

Automotive: Continental to Increase Efficiency in Research and Development



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Continental is implementing the global measures it announced in December to increase R&D efficiency in the Automotive group sector, affecting around 1,750 jobs worldwide

- Group sector is analyzing consolidation of locations in Rhine-Main region

- Around 5,400 jobs will be affected by communicated measures to streamline administration

- Philipp von Hirschheydt, Executive Board member and head of Automotive:

By streamlining our research and development network, we will leverage synergies and reduce costs. Combined with our focus on shortened development times and high-growth future technologies, this will improve our long-term competitiveness

Frankfurt am Main, Germany, February 14, 2024. Continental has decided on further measures to strengthen the competitiveness of its Automotive group sector. These measures aim to increase the efficiency of Automotive's global research and development network. By the end of 2025 at the latest, a number of the group sector's 82 current development locations will be streamlined, its existing infrastructures better utilized through the pooling of development units, and synergies in work processes leveraged. The efficiency measures will affect around 1,750 jobs worldwide, including 380 at software subsidiary Elektrobit. The adjustments will be implemented gradually and as socially responsible as possible in line with local conditions.

The company is also analyzing a consolidation of locations in the Rhine-Main region.

We are aware of the impact on our employees and will do everything we can to find good, tailored solutions together with our social partners,

said Philipp von Hirschheydt, Continental Executive Board member and head of Automotive.

The initiatives are part of the “Lead – Focus – Perform” strategy presented in December 2023, the aim of which is to strengthen long-term competitiveness through more efficient processes, closer collaboration, and a focus on particularly promising growth areas. As already announced at the Capital Market Day 2023, the group sector plans to reduce its share of expenditure on research and development (R&D ratio) to less than 10 percent of sales in the medium term (around 12 percent expected in 2023) and thus utilize its R&D more efficiently. Today, the group sector specified its target of 9 percent by 2028. Despite the reduction in the R&D ratio, absolute expenditure on research and development can increase based on the expected sales growth in the medium term.

Research and development form the basis for innovation and growth. By increasing efficiency and pooling our research and development activities, we will enhance collaboration, leverage synergies and shorten development times – and thus improve our long-term competitiveness. In the medium term, we will focus our resources even more on future technologies for software-defined vehicles,

As announced in November 2023, the Automotive group sector is also simplifying and streamlining its business and administrative structures with the aim of reducing costs by €400 million per year from 2025. The measures will affect around 5,400 jobs worldwide and will be implemented in the most socially responsible way possible.

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