

# **Inventiveness, not Quotas – Continental Focuses on Innovations for Successful Future Mobility**

Remarks of the Executive Board Chairman

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Continental Aktiengesellschaft, Hanover, Germany

at the

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**The spoken word shall prevail.**

Good morning, ladies and gentlemen!

It's great to see you here. "Making Mobility a Great Place to Live" - that's our slogan. Cars will become our offices and front rooms – places to live on wheels. We create these living spaces, for which there are five key elements:

First, the most talented people. They can put themselves to the test in our "C Square" here. They turn fiction into science. During the International Motor Show they will be working on completely new ideas – in collaboration with Continental engineers and in playful competition. We can't wait to see the results.

The second element: Innovation – especially in the three most important innovation streams: Automation, electrification and connectivity

Third: Financial strength. We have confirmed our forecast for 2017: More than €44 billion in sales and an adjusted EBIT margin of more than 10.5 percent. We are continuing to enjoy profitable, above-average growth.

The fourth element: Strong partners – especially those in other industries. We share ideas with each other and create added value together.

The fifth: Close coordination between the worlds of industry and politics. Global competition is becoming ever more intense. Only by working together across the board will we be able to achieve our ambitious goals, which are:

Zero accidents

Clean air thanks to low-emission combustion engines and electric mobility

Intelligently connected, comfortable and affordable driving.

The acceptance of our technology is what matters! Fewer accidents and better environmental protection will only be possible if mobility users take advantage of these modern solutions in their millions. It is not possible to force acceptance for technology with political means. When it comes to electric vehicles, for example, purchase incentives are insufficient. We don't think that state-imposed quotas for the share of electric vehicles in a manufacturer's fleet make sense. Innovations are much more persuasive than artificial intervention on this front.

We have plenty of innovation to offer. Here are a few examples.

First: Assisted and automated driving. The whole of Continental is playing its part here:

- Our cameras, radar systems, and our new, high-resolution 3D laser. It detects the vehicle's surroundings during the day and at night. Expected to go into production from 2020.
- Our electronics. They can analyze and process sensor data. These systems constitute the "brain" of automated and autonomous driving.
- Our head-up displays support intuitive dialog between the driver and vehicle.
- Our efficient engine management system for really clean drives.
- Our intelligent tires: with built-in sensors that sense the condition of the road.
- Our technology for antennas and connectivity. This ensures that data is exchanged quickly both between vehicles and with infrastructure.

- Our surface materials. The vehicle interior is still a pleasant environment to be in even with 100 journeys a day – like in our robot taxi, for example.

I was just sitting inside there: We call it the Continental Urban moBility Experience – or CUBe for short. An outstanding test platform. We are using it to test our expertise in connectivity, in the vehicle, between vehicles themselves and with infrastructure such as traffic lights or traffic computers. To do so, we are using backend servers that are connected with other mobility services.

Journey requests are sent to the server via an app. The response comes in the form of a clear timetable so you will arrive on time.

This is exactly how we use the CUBe. It makes sure the first mile of a journey just as easy, comfortable and safe as the last. To do this, we are continuing to develop the dialog between humans and the robo-taxi.

An interior camera keeps passengers safe, particularly in emergencies. Our efficient electric drive will increase mileage and ride comfort in the future.

Radar and camera systems, evaluation electronics, driver assistance systems: we are growing fast with solutions for assisted driving – and are paving the way for automated driving. By 2025, we expect a global market for automated driving technology that is worth more than €30 billion – twice as much as for 2020. Our share of the market for assisted driving alone is already around 15 percent. We see more clear potential here.

Our digital sales of electronics, software and sensors will continue to grow considerably. The share of these and other digital products in the total business of our three Automotive divisions is already around 60 percent. Over the next few years, this figure will increase to 70 percent.

Second innovation stream: electrification. Three examples of this:

Example one: Our 48 V “people’s hybrid.” This is “electrifying” our customers as we speak, because they are electrifying drives in all vehicle classes. A highly effective contribution to cutting emissions – a million times over. New: The powerful 48 V drive is now available with a continuously variable transmission even on the e-bike.

Second: Our drive for all-electric vehicles in all vehicle classes. Our axle drive combines the engine, transmission, and electronics in a single module. A compact 75-kilo power pack with an output of 150 kilowatts. No one else can make it that light. The power of the drive can be increased to 320 kilowatts. This is scheduled to go into production in China in 2019.

Third: A full charge that is simple, fast and safe! Our all-charge system can handle electricity of any strength from any plug.

In the future a charging cable will no longer be needed. That is because as early as 2025, inductive charging is expected to be possible for one in ten new electric vehicles.

The breakthrough of e-mobility will take a bit longer as it requires the next generation of battery cells, because today’s lithium-ion batteries are still too heavy, too big, too weak, and too expensive. Solid-state battery cells are quicker to charge and safer. These are expected to be available for production after 2023. Battery experts expect this to bring about significantly lower costs, from the current level of around €200 per kilowatt hour to less than €100.

This means that an electric vehicle with 75 kilowatt hours would have a range of around 500 kilometers and cost around the same as a diesel vehicle to run. This is decisive in terms of finding more acceptance for this technology amongst purchasers and users.

Third innovation stream: Connectivity. This starts with the intuitive dialog between humans and machines. I'm now going to show you what will be possible with our technology.

These glasses contain a computer, which shows us a virtual cockpit of the future. The basis for this is this model here.

Stephanie Huhn is one of our Innovation Managers. She works on instrumentation. She wears these glasses almost every day. She uses them to check the functionality of the cockpits she designs.

Important information appears on the windshield – depending on the driving mode. Displays, not side mirrors. Our vehicle is in automated mode: The steering wheel disappears. It isn't needed at this point. The instrument cluster is not displayed, nor are other displays. As if specially summoned, they reappear exactly as and when they are required. Driving situations and the driver dictate what the cockpit is to do. Intelligent interfaces adapt and make this possible. You can look forward to a customized, holistically connected cockpit!

Many thanks to Stephanie for the demonstration!

Intuitive, intelligent, interactive – we make driving safer, easier and more cost-effective.

Our robo-taxi will one day be part of a vehicle fleet in cities. This transport system will be connected with others, such as buses and trains. Continental offers this range of connectivity solutions and the associated mobility services. The result: fewer vehicles on our roads, clean air, and more efficient urban transport.

Services open up more clear potential for growth for us. Continental is both a technology company and a mobility service provider. We create solutions that achieve acceptance among end users and help them to arrive at their destinations efficiently, comfortably, cost-efficiently, and on time.

Experience the future here on our plaza! Virtually in the BEE concept car, which is kitted out with a range of technology developed by us for the urban mobility of tomorrow.

By the way, these future forms of mobility will still need to maintain good grip. And the best solution for wintry roads is our premium tire WinterContact TS 860. We are presenting our new high performance version here at the IAA.

And this is what got me here, too – on time and safely at the end of my speech. I'd now like to hand over to our head of communications and presenter, Felix Gress. We are looking forward to hearing your questions. It's best if you just get started!