Sustainability Presentation
JP Morgan Global SRI Conference 2018

Paris – March 14-15, 2018
Rolf Woller, Head of IR

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

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1) Continental at a Glance
Continental Ranks No. 2 in Worldwide Supplier Ranking

Top 10 Global OEM Suppliers - 2017 Sales (€ bn)

1 Robert Bosch only includes Mobility Solutions division
2 Continental not including ContiTech industrial business and other non-OE automotive business
3 ZF excluding Industrial Technology business
4 Bridgestone including Diversified Products

Source: Company filings. Calendarized to Dec. year-end. Based on average currency exchange rates 2017
1) Continental at a Glance
Megatrends in the Automobile Industry

Environment - For Clean Power

**CO₂ Fleet Emission Targets 2020/21 (NEDC)**

<table>
<thead>
<tr>
<th>Region</th>
<th>Target (g/km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>95</td>
</tr>
<tr>
<td>USA</td>
<td>125</td>
</tr>
<tr>
<td>China</td>
<td>117</td>
</tr>
<tr>
<td>Japan</td>
<td>122</td>
</tr>
</tbody>
</table>

Information - For Intelligent Driving

**Connectivity**

- Driver and Passenger Devices
- Other Vehicles
- Infrastructure

Safety - For Safe Mobility

**Road Traffic Deaths**

Number of Road Traffic Deaths per 100,000 Inhabitants by Region

- Europe and Russia: 9.3
- Eastern Mediterranean: 19.9
- Americas: 15.9
- Africa: 26.6
- South East Asia: 17.0
- Western Pacific: 17.3

Affordable Cars - For Global Mobility

**A&B Production Segment**

<table>
<thead>
<tr>
<th>Region</th>
<th>2017</th>
<th>2022E</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRIC (mn units)</td>
<td>12.7</td>
<td>15.8</td>
</tr>
</tbody>
</table>

*Source: IHS February 2018.*

1* Including Mini Full-Frame.

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1*New European Driving Cycle.

2*Mandatory for 95% of the OEMs' fleets.

Source: ICCT Int. Council of Clean Transportation,
Global Passenger Vehicle FE/CO₂ regulations (2016).

Source: Global Status Report on Road Safety, World Health Organization (WHO) 2015.
1) Continental at a Glance
A Leading Global Supplier for Key Automotive Electronics Applications

### Chassis & Safety
- Actuation
- Advanced driver assistance systems (ADAS)
- Airbag electronics
- Electronic brake systems (EBS)
- Foundation brake systems

<table>
<thead>
<tr>
<th>Sales 2017</th>
<th>€9,768 mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of total</td>
<td>22%</td>
</tr>
<tr>
<td>Adj. EBIT¹</td>
<td>€898 mn</td>
</tr>
<tr>
<td>Adj. EBIT margin</td>
<td>9.2%</td>
</tr>
</tbody>
</table>

ADAS² installation rate worldwide

<table>
<thead>
<tr>
<th>2017</th>
<th>2022E</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.20</td>
<td>2.46</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2017</th>
<th>2022E</th>
</tr>
</thead>
<tbody>
<tr>
<td>39%</td>
<td>64%</td>
</tr>
</tbody>
</table>

### Powertrain
- Diesel injection systems
- Gasoline injection systems
- Transmission control units
- Turbochargers
- 48 V and plug-in hybrid
- Full electric vehicle

<table>
<thead>
<tr>
<th>Sales 2017</th>
<th>€7,661 mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of total</td>
<td>17%</td>
</tr>
<tr>
<td>Adj. EBIT¹</td>
<td>€474 mn</td>
</tr>
<tr>
<td>Adj. EBIT margin</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

Gasoline direct injection systems installation rate worldwide³ (%)

<table>
<thead>
<tr>
<th>2017</th>
<th>2022E</th>
</tr>
</thead>
<tbody>
<tr>
<td>255</td>
<td>317</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2016</th>
<th>2021E</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.20</td>
<td>2.46</td>
</tr>
</tbody>
</table>

### Interior
- Body and security products
- Commercial vehicle interiors
- Device connectivity and telematics units
- Instrumentation, displays and human machine interfaces
- Intelligent transport systems

<table>
<thead>
<tr>
<th>Sales 2017</th>
<th>€9,305 mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of total</td>
<td>21%</td>
</tr>
<tr>
<td>Adj. EBIT¹</td>
<td>€851 mn</td>
</tr>
<tr>
<td>Adj. EBIT margin</td>
<td>9.2%</td>
</tr>
</tbody>
</table>

Market for automotive electronics⁴ (USD bn)

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¹ Before amortization of intangibles from PPA, consolidation and special effects.
² ADAS: Advanced Driver Assistance System. Average amount of ADAS including sensing rear/surround view cameras but w/o parking assist functions based on ultrasonic technology.
³ Source: IHS, February 2018.
1) Continental at a Glance

A Leading Global Supplier of Tire and Non-Tire Rubber Products

<table>
<thead>
<tr>
<th>Tires</th>
<th>Passenger &amp; Light Truck Tires</th>
<th>Commercial Vehicle Tires</th>
<th>ContiTech</th>
</tr>
</thead>
<tbody>
<tr>
<td>Markets</td>
<td>EMEA</td>
<td>EMEA</td>
<td>Air springs for railway, trucks and buses</td>
</tr>
<tr>
<td></td>
<td>The Americas</td>
<td>The Americas</td>
<td>Automotive hoses and hose lines</td>
</tr>
<tr>
<td></td>
<td>APAC</td>
<td>APAC</td>
<td>Automotive interior trim</td>
</tr>
<tr>
<td>Products</td>
<td>Original Equipment</td>
<td>Original Equipment</td>
<td>Conveyor belts</td>
</tr>
<tr>
<td></td>
<td>Replacement</td>
<td>Replacement</td>
<td>Elastomer coatings</td>
</tr>
<tr>
<td></td>
<td>Summer tires, winter tires, high-performance tires</td>
<td>Commercial specialty tires</td>
<td>Industrial hoses</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sales 2017</th>
<th>€11,326 mn</th>
<th>€6,246 mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of total</td>
<td>26%</td>
<td>14%</td>
</tr>
<tr>
<td>Adj. EBIT</td>
<td>€2,128 mn</td>
<td>€515 mn</td>
</tr>
<tr>
<td>Adj. EBIT margin</td>
<td>19.0%</td>
<td>8.8%</td>
</tr>
</tbody>
</table>

Sales breakdown (%)

<table>
<thead>
<tr>
<th>Non-OE</th>
<th>OE</th>
</tr>
</thead>
<tbody>
<tr>
<td>71%</td>
<td>29%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-OE</th>
<th>OE</th>
</tr>
</thead>
<tbody>
<tr>
<td>49%</td>
<td>51%</td>
</tr>
</tbody>
</table>

1 Before amortization of intangibles from PPA, consolidation and special effects.
1) Continental at a Glance
Systematic Entrepreneurial Approach

Environment -
For Clean Power

Information -
For Intelligent Driving

Safety -
For Safe Mobility

Affordable Cars -
For Global Mobility

Value Creation is Our Driving Force

- Great people culture
- Value creation
- Technological balance
- Regional sales balance
- Balanced customer portfolio
- In the market for the market
- Top market position
1) Continental at a Glance

Corporate Strategy at a Glance

Hoshin Kanri matrix

Vision
- Your mobility.
- Your freedom.
- Our signature.

Growth forces
- Customers
  Growth driven by our innovative software for systems solutions
- Processes
  The leading quality and technology company in our industries
- Employees
  Perceived as most attractive and most progressive employer

Goals
- Long-term goals of business units, divisions, corporate functions

Initiatives
- Projects and measures for achieving goals

Metrics
- Monitoring of implementation of initiatives

7 strategic dimensions
- Corporate strategy
  - Value creation
  - Regional sales balance
  - Top market position
  - In the market for the market
  - Balanced customer portfolio
  - Technological balance
  - Great people culture
2) Sustainability at Continental
Our Policies and Guidelines

Principles of our Corporate Social Responsibility

- **Environmental Responsibility**
  - ESH\(^1\) Policy – implements worldwide the responsibility for protecting the environment

- **Social Responsibility**
  - Business Partner Code of Conduct – personal ethics, conflicts of interest
  - The BASICS – the guidelines, codex and basic principles of our business activities

- **Corporate Governance**
  - Corporate Governance Policy – to further a responsible management of the company focused on value creation
  - Risk Report – overview of our Risk Management

**OUR BASICS** Our corporate guidelines

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\(^1\) Environment, Safety and Health.
2) Sustainability at Continental
Materiality Matrix

External relevance

low

medium

high

Relevance for Continental

For more information please go to the GRI Report 2016, page 10ff.
2) Sustainability at Continental
Roadmap 2020

In 2015, we developed a consolidated sustainability program and set ourselves goals for 2020 in order to achieve measurable improvement in our four fields of action. Some of these extend until 2025. These are the fields of activity and main goals form our Roadmap 2020:

- **Environment**
  - Climate protection/air
  - Waste
  - Water

- **Employees and society**
  - Diversity and equal opportunities
  - Occupational safety and health
  - Attractiveness as an employer
  - Job training and continuing education

- **Corporate governance and corporate culture**
  - Compliance and Supply Chain
  - Lobbying

- **Products**
  - Road and vehicle safety
  - Raw materials
  - Sustainable products

For more information please go to the [GRI Report 2016](#), page 12ff.
2) Environmental Responsibility

Environmental Strategy 2020

Sustainable management at all stages of the value chain and throughout the entire life cycles of our products is now an essential part of our philosophy.

2017 Roll out and implementation of strategy program 2020
- Involvement of Suppliers
- Demand and encouragement of comprehensive environmental management
- The supply chain has the same importance as strategic environmental projects for reducing environmental impacts through our own action.
- Implementation of major Roadmap 2020 goals.
- Definition of major ESG criterias (water, climate change, saving of resources) in line with four of the SDGs.

2020 Implementation of the objectives on the SDGs goals

Start of Continental environmental strategy update

United Nations’ 17 sustainable development goals (SDGs)

1 SDG: Sustainable Development Goals.
3) Environmental Responsibility
Status of Environmental Certification at Continental

Continental established an environmental management system throughout the corporation more than 30 years ago.

Our activities are geared toward continually optimizing the use of resources in relation to business volume. We manufacture products that make an active contribution toward protecting the environment and conserving resources throughout their entire duration of use as well as when they are ultimately recycled.

In manufacturing, we are aiming for a 20% reduction in relation to the adjusted sales volume of energy and water consumption, CO₂ emissions and waste generation by 2020¹ (base year: 2013). At the same time we are doing our best to increase the recycling rate of industrial waste by 2% each year.
3) Environmental Responsibility
Status of Quality Certification at Continental

Quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy a given need.

‘The ISO 9000 family addresses various aspects of quality management and contains some of ISO’s best known standards.’¹

‘The standards provide guidance and tools for companies and organizations who want to ensure that their products and services consistently meet customer’s requirements, and that quality is consistently improved.’¹

ISO/TS 16949¹
Specifies requirements using ISO 9001 for service and replacement production in the automobile industry.

<table>
<thead>
<tr>
<th>ISO/TS 16949</th>
<th>ISO 9001 or ISO/TS 16949</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive Group: Production sites</td>
<td>100%</td>
</tr>
<tr>
<td>Rubber Group Tires: Production plants</td>
<td>100%</td>
</tr>
<tr>
<td>Rubber Group ContiTech: Production sites</td>
<td>100%</td>
</tr>
</tbody>
</table>

¹ Source: ISO (International Organization of Standardization) www.iso.org/iso/home.html.
3) Environmental Responsibility
Certification of Suppliers

Goal by 2020\(^1\): 100% of strategic suppliers meet ISO 14001 requirements

1. **Assessments** to determine status of the supplier.
2. **Measures** (joint projects, training sessions, and workshops for example) are initiated to achieve our goals in supplier development as necessary.

We monitor the environmentally friendly production of our suppliers as part of internal supplier audits. Relevant issues in the scope of these audits include compliance, organization and the provision of resources for EH&S.

Starting in 2017, we will systematically evaluate our suppliers based on sustainability criteria with the help of an independent service provider. Our goal in doing so is to better fulfill our responsibilities and ensure that we are able to comply with our requirements within the worldwide supply chain.

\(^1\) Roadmap 2020.
### 3) Environmental Responsibility

#### Corporate Environmental Key Performance Indicators

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>target 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CO₂ Emissions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specific CO₂ emissions (100kg/€ mn adjusted sales) for all plants (including acquisitions and new constructions)</td>
<td>738</td>
<td>754</td>
<td>730</td>
<td>613</td>
</tr>
<tr>
<td>Specific CO₂ emissions for plants included in 2013</td>
<td>662</td>
<td>677</td>
<td>640</td>
<td></td>
</tr>
<tr>
<td><strong>Energy consumption</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specific energy consumption (GJ/€ mn in adjusted sales) for all plants (including acquisitions and new constructions)</td>
<td>777</td>
<td>819</td>
<td>784</td>
<td>669</td>
</tr>
<tr>
<td>Specific energy consumption for plants included in 2013 (GJ/€ mn in adjusted sales)</td>
<td>718</td>
<td>735</td>
<td>701</td>
<td></td>
</tr>
<tr>
<td><strong>Water consumption</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specific water consumption (m³/€ mn in adjusted sales) for all plants (including acquisitions and new constructions)</td>
<td>442</td>
<td>480</td>
<td>456</td>
<td>394</td>
</tr>
<tr>
<td>Specific water consumption for all plants included in 2013</td>
<td>422</td>
<td>414</td>
<td>396</td>
<td></td>
</tr>
<tr>
<td><strong>Waste production</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specific waste generation (100kg/€ mn in adjusted sales) for all plants (including acquisitions and new constructions)</td>
<td>82</td>
<td>88</td>
<td>88</td>
<td>68</td>
</tr>
<tr>
<td>Specific waste generation for plants included in 2013</td>
<td>77</td>
<td>79</td>
<td>81</td>
<td>90</td>
</tr>
</tbody>
</table>

1 Reviewed with limited assurance by an independent auditor.
### 3) Environmental Responsibility
Corporate Environmental Key Performance Indicators

**Scope 3 emissions in metric tons of CO₂**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Emissions (tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self commissioned incoming logistics</td>
<td>1,152,124</td>
</tr>
<tr>
<td>Self commissioned outgoing logistics</td>
<td>539,058</td>
</tr>
<tr>
<td>Purchased goods and services</td>
<td>8,721,849</td>
</tr>
<tr>
<td>Waste produced through operational processes</td>
<td>20,660</td>
</tr>
<tr>
<td>Fuels and energy-related activities not included in Scope 1 and 2</td>
<td>449,081</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,882,772</strong></td>
</tr>
</tbody>
</table>

For the selected indirect CO₂ emissions (Scope 3), we follow international standards such as the Corporate Value Chain Accounting and Reporting Protocol of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).
3) Environmental Responsibility
Sales of Products to Reduce CO₂ Emissions

Sales 2017 €44.0 bn

40% Products to Reduce CO₂ Emissions

- Green tires
  Tires optimized on rolling resistance (all tires labelled B and better)
- Lightweight components
  Light weight brakes, road database (green maps), intelligent transportation systems
### 3) Environmental Responsibility

Sustainable Product-Solutions for Automotive Industry by Continental

<table>
<thead>
<tr>
<th>Solution</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full hybrid electric vehicle (FHEV)</td>
<td>~20-25%</td>
<td></td>
</tr>
<tr>
<td>Compressed Natural Gas (CNG)</td>
<td>15-20%</td>
<td></td>
</tr>
<tr>
<td>Piezo common rail injection</td>
<td>10-20%</td>
<td></td>
</tr>
<tr>
<td>Mild hybrid electric vehicle (MHEV, 48V)</td>
<td>10-15%</td>
<td></td>
</tr>
<tr>
<td>Engine downsizing and turbocharger</td>
<td>~15%</td>
<td></td>
</tr>
<tr>
<td>Telematics, ACC, ADAS</td>
<td>5-12%</td>
<td></td>
</tr>
<tr>
<td>SCR² systems/DDS³</td>
<td>2-5%</td>
<td></td>
</tr>
<tr>
<td>Tires (rolling resistance, TPMS⁴)</td>
<td>2-5%</td>
<td></td>
</tr>
<tr>
<td>Energy management (POD⁵AES⁶)</td>
<td>1-5%</td>
<td></td>
</tr>
<tr>
<td>Connected energy management</td>
<td>3-4%</td>
<td></td>
</tr>
<tr>
<td>Double clutch transmission (DCT)</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Transmission (POD⁵)</td>
<td>1-2%</td>
<td></td>
</tr>
</tbody>
</table>

1 Saving potential compared with gasoline direction injection Euro 5 / NEDC.
2 SCR = Selective Catalytic Reduction.
3 DDS = DEKA injector for diesel dosing into exhaust gas.
4 TPMS = Tire Pressure Monitoring System.
5 POD = Power-On-Demand.
6 AES = Advanced Energy Supply.
4) Technologies in the Automotive Group
How to Reach the European CO$_2$ Target of about 80g/km

Areas of Improvements:
- Vehicle
- Combustion/Transmission
- Electrification
- Eco Innovations / Super Credits

Assumptions for CO$_2$ target in the EU by 2025.

1 Assumptions for CO$_2$ target in the EU by 2025.
4) Technologies in the Automotive Group
Main Driver for CO₂ Reduction until 2030

Changes:
- Structure (Diesel ↓, SUV ↑)
- Combustion/Transmission, Vehicle
- Electrification
- Connected Energy Management

Proposed 30% reduction for 2030 EU PV fleet target.

EU Fleet Average 2016: 118 g CO₂/km
EU Fleet Target 2030: ~66 g CO₂/km

1 Proposed 30% reduction for 2030 EU PV fleet target.
# 4) Technologies in the Automotive Group

Powertrain – Relative Value of Continental’s Content

<table>
<thead>
<tr>
<th>Gasoline-related business</th>
<th>Diesel-related business</th>
<th>HEV-related business including extended offering</th>
<th>BEV-related business including extended offering</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%(^1)</td>
<td>160%</td>
<td>160-360%</td>
<td>400%</td>
</tr>
</tbody>
</table>

- Engine management systems for solenoid direct injection (injector, ECU, pressure pumps)
- Exhaust aftertreatment
- Sensors and actuators
- Turbochargers
- Engine management systems for diesel piezo common-rail injection (injector, ECUs, pressure pumps)
- Exhaust aftertreatment
- Sensors and actuators
- Engine management systems (gasoline/diesel)
- Exhaust aftertreatment
- Sensors and actuators
- Turbochargers
- 48V solutions (12kW/15kW/25kW) or Plug-in hybrid solutions (incl. thermal components & charging systems)
- High-voltage axle drive
- Power electronics
- Onboard charging systems
- Battery management systems
- DC/DC converter
- Thermal management components

Well positioned in all key technologies!

\(^1\) Value of displayed gasoline content per car is indexed at 100%; all other values read relative to the gasoline content.
4) Technologies in the Automotive Group
Powertrain – Solutions for Charging

**Conductive Charging** (Basic Charging)

- **On-board charger (3.6 - 11 kW)**
  - Recharge high-voltage battery from power grid
  - Unique electronic topology: worldwide charging

**Inductive Charging** (Improved Convenience)

- High-voltage battery charging
- 11kW power transfer
- Including all safety features

**AllCharge®** (Bi-directional Charging)

- ‘Universal charger’ for all types of cable-based charging stations:
  - Up to 800V/350kW
  - Up to 12-times faster charging at urban AC charging stations

**Battery performance and convenient charging are crucial for the success of electric mobility**
4) Technologies in the Automotive Group
Chassis & Safety – History and Roadmap for Accident-Free Driving

Fatal Accidents in Germany 1953 - 2017

1973: Safety Seat Belt
1978: ABS
1982: Airbag
1985: Front Passenger Airbag
1995/96: ESC, BA, Euro NCAP
1998: ACC
2001: LDW
2006: AEB
2017: 3,177

Fatal Accidents in Germany 1953 - 2017

*Federal Statistics Office, Germany (Destatis);
4) Technologies in the Automotive Group
Chassis & Safety – Market for Automated Driving: Three-Layer Model

<table>
<thead>
<tr>
<th>Components</th>
<th>Market for Automated Driving</th>
<th>~€35 bn(^1) by 2025</th>
<th>Recent additions to the portfolio (incl. cooperations and JVs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sensors</td>
<td></td>
<td>~€26 bn(^1)</td>
<td>solid-state flash lidar</td>
</tr>
<tr>
<td>System</td>
<td>Electronics</td>
<td>~€7 bn(^1)</td>
<td>ADCU</td>
</tr>
<tr>
<td></td>
<td>Software Integration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental Model</td>
<td>Software Electronics</td>
<td>~€2 bn(^1)</td>
<td>easyMile</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>HUAWEI</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>NTT Docomo</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>BMW/Intel platform</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Baidu</td>
</tr>
</tbody>
</table>

\(^1\) Source: Continental estimates.
4) Technologies in the Automotive Group
Chassis & Safety – Self Driving Car Project CUbE

Continental Urban Mobility Experience

Driving Intelligence
› Situation analysis
› Decision-making
› Low-level vehicle control
› ADCU (mid-term)

Localization
Robust localization in urban areas
› Radar
› Wireless infrastructure beacons

Seat Material
Tailored seat surfaces
› Resilient
› Easy to clean
› Comfortable

Tires
› ContiEcoContact™ 5

Drive Module
› One axle drive from Continental (2018)

Camera Sensing
› Object detection
› Barrier detection
› Front sensor cover drive path

Radar Sensing
Short range sensor
› Object detection
› Barrier detection
› 4 sensors for 360° view

Lidar Sensing
Solid state flash lidar (mid-term)
› Object detection
› Barrier detection
› 4 sensors for 360° view

We will become a full system supplier!
5) Technologies in the Rubber Group

Tires – Recycling and Recovery

End-of-life tires in the European Union

A total of approximately 3.25 million tons of used tires accumulate in the EU per year.

Recycling versus raw material

Energy needed to produce 1kg of tire compound

From **Raw Material**

82

From **Recycled Material**

8.7

- Civil Engineering
- Recycling
- Energy
- Reuse/Export
- Landfill

Source: ETRMA, June 29, 2016.
Source: Continental Reifen Deutschland.
5) Technologies in the Rubber Group
Tires – ContiLifeCycle

Breathing life into tires a second and even a third time is the basic idea behind the ContiLifeCycle approach.

Using a novel and proprietary process, Continental has succeeded in recycling rubber from used tires in such a way that the raw material will be directly returned into the production cycle for new or retreaded tires.

At ContiLifeCycle (CLC) plants, we reprocess worn-out truck tires in a retreading process that conserves resources. The rubber powder that is produced during retreading is further processed into recyclate, which is used in the production of new and retreaded tires.

The retreaded tires offer the same performance characteristics and rolling resistance as new tires.

*Source: United States Environmental Protection Agency (EPA), September 2012*
5) Technologies in the Rubber Group
Tires – Rubber from Dandelions

This natural rubber used from dandelion roots has at least the same quality and performance characteristics as conventional rubber from rubber trees.

The plants can be cultivated in Northern and Western Europe on land that is unsuitable for food crops. “Plantations beside the tire plants” in Central Europe makes both economic and ecological sense.

The new dandelion rubber Taraxagum should enter production within the next five to ten years and then flow step-by-step into our rubber products.

Benefits:
› Reduction in dependency on harvest situation in subtropical regions
› Lower requirements on the fertility of the soil
› Lower environmental impact due to reduced logistic requirements
› Optimal material properties enable first-class products in terms of technology

Innovation and the Green Award both at the international trade fair Automechanika 2016
› Joseph von Fraunhofer Prize 2015
› GreenTecAward 2014
5) Technologies in the Rubber Group
Sustainable Product-Solutions for a Variety of Industries by ContiTech

Technological expertise for customer-specific solutions

- Health-friendly interiors
- Printing technology for printed electronics/solar cells
- Components for engine downsizing and emissions reducing
- Climate-friendly printing blankets
- Mounts for wind power
- Rubber tracks for more efficiency
- Flexible insulation for energy saving
- Hoses for energy storage in the sea
Thank you!
Disclaimer

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5) Outlook 2018
PC & LT Production by Quarter

Europe (mn units)

- 2016: 21.4
- 2017: 22.1
- 2018E: 22.5

North America (mn units)

- 2016: 17.8
- 2017: 17.1
- 2018E: 16.8

China (mn units)

- 2016: 27.1
- 2017: 27.8
- 2018E: 27.9

Source: IHS until 2017 and own estimates, Europe excluding Kazakhstan and Uzbekistan

Reminder: Global car production was up 6% in Q1 2017. We expect global car production to be at best flat in Q1 2018.
### 5) Outlook 2018

#### Market Outlook

#### PC & LT<sup>1</sup> Production (mn units)

<table>
<thead>
<tr>
<th>Region</th>
<th>2017E</th>
<th>2018E</th>
<th>Chg.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>22.1</td>
<td>22.5</td>
<td>+2%</td>
</tr>
<tr>
<td>North America</td>
<td>17.1</td>
<td>16.8</td>
<td>-2%</td>
</tr>
<tr>
<td>South America</td>
<td>3.3</td>
<td>3.6</td>
<td>+8%</td>
</tr>
<tr>
<td>Asia</td>
<td>51.5</td>
<td>52.5</td>
<td>+2%</td>
</tr>
</tbody>
</table>

Worldwide production to increase more than 1%

IHS and own estimates

#### Commercial Vehicle<sup>2</sup> Production (k units)

<table>
<thead>
<tr>
<th>Region</th>
<th>2017E</th>
<th>2018E</th>
<th>Chg.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>660</td>
<td>673</td>
<td>+2%</td>
</tr>
<tr>
<td>North America</td>
<td>513</td>
<td>559</td>
<td>+9%</td>
</tr>
<tr>
<td>South America</td>
<td>102</td>
<td>112</td>
<td>+10%</td>
</tr>
<tr>
<td>Asia</td>
<td>2,140</td>
<td>2,033</td>
<td>-5%</td>
</tr>
</tbody>
</table>

Worldwide production to decrease by 1%

IHS and own estimates

#### PC & LT<sup>1</sup> Replacement Tire Market (mn units)

<table>
<thead>
<tr>
<th>Region</th>
<th>2017E</th>
<th>2018E</th>
<th>Chg.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>351</td>
<td>358</td>
<td>+2%</td>
</tr>
<tr>
<td>North America</td>
<td>285</td>
<td>290</td>
<td>+2%</td>
</tr>
<tr>
<td>South America</td>
<td>73</td>
<td>76</td>
<td>+4%</td>
</tr>
<tr>
<td>Asia</td>
<td>453</td>
<td>475</td>
<td>+5%</td>
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</tbody>
</table>

Worldwide replacement tire market to increase by 3%

LMC and own estimates

#### Commercial Vehicle Replacement<sup>3</sup> Tire Market (mn units)

<table>
<thead>
<tr>
<th>Region</th>
<th>2017E</th>
<th>2018E</th>
<th>Chg.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>25.3</td>
<td>25.8</td>
<td>+2%</td>
</tr>
<tr>
<td>North America</td>
<td>24.5</td>
<td>25.3</td>
<td>+3%</td>
</tr>
<tr>
<td>South America</td>
<td>15.7</td>
<td>16.4</td>
<td>+5%</td>
</tr>
<tr>
<td>Asia</td>
<td>89.2</td>
<td>91.0</td>
<td>+2%</td>
</tr>
</tbody>
</table>

Worldwide replacement market to increase by 2%

LMC and own estimates

---

<sup>1</sup> Passenger car and light truck <6t  
<sup>2</sup> Medium and heavy vehicles >6t  
<sup>3</sup> Radial and bias
### 5) Outlook 2018
Continental Corporation

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated sales</td>
<td>€44.0 bn</td>
<td>To increase to ~€47 bn at constant FX rates</td>
</tr>
<tr>
<td>adj. EBIT(^1) margin</td>
<td>10.9 %</td>
<td>~10.5% adj. EBIT(^1) margin</td>
</tr>
<tr>
<td>Automotive Group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>adj. EBIT(^1)</td>
<td>€26.6 bn</td>
<td>To increase to ~€28.5 bn at constant FX rates</td>
</tr>
<tr>
<td></td>
<td>€2.2 bn</td>
<td>~8.5% adj. EBIT(^1) margin</td>
</tr>
<tr>
<td>Rubber Group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>adj. EBIT(^1)</td>
<td>€17.5 bn</td>
<td>To increase to ~€18.5 bn at constant FX rates</td>
</tr>
<tr>
<td></td>
<td>€2.6 bn</td>
<td>~15% adj. EBIT(^1) margin</td>
</tr>
<tr>
<td>Raw materials cost impact</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>More than €450 mn for the Rubber Group</td>
<td>Raw materials to burden Rubber Group with about €50 mn, based on current estimates</td>
</tr>
<tr>
<td>Special effects</td>
<td>-€14 mn</td>
<td>-€100 mn</td>
</tr>
<tr>
<td>Financial result</td>
<td>-€187 mn at constant FX(^2)</td>
<td>&lt;-€180 mn at constant FX rates</td>
</tr>
<tr>
<td>Tax rate</td>
<td>29%</td>
<td>&lt;30%</td>
</tr>
<tr>
<td>Capex</td>
<td>€2.9 bn</td>
<td>Capex at around 7% of sales</td>
</tr>
<tr>
<td>PPA amortization</td>
<td>€171 mn</td>
<td>~€180 mn</td>
</tr>
<tr>
<td>Free cash flow before acquisitions</td>
<td>€2.3 bn</td>
<td>~€2 bn</td>
</tr>
</tbody>
</table>

\(^1\) Before amortization of intangibles from PPA, consolidation and special effects

\(^2\) Before effects of currency translation and effects from changes in the fair value of derivative instruments and other valuation effects
6) Medium Term Outlook
Sales Exceed €50 bn and ROCE More Than 20%

- 2005:
  - Rubber sales (€ bn): 14
  - Automotive sales (€ bn): 26
  - Rubber Group: 19%
  - Automotive Group: 13%

- 2010:
  - Rubber sales (€ bn): 12%
  - Automotive sales (€ bn): 21%
  - Rubber Group: 26
  - Automotive Group: 9%

- 2015:
  - Rubber sales (€ bn):
  - Automotive sales (€ bn): 39
  - Rubber Group: 21%
  - Automotive Group: CAGR 5-6%

- 2020E:
  - Rubber sales (€ bn): 39
  - Automotive sales (€ bn): >20%
  - Rubber Group: 39
  - Automotive Group: CAGR 5-6%

- 2025E:
  - Rubber sales (€ bn): >50
  - Automotive sales (€ bn): >20%
  - Rubber Group: >50
  - Automotive Group: >20%

Global PC & LT\(^2\) Production CAGR
- 2005-2010: 3%
- 2010-2015: 4%
- 2015-2020E: 1-2%

\(^1\) ACES: Automated Driving, Connectivity, Electrification and Smart Mobility
\(^2\) Passenger car and light truck

Share of new business opportunities (ACES\(^1\)) in Automotive Group revenues by 2025: 20\%