

Capital Market Days 2020

Vehicle Networking and Information Always On

Ticker: CON
ADR-Ticker: CTTAY
www.continental-corporation.com

Helmut Matschi, Member of the Executive Board
December 16, 2020

This Is Vehicle Networking and Information

Our Vision and Mission

Always On

We care for information management in the vehicle and beyond



Connect drivers and passengers



User experience for superior and safe joy of use



Full stack integration

Key Facts

Sales 2020E:

~ **€7.8** billion



Employees¹:

~ **47,000**
worldwide



Customers:

Major OEMs, fleets,
Tier1 suppliers, aftermarket

globally



¹ Year-end 2020E

This Is Vehicle Networking and Information¹



Connected Car Networking

Networked mobility starts with us



Telematics and antennas

Access

Body control modules

Body HPC²

Top positions in Connectivity and body control



Human Machine Interface

Driving the trend



Instrument cluster

Full digital cluster

Display solutions

Cockpit HPC²

Top position in Instrumentation



Commercial Vehicles and Services

Shaping smart solutions and services



Instrumentation and control units

Tachographs and tolling

CV³ and PV⁴ services

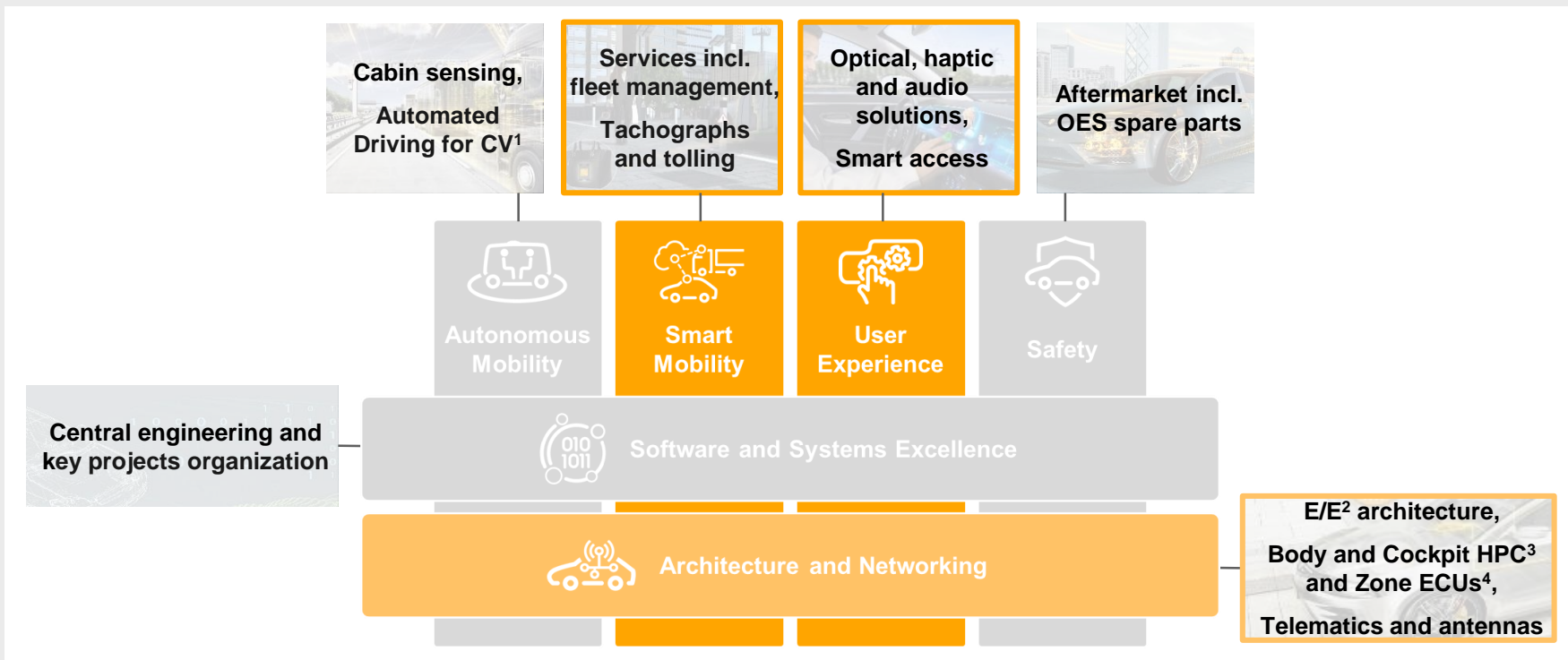
Aftermarket

Top position in Tachographs

¹ Excerpt of product portfolio | ² High-performance computer | ³ Commercial vehicles | ⁴ Passenger vehicles

This Is Vehicle Networking and Information

Our Comprehensive Portfolio Contributes to the Strategic Action Fields

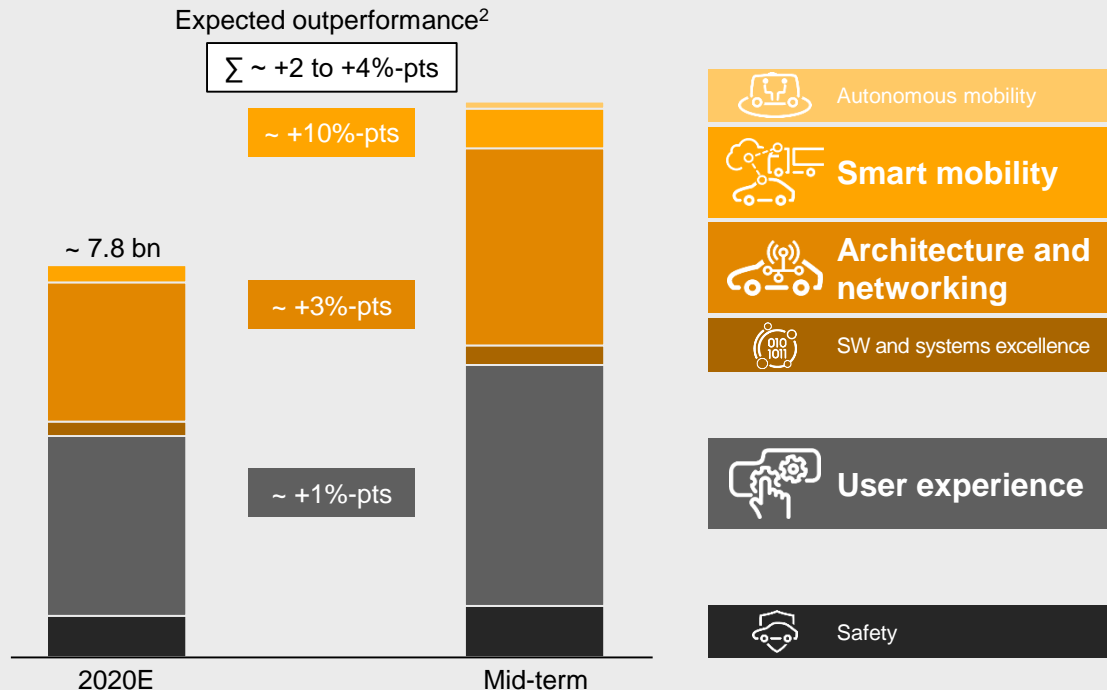


¹ Commercial vehicles | ² Electric/Electronic | ³ High-performance computer | ⁴ Electronic control unit

This Is Vehicle Networking and Information

We Focus on Architecture and Networking, UX³ and Smart Mobility

VNI Sales in Action Fields¹ (€)



Growth

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

Value

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

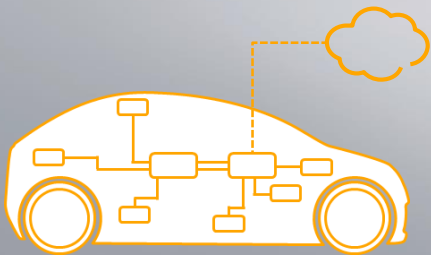
¹ Based on mid-term IHS light vehicle production (LVP) forecast from November 2020 | ² Mid-term organic sales growth above IHS LVP forecast | ³ User Experience

Growth Driver: Architecture and Networking

We Won All First 3 Supplier Awards for Central Electronics

Why Continental will win

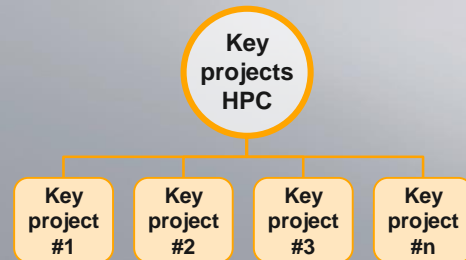
We **master** the whole **architecture** and integration from the vehicle component to the cloud



We transform the collaboration with customers and partners and **shape** the E/E A¹ **integration**



We accomplish **project management** on highest complexity level



Unique position due to outstanding capabilities in vertical and horizontal integration;

2 out of 3 solutions already in production



We self-disrupt our traditional business towards Body and Cockpit HPCs²;

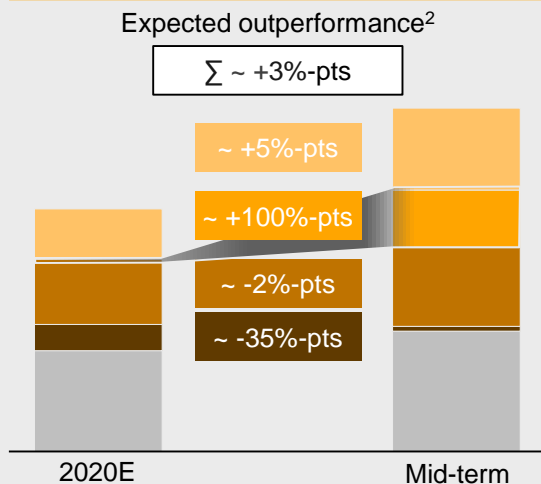
Now **ready to scale**

¹E/E A: Electric/Electronic architecture ²HPC: High-performance computer

Growth Driver: Architecture and Networking

New Architectures and HPCs Are a Must for Fully Connected Vehicles

VNI Sales in Action Field¹ (€)



Connectivity

- › Highest relevance for fully connected **eco-systems**, latest technologies (IAM⁶, 5G ...)

Body and Cockpit HPCs³/Zone ECUs⁵

- › Target product group; **strongly growing** portfolio segment
- › More than **50% share of sales** long-term

BCM, gateways

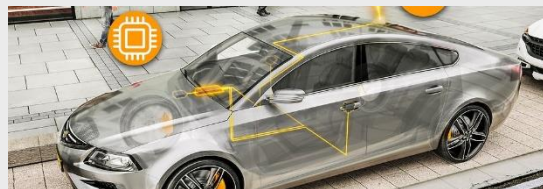
- › Product transformation towards **Body HPC³** and **Zone ECUs⁵**

In-vehicle infotainment

- › Product transformation towards **Cockpit HPC³** and holistic UX⁴ with **display solutions**

Other products

- › Power closures, seat control, other ECUs⁵



Total order intake for
Body and Cockpit HPCs³:

> **€3 bn** lifetime sales

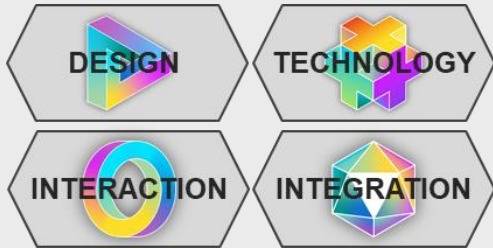
¹ Based on mid-term IHS light vehicle production (LVP) forecast from November 2020 | ² Mid-term organic sales growth above IHS LVP forecast | ³ High-performance computer | ⁴ User experience | ⁵ Electronic control unit | ⁶ Intelligent antenna module

Value Contributor: User Experience

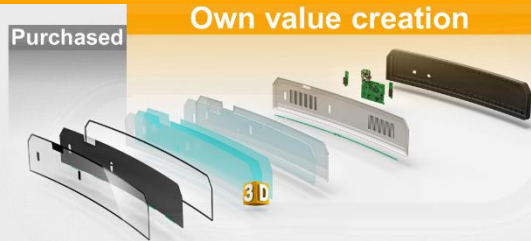
Key Driver for End Customers' and OEMs' Decisions

Why Continental will win

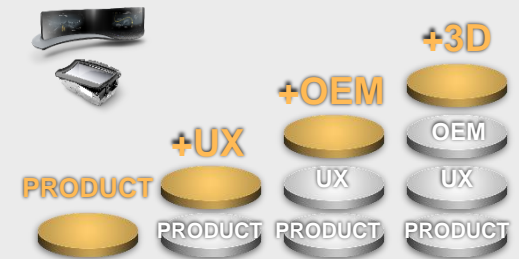
We are leading
in all **core competencies**



We **create value**
and leverage the steadily
increasing content per car



We **scale** with variants
and business models
across customers



New **customer brand differentiator**,
benefiting from high-value interior



We optimize our **asset structure** with
technology and production platforms

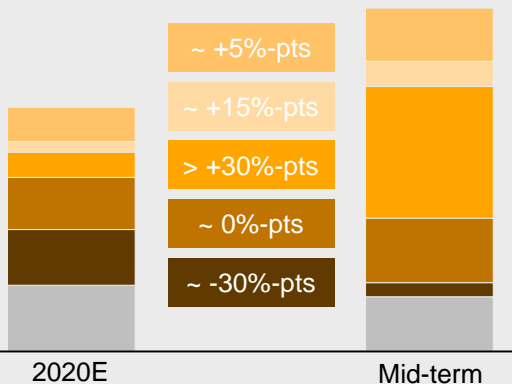
Value Contributor: User Experience

Perfectly Positioned to Benefit from Fast Transition

VNI Sales in Action Field¹ (€)

Expected outperformance²

Σ ~ +1%-pts



Access/Continental Smart Access

- › Next generation of **secure digital car access** – from key to smartphone

Head-up display

- › **Enhanced interaction**, improved safety and trust through augmented reality

Display solutions

- › Target product group; **additional value** through integration of innovative features like 3D lightfield
- › **Ease and joy of use** by leading all core competencies

Full digital clusters

- › **Transition product**, driven by digitalization

Instrument clusters

- › Product transformation towards **display solutions**; transition via full digital clusters



We deliver **>120 mn**
UX products per year

One in 4 cars is equipped
with our HMI solutions

¹ Based on mid-term IHS light vehicle production (LVP) forecast from November 2020 | ² Mid-term organic sales growth above IHS LVP forecast

Growth Driver: Smart Mobility

Ability to Offer End-to-end Solutions for Diverse Customer Groups

Why Continental will win

Leading in **data technologies**

Big data and knowledge to provide insights for smart solutions

Use data for biz: **Service**

Transmit data: **Telematics**

Measure data: **Sensor/actuator**

Services commercialization

Covering the need from converging demands from CV¹ and PV² worlds

Fleet Management

eHorizon

Key as a Service

Remote Vehicle Data

Diverse customer groups

Serving OEMs, fleets, institutions and aftermarket



Customer benefits in TCO³ management and regulation compliance



Modular **full stack solutions** and integrated systems from sensor to service;

Superior understanding of the vehicle and data

¹ Commercial vehicles | ² Passenger vehicles | ³ Total cost of ownership

Growth Driver: Smart Mobility

Strong Position in CV Services and Telematics Primes Continental to Scale Up

VNI Sales in Action Field¹ (€)

Expected outperformance²

∑ ~ +10%-pts

~ +50%-pts

~ +50%-pts

~ +20%-pts

~ +10%-pts

~ +5%-pts

2020E

Mid-term

Remote vehicle data

- › **Cross-brand** vehicle data access solution

Key as a service

- › Access **integrated into smartphones**; established in fleets & rollout in execution (CV³ and PV⁴)

eHorizon

- › **Proven OE integrated solution** in market enables reliable **CO₂ and fuel reductions**

Fleet management and legislation services

- › **Strong market position** in fleet management for EU and NA with **Zonar** brand

Digital tachograph

- › Highly established business in tachographs in EU and future **trust center for trucks**

Growth drivers

Logistics value chain
Fully digital

Regulations
Safe, clean and fair

Mobility types
New and different

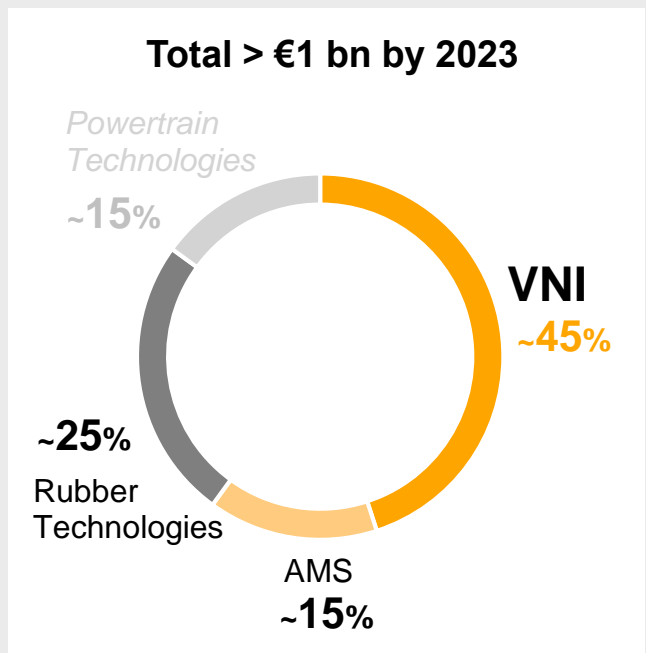
Solution demand
Comprehensive

¹ Based on mid-term IHS light vehicle production (LVP) forecast from November 2020 | ² Mid-term organic sales growth above IHS LVP forecast | ³ Commercial vehicles | ⁴ Passenger vehicles

Strengthen Operational Performance

Right-sized Cost Structure Via Reductions and Shift to Best Cost

Annual gross cost savings target

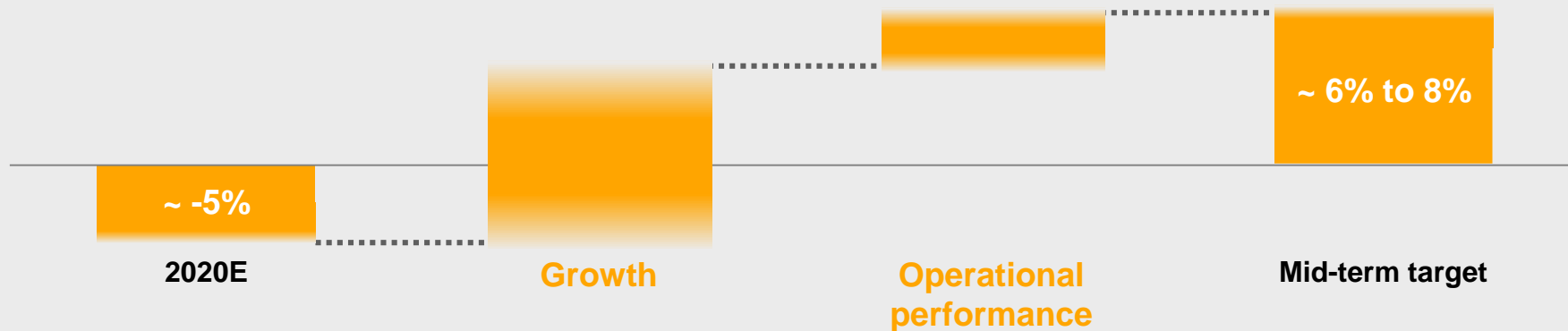


Contribution from VNI

	2019	Mid-term
Best cost share in manufacturing	~80%	~90%
Best cost share in R&D	~55%	~65%

Adjusted EBIT¹ Margin Bridge

We Strive for an Adjusted EBIT¹ Margin of ~ 6% to 8% in the Mid-term



- › Based on mid-term IHS light-vehicle production forecast from November 2020
- › **Outperformance** in attractive growth market segments
- › Further expand in growth areas by **active product transformation**

- › Improved cost position, adjusted **cost structure**
- › Initiatives for **fair sales price** and redesign to cost
- › Optimized **footprint**
- › Potentially affected: ~10,000 jobs ww, thereof 5,000 in Germany

¹ Before amortization of intangible assets from purchase price allocation, changes in the scope of consolidation and special effects

VNI – The Transformer

Growth in Networking and Services; Value in User Experience



First in market to realize shift to new E/E and SW architecture with HPCs – **ready to scale**

Perfectly positioned in User Experience to **benefit from fast transformation**

We offer integrated solutions for Smart Mobility – **full stack**

Targeted market outperformance of ~ +2 to +4%-pts and adjusted EBIT margin of **~ 6% to 8%** mid-term

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The Future in Motion