Continental AG’s Quarterly Reference Sheet

July 3rd, 2024

This reference sheet is a quarterly summary of public information previously provided by Continental AG, or otherwise available in the market, which may support in assessing Continental AG’s financial performance ahead of its Q2 2024 results on August 7th, 2024. With this summary, Continental AG will not provide any new information or commentary on current trading.

Please note that this release and all information herein is unaudited. Our next quiet period starts on July 8th, 2024.

Group Sector Automotive (Q2 2024 vs Q1 2024 – quarter on quarter)

Market Development

- Most recent market updates expect a negative volume development in Europe, a positive step in NA and significant continued growth in China. Weighted for Continental for the quarter, we only expect a very slight positive volume effect world-wide.
- Currency effects are not expected to significantly influence the sales development.
- For the full year from today’s perspective, the market forecast for Europe is expected to be at the low end of our guidance. We expect the main growth driver for the second half of the year to be from the Chinese market.

Latest Management Commentary

- Outperformance is still expected to be burdened by delayed ramp-ups.
- Continued stepwise improvements are expected from operational excellence, e.g. from lower premium freights and smart inventory management, as well as through our commercial excellence activities.
- Pricing progressed in Q2 as expected. As stated, contribution from pricing is required to be positive in Q2 for the Automotive Sector.
- The first positive effects from our fixed cost savings program are expected to contribute in Q2 2024, with the major savings for 2024 to come later in second half of the year.
- For our fixed cost savings program, we expect a high-double to low-triple digit amount of savings for the full year 2024, with the overall target of around €400 million cost reduction by 2025.
- For our R&D efficiency program, we only expect to see minor incremental improvements this year on the way to our target of a 9% R&D to sales ratio in 2028.

Group Sector Tires (Q2 2024 vs Q2 2023 - year on year)

Market Development

- Volumes in the OE passenger and light truck (PLT) segment remain weak vs. the comparative period.
- PLT replacement markets, as expected for Q2, already show first signs of recovery in the key regions of Europe and North America, and a strong rebound in China.
- Our relevant market in truck tires continues to be weak worldwide.
- FX is expected to remain slightly negative.

Latest Management Commentary

- PLT replacement volumes were supported by the increase in the number of selling days in April.
- Sales price/ mix is expected to remain slightly negative – with a burden from the cost indexation with our OE customers. We expect this to normalize in the second half of the year.
- We expect a continued tailwind from raw materials at least at the level of the first quarter.
- Overall, our management stated the possibility to reach the adjusted EBIT margin guidance corridor for the first half of the year.

Group Sector ContiTech (Q2 2024 vs Q2 2023 – year on year)

Market Development

- In general, industry markets remain in a weak situation.
- In the automotive business of ContiTech, we also expect continued market weakness. This is combined with the expectation of a slightly negative geographical mix given our exposure to the European market.
- FX is expected to remain slightly negative.

Latest Management Commentary

- Sales are expected to remain challenged due to the continuous unfavorable market situation.
- Progress in price negotiations as well as first results from our self-help measures are expected to lead to an improved return on sales compared to the first quarter of 2024.
- Labour inflation remains a burden, however, we expect it to be compensated by our own diligent cost management measures.
- For the remainder of the year, we expect effects from cost efficiencies to further contribute to the ContiTech result.

Group Free Cash Flow

Latest Management Commentary

- Continuous improvements in working capital expected.
- As considered already in the full year guidance, extraordinary effects will occur.
    - Q1: €500 million paid for ContiTech AG share re-purchase.
    - As said during the beginning of the year, we should see the largest portion of the cash-outs related to restructuring and carve-outs during the second half of the year. Nevertheless, there can also be first effects in Q2, though not at the same level as expected for Q3 and Q4.
- €100 million payment due in Q2 in line with the end of fine proceedings.

Continental develops pioneering technologies and services for sustainable and connected mobility of people and their goods. Founded in 1871, the technology company offers safe, efficient, intelligent and affordable solutions for vehicles, machines, traffic and transportation. In 2023, Continental generated sales of €41.4 billion and currently employs around 200,000 people in 56 countries and markets.

Investor Relations Contact

Investor Relations Team: ir@conti.de
Investor Relations Website: www.continental.com/ir

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