

Preliminary Consolidated Financial Statements 2019

The following results and amounts ^{are} preliminary statements that have not yet been approved or adopted by the Supervisory Board.

Continental Corporation

IFRS 16, *Leases*, was adopted on and has been applied since January 1, 2019. It is applied using the modified retrospective approach, under which the previous year's figures are not adjusted. As a result, some of the following figures are not comparable with the prior-year period.

Continental Corporation in € millions	2019	2018
Sales	44,478.4	44,404.4
EBITDA	4,977.2	6,235.7
in % of sales	11.2	14.0
EBIT	-268.3	4,027.7
in % of sales	-0.6	9.1
Net income attributable to the shareholders of the parent	-1,225.0	2,897.3
Basic earnings per share in €	-6.13	14.49
Diluted earnings per share in €	-6.13	14.49
Research and development expenses (net)	3,364.2	3,209.0
in % of sales	7.6	7.2
Depreciation and amortization ¹	5,245.5	2,208.0
thereof impairment ²	2,509.9	20.7
Operating assets as at December 31	23,991.0	23,753.7
Operating assets (average)	26,178.5	23,640.5
ROCE	-1.0	17.0
Capital expenditure ³	3,308.6	3,124.4
in % of sales	7.4	7.0
Number of employees as at December 31 ⁴	241,458	243,226
Adjusted sales ⁵	43,867.7	44,374.2
Adjusted operating result (adjusted EBIT) ⁶	3,233.9	4,117.0
in % of adjusted sales	7.4	9.3

¹ Excluding impairment on financial investments.

² Impairment also includes necessary reversal of impairment losses.

³ Capital expenditure on property, plant and equipment, and software.

⁴ Excluding trainees.

⁵ Before changes in the scope of consolidation.

⁶ Before amortization of intangible assets from purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

Development of Core Business Areas: Automotive Group

IFRS 16, *Leases*, was adopted on and has been applied since January 1, 2019. It is applied using the modified retrospective approach, under which the previous year's figures are not adjusted. As a result, some of the following figures are not comparable with the prior-year period.

Automotive Group in € millions	2019	2018
Sales	26,523.3	26,855.8
EBITDA	1,920.2	3,177.1
in % of sales	7.2	11.8
EBIT	-2,107.7	1,890.4
in % of sales	-7.9	7.0
Research and development expenses (net)	2,902.0	2,760.5
in % of sales	10.9	10.3
Depreciation and amortization ¹	4,027.9	1,286.7
thereof impairment ²	2,475.1	19.2
Operating assets as at December 31	12,821.3	14,336.3
Operating assets (average)	14,826.4	14,095.6
ROCE	-14.2	13.4
Capital expenditure ³	2,062.0	2,019.1
in % of sales	7.8	7.5
Number of employees as at December 31 ⁴	138,295	140,016
Adjusted sales ⁵	26,376.3	26,833.4
Adjusted operating result (adjusted EBIT) ⁶	1,166.3	1,868.6
in % of adjusted sales	4.4	7.0

1 Excluding impairment on financial investments.

2 Impairment also includes necessary reversal of impairment losses.

3 Capital expenditure on property, plant and equipment, and software.

4 Excluding trainees.

5 Before changes in the scope of consolidation.

6 Before amortization of intangible assets from purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

Development of Core Business Areas: Rubber Group

IFRS 16, *Leases*, was adopted on and has been applied since January 1, 2019. It is applied using the modified retrospective approach, under which the previous year's figures are not adjusted. As a result, some of the following figures are not comparable with the prior-year period.

Rubber Group in € millions	2019	2018
Sales	18,012.9	17,603.1
EBITDA	3,168.2	3,196.6
in % of sales	17.6	18.2
EBIT	1,957.5	2,278.3
in % of sales	10.9	12.9
Research and development expenses (net)	462.2	448.5
in % of sales	2.6	2.5
Depreciation and amortization ¹	1,210.7	918.3
thereof impairment ²	34.8	1.5
Operating assets as at December 31	11,046.5	9,556.2
Operating assets (average)	11,317.3	9,618.1
ROCE	17.3	23.7
Capital expenditure ³	1,187.9	1,087.3
in % of sales	6.6	6.2
Number of employees as at December 31 ⁴	102,685	102,763
Adjusted sales ⁵	17,549.2	17,595.1
Adjusted operating result (adjusted EBIT) ⁶	2,175.2	2,389.4
in % of adjusted sales	12.4	13.6

1 Excluding impairment on financial investments.

2 Impairment also includes necessary reversal of impairment losses.

3 Capital expenditure on property, plant and equipment, and software.

4 Excluding trainees.

5 Before changes in the scope of consolidation.

6 Before amortization of intangible assets from purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

EBITDA

EBITDA	in € millions		in % of sales	
	2019	2018	2019	2018
Chassis & Safety	1,145.3	1,213.3	12.2	12.7
Powertrain	192.5	574.6	2.5	7.4
Interior	582.4	1,389.2	6.1	14.3
Tires	2,497.7	2,495.2	21.3	22.0
ContiTech	670.5	701.4	10.5	11.1
Other/consolidation	-111.2	-138.0		
Continental Corporation	4,977.2	6,235.7	11.2	14.0

EBIT

EBIT	in € millions		in % of sales	
	2019	2018	2019	2018
Chassis & Safety	-120.3	782.5	-1.3	8.2
Powertrain	-662.1	119.8	-8.5	1.5
Interior	-1,325.3	988.1	-13.8	10.2
Tires	1,651.6	1,882.1	14.1	16.6
ContiTech	305.9	396.2	4.8	6.2
Other/consolidation	-118.1	-141.0		
Continental Corporation	-268.3	4,027.7	-0.6	9.1

Adjusted Operating Result (Adjusted EBIT)¹

Adjusted operating result (adjusted EBIT) ¹	in € millions		in % of adjusted sales ²	
	2019	2018	2019	2018
Chassis & Safety	675.9	785.3	7.2	8.2
Powertrain	57.0	220.1	0.7	2.8
Interior	433.4	863.2	4.6	9.0
Tires	1,708.3	1,902.6	14.9	16.8
ContiTech	466.9	486.8	7.5	7.7
Other/consolidation	-107.6	-141.0		
Continental Corporation	3,233.9	4,117.0	7.4	9.3

¹ Before amortization of intangible assets from purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

² Before changes in the scope of consolidation.

Key Figures of the Continental Share¹

€ (unless otherwise specified)	2019	2018
Basic earnings per share	-6.13	14.49
Diluted earnings per share	-6.13	14.49
Dividend per share	4.00 ²	4.75
Dividend payout ratio (%)	n. a.	32.8
Dividend yield (%)	3.1 ²	2.5
Yearly average price-earnings ratio (P/E ratio) ³	n. a.	13.2
Share price at year end	115.26	120.75
Average share price	127.58	191.27
Share price at year high	157.40	257.40
Share price at year low	103.62	119.10
Number of outstanding shares, average (in millions)	200.0	200.0
Number of outstanding shares as at December 31 (in millions)	200.0	200.0

¹ All market prices are quotations of the Continental share in the Xetra system of Deutsche Börse AG.

² Subject to the approval of the Annual Shareholders' Meeting on April 30, 2020.

³ Net income attributable to the shareholders of the parent per share at the annual average share price.

Consolidated Statement of Income

€ millions	2019	2018
Sales	44,478.4	44,404.4
Cost of sales	-33,893.4	-33,299.5
Gross margin on sales	10,585.0	11,104.9
Research and development expenses	-4,471.8	-4,280.2
Selling and logistics expenses	-2,718.9	-2,494.3
Administrative expenses	-1,110.2	-1,149.0
Other income	1,774.6	1,803.4
Other expenses	-4,203.2	-1,027.5
Income from equity-accounted investees	-124.3	69.6
Other income from investments	0.5	0.8
EBIT	-268.3	4,027.7
Interest income	147.2	122.9
Interest expense	-317.3	-276.2
Effects from currency translation	-30.5	-30.4
Effects from changes in the fair value of derivative instruments, and other valuation effects	-119.7	5.9
Financial result	-320.3	-177.8
Earnings before tax	-588.6	3,849.9
Income tax expense	-582.4	-891.6
Net income	-1,171.0	2,958.3
Non-controlling interests	-54.0	-61.0
Net income attributable to the shareholders of the parent	-1,225.0	2,897.3
Basic earnings per share in €	-6.13	14.49
Diluted earnings per share in €	-6.13	14.49

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Consolidated Statement of Financial Position

Assets in € millions	Dec. 31, 2019	Dec. 31, 2018
Goodwill	5,113.5	7,233.4
Other intangible assets	1,691.8	1,566.3
Property, plant and equipment	14,932.7	12,375.5
Investment property	11.7	12.0
Investments in equity-accounted investees	397.7	644.9
Other investments	197.6	192.9
Deferred tax assets	2,174.4	1,464.4
Defined benefit assets	7.8	27.8
Long-term contract assets	0.1	0.1
Long-term derivative instruments and interest-bearing investments	54.0	32.4
Long-term other financial assets	114.6	81.4
Long-term other assets	28.6	27.6
Non-current assets	24,724.5	23,658.7
Inventories	4,694.4	4,521.1
Trade accounts receivable ¹	7,711.6	7,858.2
Short-term contract assets	89.1	67.4
Short-term other financial assets ¹	118.5	94.4
Short-term other assets	1,406.7	1,124.2
Income tax receivables	240.5	208.2
Short-term derivative instruments and interest-bearing investments	151.5	151.8
Cash and cash equivalents	3,341.8	2,761.4
Assets held for sale	89.6	–
Current assets	17,843.7	16,786.7
Total assets	42,568.2	40,445.4

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¹ From the 2019 fiscal year onward, the presentation of receivables from related parties is made more transparent by reclassifying receivables from operating service business from short-term other financial assets to trade accounts receivable among these items of the statement of financial position. The figures from the comparative period have been adjusted accordingly.

Equity and liabilities in € millions	Dec. 31, 2019	Dec. 31, 2018
Subscribed capital	512.0	512.0
Capital reserves	4,155.6	4,155.6
Retained earnings	13,522.1	15,697.2
Other comprehensive income	-2,794.4	-2,514.4
Equity attributable to the shareholders of the parent	15,395.3	17,850.4
Non-controlling interests	480.4	482.9
Total equity	15,875.7	18,333.3
Long-term employee benefits	5,406.3	4,407.0
Deferred tax liabilities	305.4	315.7
Long-term provisions for other risks and obligations	666.1	163.7
Long-term indebtedness	3,375.2	1,449.0
Long-term other financial liabilities	31.7	38.4
Long-term contract liabilities	16.7	11.0
Long-term other liabilities	20.0	13.4
Non-current liabilities	9,821.4	6,398.2
Short-term employee benefits	1,368.7	1,454.2
Trade accounts payable ¹	7,111.0	7,525.6
Short-term contract liabilities	234.9	150.2
Income tax payables	938.6	750.7
Short-term provisions for other risks and obligations	1,261.6	1,066.1
Short-term indebtedness	4,243.8	3,157.9
Short-term other financial liabilities ¹	1,046.3	1,042.6
Short-term other liabilities	666.2	566.6
Current liabilities	16,871.1	15,713.9
Total equity and liabilities	42,568.2	40,445.4

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¹ From the 2019 fiscal year onward, the presentation of liabilities to related parties is made more transparent by reclassifying liabilities from operating service business from short-term other financial liabilities to trade accounts payable among these items of the statement of financial position. The figures from the comparative period have been adjusted accordingly.

Consolidated Statement of Cash Flows

€ millions	2019	2018
Net income	-1,171.0	2,958.3
Income tax expense	582.4	891.6
Financial result	320.3	177.8
EBIT	-268.3	4,027.7
Interest paid ¹	-157.9	-130.4
Interest received ¹	75.0	39.1
Income tax paid ¹	-866.0	-848.1
Dividends received	67.3	45.0
Depreciation, amortization, impairment and reversal of impairment losses	5,245.5	2,208.0
Income from equity-accounted investees and other investments, incl. impairment and reversal of impairment losses	123.8	-70.4
Gains/losses from the disposal of assets, companies and business operations	-15.5	-176.0
Changes in		
inventories	-49.1	-358.4
trade accounts receivable ¹	337.8	-11.5
trade accounts payable ¹	-544.7	430.1
employee benefits and other provisions	658.3	-232.1
other assets and liabilities ¹	-191.8	54.2
Cash flow arising from operating activities	4,414.4	4,977.2
Cash flow from the disposal of assets	53.9	64.0
Capital expenditure on property, plant and equipment, and software	-2,977.5	-3,124.4
Capital expenditure on intangible assets from development projects and miscellaneous	-242.8	-161.0
Cash flow from the disposal of companies and business operations	1.3	13.1
Acquisition of companies and business operations	-487.6	-417.9
Cash flow arising from investing activities	-3,652.7	-3,626.2
Cash flow before financing activities (free cash flow)	761.7	1,351.0
Net cash change in short-term indebtedness	-1,049.5	453.7
Cash change in long-term indebtedness	1,907.5	13.9
Other cash changes	-24.9	23.7
Successive purchases	-71.0	-19.2
Dividends paid	-950.0	-900.0
Dividends paid to and cash changes from equity transactions with non-controlling interests	-32.5	-45.4
Cash and cash equivalents arising from the first-time consolidation of subsidiaries	0.4	2.0
Cash flow arising from financing activities	-220.0	-471.3
Change in cash and cash equivalents	541.7	879.7
Cash and cash equivalents as at January 1	2,761.4	1,881.5
Effect of exchange-rate changes on cash and cash equivalents	38.7	0.2
Cash and cash equivalents as at December 31	3,341.8	2,761.4

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¹ The previous year's figures have been adjusted due to the change in recognition of interest and penalties on income taxes. To increase transparency, receivables from and liabilities to related parties have been reclassified from changes in other assets and liabilities to changes from trade accounts receivable and payable, starting from the 2019 fiscal year. The figures from the comparative period have been adjusted accordingly.

Segment Reporting

Segment report by division for 2019

€ millions	Chassis & Safety	Powertrain	Interior	Tires	ContiTech	Other/ consolidation	Continental Corporation
External sales	9,348.2	7,614.9	9,540.6	11,671.3	6,303.4	–	44,478.4
Intercompany sales	33.4	187.4	54.9	56.7	98.1	-430.5	–
Sales (total)	9,381.6	7,802.3	9,595.5	11,728.0	6,401.5	-430.5	44,478.4
EBIT (segment result)	-120.3	-662.1	-1,325.3	1,651.6	305.9	-118.1	-268.3
in % of sales	-1.3	-8.5	-13.8	14.1	4.8	–	-0.6
thereof income from equity-accounted investees	9.6	6.7	-147.0	6.2	0.5	-0.3	-124.3
Capital expenditure ¹	720.6	657.7	683.7	926.2	261.7	58.7	3,308.6
in % of sales	7.7	8.4	7.1	7.9	4.1	–	7.4
Depreciation and amortization ²	1,265.6	854.6	1,907.7	846.1	364.6	6.9	5,245.5
thereof impairment ³	750.0	351.9	1,373.2	22.5	12.3	–	2,509.9
Internally generated intangible assets	2.0	67.9	130.5	0.0	0.0	–	200.4
Significant non-cash expenses/income	-0.1	-40.3	-179.4	-16.4	-21.9	6.5	-251.6
Segment assets	7,379.2	6,063.6	7,521.6	10,073.9	4,776.8	162.0	35,977.1
thereof investments in equity-accounted investees	128.5	68.4	63.4	109.2	19.9	8.3	397.7
Segment liabilities	2,662.4	2,716.3	2,764.4	2,518.7	1,285.5	38.8	11,986.1
Operating assets as at December 31	4,716.8	3,347.3	4,757.2	7,555.2	3,491.3	123.2	23,991.0
Operating assets (average)	5,159.9	3,906.3	5,760.2	7,797.5	3,519.8	34.8	26,178.5
ROCE	-2.3	-16.9	-23.0	21.2	8.7	–	-1.0
Number of employees as at December 31 ⁴	48,434	41,744	48,117	56,884	45,801	478	241,458
Adjusted sales ⁵	9,381.6	7,802.3	9,448.5	11,468.7	6,197.1	-430.5	43,867.7
Adjusted operating result (adjusted EBIT) ⁶	675.9	57.0	433.4	1,708.3	466.9	-107.6	3,233.9
in % of adjusted sales	7.2	0.7	4.6	14.9	7.5	–	7.4

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1 Capital expenditure on property, plant and equipment, and software.

2 Excluding impairment on financial investments.

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4 Excluding trainees.

5 Before changes in the scope of consolidation.

6 Before amortization of intangible assets from purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

Segment report by division for 2018

€ millions	Chassis & Safety	Powertrain	Interior	Tires	ContiTech	Other/ consolidation	Continental Corporation
External sales	9,559.3	7,612.0	9,668.9	11,315.9	6,248.3	–	44,404.4
Intercompany sales	28.7	129.0	38.3	36.3	96.4	-328.7	–
Sales (total)	9,588.0	7,741.0	9,707.2	11,352.2	6,344.7	-328.7	44,404.4
EBIT (segment result)	782.5	119.8	988.1	1,882.1	396.2	-141.0	4,027.7
in % of sales	8.2	1.5	10.2	16.6	6.2	–	9.1
thereof income from equity-accounted investees	18.8	0.2	34.1	15.7	0.2	0.6	69.6
Capital expenditure ¹	749.7	691.0	578.4	837.1	250.2	18.0	3,124.4
in % of sales	7.8	8.9	6.0	7.4	3.9	–	7.0
Depreciation and amortization ²	430.8	454.8	401.1	613.1	305.2	3.0	2,208.0
thereof impairment ³	1.5	19.3	-1.6	1.2	0.3	0.0	20.7
Internally generated intangible assets	0.0	55.5	102.4	0.0	0.0	0.1	158.0
Significant non-cash expenses/income	4.5	-37.0	14.0	-2.2	-21.2	10.0	-31.9
Segment assets	7,700.1	5,830.5	8,389.4	9,089.6	4,391.8	76.4	35,477.8
thereof investments in equity-accounted investees	124.5	61.0	336.6	112.1	2.0	8.7	644.9
Segment liabilities	2,709.6	2,272.8	2,601.3	2,654.3	1,270.9	215.2	11,724.1
Operating assets as at December 31	4,990.5	3,557.7	5,788.1	6,435.3	3,120.9	-138.8	23,753.7
Operating assets (average)	4,887.1	3,582.2	5,626.3	6,471.2	3,146.9	-73.2	23,640.5
ROCE	16.0	3.3	17.6	29.1	12.6	–	17.0
Number of employees as at December 31 ⁴	49,509	42,601	47,906	55,840	46,923	447	243,226
Adjusted sales ⁵	9,588.0	7,888.0	9,566.8	11,352.2	6,336.7	-357.5	44,374.2
Adjusted operating result (adjusted EBIT) ⁶	785.3	220.1	863.2	1,902.6	486.8	-141.0	4,117.0
in % of adjusted sales	8.2	2.8	9.0	16.8	7.7	–	9.3

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Reconciliation of EBIT to net income

€ millions	2019	2018
Chassis & Safety	-120.3	782.5
Powertrain	-662.1	119.8
Interior	-1,325.3	988.1
Tires	1,651.6	1,882.1
ContiTech	305.9	396.2
Other/consolidation	-118.1	-141.0
EBIT	-268.3	4,027.7
Financial result	-320.3	-177.8
Earnings before tax	-588.6	3,849.9
Income tax expense	-582.4	-891.6
Net income	-1,171.0	2,958.3
Non-controlling interests	-54.0	-61.0
Net income attributable to the shareholders of the parent	-1,225.0	2,897.3

Continental AG

€ millions	2019	2018
Net income	5,047.5	1,188.1
Accumulated profits brought forward from the previous year	808.5	570.4
Retained earnings	5,856.0	1,758.5

A dividend payment of €4.00 per share will be proposed to the Annual Shareholders' Meeting on April 30, 2020.

Financial Calendar

2020	
Annual Financial Press Conference	March 5
Analyst and Investor Conference Call	March 5
Annual Shareholders' Meeting (including key figures for the first quarter of 2020)	April 30
Financial Report as at March 31, 2020	May 7
Half-Year Financial Report as at June 30, 2020	August 5
Financial Report as at September 30, 2020	November 11

2021	
Annual Financial Press Conference	March
Analyst and Investor Conference Call	March
Annual Shareholders' Meeting (including key figures for the first quarter of 2021)	April 29
Financial Report as at March 31, 2021	May
Half-Year Financial Report as at June 30, 2021	August
Financial Report as at September 31, 2021	November

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