

BorgWarner to Acquire Delphi Technologies: Strengthens Propulsion Systems Leadership



January 2020



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For additional information about these and other factors, see the information under the caption "Risk Factors" in Delphi Technologies' most recent Annual Report on Form 10-K filed with the SEC and "Management's Discussion and Analysis of Financial Condition and Results of Operations" filed on February 21, 2019, and the information under the caption "Risk Factors" in BorgWarner's most recent Annual Report on Form 10-K filed with the SEC and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on February 19, 2019.

Delphi Technologies' and BorgWarner's forward-looking statements speak only as of the date of this communication or as of the date they are made. Delphi Technologies and BorgWarner each disclaim any intent or obligation to update or revise any "forward looking statement" made in this communication to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time, except as may be required by law. All subsequent written and oral forward-looking statements attributable to Delphi Technologies, BorgWarner or their respective directors, executive officers or any person acting on behalf of any of them are expressly qualified in their entirety by this paragraph.

A Propulsion Systems Leader, Well Positioned for the Future

BorgWarner's acquisition of Delphi Technologies will strengthen its propulsion systems leadership



- ✓ Reinforces leadership in electrified propulsion systems
- ✓ Increases power electronics scale, technology, talent and adds to system capabilities
- ✓ Enhances combustion, commercial vehicle, and aftermarket businesses, resulting in more balance across light and commercial vehicles as well as the aftermarket
- ✓ Consistent with BorgWarner's stated balanced combustion, hybrid, and electric propulsion strategy
- ✓ Meaningfully accretive to earnings in second full year, while preserving a strong balance sheet

Delphi Technologies Overview

Pioneers in propulsion technologies, solutions and services for global OEMs and the Aftermarket

Key Facts & Figures



Leading provider of propulsion technologies & solutions that make vehicles drive **cleaner, better and further**



Comprehensive portfolio of **advanced technologies** for **ICE** and **electrified vehicles** to meet current and future market needs



Deep expertise in Electrification with differentiated **power electronics** and **software capabilities**

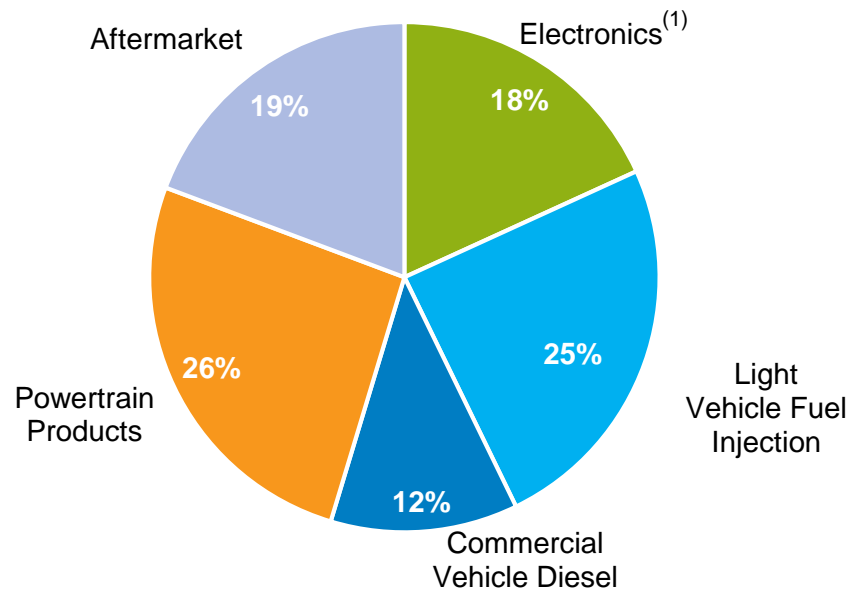


Strong position in **high pressure fuel injection systems** for **LV** and **CV**

\$4.4 billion
2019 Revenue

~21,000
Employees

Sales Mix by Business in 2019



(1) Electronics includes power electronics, ECU, and other gas electronics.

Compelling transaction for Delphi Technologies' stakeholders



Combination allows Delphi Technologies to become part of a **pioneering propulsion technologies company** with **enhanced scale** and **unique capabilities**



Delphi Technologies' shareholders receive ability to benefit from **future upside** and **enhanced prospects** of the combined company



Provides **greater flexibility** to execute **existing restructuring plan**, with **opportunity to accelerate profitable growth**



Combination of **market leaders** creates exciting **opportunities for Delphi Technologies' employees**



Common values and **cultures** based on **respect, integrity, excellence, responsibility** and **teamwork**

Strengthens Scale and Expertise in Electrification



Mechanical, clutching,
and hydraulic controls
expertise



**eGearDrive®
Transmission**



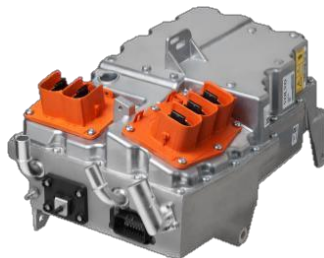
Award-winning motors
provide industry
leading technology



**Electric Drive
Motor**



Leadership in power
electronics, software,
and controls



**High Voltage
Inverter**



**Integrated Drive Module
(iDM)**

Well positioned to take advantage of future propulsion migration

Representative Example

Journey to Advanced Propulsion and Electrification

Complementing Organic Growth with Acquisitions

Launched electric drive module (eDM)

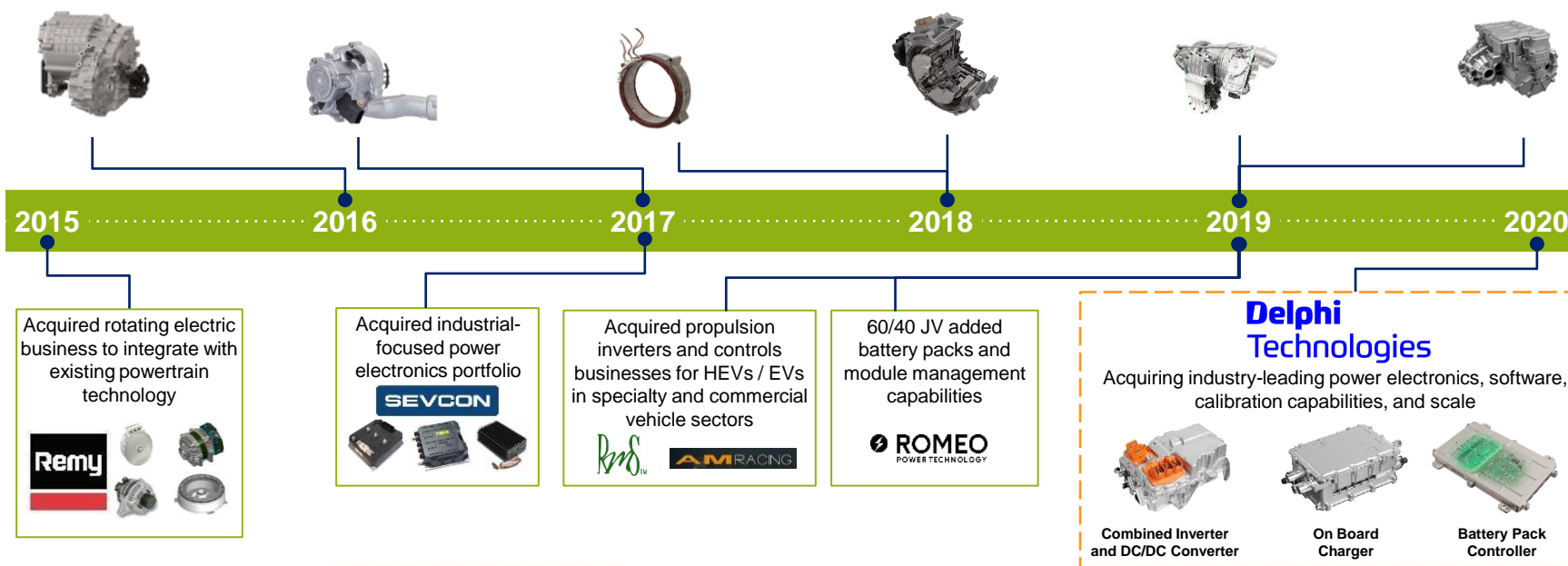
Launched 48-volt eBooster® electrically driven compressor in Daimler's latest 3.0-liter gasoline engine

Developed groundbreaking S-wind process for electric motors and alternators, winning 2018 PACE Award

Won contract to supply P2 on-axis hybrid modules to two leading Chinese automakers

Won first eTurbo™ award with European-based OEM with SoP in 2022

Unveiled fully integrated drive module (iDM) and secured first award with SoP in 2021

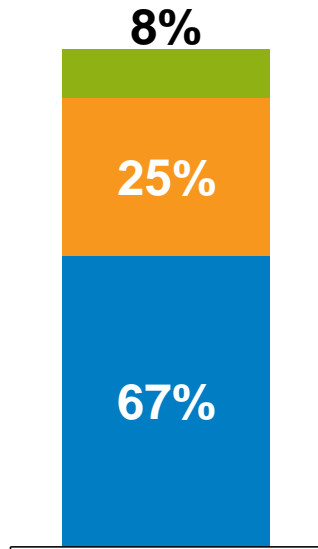


Acquired Capabilities

Acquisition of Delphi Technologies

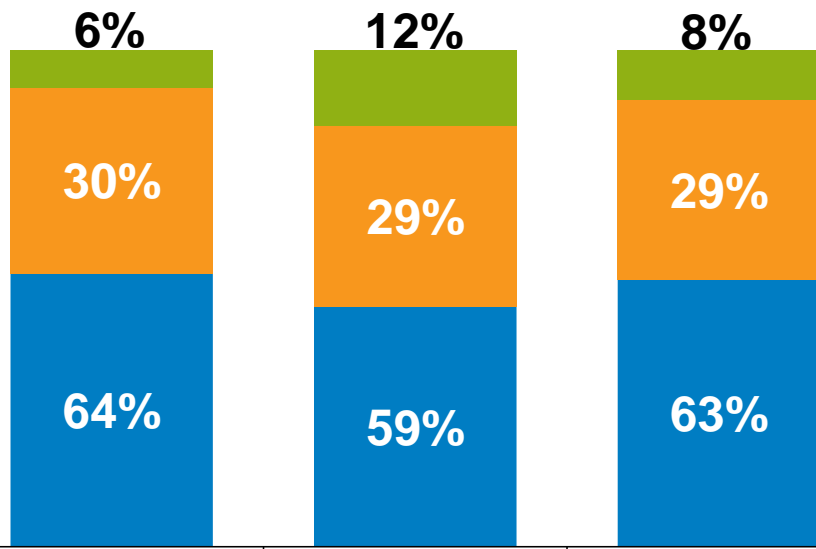
Evolution of Combustion, Hybrid, and Electric (“C-H-E”) Mix

**2023 Light Vehicle
Market (Units)**



IHS

2023 Light Vehicle Net Sales Mix



BWA

DLPH

Pro Forma BWA



Consistent with BorgWarner's stated C-H-E propulsion strategy

Source: IHS light vehicle (Original Equipment) market data as of December 2019. BorgWarner and Delphi Technologies' estimated breakdown based on LV sales.

Strengthens Combustion Leadership



Combustion

 **BorgWarner**



Boosting
Technologies

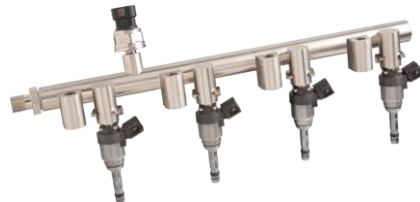


Exhaust Gas
Management

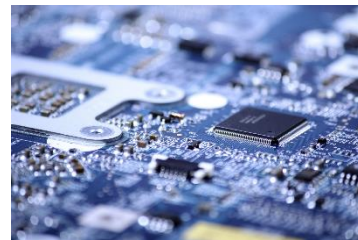
**Air Path, Mechanical, and All
Wheel Drive**



**Delphi
Technologies**



Fuel Assembly /
Delivery



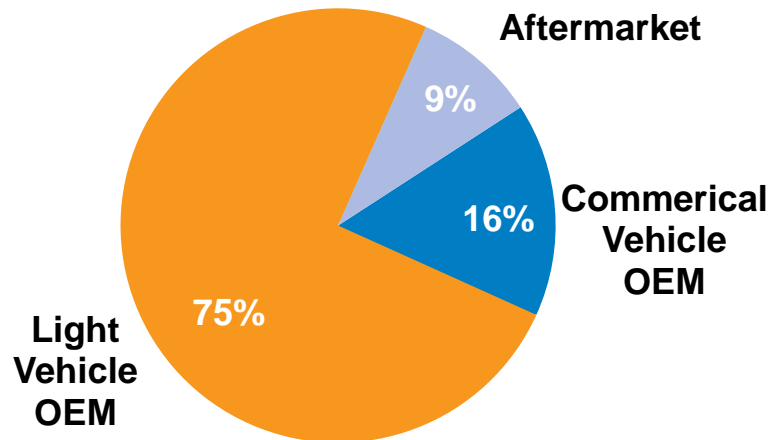
Engine / Transmission
Controllers

**Fuel Injection and
Electronics**

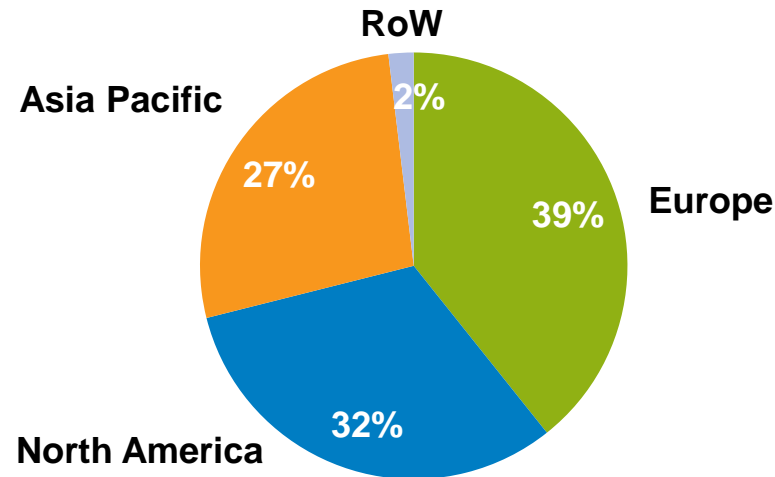
Representative Examples

Enhances Market Balance

End Market Mix (2019 Preliminary Sales)



Geographic Mix (2019 Preliminary Sales)



\$14.5 billion pro forma revenue provides enhanced end market exposure to commercial vehicle and aftermarket while maintaining geographic mix

Adds Scale and Capabilities Across Propulsion Portfolio

BorgWarner

**Delphi
Technologies**



Combustion



Hybrid



Electric



- Broad portfolio of combustion technologies
- Ability to leverage operational expertise across combustion portfolio

- Broad portfolio of hybrid technologies
- Unique hybrid design and integration expertise

- Broad portfolio of electric technologies
- Grid-to-wheel electrified propulsion system capabilities

- Broad portfolio of combustion, hybrid, and electric technologies

- Broad portfolio of complementary combustion technologies
- Addition of fuel injection and electronics complementary to BorgWarner's air management capabilities

- Recognized technology leader in power electronics with established products, production, customers, and supply base
- Ability to integrate power electronics directly into existing BorgWarner electrified systems or offer standalone products

- Commercial vehicle complementary technologies with competitive product portfolio

- Significant Aftermarket revenue contribution across propulsion types and end markets

Transaction Summary

Transaction Considerations

- In a 100% stock transaction, Delphi Technologies' shareholders will receive a fixed exchange ratio of 0.4534x BorgWarner shares per each of their existing Delphi Technologies shares at closing
 - Implied purchase price of \$17.39 per Delphi Technologies share ⁽¹⁾
 - \$1.5 billion in BorgWarner stock (40 million newly issued shares)
- Implied multiple of 6.4x 2019 preliminary adjusted EBITDA and 5.2x 2019 preliminary adjusted EBITDA including estimated run-rate cost synergies
- Upon closing of the transaction, BorgWarner shareholders are expected to own approximately 84% of the combined company, while current Delphi Technologies shareholders are expected to own approximately 16%

Financing Structure

- BorgWarner maintains significant liquidity and financial flexibility
- Pro forma 2019 preliminary gross debt / adjusted EBITDA ~1.6x at closing
- Expect to maintain investment grade credit rating

Next Steps

- Subject to approval by Delphi Technologies' shareholders and satisfaction of customary closing conditions and regulatory approvals
- Transaction expected to close in second half of 2020

(1) Based on BorgWarner's share price as of January 27, 2020.

Pro Forma Financial Outlook

 **BorgWarner**

Delphi
Technologies

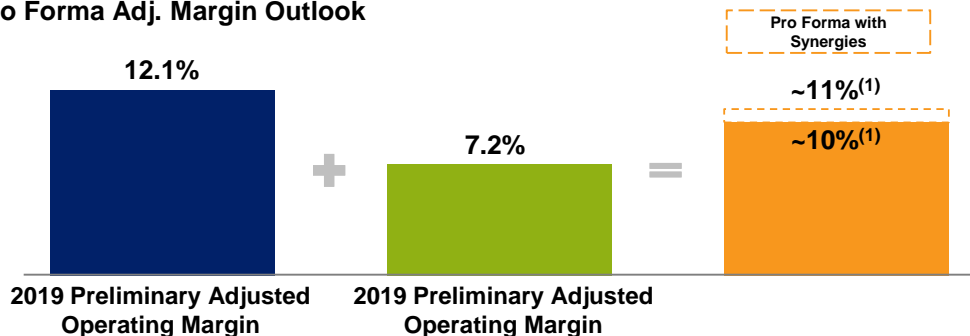
 **BorgWarner**
Pro Forma

Avg. Annual Market Outgrowth (2021E-2023E)



- Continued mid-term industry outgrowth
- Significant long-term revenue synergy potential focused on electrified vehicles

Pro Forma Adj. Margin Outlook

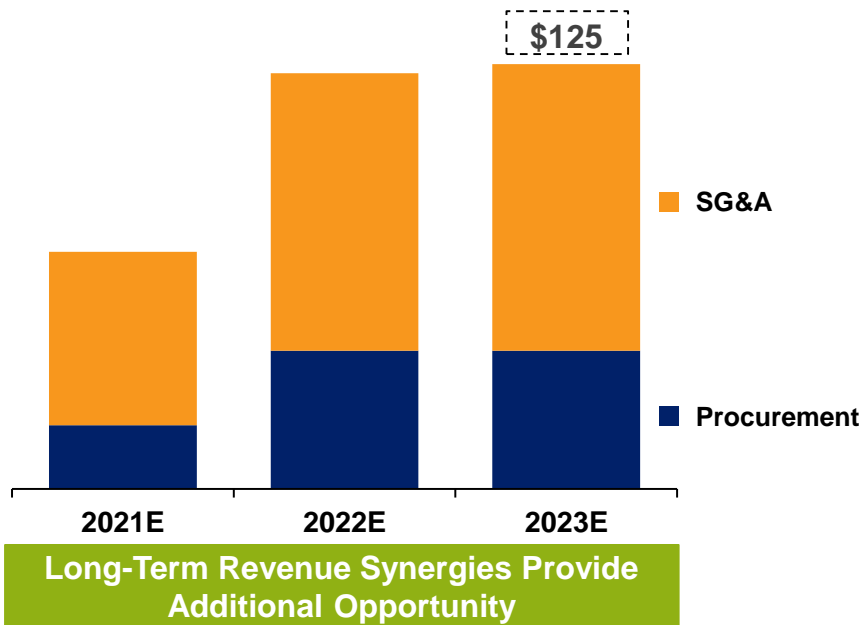


- Sustained top tier margin profile
- ~\$125 million of cost synergies more than offset purchase price amortization of ~\$65 to \$70 million

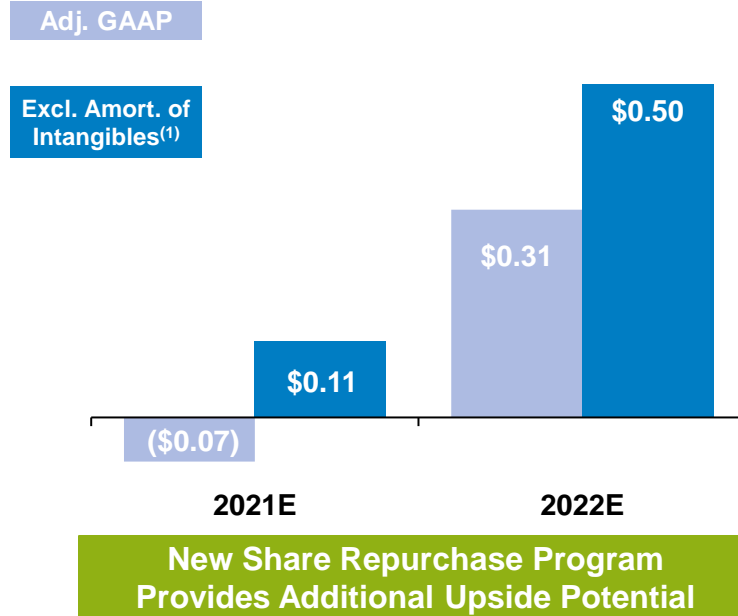
(1) Includes preliminary estimate of \$65 to \$70 million of purchase accounting for amortization of newly acquired intangibles.

Cost Savings Support Meaningful EPS Accretion

Cost Synergies Driven by SG&A and Procurement Savings (\$ in millions)



Meaningful EPS Accretion



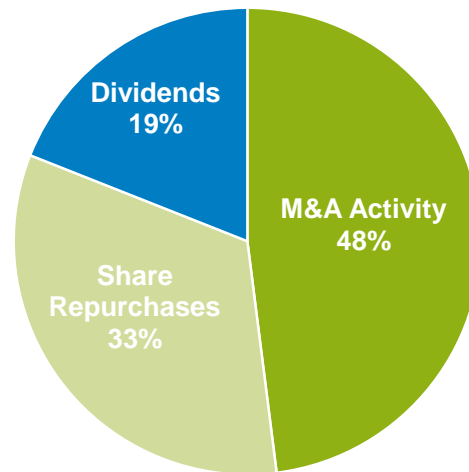
(1) Includes preliminary estimate of \$65 to \$70 million of purchase accounting for amortization of newly acquired intangibles.

\$1 Billion Share Repurchase Program

New Share Repurchase Program

- Consistent with existing capital allocation strategy
- To be executed over the next three years
- Demonstrates confidence in long-term free cash flow generation

2014-2018 Accumulated Capital Deployment Mix⁽¹⁾



Continued commitment to deliver value to our shareholders

(1) Excludes increases in net debt, which were a source of cash from 2014-2018.

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Appendix



Combined Capabilities Across Propulsion Types

BorgWarner



Combustion

Boosting Technologies

All Wheel Drive & Cross Axle Systems

Engine Timing Systems

Exhaust Gas Management

Starters & Alternators

Variable Valvetrain Systems

Thermal Management

Transmission Technologies



Hybrid

eBooster® electrically driven compressor

Integrated Belt Alternator Starter Systems

P2 Hybrid Modules On / Off Axis

Dual Clutch Modules

Turbochargers

Power Electronics

Electric All Wheel Drive



Electric

High Voltage Battery / Coolant Heater

eGearDrive® Transmission

Battery Module

Electric Drive Motor

Electric Drive Module

Power Electronics

Delphi Technologies

Fuel Assembly / Delivery

Smart Remote Actuator

Engine Controller

Inverters

Combined Units

Battery Pack Controller

Local Controllers

Software & Calibration

Canisters

Engine Air Control Valve

Transmission Controllers

DC-DC Converter

On-Board Chargers

Domain Controllers

Power Modules

Application-Specific Integrated Circuits

Note: Representative selection of product portfolios.

Additional Information and Where to Find It

This presentation may be deemed solicitation material in respect of the proposed acquisition of Delphi Technologies by BorgWarner (the “proposed transaction”). In connection with the proposed transaction, Delphi Technologies will file with the Securities and Exchange Commission and furnish to Delphi Technologies’ shareholders a proxy statement and other relevant documents. This presentation does not constitute a solicitation of any vote or approval. Shareholders are urged to read the proxy statement when it becomes available and any other documents to be filed with the SEC in connection with the proposed transaction or incorporated by reference in the proxy statement because they will contain important information about the proposed transaction.

Investors will be able to obtain free of charge the proxy statement and other documents filed with the SEC at the SEC’s website at <http://www.sec.gov>. In addition, the proxy statement and Delphi Technologies’ and BorgWarner’s respective annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge through Delphi Technologies’ and BorgWarner’s websites at www.delphi.com and www.borgwarner.com, respectively, as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC.

The directors, executive officers and certain other members of management and employees of Delphi Technologies and BorgWarner, respectively, may be deemed “participants” in the solicitation of proxies from shareholders of Delphi Technologies in favor of the proposed transaction. Information regarding the foregoing will be set forth in the proxy statement and the other relevant documents to be filed with the SEC and available free of charge at the SEC’s website at <http://www.sec.gov>. You can find information about Delphi Technologies’ executive officers and directors in its Annual Report on Form 10-K for the fiscal year ended December 31, 2018 and in its definitive proxy statement filed with the SEC on Schedule 14A on March 15, 2019.