Press Release

First Quarter: Continental Achieves Good Result, Confirming its Course for the Future

- **Consolidated sales of €10.3 billion (Q1 2020: €9.9 billion, +3.5 percent); organic growth of 8.6 percent**
- **Adjusted EBIT of €834 million (Q1 2020: €433 million, +92.5 percent)**
- **Adjusted EBIT margin of 8.1 percent (Q1 2020: 4.4 percent)**
- **Net income of €448 million, (Q1 2020: €292 million, up €156 million year-on-year)**
- **Free cash flow before acquisitions, divestments and carve-out effects: €670 million (Q1 2020: -€148 million, up €818 million)**
- **Realignment of the Automotive Technologies group sector**
- **Spin-off of Vitesco Technologies planned for September 2021**
- **Order volume for high-performance computers rises to around €5 billion**
- **CEO Nikolai Setzer: "We are making noticeable progress and tackling the tasks at hand systematically. From an operational perspective, we have made a good start to the fiscal year."**
- **Outlook for fiscal 2021 without Vitesco Technologies: consolidated sales of around €32.5 billion to €34.5 billion; adjusted EBIT margin of around 6 to 7 percent**

Hanover, May 6, 2021. Continental achieved a good result in the first quarter of 2021 in a persistently challenging market environment. At the same time, the mobility supplier pushed ahead with the implementation of its realigned strategy by making a number of key decisions. "We are making noticeable progress and tackling the tasks at hand systematically. With the latest resolutions, the spin-off of Vitesco Technologies this year draws nearer as planned, and from January 1, 2022, we will manage the two areas of "Autonomous Mobility" and "Safety" as independent business areas. This will give us clarity while providing more freedom to define the separate and diverse strategies. We are focusing systematically on growth and pioneering future technologies when it comes to assisted, automated and autonomous driving. And we are focusing on value when it comes to safety," said Nikolai Setzer, Continental CEO, when presenting the company's quarterly results on Thursday in Hanover.

In view of the adverse effects of the coronavirus pandemic and the resulting tight global supply situation for semiconductors, Setzer was satisfied with the quarterly result: "From an operational perspective, we have made a good start to the fiscal year." The development of the business in China was particularly positive compared with the same quarter of the previous year, which was severely affected by the coronavirus pandemic. The tire business and the ContiTech business area stood out in particular.

Your contact:
Marc Siedler, phone: +49 511 938-1278

Overall, **consolidated sales** in the first three months of the year amounted to €10.3 billion (Q1 2020: €9.9 billion, +3.5 percent). Before changes in the scope of consolidation and exchange rate effects, sales rose by 8.6 percent. **Adjusted EBIT** increased year-on-year to €834 million (Q1 2020: €433 million, +92.5 percent), resulting in an **adjusted EBIT margin** of 8.1 percent (Q1 2020: 4.4 percent). Net income totaled €448 million (Q1 2020: €292 million). In the first quarter, **free cash flow** before acquisitions, divestments and carve-out effects was €670 million (Q1 2020: -€148 million). The improvement in free cash flow was due in particular to the low level of capital expenditure before financial investments, which accounted for 2.8 percent of sales in the first quarter.

With regard to further business development, Setzer underlined the difficult market environment: “The coming months will remain very challenging. The global economy is only gradually getting back on track, not least due to the supply shortages of electronic components. Other factors include high market volatility due to the coronavirus pandemic and the increase in the prices of raw materials. In particular, the European car market, which is very important for us, is still well below its record level of 2017. Furthermore, the market has not yet returned to its pre-coronavirus level of 2019.”

Strong regional differences in growth

In the first three months of the year, the development of automotive markets varied substantially throughout the world. The market development of passenger cars and light commercial vehicles in China was very strong (5.7 million units, +78.2 percent year-on-year). North America had a relatively weak start to the year compared to 2020 (3.6 million units, -4.5 percent year-on-year). In Europe, production of passenger cars and light commercial vehicles was on par with the low level of the previous year (4.6 million units, -0.3 percent year-on-year; 1.0 million units of which were in Germany, -9.0 percent year-on-year). According to preliminary figures, global production of passenger cars and light commercial vehicles grew by 14.0 percent year-on-year in the first quarter to a total of 20.3 million units (Q1 2020: 17.8 million units). Production in the first quarter was thus substantially lower than in the first quarter of 2019, when 22.9 million vehicles were produced.

Your contact:
Marc Siedler, phone: +49 511 938-1278

Market outlook and forecast for fiscal 2021

For the current fiscal year, Continental continues to expect production of passenger cars and light commercial vehicles to increase by 9 to 12 percent year-on-year.

Continental is adjusting its **outlook** for the current fiscal year mainly due to the anticipated spin-off of Vitesco Technologies. For the continuing operations, and thus excluding Vitesco Technologies, the company expects sales of €32.5 billion to €34.5 billion and an adjusted EBIT margin of 6 to 7 percent for 2021.

For the continuing operations of **Automotive Technologies**, Continental expects sales of around €16 billion to €17 billion for the year as a whole. An adjusted EBIT margin in the range of around 1 to 2 percent is anticipated. This still includes higher supply chain costs as well as the additional expenses for research and development announced on March 9, 2021, in the Autonomous Mobility and Safety business area.

Sales in the **Rubber Technologies** group sector are still forecast to total about €16.5 billion to €17.5 billion, with an adjusted EBIT margin of around 11.5 to 12.5 percent. This includes the impact expected from higher raw material costs.

Taking into account the effects of the anticipated spin-off of Vitesco Technologies, Continental expects **free cash flow before acquisitions, divestments and carve-out effects** of around €1.1 billion to €1.5 billion from continuing operations. The increase is due in particular to the postponement of cash utilizations from restructuring provisions. For fiscal 2021, Continental continues to expect a **capital expenditure ratio before financial investments** of around 7 percent of sales for the continuing operations.

Your contact:
Marc Siedler, phone: +49 511 938-1278

Spin-off of Vitesco Technologies scheduled for September 2021

Despite the challenging macroeconomic environment, Continental is systematically pursuing its strategic realignment. An important step in this direction is the full spin-off including stock market listing of its powertrain business. “Now that we have the approval of the Annual Shareholders’ Meeting, we will proceed with the planned spin-off in September 2021,” explained Wolfgang Schäfer, Continental’s CFO.

Key figures for the Continental Group (continuing operations and discontinued operations)

	January 1 to March 31		
€ million	2021	2020	Δ in %
Sales	10,258.9	9,912.7	3.5
EBITDA	1,403.0	1,160.4	20.9
in % of sales	13.7	11.7	
EBIT	719.9	436.3	65.0
in % of sales	7.0	4.4	
Research and development expenses (net)	819.3	913.0	-10.3
in % of sales	8.0	9.2	
Capital expenditure[1]	291.5	475.0	-38.6
in % of sales	2.8	4.8	
Net income attributable to the shareholders of the parent	447.6	292.3	53.1
Basic earnings per share in €	2.24	1.46	53.1
Diluted earnings per share in €	2.24	1.46	53.1
Adjusted sales[2]	10,258.8	9,840.3	4.3
Adjusted operating result (adjusted EBIT)[3]	833.8	433.2	92.5
in % of adjusted sales	8.1	4.4	
Free cash flow	637.6	10.4	6,030.8
Net indebtedness as at March 31	3,561.7	3,995.6	-10.9
Gearing ratio in %	25.6	25.8	
Number of employees as at March 31[4]	234,999	239,649	-1.9

The figures for the comparative period have been adjusted due to the change in the accounting policy for revenue recognition for subsidiaries in China. This change was announced in the second quarter of 2020.

1 Capital expenditure on property, plant and equipment, and software.
2 Before changes in the scope of consolidation.
3 Before amortization of intangible assets from purchase price allocation (PPA), changes in the scope of consolidation, and special effects.
4 Excluding trainees.

Development of the group sectors

Sales in the **Automotive Technologies** group sector were down in the first quarter by 2.2 percent to €4.1 billion (Q1 2020: €4.2 billion). The adjusted EBIT margin rose to 4.5 percent (Q1 2020: 1.9 percent). Organic growth came to 3.4 percent. Strong business in China made a major contribution to this positive development. Furthermore, the volume of orders for fully connected central high-performance computers rose to a total of around €5 billion. These computers form a crucial link between the vehicle and the digital world. They are already being installed by Volkswagen in the ID.3 and ID.4 as well as in the ID.6 in China, and also in other models that are based on the modular e-drive system. Other car manufacturers such as Hyundai are also using Continental's high-performance computers in volume production, and the mobility supplier has already received a first volume order in the truck sector. In order to further strengthen the field of assisted and automated driving, Continental signed a memorandum of understanding in April to found a joint venture with Horizon Robotics. With a focus on the Chinese market, this will involve, for example, integrating the artificial intelligence processors and algorithms from Horizon Robotics into the cameras and central computers from Continental.

In the **Rubber Technologies** group sector, the Tires business area performed well at the beginning of the year, particularly in China and North America. In the first quarter, the ContiTech business area benefited from the recovery in global vehicle production, especially in China, and from stable industrial business. In the first quarter of 2021 in total, the Rubber Technologies group sector achieved sales of €4.2 billion (Q1 2020: €4.0 billion, +6.6 percent) and an adjusted EBIT margin of 14.5 percent (Q1 2020: 9.6 percent). Organic sales growth came to 11.7 percent.

In the first quarter, the **Powertrain Technologies** group sector achieved sales of €2.0 billion (Q1 2020: €1.8 billion, +9.3 percent) and an adjusted EBIT margin of 3.8 percent (Q1 2020: 0.7 percent). Organic growth came to 12.8 percent. The group sector continued to profit from steady growth in the electrification market. For example, it landed a large order with a sales volume worth hundreds of millions of euros for an innovative high-voltage component – an 800-volt inverter featuring silicon carbide technology.

Your contact:
Marc Siedler, phone: +49 511 938-1278

Key figures for the group sectors (continuing operations and discontinued operations)

Automotive Technologies in € millions	January 1 to March 31 2021	2020	Δ in %
Sales	4,086.9	4,180.4	-2.2
EBITDA	400.6	426.9	-6.2
in % of sales	9.8	10.2	
EBIT	139.6	150.7	-7.4
in % of sales	3.4	3.6	
Capital expenditure[1]	142.2	193.6	-26.5
in % of sales	3.5	4.6	
Number of employees as at March 31[2]	94,288	97,735	-3.5
Adjusted sales[3]	4,086.9	4,111.6	-0.6
Adjusted operating result (adjusted EBIT)[4]	182.5	76.3	139.2
in % of adjusted sales	4.5	1.9	

The figures for the comparative period have been adjusted due to the change in the accounting policy for revenue recognition for subsidiaries in China. This change was announced in the second quarter of 2020.

Rubber Technologies in € millions	January 1 to March 31 2021	2020	Δ in %
Sales	4,235.4	3,971.7	6.6
EBITDA	868.3	651.0	33.4
in % of sales	20.5	16.4	
EBIT	583.2	346.4	68.4
in % of sales	13.8	8.7	
Capital expenditure[1]	90.0	164.2	-45.2
in % of sales	2.1	4.1	
Number of employees as at March 31[2]	100,448	101,620	-1.2
Adjusted sales[3]	4,235.3	3,968.1	6.7
Adjusted operating result (adjusted EBIT)[4]	614.8	381.2	61.3
in % of adjusted sales	14.5	9.6	

1 Capital expenditure on property, plant and equipment, and software.
2 Excluding trainees.
3 Before changes in the scope of consolidation.
4 Before amortization of intangible assets from purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

Powertrain Technologies in € millions	January 1 to March 31 2021	2020	Δ in %
Sales	1,998.2	1,829.0	9.3
EBITDA	172.5	116.5	48.1
in % of sales	8.6	6.4	
EBIT	37.3	-22.9	262.9
in % of sales	1.9	-1.3	
Capital expenditure[1]	47.8	104.2	-54.1
in % of sales	2.4	5.7	
Number of employees as at March 31[2]	39,810	39,844	-0.1
Adjusted sales[3]	1,998.2	1,829.0	9.3
Adjusted operating result (adjusted EBIT)[4]	76.6	11.9	543.7
in % of adjusted sales	3.8	0.7	

1 Capital expenditure on property, plant and equipment, and software.
2 Excluding trainees.
3 Before changes in the scope of consolidation.
4 Before amortization of intangible assets from purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

Press contact

Marc Siedler
Spokesman, Business & Finance
Continental
Phone: +49 511 938-1278
Cell: +49 151 24506041
E-mail: marc.siedler@conti.de

Vincent Charles
Head of Media Relations
Continental
Phone: +49 511 938-1364
Cell: +49 173 3145096
E-mail: vincent.charles@conti.de

Press portal:	www.continental-press.com
Media center:	www.continental.com/media-center
Twitter:	@conti_press