

Friday, April 25, 2025

Unlocking New Strengths.

Speech by the Chairman of the Executive Board
of Continental Aktiengesellschaft,
Nikolai Setzer,
at the Annual Shareholders' Meeting for fiscal 2024
on April 25, 2025,

Check against delivery

Welcome to Hanover!

Welcome, ladies and gentlemen,

to the Annual Shareholders' Meeting of Continental AG.

Dear shareholders,

I've worked at Continental for my entire professional career.

That's more than half my life.

My first day here was in 1997, in the tire testing department.

Back then, the company was taking its first steps toward becoming a systems supplier.

The tire specialist was expanding its capacity in the chassis sector to make driving even safer.

One of the new developments during this time was the 30-meter car, named after its shorter braking distance at 100 kilometers per hour – cutting the previous distance by 20 to 30 percent.

This was a pioneering achievement in safety.

It made us stronger.

And bigger.

At the turn of the century, Continental had around 45,000 employees.

Just 10 years later, there were more than three times as many.

The company had transformed itself.

It continued to produce tires and rubber solutions, while its expertise in electronic systems also grew, all the way up to software-based mobility.

Today, this accounts for a large part of our business.

With a unique portfolio full of innovations – from the road to the cloud.

So change is part of our identity – and has been for more than 150 years.

It all began here in Hanover with the manufacture of parts made from soft rubber and cushioning for horses' hooves.

Since then, Continental has continually reinvented itself as the times and circumstances have changed.

Always in sync with our customers and markets.

And always in the way that best allowed us to seize our opportunities.

After all, our goal was and is to create sustainable value.

For all stakeholders.

Sometimes, we did this in small steps. Other times, bigger steps were called for.

Today, we are taking a big step.

A very big step.

Because this step involves the most far-reaching realignment in our company's history.

Continental is to become three new companies.

If you agree to our proposals.

Automotive, Tires and ContiTech – these are three strong players in their respective industries, which are now ready for independence.

Automotive, with its own listing on the stock market.

Under its own name.

And accounting for around half of our current workforce.

With a spin-off planned for September – just a few months away.

ContiTech is also poised for independence.

As a specialist in innovative material solutions with a clear industrial focus.

We're examining how its potential can best be developed.

There are various options on the table.

Like an IPO.

Or, most likely, a sale.

We're currently weighing up all these options.

Then we'll make a decision.

With the goal of making ContiTech independent in 2026.

We'll provide more details about this in the summer.

Tires will continue to operate as Continental AG.

Fully focused on the global tire business.

In this way, we will create three strong, independent champions.

Automotive.

ContiTech.

And Tires.

They will be supported on their path to independence by a lean holding company.

Yes – we will be taking a big step.

A bold one.

But a wise and sensible one.

A step that will create new opportunities.

For you, our shareholders.

For our customers.

And for our employees.

Why?

Because it will create more value.

And why now?

Because we're well positioned now.

And we're ready now.

But also because the world is changing.

And at a pace we could never have imagined.

Supply chains are shifting dramatically, and geopolitical challenges are on the rise.

Inflation and tariffs are testing us.

On top of this, global car production is barely growing.

And technological demands are rapidly increasing: digitalization, electrification, artificial intelligence.

Competition is intensifying.

In an environment like this, history has shown that flexible, focused companies can capitalize on opportunities better than complex organizations.

Our ability to change will therefore give us a competitive edge.

We've already taken steps in this direction in recent years.

We've prepared our company for the next step and we've strengthened our group sectors.

We've made them more independent.

With clear structures.

So they can operate with greater flexibility – and make the most of their entrepreneurial freedom.

Our Tires group sector is a champion of tires.

A top provider of premium tires, known for outstanding performance, comfort and sustainability.

As numerous independent tests have proven time and again – for summer, winter and all-season tires alike.

Major awards like “Tire Manufacturer of the Year” show this too.

They confirm we are pioneers, setting new standards through digital innovation.

And when it comes to sustainability:

Just two years ago, we launched the Ultra Contact NXT.

It's now been named the most sustainable production tire on the market.

ContiTech is a champion of industry.

With products made from rubber and plastics.

For example, hoses in cooling systems, specifically designed for servers in data centers, which are rapidly multiplying due to the rise of artificial intelligence.

Our advanced materials help prevent heat damage, among other things.

Or consider the various applications in the area of hydrogen, where refueling requires specialized hoses that can withstand extremely high pressures.

Yet at the same time, they have to be airtight. Flexible. And durable.

That's why we've just rolled out a new production process for this new technology in Korbach.

Just one of the many ways we're sharpening and refining our focus in ContiTech.

Our goal is an 80 percent share of industrial business – as we announced back at the 2023 Capital Market Day.

That's why we're also selling the Original Equipment Solutions business area –

our business with rubber products for car manufacturers.

We've already presented the business area to potential buyers and investors.

So this will also become an independent company or fourth champion, so to speak.

And Automotive, which today is a champion of mobility.

Mobility that's safe.

Autonomous.

Connected.

That inspires people.

Automotive is a leader in technology and system solutions, with a strong market position in sensors, displays, and brake and comfort systems.

With extensive expertise in automotive software.

In platform architecture.

And in advanced driver assistance systems and autonomous driving.

As you can see, our group sectors are already very independent.

Because this is how we have shaped them.

That's why they now have the maturity to hold their own against the competition.

Building on their individual positions of strength.

In fact, despite all the ongoing external uncertainties, 2024 was a good year for Continental.

Because we continued to improve.

Our consolidated sales amounted to €39.7 billion in 2024, a decrease of around 4 percent compared with the previous year.

This was mainly due to the weak market environment – especially in Europe.

Even so, we managed to increase our adjusted EBIT margin to 6.8 percent.

And overall, we achieved an adjusted operating result of €2.7 billion, up more than 6 percent from the previous year.

In total, we generated net income of €1.2 billion, slightly above the prior-year level.

Our adjusted free cash flow remained robust.

Despite a dip in sales, we slightly surpassed our target – exceeding €1 billion.

The main reasons for this were the strong tire business and a reduction in inventories.

Another was a positive cash contribution from Automotive.

Here, sales in 2024 totaled €19.4 billion.

The adjusted EBIT margin rose to 2.3 percent, up from 2 percent in the previous year.

This means we improved our performance even further, defying the market trend.

It also shows that our measures are having the desired effect.

Tires once again achieved good results.

Sales amounted to €13.9 billion, roughly on a par with the previous year.

At 13.7 percent, the adjusted EBIT margin slightly exceeded the prior-year figure.

This improvement is attributable to the stronger ultra-high-performance and winter tire business.

And we expect Tires to continue to develop at this strong level.

ContiTech saw a decline in sales and earnings.

Sales totaled €6.4 billion, a decrease of 6.7 percent.

The adjusted EBIT margin was 6.2 percent.

One thing is certain: we want to perform better this year.

Targeted measures have been introduced.

All in all, we can say that Continental is in great shape.

Once again, we've improved.

This is good news for your dividend.

The Executive Board and Supervisory Board are proposing 2 euros and 50 cents per share, up 13 percent from the previous year.

This is a reflection of our operational progress.

Our improved earnings.

And our solid free cash flow.

These, ladies and gentlemen, are the figures.

They reflect our countless technological innovations and our significant efforts to increase efficiency, achieve stricter cost discipline and enhance competitiveness.

This applies in particular to the Automotive group sector,
which we want to list on the stock market as an independent company.

As a global player with exceptional prospects.

The following film will provide further details.

As will my colleague on the Executive Board, who heads this group sector:

Philipp von Hirschheydt.

[Nikolai Setzer hands over to Philipp von Hirschheydt]

Many thanks, Niko!

Lead. Transform. Deliver.

That, ladies and gentlemen, is what we're all about.

That is our focus.

That is how we win.

As a focused tech company with a portfolio geared to the future.

And a leading position in all important markets. Worldwide.

A warm welcome from me, too!

On this historic day.

Because today, something new can begin.

If you give us your support.

For more than 92,000 employees worldwide, for our customers, and for the future of mobility.

This is our plan:

the Automotive group sector will become Aumovio.

This name will stand for top technologies in software-based mobility.

Because this is the future: sensor technology, camera, LiDAR and radar systems, displays, brake and comfort systems, architecture platforms and assistance systems.

And the software itself.

This is what Aumovio is good at and this is what Aumovio delivers.

We generate 80 percent of our sales with products that rank among the top three in their respective markets.

In 2024 alone, we received orders of around €19 billion.

From virtually all major automotive manufacturers.

At the same time, we're continually improving our efficiency.

And our effectiveness.

While also reducing our costs.

We're in a solid financial position.

And will be starting with a strong balance sheet.

We have everything we need to achieve sustained success as an independent company.

We make mobility safer.

We connect it.

We develop innovative solutions.

And we make mobility autonomous.

With more than 277 million sensors and control units, which are already in use today.

Our high-performance computers are the control centers of modern vehicles.

They manage airbag deployment, mobile phone integration, automatic climate control and other functions.

For example, in Volkswagen's ID models, and in models from Chinese manufacturer GAC.

Our software is also installed in the new electric car from Sony Honda Mobility.

And it is taking autonomous driving to the next level.

Including in fully self-driving trucks,

for which extensive testing is already underway

as part of our partnership with Aurora in the USA.

The first autonomous trucks are expected to hit the US highways by 2027.

Our task in this project is to assemble the modules for the autonomous driving system – and then to industrialize them.

This includes key components such as radar and camera sensors, as well as LiDAR sensors, which we've developed jointly with our partners.

As sensory organs, they form the central interface to the outside world.

We're also supplying control units and high-performance computers for processing mobility data.

To ensure an added layer of safety, our company is developing the entire fallback system.

If the autonomous driving system fails, our software takes over.

Testing of the Aurora trucks is currently underway on major highways.

For safety reasons, drivers are still on board.

Soon, however, the trucks there will drive fully autonomously.

As you can see:

the future of mobility has many facets.

To do justice to these, a real powerhouse is needed.

One that combines strength with flexibility.

And this is precisely what Aumovio stands for.

This is precisely how we intend to fully harness our potential and create even more value.

By making decisions faster.

By adapting more flexibly to regional markets.

And by deploying our capital resources with greater precision.

We've prepared the groundwork.

Now, implementation can begin.

With focus.

With determination.

And with speed.

Lead. Transform. Deliver.

That's what we stand for.

We're looking forward to it.

I'm looking forward to it personally, together with our amazing team of experts, shaping the mobility of tomorrow.

Thank you!

[Philipp von Hirschheydt hands over to Nikolai Setzer]

Thanks, Philipp!

Dear shareholders, as you can see, the new company offers tremendous value potential:

Through top technologies.

Through system expertise.

Through a high level of vertical integration.

Through greater flexibility.

And through our customers' confidence in us.

We also envision added value creation for ContiTech.

Because our expertise is in demand across the industrial sector, as shown by a recent order for the world's strongest conveyor belt.

With a maximum width of 3 meters 20 centimeters, which can pull a total weight of 3,200 metric tons.

That's equivalent to more than 300,000 car tires and demonstrates ContiTech's capabilities.

We are confident that an independent ContiTech will leverage its full potential for growth and value creation.

Our tires are in high demand.

Eighteen of the world's 20 highest-volume manufacturers of electric vehicles put their trust in tires from Continental, as do nine of the 10 highest-volume manufacturers in the Asia-Pacific region.

This is leading to increased demand for our tires.

We're responding by planning investments totaling €300 million at our tire plant in Rayong, Thailand, to gradually increase capacity in the years ahead.

Ladies and gentlemen, we are of course aware that the proposed transformation will mean extensive changes for our employees.

That's why we're shaping this transformation together with social partners.

We will seek and find good solutions – even where it's not easy.

Because our goal is the same.

Sustainable success.

Greater competitiveness.

Which means improved future job prospects.

Our more than 190,000 employees have demonstrated exceptional commitment and great personal dedication over the past weeks and months.

This has impressed me every single day.

On behalf of the entire Executive Board, I'd like to say a big thank you to all of them.

I'd also like to thank Ariane Reinhart.

On June 30, you'll be stepping down from your role after more than 10 years on the Executive Board.

You've been in charge of the Human Relations and Sustainability function since 2014

– during a particularly intensive period of transformation.

Together with social partners, you and your team have played a crucial role in shaping this transformation and the positive development of our group sectors.

That is especially true for your innovative approaches to training and socially responsible change.

Take the Continental Institute for Technology and Transformation, for example.

You made that happen.

Or the "Alliance of Opportunities," which helps people transition from one job to the next across companies.

The approval and recognition this has earned you extends far beyond our company's boundaries – and rightly so.

Thank you, Ariane.

I wish you all the very best for the future.

I'm also pleased to welcome your successor, Ulrike Hintze, who will join the Executive Board on July 1 as director of Labor Relations and head of HR.

Welcome, Ulrike!

I'd also like to thank Olaf Schick.

Olaf, two years ago, you assumed responsibility for Integrity and Law.

And, since last year, for the Finance function as well.

In September, you'll be joining Mercedes-Benz.

And leaving Continental.

We'll be sorry to see you go.

But, first of all, let me say thank you!

You set up a modern, integrated compliance system, played a crucial role in expediting our legal matters and helped improve our results.

Last but not least, you've been pivotal in making our Automotive spin-off a success.

To you as well, Olaf: all the best!

Roland Welzbacher will succeed you as CFO on October 1.

Like Ulrike Hintze, he has many years of experience and expertise in our Tires group sector, where he is currently the head of Finance and Controlling.

He will continue in this role until completion of the current realignment.

Subsequently, Ulrike and Roland will both continue in these positions at the tire-focused Continental AG.

Welcome to you too, dear Roland.

Together with our employees, you have proven that Continental isn't just a company – it's a team.

A team that pursues its goal of creating value for everyone connected with this company, whether as customers, colleagues or shareholders.

Today, we want to transform Continental together and unlock new strengths.

Dear shareholders,

We ask for your approval.

And we hope we have given you a clear idea of what you can expect from us in the future.

More value!

For 2025, we anticipate consolidated sales of around €38 billion to 41 billion

and an adjusted EBIT margin of around 6.5 to 7.5 percent.

Sales in Automotive are expected to total between €18 billion and €20 billion with an adjusted EBIT margin of around 2.5 to 4 percent.

For Tires, we forecast sales of around €13.5 billion to €14.5 billion and an adjusted EBIT margin of around 13.3 to 14.3 percent.

For ContiTech, we expect sales of around €6.3 billion to €6.8 billion and an adjusted EBIT margin of around 6 to 7 percent.

Adjusted free cash flow is projected to be around €0.8 billion to €1.2 billion.

One thing is certain: our focus is on creating value.

We know this takes courage – courage to change.

But change is part of our identity.

Not everything is in our hands.

But change is something we can do – as we have adapted to changing circumstances and times in the past.

We are committed to the best way forward for Continental.

This is what we are laying the necessary groundwork for.

This is our goal.

And this is why we are asking for your approval today:

to accomplish Continental's most profound transformation in over 150 years.

Thank you!