

Continental Considering Spin-off of Powertrain Division in Addition to Possible Partial IPO

- **Continental's Executive Board has decided to consider the spin-off of the Powertrain division**
- **Further maneuvering room in addition to the possibility of a partial IPO**
- **Decision regarding the actual implementation will be taken after a review of the technical and legal requirements**
- **According to CEO Dr. Elmar Degenhart: "Our powertrain business will embark on its promising course under the best possible conditions in 2020 – regardless of whether it does so via a partial IPO or a spin-off"**

Hanover, September 2, 2019. At its meeting today, Continental's Executive Board decided to consider the possibility of a spin-off of the Powertrain division (future name: Vitesco Technologies) and subsequent stock exchange listing. This review will be conducted in parallel with the company's ongoing preparations for a potential partial IPO of the division. This creates further maneuvering room for Continental, given an accelerating trend toward powertrain electrification and the hard-to-predict conditions surrounding a potential partial IPO in 2020. In addition to examining the technical and legal requirements, the review of this option also includes the possibility of a complete spin-off. The Executive Board and Supervisory Board will reach a decision regarding the actual implementation after the review has been completed.

"This approach ensures that our powertrain business will be able to embark on its promising course under the best possible conditions in 2020 – regardless of whether it does so via a partial IPO or a spin-off. In addition, it provides all stakeholders with clear guidance on future planning so that they can focus on the actual business, its profitable growth and successful technological expansion," said Continental CEO Dr. Elmar Degenhart, explaining the reasoning behind the review.

On this subject, he reaffirmed that the Powertrain employment guarantee would continue to apply through 2023 in the event of any changes to the company: "Regardless of which approach is taken toward independence, the key points agreed upon with the employee representatives in 'Continental in Motion – our Alliance for the Future,' published on April 18, 2018, apply to Powertrain."

In view of the disruptive powertrain market, Andreas Wolf, head of the powertrain business, emphasized the importance of readily available entrepreneurial freedom in order to increase future business success: "We are looking forward to 2020 and are eager to get started. We have a strong position, particularly in the areas of electronics and electrification, which are the foundations on which we will implement our profitable growth strategy. The important thing now is to step in early and play a greater role in shaping this unique growth market. In such a highly volatile and dynamic environment, we now need clarity fast regarding the next steps, as well as a high degree of independence and flexibility."

Wolf went on to explain that the partial IPO has to date been the preferred option of many to achieve these goals. The review of a spin-off allows the company to consider a further option aimed at ensuring that Vitesco Technologies has the best possible starting position for success in 2020.

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 2018, Continental generated sales of €44.4 billion and currently employs more than 244,000 people in 60 countries and markets.