Capital Market Days 2020
Tires: Our Core
Operational Excellence

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

Dr. Bernhard Trilken, Head of Manufacturing & Logistics Tires
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Our Core
Operational Excellence Fueled a Decade of Outstanding Growth

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

PLT\(^1\) (mn units)

- 2009: 99
- 2019: 142

CVT\(^2\) (mn units)

- 2009: 5.1
- 2019: 9.2

\(^1\) PLT: Passenger car and light truck tires.
\(^2\) CVT: Commercial vehicle tires.
Excellence in Operational Efficiency
Mega Plants and High Best-Cost Share Provide Excellent Cost Position

Annual plant output in 2019 (in kt)

Mega plants for scale  ➔  Smaller plants for market proximity

<table>
<thead>
<tr>
<th>Capacity Share</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>&gt;80%</td>
<td>Of output in mega plants (&gt;100 kt)</td>
</tr>
<tr>
<td>&gt;75%</td>
<td>Of capacity in best-cost countries</td>
</tr>
<tr>
<td>&gt;70%</td>
<td>Lower fixed costs per output in mega plant versus small plant</td>
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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)

Target >90%

50% 60% 70% 80% 90% 100%

Capacity utilization:
- 2010: 50%
- 2011: 60%
- 2012: 70%
- 2013: 80%
- 2014: 90%
- 2015: 100%
- Target: >90%

Complexity:
- 2010: ≤17 inch 3,500, ≥18 inch 1,600
- 2011: ≤17 inch 4,000, ≥18 inch 2,000
- 2012: ≤17 inch 5,000, ≥18 inch 3,000
- 2013: ≤17 inch 6,000, ≥18 inch 4,000
- 2014: ≤17 inch 7,000, ≥18 inch 5,000
- 2015: ≤17 inch 8,000, ≥18 inch 6,000
- 2016: ≤17 inch 9,000, ≥18 inch 7,000
- 2017: ≤17 inch 10,000, ≥18 inch 8,000
- 2018: ≤17 inch 11,000, ≥18 inch 9,000
- 2019: ≤17 inch 12,000, ≥18 inch 10,000
- 2020: ≤17 inch 13,000, ≥18 inch 11,000

Target: x3.5, x1.6
In the Market for the Market
Growth Outside Europe Achieved with More Localized Production

**Americas (tonnage)**
- 2010
- 2019
- Mid-term

**EMEA (tonnage)**
- 2010
- 2019
- Mid-term

**APAC (tonnage)**
- 2010
- 2019
- Mid-term

Sales | Production
Smart Automation, Digitalization and Energy Efficiency
In-house Technology Improves Labor-intense Processes

- 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

› 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

Material Flow (incl. Warehousing)

Mixing → Prepa-
ration → Tire
Building → Curing → Final
Finish → Ware-
housing
Smart Automation, Digitalization and Energy Efficiency
Improved Business Process Efficiency by Global Digitalization Approach

- **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

[Diagram of Smart Automation, Digitalization and Energy Efficiency]
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

-17% vs average¹

-20%

Main Competitor 1  Main Competitor 2  Main Competitor 3  Continental Tires  2030E

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

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<th>Avg. TOP10 competitors</th>
<th>Continental Tires</th>
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<td>5.3</td>
<td>6.5</td>
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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%.
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