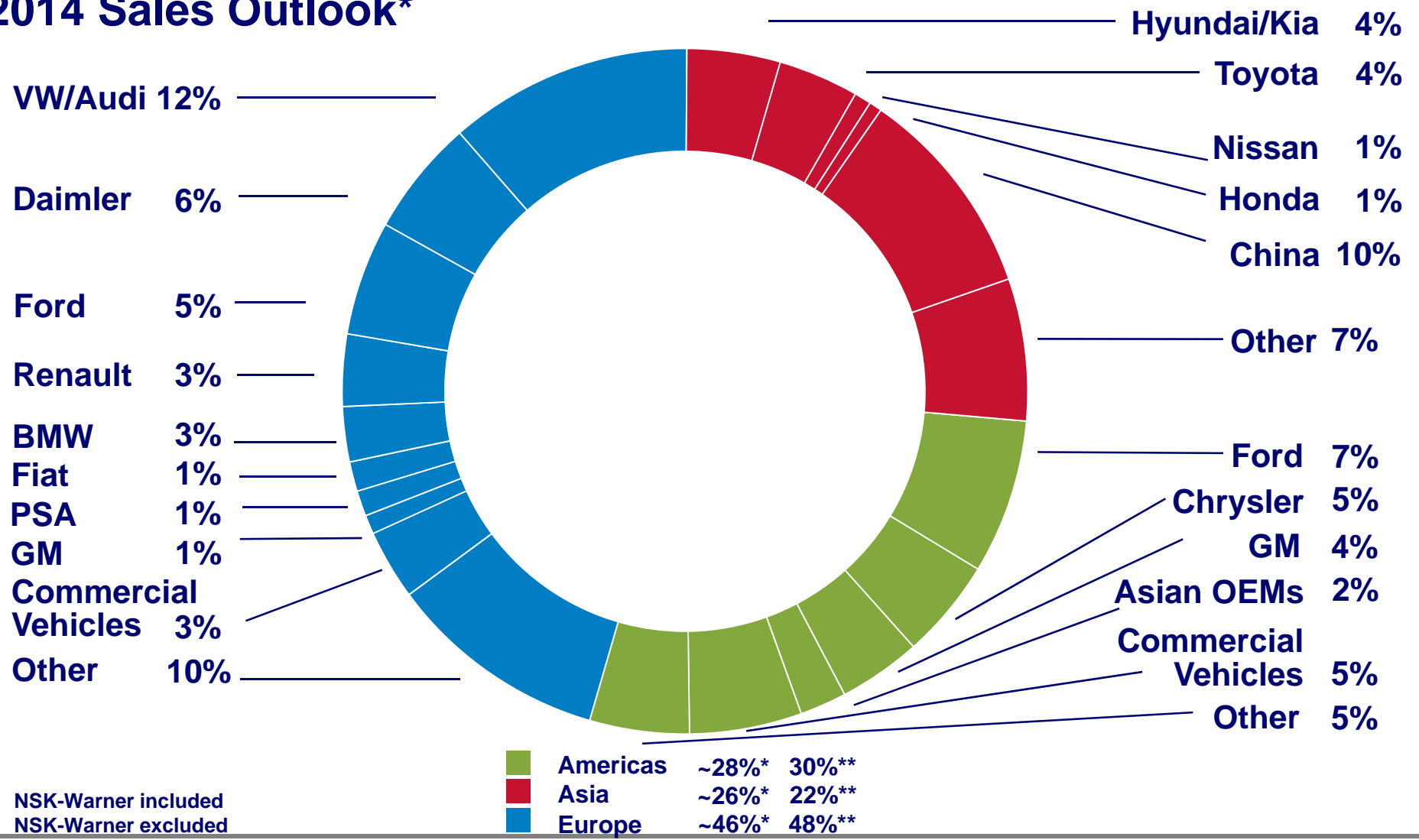
**Emissions
Reduction**

Expanding Our Reach Across the Powertrain



Customer and Geographic Diversity

2014 Sales Outlook*



10% to 12% Organic* CAGR thru 2017

\$2.85 Billion — \$3.35 Billion of Net New Business 2015 thru 2017

Americas**: ~30%

Domestic OEMs (Chrysler, Ford, GM)

- All-wheel drive
- Engine timing and VCT
- EGR coolers and valves
- Transmission solenoids
- Turbochargers

Commercial Vehicles (Cummins, Daimler)

- EGR valves
- Turbochargers

Non-Domestic OEMs (Fiat, Renault/Nissan, Subaru, VW/Audi)

- Engine timing
- EGR coolers
- Turbochargers

Europe: ~15%

Domestic OEMs (Fiat, JLR, PSA, Renault/Nissan, VW/Audi)

- All-wheel drive
- EGR coolers and valves
- Engine timing
- Ignition systems
- Turbochargers

Non-Domestic OEMs (Tata Motors, Great Wall)

- Engine timing and VCT
- Turbochargers

Commercial Vehicles (Deutz, MAN)

- Thermal systems
- Turbochargers

Asia***: ~55%

China (BYD, Chang'an, Chery, CNHDTC, Cummins, FAW, Ford, Geely, Great Wall, Honda, JAC, Navistar, PSA, SAIC, S-GM, S-VW, Volvo, Weichai)

- All-wheel drive
- DCT components
- EGR coolers and valves
- Engine timing and VCT
- Ignition systems
- Thermal systems
- Thermostats
- Transmission solenoids
- Turbochargers

Korea (Hyundai/Kia, Ford, GM, Renault/Nissan, SsangYong)

- All-wheel drive
- Engine timing and VCT
- Transmission components
- Turbochargers

India

- EGR coolers and valves

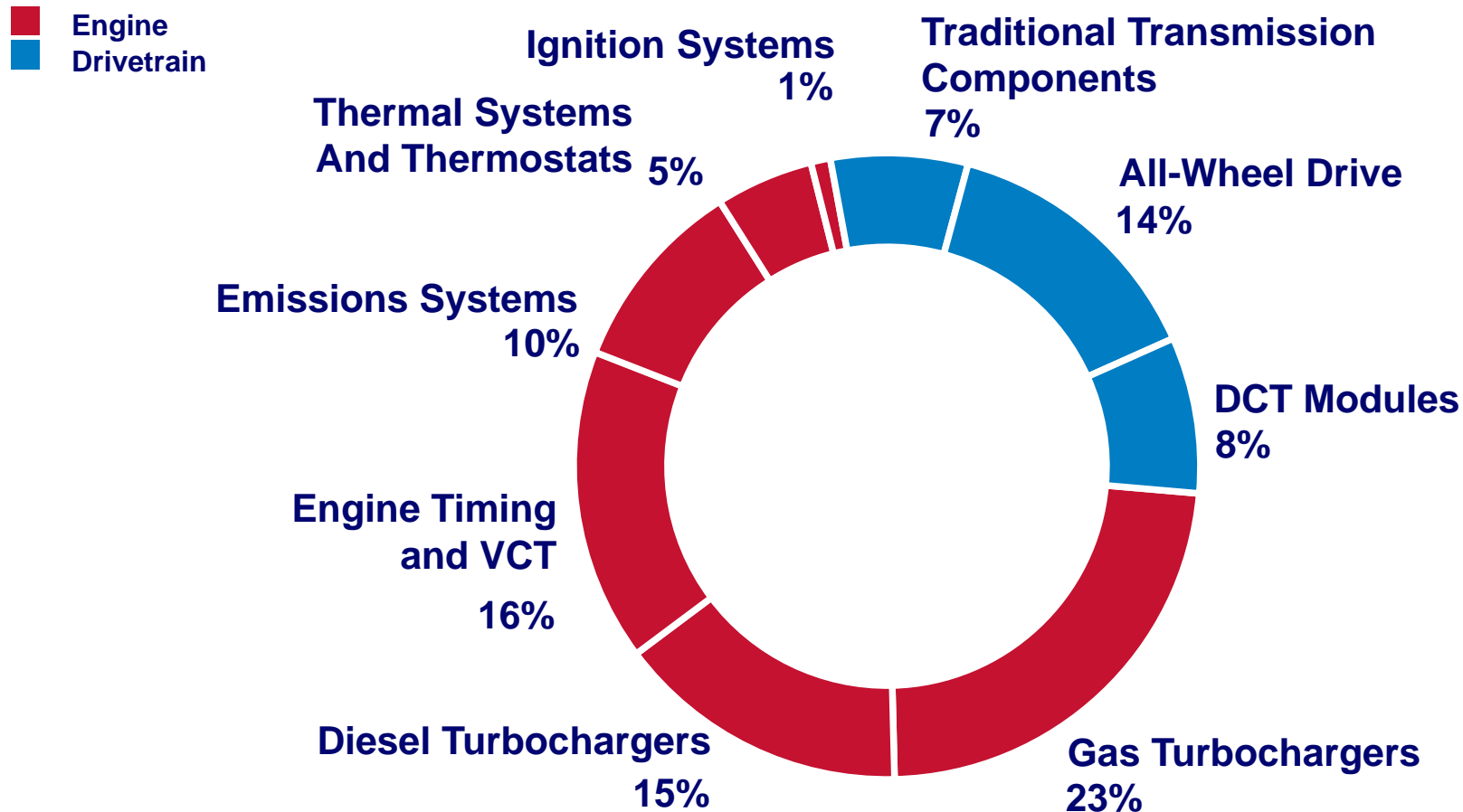
* Organic growth includes the change in sales due to net new business and excludes the impact of base business growth or shrink, changes in product pricing, acquisitions, divestitures and foreign currencies

** Net new business with GM, Ford and Chrysler in North America is 25% of total net new business

*** Net new business in China and Korea is ~38% and ~14% of total net new business, respectively

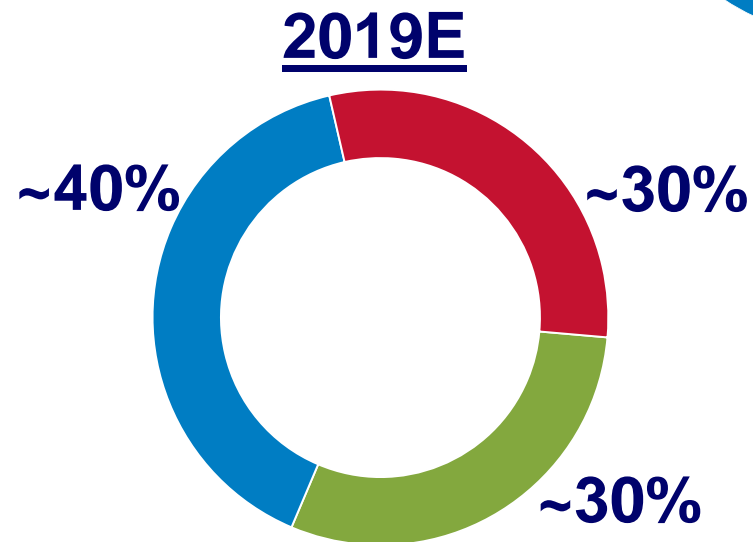
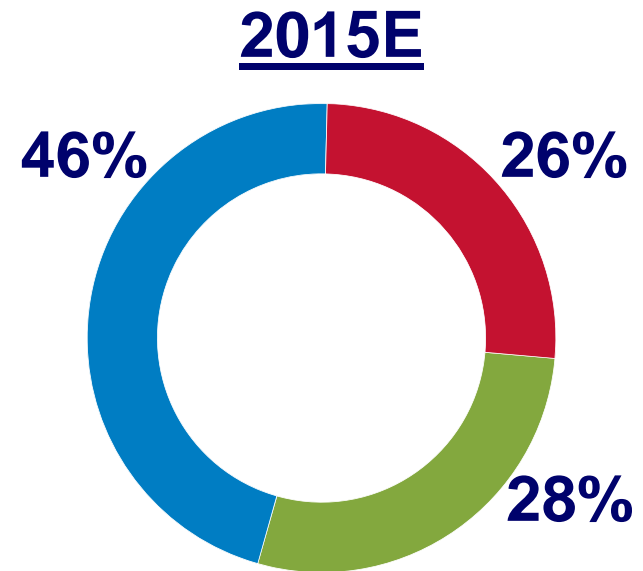
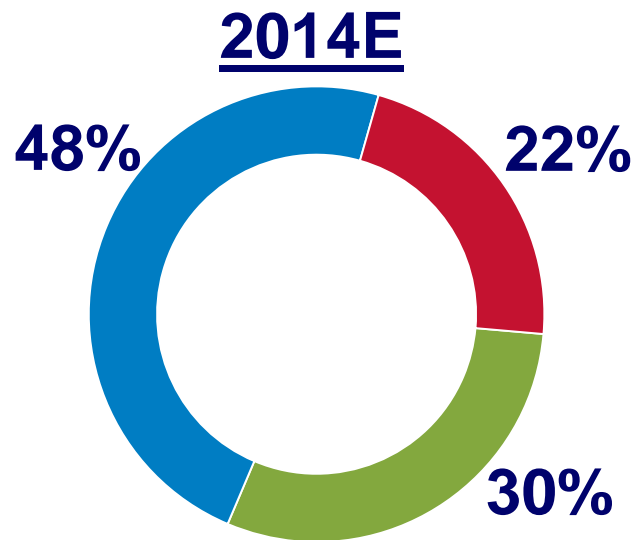
10% to 12% Organic* CAGR thru 2017

\$2.85 Billion — \$3.35 Billion of Net New Business 2015 thru 2017



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Growth in Asia Leading to Geographic Balance



2015 Expectations

BorgWarner Outlook

Sales Growth	2% - 6%
Sales Growth—Excluding Currency	9.5% - 12%
EPS Guidance	\$3.35 - \$3.55
EPS Guidance—Excluding Currency	\$3.60 - \$3.75
Free Cash Flow	\$350-\$400 million
R&D Spending	> 4.0% of sales
Tax Rate	~ 29%
Return on Invested Capital	> 20%
\$ / Euro Exchange Rate	~ 1.20 at midpoint

As of January 14, 2015

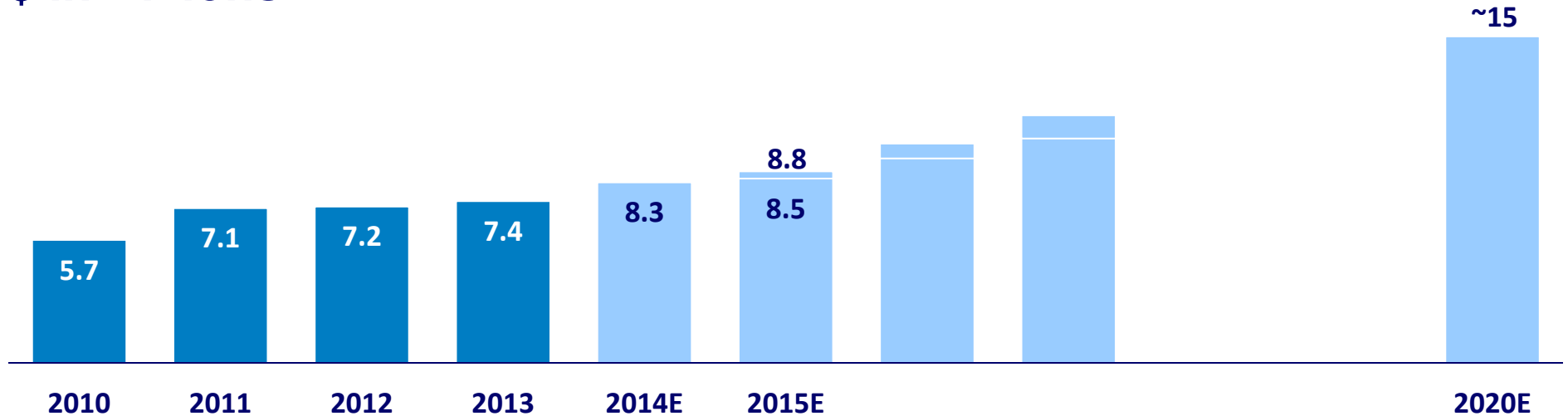
2015 Guidance—Sales Guidance Range

	<u>Low End</u>	<u>High End</u>
Net new business	10.3%	11.5%
Changes in product pricing	-2.0%	-2.0%
Base business growth	1.2%	2.6%
Foreign currencies	<u>-7.5%</u>	<u>-6.0%</u>
Total	2.0%	6.0%

As of January 14, 2015

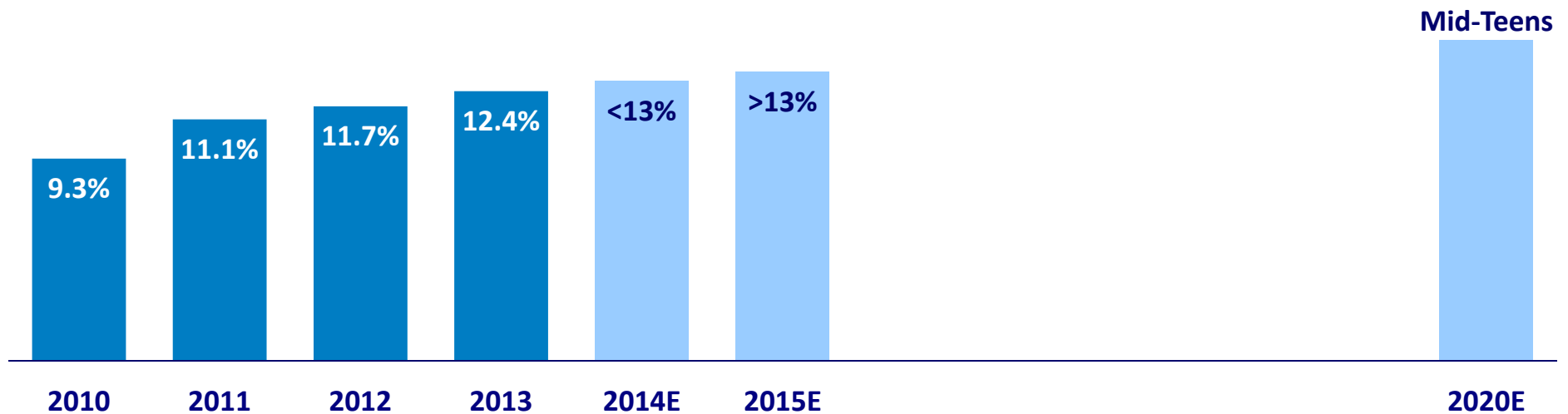
\$15 Billion in Revenue by 2020

\$ in Billions



- **Net New Business implies double digit organic growth in 2016 and 2017**
 - M&A would provide incremental growth
- **On pace to \$15 billion by 2020**

Operating Income Margins* On the Rise



- **Expect operating income margins to improve in 2015**
 - Would be the sixth straight year-over-year improvement
- **Expect mid-teens incremental margins for the foreseeable future**

* Excludes special items.

Attractive Business Model, Difficult to Replicate



Strong Capital Structure

A Strong Balance Sheet = The Flexibility to Take Advantage of Strategic Opportunities

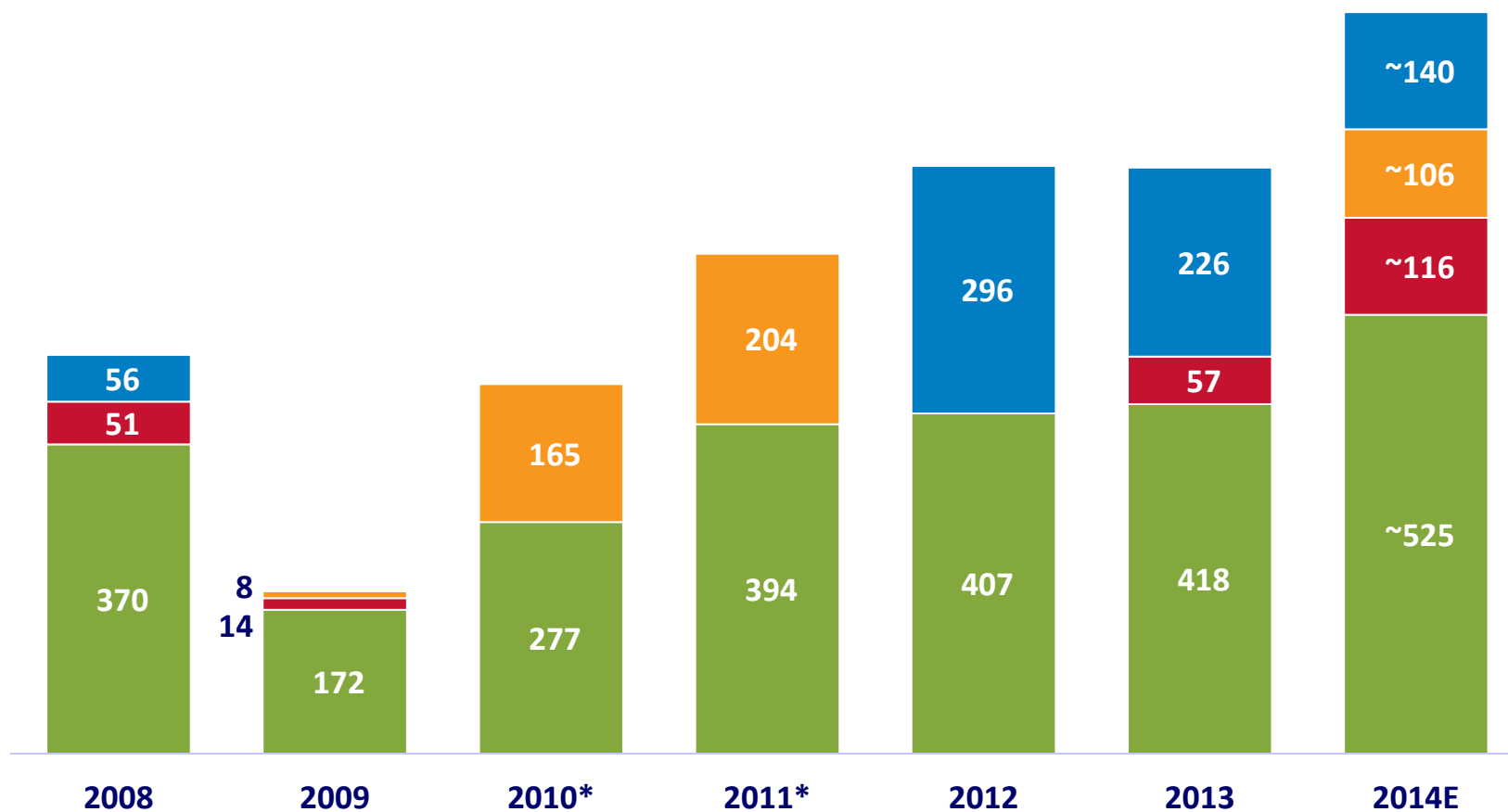
As of September 30, 2014

\$ in millions

Cash	\$783
Total debt	<u>1,312</u>
Net debt	529
Total equity	<u>3,800</u>
Total net capital	4,329
Net debt to net capital	12.2%
Net debt to TTM EBITDA	0.4x

Putting Our Cash Flow to Work

\$ in millions



* \$358 million and \$326 million was spent on share repurchases in 2010 and 2011, respectively, primarily to settle obligations related to convertible debt that matured in April 2012.

- Dividends
- M&A Activity
- Share Repurchases
- Capital Expenditures

Thank You for Your Attention

Our Vision

- A Clean, Energy-Efficient World

Our Mission

- Deliver Innovative Powertrain Solutions that Improve Fuel Economy, Emissions & Performance



Fuel Economy



Emissions



Performance

Forward-Looking Statements

Statements contained 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. Such risks and uncertainties include: fluctuations in domestic or foreign vehicle production, the continued use by original equipment manufacturers of outside suppliers, fluctuations in demand for vehicles containing our products, changes in general economic conditions, as well as other risks noted 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. We do not undertake any obligation to update or announce publicly any updates to or revision to any of the forward-looking statements.