Sustainability Presentation
14th HSBC ESG Conference
Frankfurt – February 5-6, 2019

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

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## Agenda

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1. Continental at a Glance

Intro

EFFICIENT

SAFE

INTELLIGENT
1. Continental at a Glance

Corporate Strategy

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

Initiatives
Projects and measures for achieving goals

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

7 strategic dimensions

Metrics
Monitoring of implementation of initiatives

› Value creation
› Regional sales balance
› Top market position
› In the market for the market

› Balanced customer portfolio
› Technological balance
› Great people culture

EDMR – Equity and Debt Markets Relations
1. Continental at a Glance

The Most Digitalized Portfolio in The Supplier Sector

Source: Company filings and Continental estimates. 1 Suppliers >€3 bn sales.
1. Continental at a Glance
The Same Values Worldwide for a Shared Corporate Culture

Freedom
To Act

Trust

Passion
To Win

For
One Another
1. Continental at a Glance
Technological Balance

<table>
<thead>
<tr>
<th>Introduction</th>
<th>Growth</th>
<th>Maturity</th>
<th>Saturation</th>
</tr>
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<tbody>
<tr>
<td>○</td>
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</tbody>
</table>

Compound annual growth rate

- Introduction: 0 - 10%
- Growth: ≥ 5 - 10%
- Maturity: 0 - 10%
- Saturation: ≤ 0%

Technology life cycle
Technology portfolio share of sales in %
1. Continental at a Glance
Sales of Products to Reduce CO₂ Emissions

- **Sales 2017**: €44.0 bn
- **Other Sales**
- **40% Products to Reduce CO₂ Emissions**
  - Green Tires: ~28%
  - Lightweight Components: ~29%
  - Powertrain Components: ~43%
- **Green tires**
  - Optimized on rolling resistance (all tires labelled C and better)
- **Lightweight components**
  - Light weight brakes, road database (green maps), intelligent transportation systems
2. Technologies in the Automotive Group
History and Roadmap for Accident-Free Driving

Traffic Fatalities in Germany 1953 - 2018

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

Traffic Fatalities in Germany 2018: 3,220

1 Federal Statistics Office, Germany (Destatis):
## 2. Technologies in the Automotive Group

### Outlook 2025 - Approaching Automated Driving: Three-Layer Model

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

\(^1\) Figures are estimates and subject to change based on market conditions and technological advancements.
2. Technologies in the Automotive Group

Automated Driving – Estimated Market Development

PC&LV production (mn units)

- L0-L2
- L3
- L4
- L5
- Total Market

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EDMR – Equity and Debt Markets Relations
2. Technologies in the Automotive Group
Automated Driving – ADAS Sensors per Car

1 Source: https://www.bmwgroup.com/content/dam/bmw-group-websites/bmwgroup_com/ir/technologie_workshops/Technology_Workshops_Autonomous_Driving.pdf
2 Continental estimates, depending on customers and future regulatory requirements.
3 Ultrasonic not in Continental portfolio.
2. Technologies in the Automotive Group
Holistic Connectivity – Information Management

With our holistic, intuitive and ergonomic human-machine interface, we capture commands and prioritize and present information.

We add new functions by providing a holistic connection to the outside world as well as value-added mobility services.

Driver and Passengers

Devices

Infrastructure

Other Vehicles

Vehicle

We manage and optimize the information flow by systems integration of components.
2. Technologies in the Automotive Group

Holistic Connectivity – Product Highlights for Intelligent Mobility

We inform you well

Holistic Human-Machine Interface
Provide the expertise for superior comfort and convenience, ergonomics, and intuitive ease-of-use.

We connect

Holistic Connectivity
Connect the driver by wire or wirelessly and provide value-added mobility services.

All at lower cost

System Integration
Integrate of components and functions into a superior system.

Most complete product portfolio
A necessary and unique selling proposition for us as systems integrator.
2. Technologies in the Automotive Group
Holistic Connectivity Car

>30 million\(^1\)
connected vehicles by

\[\text{Continental}\]

2017: >50%
of produced vehicles are connected

2020: >250 million
of the vehicles on the road will be connected

\(^1\) Since 1996.
2. Technologies in the Automotive Group
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!
### 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.

- **Civil Engineering**: 46%
- **Recycling**: 12%
- **Energy**: 2%
- **Reuse/Export**: 4%
- **Landfill**: 36%

### Recycling versus raw material

Energy needed to produce 1kg of tire compound

- From **Raw Material**: 82 MJ per kg tire compound
- From **Recycled Material**: 8.7 MJ per kg tire compound

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1 Source: ETRMA, June 29, 2016. 2 Source: Continental Reifen Deutschland.
3. 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.
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
3. Technologies in the Rubber Group
Sustainable Product-Solutions for a Variety of Industries by ContiTech (1/2)

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
3. Technologies in the Rubber Group
Sustainable Product-Solutions for a Variety of Industries by ContiTech (2/2)

- Cargo E-bike – carbon belts designed for high loads.
- Hyperloop – belt from Continental drives the HyperPodX.
- Floating solar film – protects water against evaporation and generates electricity from solar energy.
- Sicon conveyor belts from Continental are a gentle transport solution for fish feed.
- Oil barriers – contain oil spills even in rough seas.
- Air bubble curtain with hose system reduces noise when building wind farms.
- New oil barriers defy even stormy seas.
- Floating solar film with hose system protects water against evaporation and generates electricity from solar energy.
- Oil barriers contain oil spills even in rough seas.
- Air bubble curtain with hose system reduces noise when building wind farms.
4. 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 criteria (water, climate change, saving of resources) in line with four of the SDGs¹.

Start of Continental environmental strategy update 2016

Definition of sub-goals 2018

2020 Implementation of the objectives on the SDGs¹ goals

2025

2030

United Nations’ 17 sustainable development goals (SDGs)

¹ SDG: Sustainable Development Goals.
4. 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.

By 2020, we want to reduce our CO2 emissions, energy and water consumption, and waste generation by 20% – in relation to adjusted sales\(^1\), using 2013 as a basis. We also intend to improve our waste recycling and reuse rate by two percentage points a year. With regards to the locations with which we started the strategy in 2013, we are on target to achieve our goals. With regard to energy consumption, CO2 emissions and water consumption, we have already achieved a reduction of roughly 15% to 18%.

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\(^1\) Before changes in the scope of consolidation (Sustainability Report 2017, page 1).
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.’

‘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.’

ISO/TS 16949
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. Source: www.continental-sustainability.com
### 4. Environmental Responsibility

**Corporate Environmental Key Performance Indicators (1/4)**

#### Energy consumption

<table>
<thead>
<tr>
<th>Year</th>
<th>Specific energy consumption (GJ/€ mn in adjusted sales)</th>
<th>Total energy consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2.935</td>
<td>777</td>
</tr>
<tr>
<td>2016</td>
<td>3.299</td>
<td>819</td>
</tr>
<tr>
<td>2017</td>
<td>3.498</td>
<td>784</td>
</tr>
<tr>
<td>target</td>
<td>669</td>
<td></td>
</tr>
</tbody>
</table>

#### Specific energy consumption by source (%)

- 2017
  - Non-renewable fossil energy: 49%
  - Self-generated electricity from fossil fuels: 39%
  - Purchased steam: 0%
  - District heating: 11%
  - Purchased electricity: 1%

---

*The energy intensity quotient used at Continental is the sales adjusted by changes in the scope of consolidation (2017 €43.3 billion). All Scope 1 and 2 energies are included in the calculation of energy intensity. The total energy includes the following types: fossil fuels, purchased electricity, self generated electricity, purchased steam and district heat.*
4. Environmental Responsibility

Corporate Environmental Key Performance Indicators (2/4)

<table>
<thead>
<tr>
<th>Year</th>
<th>CO$_2$ emissions$^1$</th>
<th>Scope 1 and 2 (%)</th>
<th>Scope 3 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>738</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>754</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>730</td>
<td></td>
<td></td>
</tr>
<tr>
<td>target 2020</td>
<td>613</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **CO$_2$ emissions**
  - Specific CO$_2$ emissions (100kg/€ mn adjusted sales)
  - Scope 1: direct CO$_2$ emissions (1,000 metric tons)
  - Scope 2: indirect CO$_2$ emissions (1,000 metric tons)

- **Scope 1 and 2 (%)**
  - 2017: 26% Direct CO$_2$ emissions, 74% Indirect CO$_2$ emissions

- **Scope 3 (%)**
  - 2017: 0% Self commissioned incoming logistics, 1% Self commissioned outgoing logistics, 6% Purchased goods and services, 11% Waste produced through operational processes, 77% Business travel, 5% Fuels and energy related activities not included in Scope 1 and 2

$^1$ Reviewed with limited assurance by an independent auditor.
4. Environmental Responsibility
Corporate Environmental Key Performance Indicators (3/4)

Water consumption¹

<table>
<thead>
<tr>
<th>Year</th>
<th>Specific water consumption (m3/€ mn in adjusted sales)</th>
<th>Total water consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1.671</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>1.932</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>1.978</td>
<td></td>
</tr>
<tr>
<td>target</td>
<td>394</td>
<td></td>
</tr>
</tbody>
</table>

Specific water consumption by source (%)

- Surface water: 1%
- Ground water: 15%
- Potable water from public water supplies: 46%
- Industrial water from public water supplies: 38%

2017

1 Reviewed with limited assurance by an independent auditor.
4. Environmental Responsibility

Corporate Environmental Key Performance Indicators (4/4)

- Specific waste generation (100kg/€ mn in adjusted sales) for all plants (including acquisitions and new constructions)
- Waste generation (1,000 metric tons)
- Waste recycling (%)

1 Reviewed with limited assurance by an independent auditor.
4. Environmental Responsibility
Automotive - Remanufacturing

Remanufacturing is a standardized industrial process and an integrated part of our service strategy. Rather than manufacturing products from scratch, Continental remanufactures existing products by repairing and replacing components with new original Continental parts. For the circular economy we save energy, water, material and costs to make renewed products for a sustainable future.

- up to 90% less energy consumed
- up to 90% less raw material used
- 50-90% less CO₂ emissions produced

Environmental Responsibility
Automotive - Remanufacturing
5. Sustainability at Continental Supply Chain – 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 worldwide 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.

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**ISO 14001 certified Suppliers**

<table>
<thead>
<tr>
<th>Automotive Group</th>
<th>85%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rubber Group</td>
<td>73%</td>
</tr>
</tbody>
</table>

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Rubber Group introduced 3rd party supply chain CSR assessment tool based on UN Global Compact, ISO26000 and Global Reporting Initiative

> >80% of annual spent already covered

> Upon findings, buyers will request and monitor improvement actions
5. Sustainability at Continental Supply Chain – Project Environmental Performance

Improvement of the environmental performance of our suppliers in Mexico.

The aim of the initiative was to train and help the suppliers to establish and enhance their own environmental and energy management systems.

Over a two-year period ten selected suppliers received training in the areas of environmental and energy management.

This project will be continued and opened up to additional suppliers.

<table>
<thead>
<tr>
<th>Savings during the project</th>
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<tbody>
<tr>
<td>CO₂ emissions: 755 tons</td>
</tr>
<tr>
<td>Energy: 923 megawatt hours</td>
</tr>
<tr>
<td>Waste: 210 tons</td>
</tr>
<tr>
<td>Water: 4,600 m³</td>
</tr>
</tbody>
</table>

For more information please go to the Sustainability Report 2017, page 21.
5. Sustainability at Continental
Supply Chain – Sustainable Natural Rubber (SNR)

Continental acknowledges challenges in the Natural Rubber supply chain related to environmental, social and human rights impacts.

With the SNR Procurement Policy Continental commits to work towards SNR in a multi-stakeholder approach and set requirements for our supply chain.

Continental contributes to the GPSNR (Global Platform for SNR) launched Oct, 25th 2018 by WBSCD\(^1\) Tire Industry Project.

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\(^1\) World Business Council for Sustainable Development.
5. Sustainability at Continental Supply Chain – Project Sustainable Natural Rubber

Improvement livelihoods of rubber tree farmers in Indonesia.

Partnership between Continental and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

Goal: Development of a training for farmers in sustainable production of natural rubber and to track the rubber from smallholders to production at Continental.

Pilot project: 400 farmers will be trained to grow high-quality rubber in accordance with clearly defined sustainability criteria.

Improved rubber quality, higher yields and supply chain optimization will generate higher incomes for rubber tree cultivators.
5. Sustainability at Continental Policies and Guidelines

Principles of our Corporate Social Responsibility

Environmental Responsibility
ESH¹ Policy – implements worldwide the responsibility for protecting the environment

Social Responsibility
Code of Conduct – ethical standards and requirements concerning employee behavior
Business Partner Code of Conduct – important standards that are consistent with our values and which we expect each Business Partner to adhere to

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

¹ Environment, Safety and Health.
5. Sustainability at Continental

Materiality Matrix:

For more information please refer to Sustainability Report 2017, page 10ff.
In 2015, we developed a consolidated sustainability program and set ourselves goals for 2020 which were derived from the materiality matrix 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 from our Roadmap 2020:

- Environment
  - Climate protection and 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 refer to Sustainability Report 2017, page 12ff.
Thank you!
Disclaimer

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All statements with regard to markets or market position(s) of Continental or any of its competitors are estimates of Continental based on data available to Continental. Such data are neither comprehensive nor independently verified. Consequently, the data used are not adequate for and the statements based on such data are not meant to be an accurate or proper definition of regional and/or product markets or market shares of Continental and any of the participants in any market.

Unless otherwise stated, all amounts are shown in millions of euro. Please note that differences may arise as a result of the use of rounded amounts and percentages.

Note: Due to the application of the modified retrospective approach during first time adoption of IFRS 9, Financial Instruments, and IFRS 15, Revenues from Contracts with Customers, as at January 1, 2018, all the figures from comparative periods are shown unadjusted.
# Contact

## Equity and Debt Markets Relations

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</tbody>
</table>
6. Outlook 2018
PC & LT Production by Quarter

Worldwide (mn units)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2017</th>
<th>2018E</th>
<th>2019E</th>
</tr>
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<tbody>
<tr>
<td>Q1/17</td>
<td>24,362</td>
<td>23,022</td>
<td>25,263</td>
</tr>
<tr>
<td>Q2/17</td>
<td>23,022</td>
<td>22,498</td>
<td>24,309</td>
</tr>
<tr>
<td>Q3/17</td>
<td></td>
<td>22,498</td>
<td>24,101</td>
</tr>
<tr>
<td>Q4/17</td>
<td></td>
<td></td>
<td>21,877</td>
</tr>
<tr>
<td>Q1/18</td>
<td></td>
<td></td>
<td>24,375</td>
</tr>
<tr>
<td>Q2/18</td>
<td></td>
<td></td>
<td>24,375</td>
</tr>
<tr>
<td>Q3/18E</td>
<td></td>
<td></td>
<td>24,375</td>
</tr>
<tr>
<td>Q4/18E</td>
<td></td>
<td></td>
<td>24,375</td>
</tr>
<tr>
<td>Q1/19E</td>
<td></td>
<td></td>
<td>23,500</td>
</tr>
<tr>
<td>Q2/19E</td>
<td></td>
<td></td>
<td>23,500</td>
</tr>
<tr>
<td>Q3 19E</td>
<td></td>
<td></td>
<td>22,600</td>
</tr>
<tr>
<td>Q4 19E</td>
<td></td>
<td></td>
<td>23,000</td>
</tr>
</tbody>
</table>

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

Sustainability Presentation
14th HSBC ESG Conference
Frankfurt – February 5-6, 2019

EDMR – Equity and Debt Markets Relations
## 6. Outlook 2018
### Market Outlook

#### PC & LT¹ Production (mn units)

<table>
<thead>
<tr>
<th></th>
<th>2018E</th>
<th>2019E</th>
<th>Chg.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>21.8</td>
<td>21.8</td>
<td>0%</td>
</tr>
<tr>
<td>North America</td>
<td>16.9</td>
<td>16.9</td>
<td>0%</td>
</tr>
<tr>
<td>South America</td>
<td>3.5</td>
<td>3.7</td>
<td>+7%</td>
</tr>
<tr>
<td>Asia</td>
<td>51.3</td>
<td>51.0</td>
<td>-0%</td>
</tr>
</tbody>
</table>

IHS and own estimates

**Worldwide production to stay flat**

**Worldwide production to increase by 3%**

#### Commercial Vehicle² Production (k units)

<table>
<thead>
<tr>
<th></th>
<th>2018E</th>
<th>2019E</th>
<th>Chg.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>687</td>
<td>714</td>
<td>+4%</td>
</tr>
<tr>
<td>North America</td>
<td>590</td>
<td>620</td>
<td>+5%</td>
</tr>
<tr>
<td>South America</td>
<td>143</td>
<td>157</td>
<td>+10%</td>
</tr>
<tr>
<td>Asia</td>
<td>1,969</td>
<td>2,004</td>
<td>+2%</td>
</tr>
</tbody>
</table>

IHS and own estimates

#### PC & LT¹ Replacement Tire Market (mn units)

**Worldwide replacement tire market to increase by 2%**

<table>
<thead>
<tr>
<th></th>
<th>2018E</th>
<th>2019E</th>
<th>Chg.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>358</td>
<td>364</td>
<td>+2%</td>
</tr>
<tr>
<td>North America</td>
<td>290</td>
<td>290</td>
<td>+2%</td>
</tr>
<tr>
<td>South America</td>
<td>68</td>
<td>69</td>
<td>+2%</td>
</tr>
<tr>
<td>Asia</td>
<td>453</td>
<td>467</td>
<td>+3%</td>
</tr>
</tbody>
</table>

LMC and own estimates

**Worldwide replacement market to increase by 2%**

<table>
<thead>
<tr>
<th></th>
<th>2018E</th>
<th>2019E</th>
<th>Chg.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>25.6</td>
<td>26.0</td>
<td>+2%</td>
</tr>
<tr>
<td>North America</td>
<td>25.7</td>
<td>26.4</td>
<td>+3%</td>
</tr>
<tr>
<td>South America</td>
<td>15.7</td>
<td>15.7</td>
<td>+0%</td>
</tr>
<tr>
<td>Asia</td>
<td>86.5</td>
<td>87.9</td>
<td>+2%</td>
</tr>
</tbody>
</table>

LMC and own estimates

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¹ Passenger cars and light trucks <6t.  
² Medium and heavy vehicles >6t.  
³ Radial and bias.

1 Source: IHS until 2017 and own estimates, Europe excluding Kazakhstan and Uzbekistan.
### 6. Outlook 2018

#### Continental Corporation

<table>
<thead>
<tr>
<th></th>
<th>2018E</th>
<th>2019E</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated sales</strong></td>
<td>~€44.4 bn</td>
<td>To increase to about €45 bn – €47 bn at constant FX</td>
</tr>
<tr>
<td>adj. EBIT(^1) margin</td>
<td>~9.2%</td>
<td>about 8% – 9% adj. EBIT(^1) margin</td>
</tr>
<tr>
<td><strong>Automotive Group</strong></td>
<td>~€26.8 bn</td>
<td></td>
</tr>
<tr>
<td>adj. EBIT(^1)</td>
<td>~€1.85 bn</td>
<td>March 7, 2019</td>
</tr>
<tr>
<td><strong>Rubber Group</strong></td>
<td>~€17.6 bn</td>
<td></td>
</tr>
<tr>
<td>adj. EBIT(^1)</td>
<td>~€2.3 bn</td>
<td>March 7, 2019</td>
</tr>
<tr>
<td><strong>Raw materials cost impact</strong></td>
<td>~€100 mn for the Rubber Group</td>
<td>~€50 mn for the Rubber Group based on latest assumptions</td>
</tr>
<tr>
<td><strong>Special effects</strong></td>
<td>~€90 mn</td>
<td>About ~€200 mn including carve out effects</td>
</tr>
<tr>
<td><strong>Financial result</strong></td>
<td>~€180 mn at constant FX(^2)</td>
<td>About ~€220 mn at constant FX(^2) including IFRS 16</td>
</tr>
<tr>
<td>Tax rate</td>
<td>~23%</td>
<td>~27% including carve out effects</td>
</tr>
<tr>
<td><strong>Capex</strong></td>
<td>~€3.1 bn</td>
<td>~8% of sales including IFRS 16</td>
</tr>
<tr>
<td>PPA amortization</td>
<td>~€180 mn</td>
<td>~€200 mn</td>
</tr>
<tr>
<td><strong>Free cash flow before acquisitions</strong></td>
<td>~€1.8 bn excluding net effect of US pension funding</td>
<td>€1.4 bn to €1.6 bn before carve out effects</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.