

A white car is driving on a road that curves through a green landscape. In the background, a city skyline is visible under a blue sky with some clouds. The car is in the foreground, moving towards the viewer. The road has a blue guardrail on the left side. The overall scene is bright and clear.

Deutsche Bank Auto Industry Conference

January 2017

 **BorgWarner**

Safe Harbor Statement

Statements contained in this presentation may contain forward-looking statements as contemplated by the 1995 Private Securities Litigation Reform Act (the "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," and variations of such words and similar expressions are intended to identify such forward-looking statements. All statements, other than statements of historical fact, that we expect or anticipate will or may occur in the future regarding our financial position, business strategy and measures to implement that strategy, including changes to operations, competitive strengths, goals, expansion and growth of our business and operations, plans, references to future success and other such matters, are forward-looking statements. These statements are based on assumptions and analysis 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 in 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 document. Forward-looking statements are subject to risks and uncertainties, many of which are difficult to predict and generally beyond our control and include risks noted under Item 1A, "Risk Factors," of our Annual Report on Form 10-K and in other reports that we file with the Securities and Exchange Commission. We do not undertake any obligation to update or announce publicly any updates to or revision to any of the forward-looking statements in this Form 10-Q to reflect any change in our expectations or any change in events, conditions, circumstances, or assumptions underlying the statements. This section is intended to provide meaningful cautionary statements for purposes of the safe harbor provisions of the Act. This should not be construed as a complete list of all of the economic, competitive, governmental, technological and other factors that could adversely affect our expected consolidated financial position, results of operations or liquidity. Additional risks and uncertainties not currently known to us or that we currently believe are immaterial also may impair our business, operations, liquidity, financial condition and prospects.

The BorgWarner Strategic Difference

- Technology Leadership
- Customer, Geographic and Efficient Propulsion System Diversity
- Financial Strength and Discipline

2016 Accomplishments

- Exceeded 2016 midpoint guidance
- Continued to position company to be a leader in combustion, hybrid and electric vehicle propulsion systems
- More prudent forecasting process has increased confidence in mid-term growth outlook
- Strongly positioned to achieve mid to high single-digit organic growth over the long-term

2017 thru 2019 Three-Year Net New Business Backlog

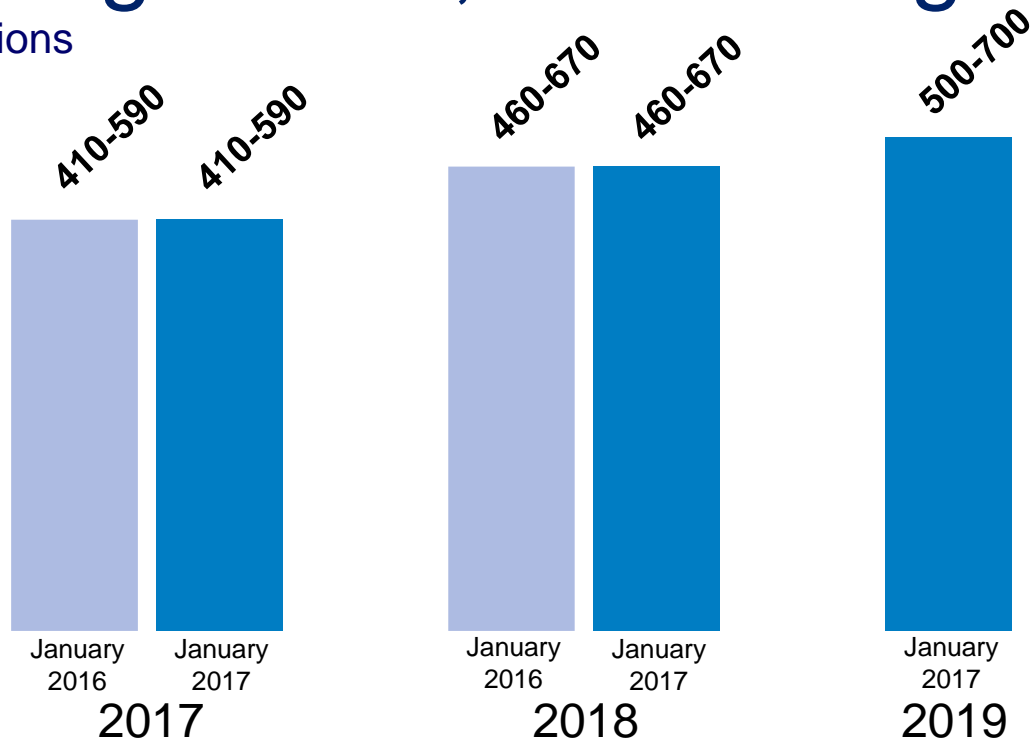
\$1.35 Billion - \$1.95 Billion of Backlog 2017 thru 2019
5% - 7% Organic CAGR thru 2019



As of January 11, 2017

Backlog Stable, Continuing to Grow

\$ in millions



As of January 11, 2017

Backlog Growth in All Major Regions

Americas**: ~39%

Domestic OEMs (FCA, Ford, GM)

- Engine timing and VCT
- EGR modules
- Transfer cases
- Transmission components
- Turbochargers

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

- Engine timing and VCT
- Turbochargers

Europe: ~21%

Domestic OEMs (Daimler, FCA, JLR, Porsche, Renault/Nissan, Volvo, VW/Audi)

- AWD couplings and transfer cases
- EGR coolers and valves
- Engine timing and VCT
- Transmission solenoids
- Turbochargers

Asia***: ~40%

China (BAIC, Chang'an, Chery, CNHDTC, Cummins, FAW, Ford, Foton, Geely, Great Wall, Honda, Hyundai/Kia, JAC, JLR, PSA, SAIC, S-VW, Volvo Trucks)

- AWD couplings and transfer cases
- DCT components
- EGR modules
- Engine timing and VCT
- HEV/EV drives
- Gasoline ignition systems
- Thermal systems
- Thermostats
- Transmission solenoids
- Turbochargers

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

- VCT
- Transmission components
- Transfer cases
- Turbochargers

* 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

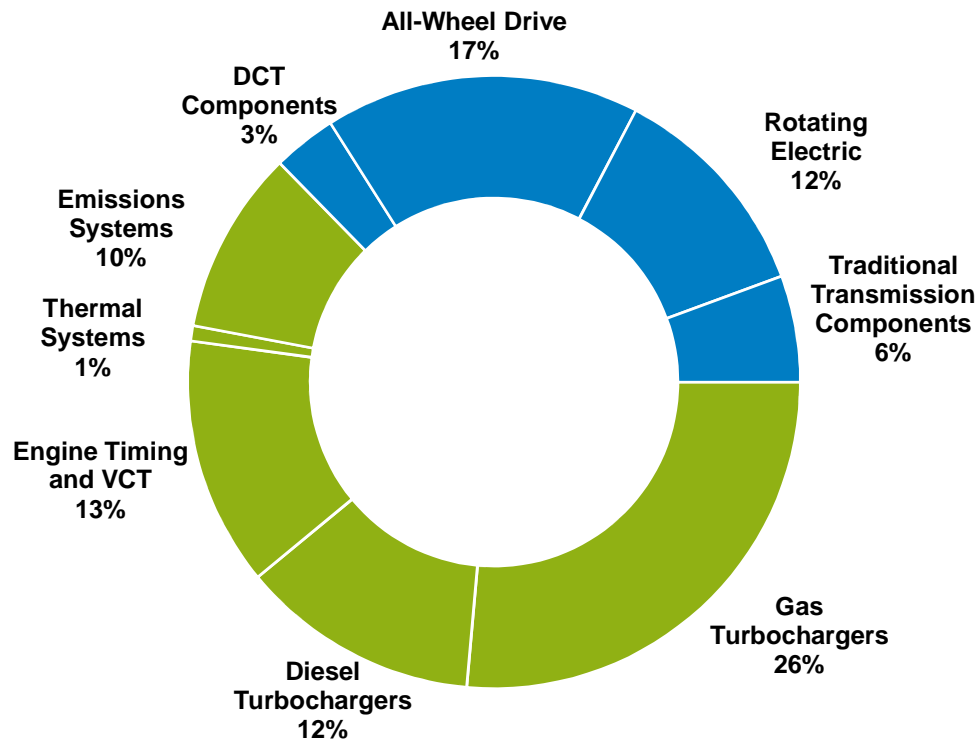
** Net new business with FCA, Ford and GM in North America is 25% of total net new business

*** Net new business in China and Korea is ~32% and ~6% of total net new business, respectively

As of January 11, 2017

Growth Balanced Across Products

- Drivetrain
- Engine

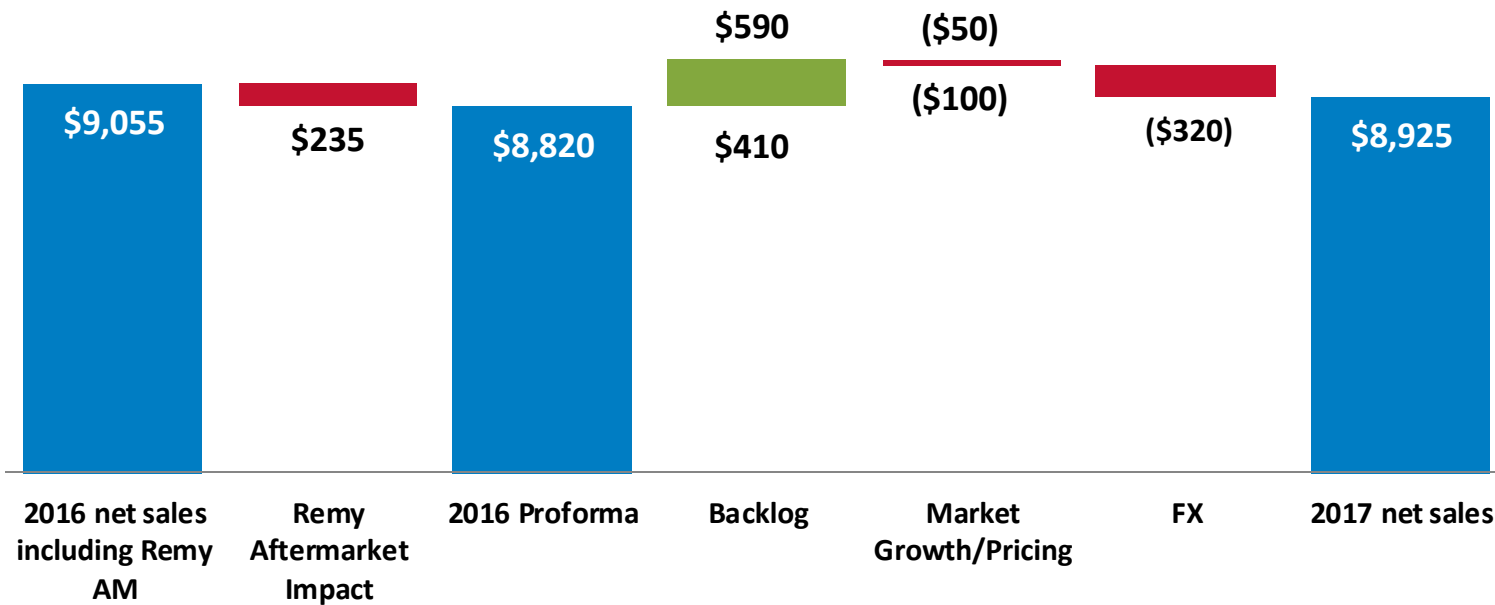


As of January 11, 2017

2017 Full Year Guidance

Organic Sales Growth of 3.5% - 6.0%

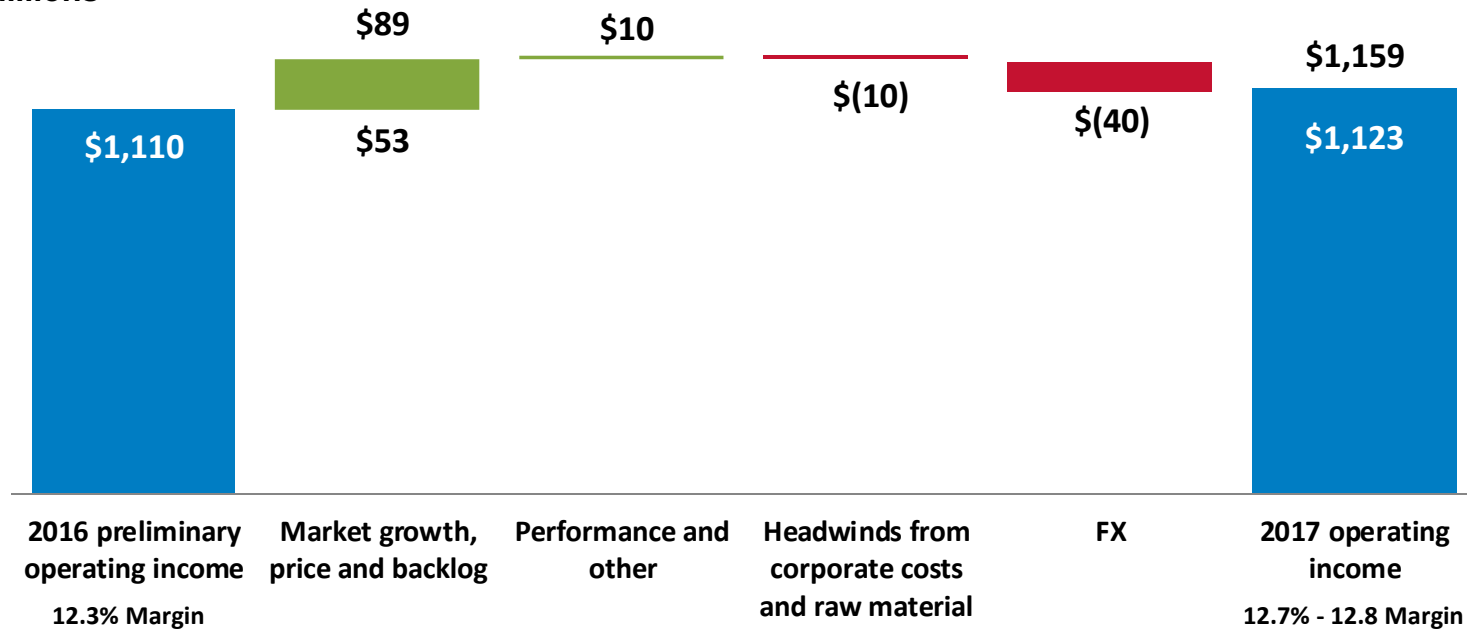
\$ in millions



As of January 11, 2017

Operating Margins Expand by 40-50 bps

\$ in millions



As of January 11, 2017

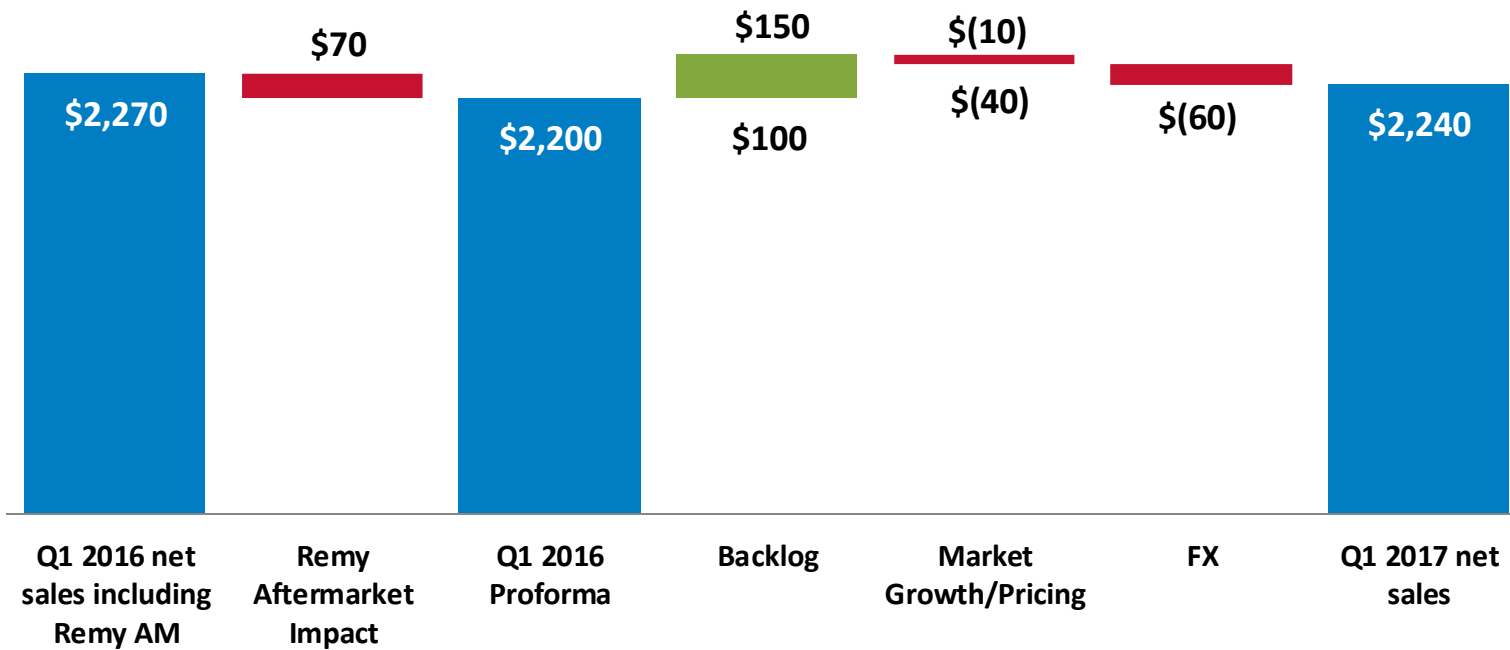
2017 Guidance - Other Items

■ EPS Guidance	\$3.35-\$3.45
■ Free Cash Flow	\$450-\$500 million
■ CapEx	\$475-\$525 million
■ Share Repurchases	\$100+ million
■ R&D Spending	~4% of sales
■ Tax Rate	~32%
■ \$ / Euro Exchange Rate	\$1.05

2017 First Quarter Guidance

Organic Sales Growth of 2.5% - 6.5%

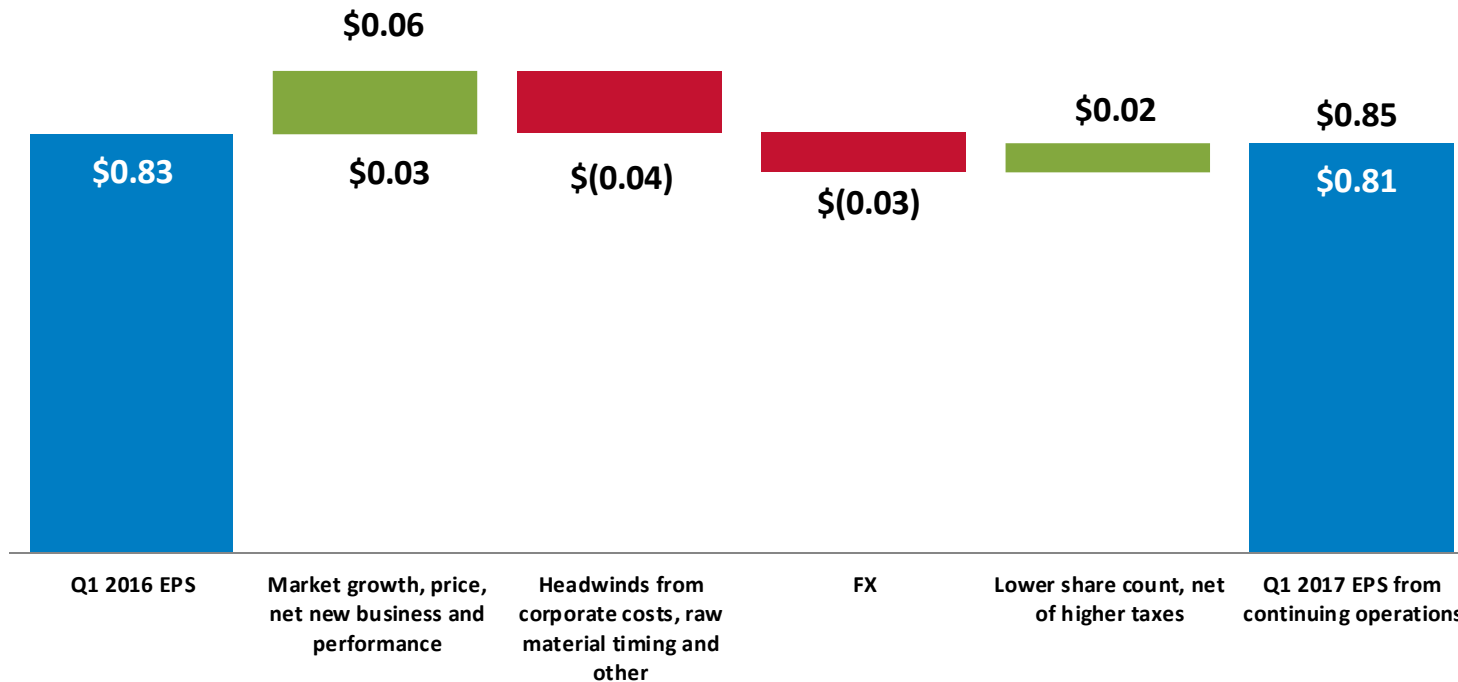
\$ in millions



As of January 11, 2017

Q1'17 EPS Impacted by Timing of Costs

\$ in millions



As of January 11, 2017

Thank you!



Combustion



Hybrid



Electric