



## Capital Market Days 2020

### CEO Presentation

### Emerge as a Winner of the Transformation

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

Nikolai Setzer, CEO Continental AG  
and Chairman of the Automotive Board  
December 16, 2020

# Continental AG

We Are a Global Powerhouse



A leading player  
in **autonomous  
mobility**

First to market  
with **software-  
defined**  
vehicle architecture

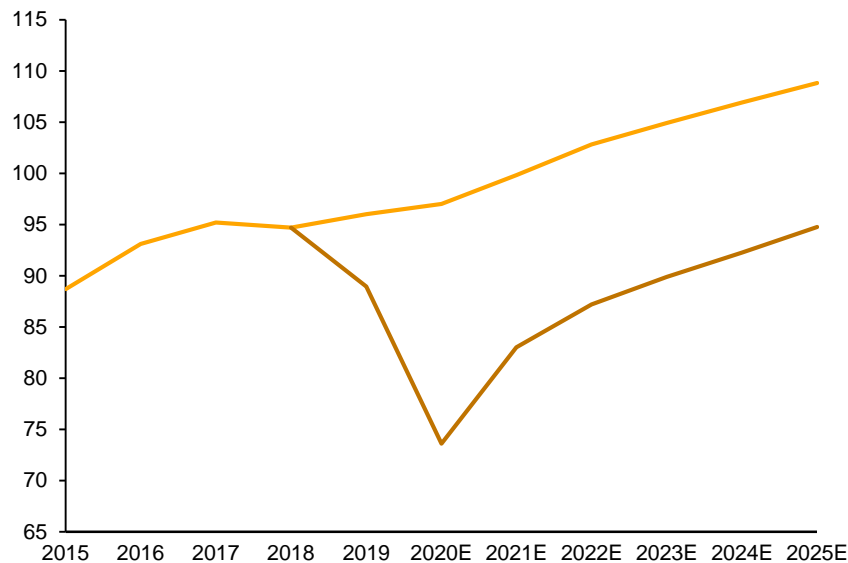
Industry-  
benchmark  
operational efficiency  
in **Tires**

**~234,000**  
**talented and  
dedicated  
employees**

# Changing Economic Environment

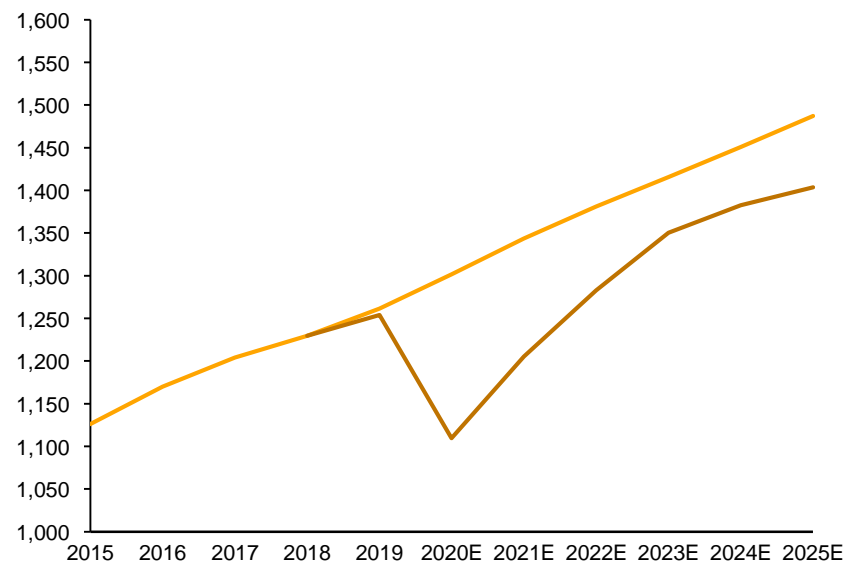
## Positive Mid-term Growth Outlook, but Well Below Previous Expectations

### Light vehicle (LV) production (million units)



IHS LV production forecasts from: — December 2018 — November 2020

### Light vehicle (LV) replacement tire sales (million units)



LMC LV repl. tire sales forecasts from: — December 2018 — December 2020

# Technological and Societal Changes

## Challenges and Opportunities



# Our Objectives

What Drives Our Strategy?

**What do  
we want?**



**Emerge as a winner  
of the transformation.**



**Create value for all stakeholders.**

Customers, suppliers, employees,  
partners, communities and shareholders.

# Our Strategy

Emerge as a Winner of the Transformation

**1**

## Strengthen operational performance

---

- › Right-size cost structure
- › Commitment to efficiency and quality

**2**

## Differentiate our portfolio

---

- › Win in growth businesses
- › Manage value businesses for profitability and cash

**3**

## Turn change into opportunity

---

- › Embrace sustainability
- › Focus on passion to win and transparency and ownership

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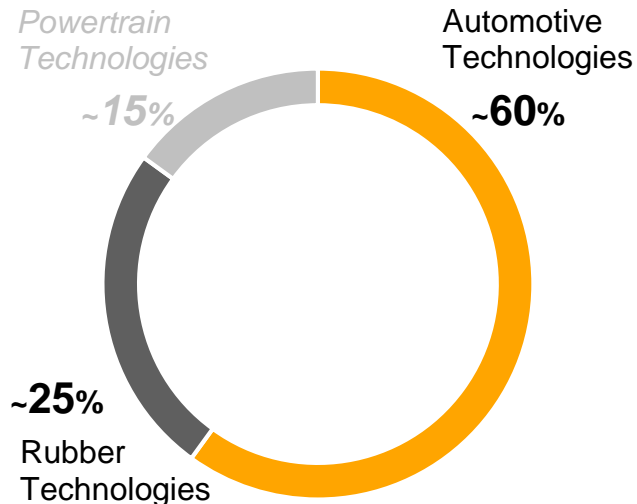
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# Strengthen Operational Performance

## Right-size Cost Structure Via Reductions and Shift to Best Cost

### Annual gross cost savings target

**Total >€1 bn by 2023**












### Continental's contribution excluding powertrain

|   | 2019        | Mid-term    |
|---|-------------|-------------|
| <b>Best-cost share in manufacturing</b> | <b>~70%</b> | <b>~75%</b> |
| <b>Best-cost share in R&amp;D</b>       | <b>~50%</b> | <b>~60%</b> |



# Strengthen Operational Performance

## Multiple Activities Underway to Improve Productivity and Quality

|                               | Targets  | Selected examples   |  |   |
|-------------------------------|--|---|--|---|
| <b>Operational excellence</b> | Increase effectiveness, efficiency and flexibility | <b>Energy efficiency</b><br>     | <b>Automation/digitalization</b><br>                | <b>TiresGym 100</b><br>                |
| <b>Quality excellence</b>     | Reduce quality-related incidents and costs         | <b>Quality First program</b><br> | <b>Total Quality Management CoC<sup>1</sup></b><br> | <b>Continental Business System</b><br> |
| <b>Standardization</b>        | Leverage existing platforms, tools and processes   | <b>Cooperation Portal</b><br>    | <b>Autosar</b><br>                                  | <b>One Project Management</b><br>      |

<sup>1</sup> CoC = Center of Competence

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# Differentiate Our Portfolio

## Differentiation of Our Portfolio Between Growth and Value

### Automotive Technologies

### Tires

### ContiTech

#### Growth

- › Fast-growing markets
- › Outperformance driven by technological innovation
- › Focus: market position, growth and long-term profitability

**Software and systems excellence**



**Architecture and networking**



**Autonomous mobility**



**Smart mobility**



**Fleet services, selective regions**



**Smart solutions beyond rubber**



#### Value

- › Stable, mature markets
- › Profitable business
- › Focus: profitability and cash conversion

**Safety**



**User experience**



**EMEA business**



**Base business**



# Differentiate the Portfolio

## Focused Management Approaches to Best Crystallize Value

|        | How we manage                  |                         |                                      | Strategic optionality  |
|--------|--------------------------------|-------------------------|--------------------------------------|--|
|        | Growth                         | Profitability           | Investment                           | Considerations   |
| Growth | Value-accretive outperformance | Long-term profitability | Innovation to expand market position | <ul style="list-style-type: none"><li>› Competitive funding for investment needs</li><li>› Ability to attract talents and potential partners</li></ul> |
| Value  | Selective growth               | Focus on profitability  | Cash conversion                      | <ul style="list-style-type: none"><li>› Continuous best owner review</li><li>› Partnerships or divestitures</li></ul>                                  |

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# Turn Change into Opportunity


## Embracing Sustainability in Everything We Do

### Targets<sup>1</sup>

Together with our value chain partners and latest by 2050, we strive for:

 **100%** Carbon neutrality


 **100%** Emission-free mobility and industry


 **100%** Closed resource


 **100%** Responsible value chain

### Activities

We actively unleash sustainable market potential in all business units

 Foster innovation and phase-in growth businesses

 Transform or phase-out non-viable businesses

 Advance sustainable business practices

### Accountability

#### Aligned with shareholders

Long-term incentive program utilizes three key performance indicators:



Share price



Relative TSR<sup>2</sup>



Sustainability

- › Environment
- › Engagement
- › Health & Safety
- › Diversity

<sup>1</sup> Selection, for more information <https://www.continental.com/en/sustainability>

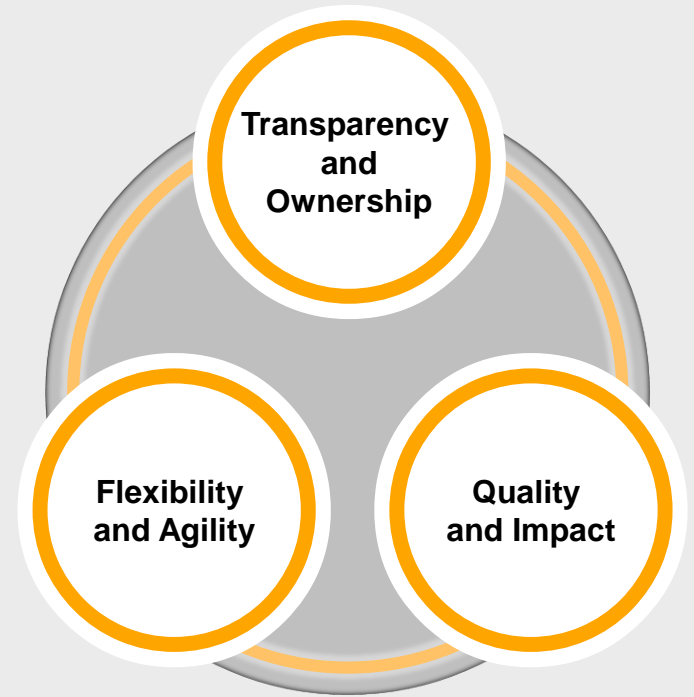
<sup>2</sup> Total Shareholder Return

# Turn Change into Opportunity

“Passion to Win” and “Transparency and Ownership” Have Top Focus

Our Values

Our Mindset



# Summary

Emergence as a Winner of the Transformation

**1**

**Strengthen operational performance**

**2**

**Differentiate our portfolio**

**3**

**Turn change into opportunity**



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The Future in Motion