



Capital Market Days 2020

Tires: Our Core Operational Excellence

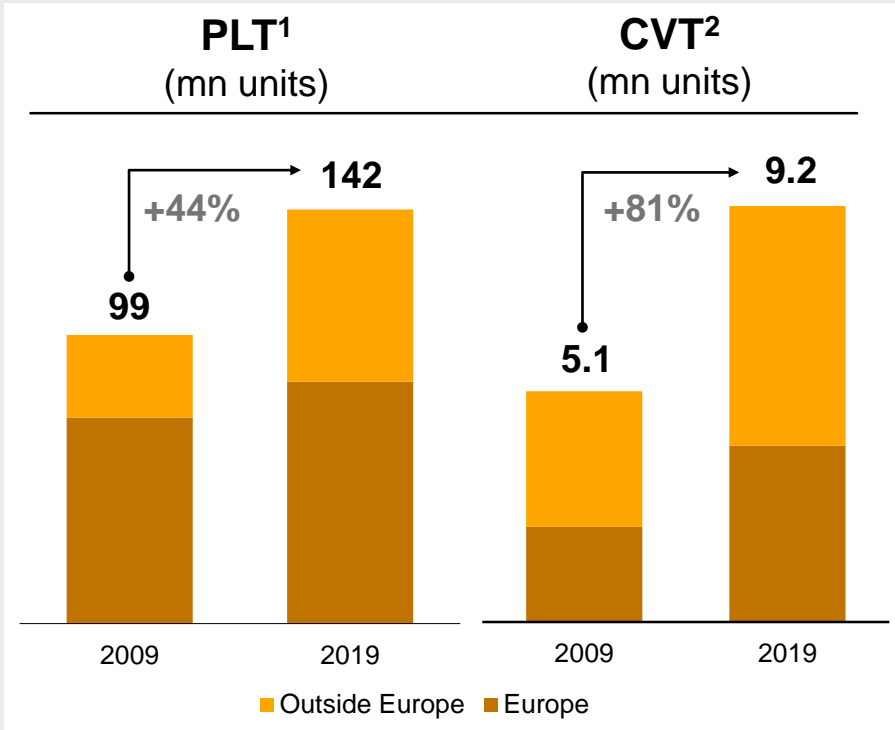
Ticker: CON
ADR-Ticker: CTTAY
<http://www.continental-ir.com>

VISION
2030

Dr. Bernhard Trilken, Head of Manufacturing & Logistics Tires
December 14, 2020

Our Core

Operational Excellence Fueled a Decade of Outstanding Growth



¹ PLT: Passenger car and light truck tires.

² CVT: Commercial vehicle tires.

Key Enablers



High performing global operations team



Worldwide network of modern and highly efficient plants



Solid technologies in automation and digitalization

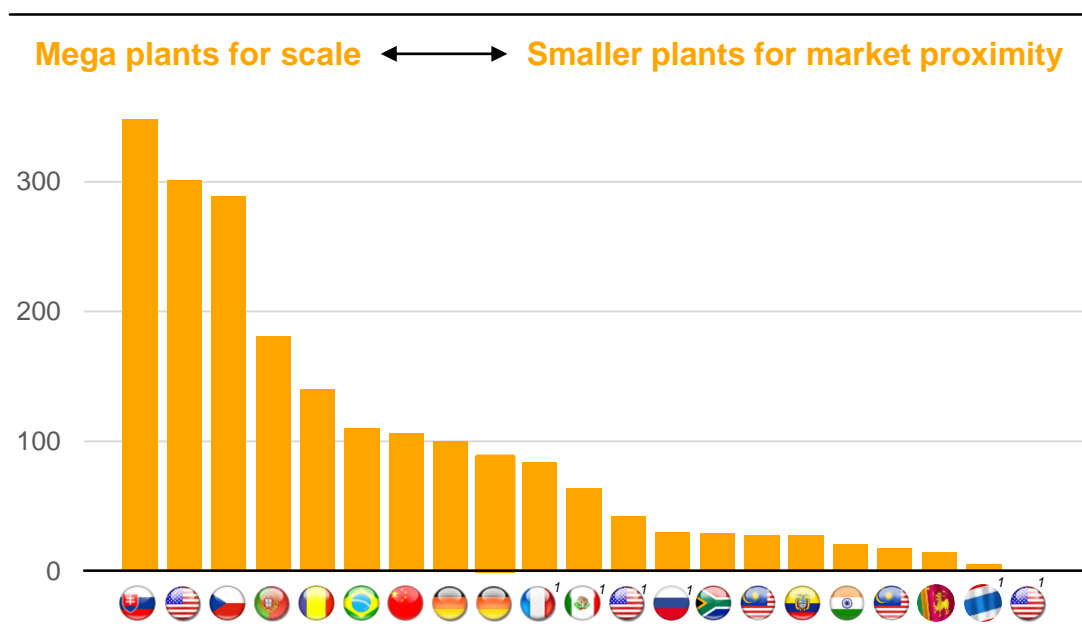


Flexible and efficient supply chain

Excellence in Operational Efficiency

Mega Plants and High Best-Cost Share Provide Excellent Cost Position

Annual plant output in 2019 (in kt)



Our advantages

>80% of output in mega plants (>100 kt)²

>75% of capacity in best-cost countries²

>70% Lower fixed costs per output in mega plant versus small plant

¹ Potential ramp-up to mega plant status in the future.

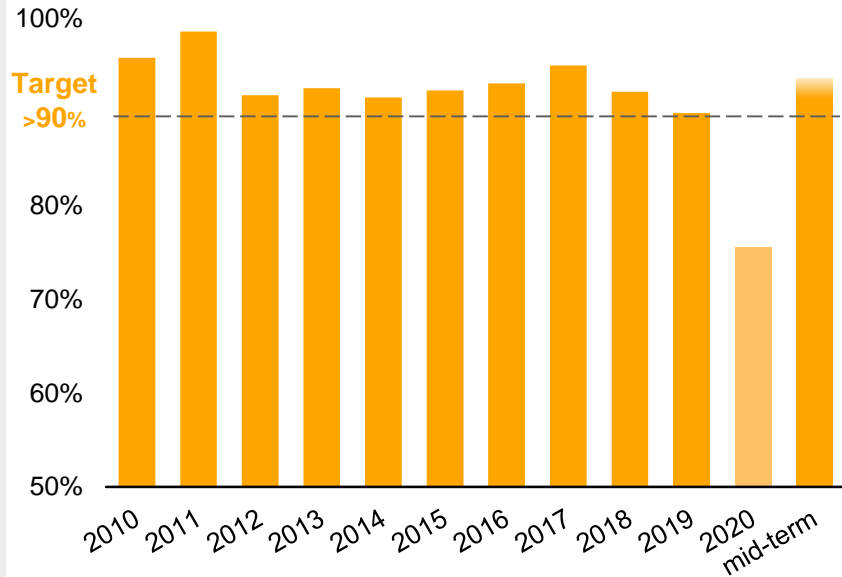
² Expected by 2022. As of 2019 ~80% mega plant and ~70% in best-cost share.

Excellence in Operational Efficiency

Sustained High Utilization While Differentiated Product Portfolio Drives Mix

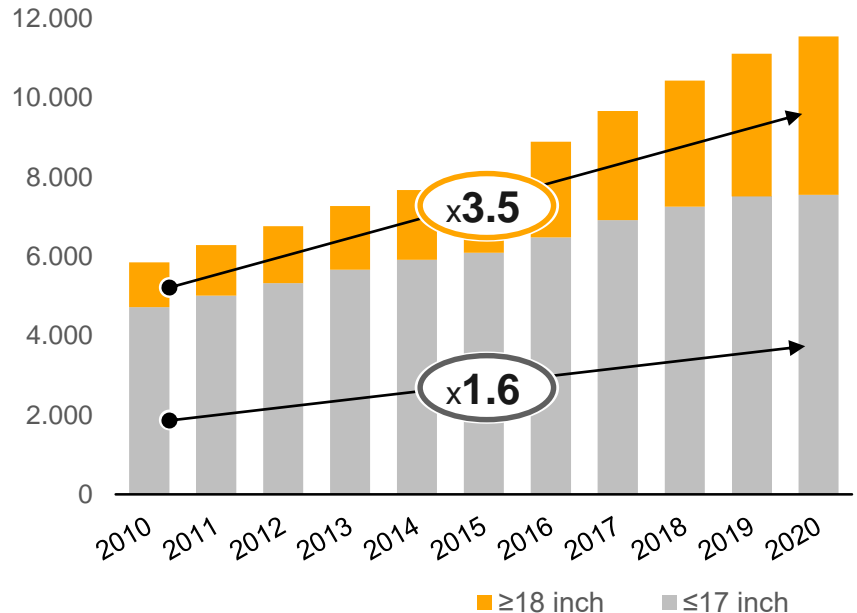
Ensuring highest efficiency levels ...

Capacity utilization (tonnage, in %)



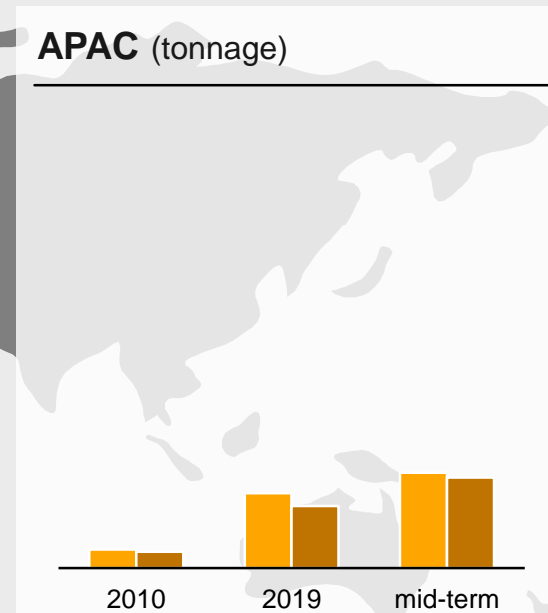
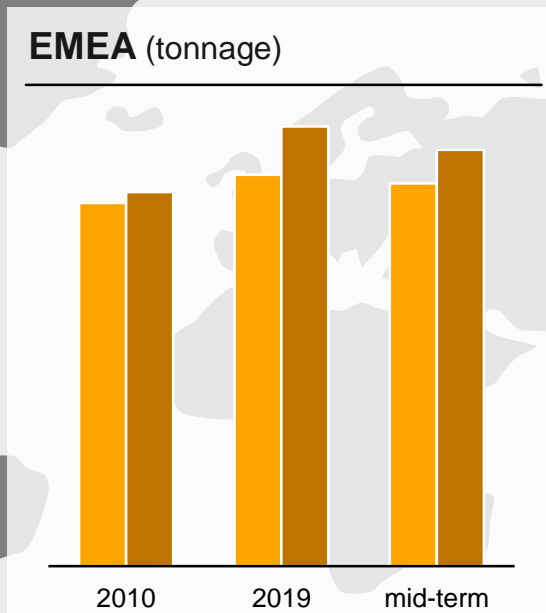
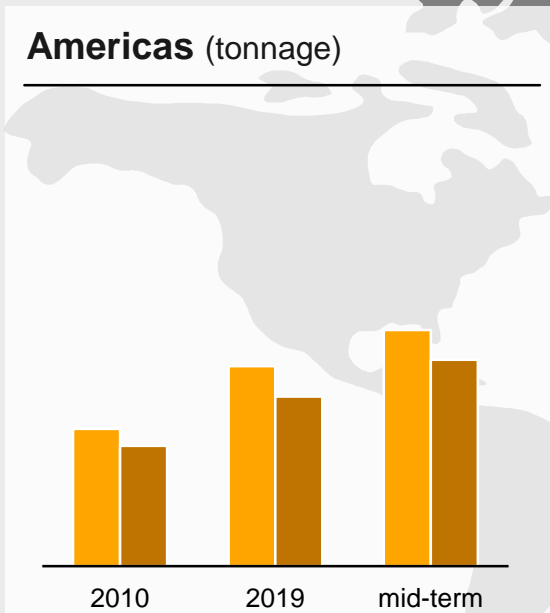
... while capturing profitable mix gains!

Complexity (# of different PLT articles)



In the Market for the Market

Growth Outside Europe Achieved with More Localized Production



■ Sales ■ Production

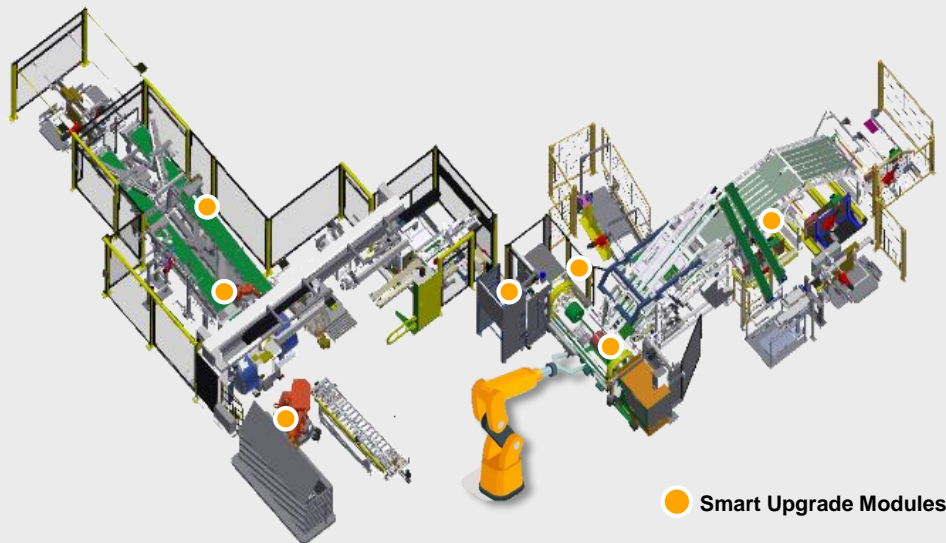
Smart Automation, Digitalization and Energy Efficiency

In-house Technology Improves Labor-intensive Processes

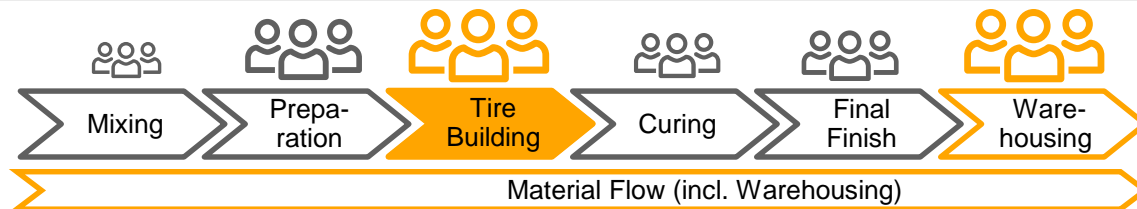


Smart **Automation** of Tire Building

- › Increase productivity
- › Improving quality, safety and ergonomics
- › **Smart modular upgrades by Conti Machinery**
>450 tire building modules already built by our in-house manufacturer
- › Significant **capex savings** vs external machines (meeting strict high IRR¹ hurdles)



Indicative variable headcount
in tires production process



¹ IRR = Internal Rate of Return; strict investment policy based on profitability assessment for each investment decision made.

Smart Automation, Digitalization and Energy Efficiency

Warehouse Upgrades With Focus on Labor-intensive Processes

Classic Finished Goods Warehouse



- › Traditional large warehouse
- › Increased need for space due to expansion

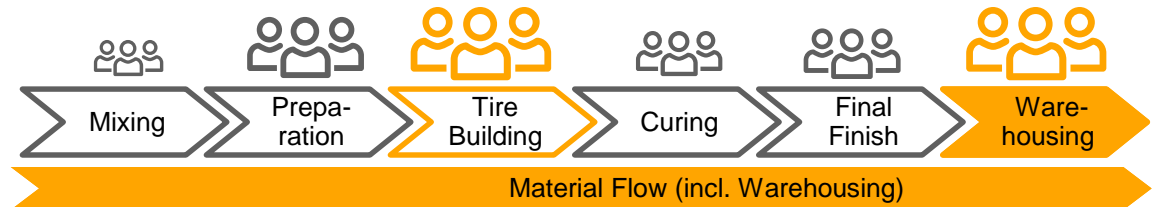
Future Finished Goods Warehouse



4x
capacity / m²
vs traditional

- › Ensures and enables “late binding”
- › **Substantial savings on shuttling and handling** (multimillion EUR) / high internal rate of return (IRR)

Indicative variable headcount
in tires production process



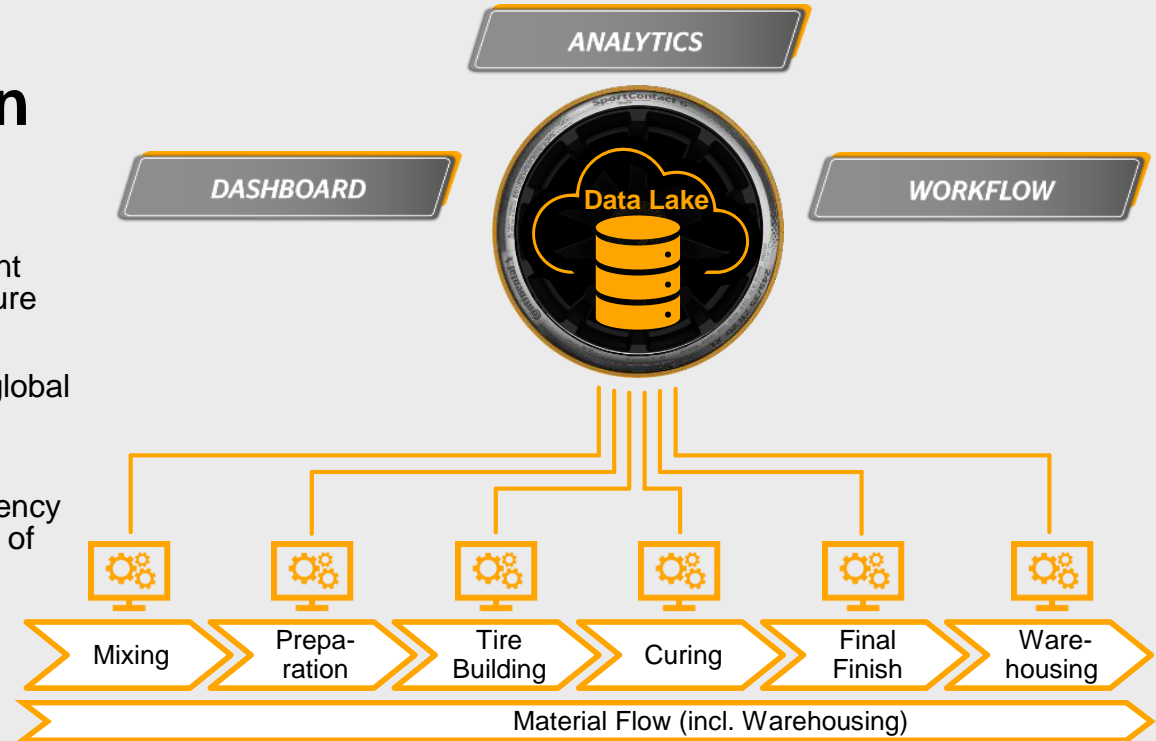
Smart Automation, Digitalization and Energy Efficiency

Improved Business Process Efficiency by Global Digitalization Approach



Holistic **Digitalization**

- › **Our key:** standardized plant equipment with unified interfaces and data structure
- › **Our target:** roll-out of internal digital global manufacturing system (by 2023)
- › **Our edge:** significantly increase efficiency of business processes and prevention of failures by advanced analytics



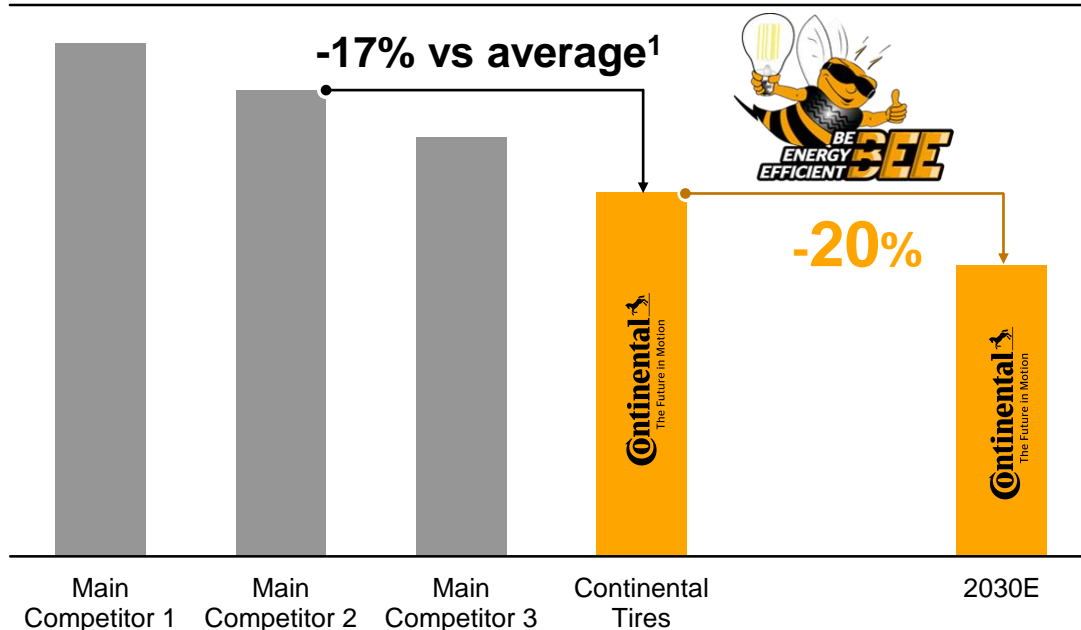
Smart Automation, Digitalization and Energy Efficiency

Best in Class Energy Usage to Become Even Better



- › We strive to **further improve industry leading energy efficiency** levels while meeting our strict IRR targets!
- › We are able to **reduce energy usage despite** rising regulations and electrical load in the plants
- › We are constantly **improving sustainability efforts**
- › Long-term: Zero CO₂ emissions!

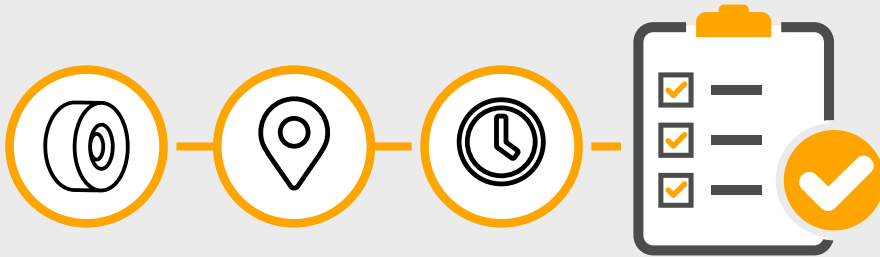
Energy usage per output (GJ/t) as of FY2019



¹ Acc. to WBCSD reporting.
Source: Company/sustainability reports.

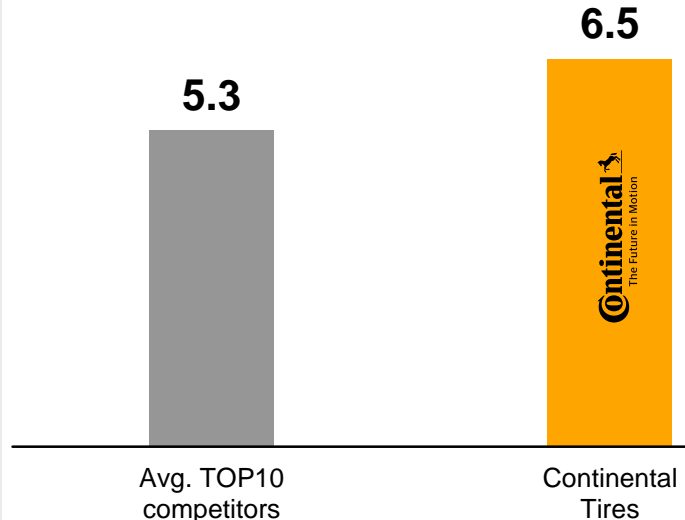
Excellence in Tire Logistics

The **Right Tire** in the **Right Place** at the **Right Time**



- › **High working capital efficiency** through flexible plant setup and best-in-class inventory management boosting ROCE
- › **Effective & efficient logistics** through balanced geographic footprint of warehouses and logistic centers
- › **Broad availability of Continental products** in the markets due to customer centricity enabling optimal fill rates¹

Industry leading inventory turns (2019)²



¹ Fill rate is the % of customer orders we can ship immediately from the stock without placing backorders or missing a sale. Target level of 85%-95% through the cycle.

² Continental Tires inventory turns of 6.5 vs 5.3 sales weighted TOP10 competition (as of YE2019). Source: Company reports.

Our Core

We Stand for Industry-leading Operational Excellence

>80%



**Capacity in
mega plants
(>100kt p.a.)¹**

>75%



**Best-cost
locations¹**

>90%



**Capacity
utilization¹**

>6 inventory
turns



**Highly flexible
and efficient
supply chain**

¹ Expected by 2022. As of 2019 ~80% mega plant and ~70% in best-cost share and utilization slightly below 90%.

Disclaimer

- › This presentation has been prepared by Continental Aktiengesellschaft solely in connection for the Capital Market Days in December 2020, and the subsequent analyst and investor meetings. It has not been independently verified. It does not constitute an offer, invitation or recommendation to purchase or subscribe for any shares or other securities issued or to be issued by Continental AG or any subsidiary and neither shall any part of it form the basis of, or be relied upon in connection with, any contract or commitment concerning the purchase or sale of such shares or other securities whatsoever.
- › Neither Continental Aktiengesellschaft nor any of its affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss that may arise from any use of this presentation or its contents or otherwise arising in connection with this presentation.
- › This presentation includes assumptions, estimates, forecasts and other forward-looking statements, including statements about our beliefs and expectations regarding future developments as well as their effect on the results of Continental. These statements are based on plans, estimates and projections as they are currently available to the management of Continental. Therefore, these statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events. Furthermore, although the management is of the opinion that these statements, and their underlying beliefs and expectations, are realistic as of the date they are made, no assurance can be given that the expected developments and effects will actually occur. Many factors may cause the actual development to be materially different from the expectations expressed here. Such factors include, for example and without limitation, changes in general economic and business conditions, fluctuations in currency exchange rates or interest rates, the introduction of competing products, the lack of acceptance for new products or services and changes in business strategy.
- › All statements with regard to markets or market position(s) of Continental or any of its competitors are estimates of Continental based on data available to Continental. Such data are neither comprehensive nor independently verified. Consequently, the data used are not adequate for and the statements based on such data are not meant to be an accurate or proper definition of regional and/or product markets or market shares of Continental and any of the participants in any market.

Continental



The Future in Motion