Automotive at a Glance

- ~€20-21 billion in sales
- ~102,500 employees
- Adj. EBIT\(^1\) margin ~2-3%
- Product clusters >50
- Global footprint
  - 56 plants in 21 countries
  - 82 R&D locations in 18 countries

Creating value while driving the future of mobility

Data shown as of 2023e. 1 Before amortization of intangibles from PPA, changes in the scope of consolidation (only 2023e), and special effects.
Disruptive Changes and a Clear Path Ahead

Decline / Recalibration

- Technological transformation
- Significant R&D investments
- Only partial input cost recovery
- Supply chain disruptions
- High inflation
- Growing fixed cost structure

Execution

Rigorous execution of 3-pillar strategy:
1. Lead
2. Focus
3. Perform

Adj. EBIT\(^1\) margin

- 2018: ~9%
- 2023e: ~2-3%
- Short-term: >6%
- Mid-term: ~6-8%

\(^1\) Before amortization of intangibles from PPA, changes in the scope of consolidation (only 2023e), and special effects. Considering current portfolio.
A Leading Systems Supplier

World-class portfolio

High-tech and high-quality electronic hardware

+  

Substantial software expertise paired with partnerships

=  

Leading automotive systems supplier

Focused execution required to ensure future commercial success
Clear Execution Of Our 3-Pillar Strategy

**LEAD**
- Hardware excellence: largest electronics player
- Software competence: we shape the software-defined vehicle
- System expertise: superior electronics system integrator

**FOCUS**
- Structure: optimized organizational setup
- Capital allocation: focus on value-accretive outperformance through product lifecycle
- Portfolio: improve, sell or close

**PERFORM**
- Strategy with target of cost reduction initiated
  - Fixed-cost reduction
  - Operational excellence
  - R&D efficiency
  - Operating leverage

- Technology and leadership position
- Strict execution along value principles
- Strict profitability management

Comprehensive self-help program
LEAD In Our Focus Areas - or Exit

### Safe
- **Market CAGR 2023e-2028e**
  - **4%**

### Exciting
- **Market CAGR 2023e-2028e**
  - **16%**

### Autonomous
- **Market CAGR 2023e-2028e**
  - **12%**

### SAM
- **Outperformance**
  - ~100 bps

### AN
- **Outperformance**
  - ~300 bps

### UX
- **Outperformance**
  - ~400 bps

### SCT
- **Outperformance**
  - ~1,000 bps

### AM
- **Outperformance**
  - ~1,000 bps

### Main Sales Drivers
- Wheel Brake
- EBS and One-Box
- Sensor System
- Airbag Systems
- Display Solutions
- Digital Cluster
- Access Systems
- Instrument Cluster
- Radar
- Smart Camera
- Satellite Camera
- AD/ADAS ECU

CAGR: Compound annual growth rate. Outperformance: Sales growth compared to PC&LT production, average from 2023e-2028e.
LEAD One of the Largest Suppliers

Example areas - around 50% of Automotive sales

Electronic Brake System
- Continental
- Peer 1
- Peer 2
- Others

Radar
- Continental
- Peer 1
- Peer 2
- Others

Display Solutions
- Continental
- Peer 1
- Peer 2
- Others

Wheel Brake
- Continental
- Peer 1
- Peer 2
- Others

Airbag Systems
- Continental
- Peer 1
- Peer 2
- Others

Access Systems
- Continental
- Peer 1
- Peer 2
- Others

Digital Cluster
- Continental
- Peer 1
- Peer 2
- Others

Sensor Systems
- Continental
- Peer 1
- Peer 2
- Others

Data shown as per 2024e.
LEAD Changing Technology Requirements

- Evolving system architectures
- Multiple functions consolidation
- Specialized and high computing power

- Cloud services
- Functions on demand
- Speed: “Code to road” in 1 day

- Evolving technology stacks
- Evolving value chain
- Increased complexity

CSP: Communications service provider.
LEAD Mastering all Fields: System Integrator of Choice

Our foundation

High-quality hardware paired with software experience

Our technology

Purpose-built artificial intelligence SoCs from our strategic partner

We are THE system integrator

› We combine software capabilities and automotive competence
Multiple party SW integration ensuring automotive requirements and automation: Continental Cooperation Portal (CCP)

› We master data
Large data processing, artificial intelligence, machine to machine communication

› We manage the entire tech stack
From SoCs, hardware, middleware and functions to cloud services

› We manage complexity
In-house competence in cross-domain and autonomous driving high-performance computers

Our offering

Realizing autonomous driving systems at scale, together with our strategic partner

SoC: System on chip.
LEAD Combining Hardware and Software

Selected examples

Today: Outstanding technology platform

- SAM
  - Electronic Brake System
  - One Box
- AN
  - Gateways
  - Body Controller
- AM
  - Radar, Camera, Lidar
  - Ultrasonic Sensors

Step 1: Enhanced products - Higher content per vehicle

- Future Brake System 2 / 3
  - Wheel Hub Drive with Integrated Brake
- Zone Controller
  - Smart Access Systems
  - Cross Domain HPC
- Full sensor suite
  - Aurora partnership
  - Autonomous Driving HPC

Step 2: Addition of features - New sources of revenue

- Park brake redundancy included
  - Automated driving SAE level ≥3 enabler
- Digital key management
  - Interior intrusion / presence detection
- Automatic parking
  - Transparent vehicle/trailer
  - Cruising companion
FOCUS Active Portfolio Management

Decision criteria

› Value creation
› System expertise
› Technology focus
› Growth potential

Execution Plan

Review of entire portfolio
Improve, sell or close
~25% of total business will change
FOCUS Streamlining the Business

Today’s structure
- Autonomous Mobility
- Safety and Motion
- Architecture & Networking
- Software & Central Technologies
- User Experience
- Smart Mobility

~€1.4 bn sales to improve, sell or close

Target structure
- Autonomous Mobility
- Safety and Motion
- Architecture & Networking
- Software & Central Technologies
- UX (agility, accessibility, speed)
- AM
- AN
- SCT

~€3.5 bn sales: carve-out to be conducted

Dissolution of SMY
<table>
<thead>
<tr>
<th>FOCUS User Experience - Continental as Best Owner?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Highly attractive business</strong> ✔</td>
</tr>
<tr>
<td><strong>Strong order intake momentum</strong> ✔</td>
</tr>
<tr>
<td><strong>Leading market position in display solutions, head-up and digital cluster</strong> ✔</td>
</tr>
<tr>
<td><strong>Highly innovative</strong> ✔</td>
</tr>
<tr>
<td><strong>Carve-out initiated to create strategic options</strong></td>
</tr>
<tr>
<td><strong>Hardware focused business</strong> ✗</td>
</tr>
<tr>
<td><strong>Significant investment needs</strong> ✗</td>
</tr>
<tr>
<td><strong>Not an integral part of our software-defined-vehicle strategy</strong> ✗</td>
</tr>
</tbody>
</table>
FOCUS Smart Mobility - Leveraging Synergies

SMY sales of ~€2.6 bn integrated into business areas

- **Commercial & Special Vehicles (~50%)**
  - ADAS sensors & instrumentation
  - Control units & telematics
  - Tachograph & fleet management
  - Key as a Service

- **Light & Actuators (~20%)**
  - Front & rear light control
  - Light projection
  - Roof control / console
  - Power door & lift gate

- **Automotive Aftermarket (~30%)**
  - Workshop & diagnostic services
  - OES for automotive parts
  - Automotive replacement parts

**Autonomous Mobility**

**Architecture & Networking**

**Software & Central Technologies**

Data shown as of 2023e
FOCUS Strong Commercial Vehicle Business in AM

Target
Major player for CV autonomous driving

Strategy
Enhance strategic focus on CV business

Synergies
Leverage internal synergies and know-how

Customers
Increase proximity to CV customers

Leveraging our CV expertise...

... while maintaining a strong passenger car focus
**PERFORM** Strict Profitability Management

- **Operating leverage**
  - Increase content per vehicle and new business models
  - Commercial excellence

- **Operational excellence**
  - Manufacturing improvements

- **Fixed-cost reduction**
  - Organizational delayering
  - Bundling of activities

- **R&D efficiency**
  - Consolidation
  - Best-cost locations
  - Raise software development synergies

- **Up to 1% of sales** short-term
  - Up to 1% of sales short-term
  - ~€400 mn by 2025e
  - Up to 1% of sales short-term
PERFORM Profitability Target

Sales (€ bn) | Adjusted EBIT\(^1\) margin (%)

Sales

~€20-21 bn

~€22-24 bn

~€26-29 bn

Adj. EBIT\(^1\) (%)

~2-3

Market growth

Operating leverage

Operational excellence

Fixed-cost reduction

R&D efficiency

>6

Other measures

Market growth

~6-8

2023e VOLUME SELF-HELP Short-term VOLUME SELF-HELP Mid-term

1 Before amortization of intangibles from PPA, changes in the scope of consolidation (only 2023e), and special effects. Considering current portfolio.
A PERFORM Operating Leverage

Volume
- Market growth
- Around 1% average worldwide light-vehicle production growth assumed mid-term

Self-help
- Outperformance
- Increase worldwide share at over-proportionally growing customers such as COEMs
- Increase content per vehicle and leverage new business models
- Commercial excellence
- Repricing actions to ensure profitability

Target: Realize average market outperformance of 3-5%

Outperformance: Sales growth compared to PC&LT production, average from 2023e-2028e.
PERFORM Operational Excellence

Cost focus

- Premium freight reduction
- Improve efficiency in electronics manufacturing

Cash flow focus

- Improve line utilization to reach capex to sales of less than 7%
- Increase inventory turn rate with smart inventory management

Targets:
- Cost reduction of up to 1% of sales expected short-term
- Working capital reduction of ~300 bps expected short-term
**PERFORM Fixed-Cost Reduction Program**

Recurring cost savings effective in 2025 (€ mn)

Target: Cost reduction of ~€400 mn to be achieved by 2025

Cost reduction measures:

- Reduction of two organizational layers
- Bundling of activities
- Streamlining processes
PERFORM R&D Efficiency

Optimize R&D footprint

R&D re-organization

- Increase best-cost share from ~60% of employees in 2023e to ~70% by 2028e
- Transfer and strengthening of R&D in Asia / China
- Consolidate R&D locations to reach calculated average >700 headcount per location
- Leverage reusable software modules

Target: Reduction of R&D net from ~12% of sales in 2023e to high single digits mid-term
Automotive Mid-term Financial Outlook

Sales

\[ \sim \varepsilon 26-29 \text{ bn} \]

ROCE

\[ >20\% \]

Adj. EBIT\(^1\) margin

\[ \sim 6-8\% \]

Cash generation\(^2\)

\[ >45\% \]

Creating value through market focus and technological leadership

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1. Before amortization of intangibles from PPA, changes in the scope of consolidation (only 2023e), and special effects.
2. Cash generation defined as (EBITDA - Capex) / EBITDA, potentially excluding major one-time items. Considering current portfolio.
Automotive Clear Path to Value Creation

- We are the technology provider and system integrator of choice for the software-defined vehicle
- We are in the market for the market
- We strictly execute our 3-pillar strategy to drive profitable growth

We drive the future of mobility
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