

Preliminary Consolidated Financial Statements 2017

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

Continental Corporation

Continental Corporation in € millions	2017	2016
Sales	44,009.5	40,549.5
EBITDA	6,678.9	6,057.4
in % of sales	15.2	14.9
EBIT	4,561.5	4,095.8
in % of sales	10.4	10.1
Net income attributable to the shareholders of the parent	2,984.6	2,802.5
Basic earnings per share in €	14.92	14.01
Research and development expenses (net)	3,103.7	2,811.5
in % of sales	7.1	6.9
Depreciation and amortization ¹	2,117.4	1,961.6
thereof impairment ²	40.2	58.6
Operating assets as at December 31	22,213.6	21,068.7
Operating assets (average)	22,172.4	20,453.1
ROCE	20.6	20.0
Capital expenditure ³	2,854.4	2,593.0
in % of sales	6.5	6.4
Number of employees as at December 31 ⁴	235,473	220,137
Adjusted sales ⁵	43,401.3	40,545.2
Adjusted operating result (adjusted EBIT) ⁶	4,746.9	4,309.8
in % of adjusted sales	10.9	10.6

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.

Development of Core Business Areas: Automotive Group

Automotive Group in € millions	2017	2016
Sales	26,565.4	24,496.4
EBITDA	3,296.4	2,615.0
in % of sales	12.4	10.7
EBIT	2,086.8	1,526.6
in % of sales	7.9	6.2
Research and development expenses (net)	2,675.5	2,430.9
in % of sales	10.1	9.9
Depreciation and amortization ¹	1,209.6	1,088.4
thereof impairment ²	37.3	21.4
Operating assets as at December 31	13,187.2	12,493.6
Operating assets (average)	12,874.1	11,978.3
ROCE	16.2	12.7
Capital expenditure ³	1,789.5	1,497.0
in % of sales	6.7	6.1
Number of employees as at December 31 ⁴	134,286	124,753
Adjusted sales ⁵	26,486.5	24,496.4
Adjusted operating result (adjusted EBIT) ⁶	2,222.1	1,613.4
in % of adjusted sales	8.4	6.6

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.

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Development of Core Business Areas: Rubber Group

Rubber Group in € millions	2017	2016
Sales	17,494.7	16,097.6
EBITDA	3,499.6	3,559.6
in % of sales	20.0	22.1
EBIT	2,593.5	2,688.6
in % of sales	14.8	16.7
Research and development expenses (net)	428.2	380.6
in % of sales	2.4	2.4
Depreciation and amortization ¹	906.1	871.0
thereof impairment ²	2.9	37.2
Operating assets as at December 31	9,073.6	8,640.4
Operating assets (average)	9,325.1	8,561.4
ROCE	27.8	31.4
Capital expenditure ³	1,060.2	1,094.1
in % of sales	6.1	6.8
Number of employees as at December 31 ⁴	100,749	94,966
Adjusted sales ⁵	16,965.4	16,093.3
Adjusted operating result (adjusted EBIT) ⁶	2,643.6	2,815.8
in % of adjusted sales	15.6	17.5

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	
	2017	2016	2017	2016
Chassis & Safety	1,301.6	954.6	13.3	10.6
Powertrain	854.8	756.2	11.2	10.3
Interior	1,140.0	904.2	12.3	10.9
Tires	2,748.7	2,828.7	24.3	26.4
ContiTech	750.9	730.9	12.0	13.4
Other/consolidation	-117.1	-117.2		
Continental Corporation	6,678.9	6,057.4	15.2	14.9

EBIT

EBIT	in € millions		in % of sales	
	2017	2016	2017	2016
Chassis & Safety	897.7	580.8	9.2	6.5
Powertrain	439.9	378.0	5.7	5.2
Interior	749.2	567.8	8.1	6.8
Tires	2,151.3	2,289.4	19.0	21.4
ContiTech	442.2	399.2	7.1	7.3
Other/consolidation	-118.8	-119.4		
Continental Corporation	4,561.5	4,095.8	10.4	10.1

Adjusted Operating Result (Adjusted EBIT)¹

Adjusted operating result (adjusted EBIT) ¹	in € millions		in % of adjusted sales ²	
	2017	2016	2017	2016
Chassis & Safety	898.1	582.6	9.2	6.5
Powertrain	473.5	398.1	6.2	5.4
Interior	850.5	632.7	9.2	7.6
Tires	2,128.2	2,296.6	19.0	21.4
ContiTech	515.4	519.2	8.8	9.5
Other/consolidation	-118.8	-119.4		
Continental Corporation	4,746.9	4,309.8	10.9	10.6

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)	2017	2016
Basic earnings per share	14.92	14.01
Diluted earnings per share	14.92	14.01
Free cash flow per share	8.76	8.86
Dividend per share	4.50 ²	4.25
Dividend payout ratio (%)	30.2 ²	30.3
Dividend yield (%)	2.2 ²	2.3
Total equity (book value) per share as at December 31 ³	79.14	71.35
Yearly average price-earnings ratio (P/E ratio) ⁴	13.5	13.2
Share price at year end	225.05	183.70
Average share price	201.45	185.26
Share price at year high	228.85	220.10
Share price at year low	180.70	158.20
Average XETRA trading volume per trading day (units)	392,132	436,412
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 27, 2018.

³ Equity attributable to the shareholders of the parent per share.

⁴ Net income attributable to the shareholders of the parent per share at the annual average share price.

Consolidated Statement of Income

€ millions	2017	2016
Sales	44,009.5	40,549.5
Cost of sales	-32,635.0	-29,783.0
Gross margin on sales	11,374.5	10,766.5
Research and development expenses	-3,103.7	-2,811.5
Selling and logistics expenses	-2,430.2	-2,251.0
Administrative expenses	-1,144.3	-1,012.6
Other income ¹	584.5	316.0
Other expenses ¹	-796.6	-981.8
Income from equity-accounted investees	76.8	69.7
Other income from investments	0.5	0.5
EBIT	4,561.5	4,095.8
Interest income	94.4	101.4
Interest expense	-281.5	-308.8
Effects from currency translation	-138.8	157.1
Effects from changes in the fair value of derivative instruments, and other valuation effects	40.2	-66.7
Financial result²	-285.7	-117.0
Earnings before tax	4,275.8	3,978.8
Income tax expense	-1,227.5	-1,096.8
Net income	3,048.3	2,882.0
Non-controlling interests	-63.7	-79.5
Net income attributable to the shareholders of the parent	2,984.6	2,802.5
Basic earnings per share in €	14.92	14.01
Diluted earnings per share in €	14.92	14.01

¹ To improve transparency, other expenses and income are shown separately from fiscal 2017. The figures from the comparative period have been adjusted accordingly.

² To improve transparency, the components of the financial result (previously: net interest result) are shown separately from fiscal 2017. The figures from the comparative period have been adjusted accordingly.

Consolidated Statement of Financial Position

Assets in € millions	Dec. 31, 2017	Dec. 31, 2016
Goodwill	7,010.1	6,857.3
Other intangible assets	1,607.3	1,514.1
Property, plant and equipment	11,202.1	10,538.1
Investment property	10.5	10.3
Investments in equity-accounted investees	414.8	384.8
Other investments	51.0	43.1
Deferred tax assets	1,517.2	1,836.1
Defined benefit assets	16.0	24.3
Long-term derivative instruments and interest-bearing investments	113.3	19.7
Long-term other financial assets	68.8	66.4
Long-term other assets	27.3	26.8
Non-current assets	22,038.4	21,321.0
Inventories	4,128.2	3,753.2
Trade accounts receivable	7,669.3	7,392.7
Short-term other financial assets	529.5	455.5
Short-term other assets	954.3	989.0
Income tax receivables	178.2	124.7
Short-term derivative instruments and interest-bearing investments	47.6	27.8
Cash and cash equivalents	1,881.5	2,107.0
Assets held for sale	13.5	4.0
Current assets	15,402.1	14,853.9
Total assets	37,440.5	36,174.9

Equity and liabilities in € millions	Dec. 31, 2017	Dec. 31, 2016
Subscribed capital	512.0	512.0
Capital reserves	4,155.6	4,155.6
Retained earnings	13,669.3	11,534.7
Other comprehensive income	-2,508.5	-1,932.3
Equity attributable to the shareholders of the parent	15,828.4	14,270.0
Non-controlling interests	461.9	464.8
Total equity	16,290.3	14,734.8
Long-term employee benefits	4,394.1	4,392.3
Deferred tax liabilities	348.5	371.5
Long-term provisions for other risks and obligations	139.6	204.2
Long-term indebtedness	2,017.8	2,803.7
Long-term other financial liabilities	36.1	97.1
Long-term other liabilities	25.4	17.1
Non-current liabilities	6,961.5	7,885.9
Short-term employee benefits	1,490.6	1,314.1
Trade accounts payable	6,798.5	6,248.0
Income tax payables	889.7	783.6
Short-term provisions for other risks and obligations	943.0	1,146.4
Short-term indebtedness	2,072.2	2,148.6
Short-term other financial liabilities	1,276.8	1,187.3
Short-term other liabilities	717.9	726.2
Current liabilities	14,188.7	13,554.2
Total equity and liabilities	37,440.5	36,174.9

Consolidated Statement of Cash Flows

€ millions	2017	2016
Net income	3,048.3	2,882.0
Income tax expense	1,227.5	1,096.8
Financial result	285.7	117.0
EBIT	4,561.5	4,095.8
Interest paid	-131.5	-136.1
Interest received	26.1	24.2
Income tax paid	-1,122.1	-1,047.3
Dividends received	40.7	45.1
Depreciation, amortization, impairment and reversal of impairment losses	2,117.4	1,961.6
Income from equity-accounted investees and other investments, incl. impairment and reversal of impairment losses	-77.3	-70.2
Gains/losses from the disposal of assets, companies and business operations	-34.6	-15.3
Changes in		
inventories	-484.3	-326.5
trade accounts receivable	-737.1	-631.7
trade accounts payable	737.6	748.1
employee benefits and other provisions	94.4	384.8
other assets and liabilities	229.7	-94.4
Cash flow arising from operating activities	5,220.5	4,938.1
Cash flow from the disposal of property, plant and equipment, and intangible assets	59.3	53.0
Capital expenditure on property, plant and equipment, and software	-2,849.7	-2,592.5
Capital expenditure on intangible assets from development projects and miscellaneous	-101.4	-115.7
Cash flow from the disposal of companies and business operations	20.4	4.6
Acquisition of companies and business operations	-596.3	-516.2
Cash flow arising from investing activities	-3,467.7	-3,166.8
Cash flow before financing activities (free cash flow)	1,752.8	1,771.3
Net cash change in short-term indebtedness ¹	-879.0	-1,006.8
Cash change in long-term indebtedness ¹	-117.8	659.7
Other cash changes ¹	14.1	7.1
Successive purchases	-0.7	-109.7
Dividends paid	-850.0	-750.0
Dividends paid to and cash changes from equity transactions with non-controlling interests	-46.5	-55.6
Cash and cash equivalents arising from the first-time consolidation of subsidiaries	0.7	0.6
Cash flow arising from financing activities	-1,879.2	-1,254.7
Change in cash and cash equivalents	-126.4	516.6
Cash and cash equivalents as at January 1	2,107.0	1,621.5
Effect of exchange-rate changes on cash and cash equivalents	-99.1	-31.1
Cash and cash equivalents as at December 31	1,881.5	2,107.0

¹ The statement was adjusted in line with the requirements of the changes to IAS 7, Statement of Cash Flows (Disclosure Initiative). The figures from the comparative period have been adjusted accordingly.

Segment Reporting

Segment report by division for 2017

€ millions	Chassis & Safety	Powertrain	Interior	Tires	ContiTech	Other/ consolidation	Continental Corporation
External sales	9,743.7	7,535.8	9,276.4	11,303.4	6,150.2	–	44,009.5
Intercompany sales	24.1	125.1	28.8	22.4	96.2	-296.6	–
Sales (total)	9,767.8	7,660.9	9,305.2	11,325.8	6,246.4	-296.6	44,009.5
EBIT (segment result)	897.7	439.9	749.2	2,151.3	442.2	-118.8	4,561.5
in % of sales	9.2	5.7	8.1	19.0	7.1	–	10.4
thereof income from equity-accounted investees	22.2	4.7	30.5	18.5	0.1	0.8	76.8
Capital expenditure ¹	682.5	653.7	453.3	847.0	213.2	4.7	2,854.4
in % of sales	7.0	8.5	4.9	7.5	3.4	–	6.5
Depreciation and amortization ²	403.9	414.9	390.8	597.4	308.7	1.7	2,117.4
thereof impairment ³	0.5	18.6	18.2	0.5	2.4	–	40.2
Internally generated intangible assets	–	51.8	40.2	–	–	0.1	92.1
Significant non-cash expenses/income	9.7	-37.1	-4.2	3.4	-20.8	7.4	-41.6
Segment assets	7,350.9	5,430.1	7,669.4	8,432.1	4,342.8	32.0	33,257.3
thereof investments in equity-accounted investees	112.4	59.9	132.3	100.2	1.7	8.3	414.8
Segment liabilities	2,805.3	2,029.3	2,428.6	2,436.4	1,264.9	79.2	11,043.7
Operating assets as at December 31	4,545.6	3,400.8	5,240.8	5,995.7	3,077.9	-47.2	22,213.6
Operating assets (average)	4,519.6	3,325.6	5,028.9	6,143.0	3,182.1	-26.8	22,172.4
ROCE	19.9	13.2	14.9	35.0	13.9	–	20.6
Number of employees as at December 31 ⁴	47,788	40,492	46,006	53,811	46,938	438	235,473
Adjusted sales ⁵	9,767.8	7,652.9	9,234.3	11,194.7	5,848.2	-296.6	43,401.3
Adjusted operating result (adjusted EBIT) ⁶	898.1	473.5	850.5	2,128.2	515.4	-118.8	4,746.9
in % of adjusted sales	9.2	6.2	9.2	19.0	8.8	–	10.9

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

2 Excluding impairment on financial investments.

3 Impairment also includes necessary reversal of impairment losses.

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 2016

€ millions	Chassis & Safety	Powertrain	Interior	Tires	ContiTech	Other/ consolidation	Continental Corporation
External sales	8,958.4	7,219.1	8,308.6	10,696.2	5,367.2	–	40,549.5
Intercompany sales	19.2	100.4	16.1	21.2	95.3	-252.2	–
Sales (total)	8,977.6	7,319.5	8,324.7	10,717.4	5,462.5	-252.2	40,549.5
EBIT (segment result)	580.8	378.0	567.8	2,289.4	399.2	-119.4	4,095.8
in % of sales	6.5	5.2	6.8	21.4	7.3	–	10.1
thereof income from equity-accounted investees	22.6	3.8	27.0	15.3	0.2	0.8	69.7
Capital expenditure ¹	523.7	544.4	428.9	882.1	212.0	1.9	2,593.0
in % of sales	5.8	7.4	5.2	8.2	3.9	–	6.4
Depreciation and amortization ²	373.8	378.2	336.4	539.3	331.7	2.2	1,961.6
thereof impairment ³	1.5	8.3	11.6	0.2	37.0	–	58.6
Internally generated intangible assets	0.0	57.4	48.6	–	–	-0.1	105.9
Significant non-cash expenses/income	30.9	-20.6	4.6	8.1	-8.8	13.5	27.7
Segment assets	7,107.9	5,120.1	7,059.7	8,086.5	3,973.7	31.0	31,378.9
thereof investments in equity-accounted investees	113.2	54.3	113.7	94.1	1.8	7.7	384.8
Segment liabilities	2,598.4	1,894.9	2,300.8	2,314.6	1,105.2	96.3	10,310.2
Operating assets as at December 31	4,509.5	3,225.2	4,758.9	5,771.9	2,868.5	-65.3	21,068.7
Operating assets (average)	4,448.7	3,015.8	4,513.8	5,612.7	2,948.7	-86.6	20,453.1
ROCE	13.1	12.5	12.6	40.8	13.5	–	20.0
Number of employees as at December 31 ⁴	43,907	37,502	43,344	52,057	42,909	418	220,137
Adjusted sales ⁵	8,977.6	7,319.5	8,324.7	10,716.6	5,459.0	-252.2	40,545.2
Adjusted operating result (adjusted EBIT) ⁶	582.6	398.1	632.7	2,296.6	519.2	-119.4	4,309.8
in % of adjusted sales	6.5	5.4	7.6	21.4	9.5	–	10.6

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

2 Excluding impairment on financial investments.

3 Impairment also includes necessary reversal of impairment losses.

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.

Reconciliation of EBIT to Net Income

€ millions	2017	2016
Chassis & Safety	897.7	580.8
Powertrain	439.9	378.0
Interior	749.2	567.8
Tires	2,151.3	2,289.4
ContiTech	442.2	399.2
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Income tax expense	-1,227.5	-1,096.8
Net income	3,048.3	2,882.0
Non-controlling interests	-63.7	-79.5
Net income attributable to the shareholders of the parent	2,984.6	2,802.5

Continental AG

€ millions	2017	2016
Net income	1,217.3	839.0
Accumulated profits brought forward from the previous year	253.1	264.1
Retained earnings	1,470.4	1,103.1

A dividend payment of €4.50 per share shall be proposed to the Annual Shareholders' Meeting on April 27, 2018.

Financial Calendar

2018	
Preliminary figures for fiscal 2017	January 9
Annual Financial Press Conference	March 8
Analyst and Investor Conference Call	March 8
Annual Shareholders' Meeting (including key figures for the first quarter of 2018)	April 27
Financial Report as at March 31, 2018	May 8
Half-Year Financial Report as at June 30, 2018	August 2
Financial Report as at September 30, 2018	November 8

2019	
Preliminary figures for fiscal 2018	January
Annual Financial Press Conference	March
Analyst and Investor Conference Call	March
Annual Shareholders' Meeting (including key figures for the first quarter of 2019)	April 26
Financial Report as at March 31, 2019	May
Half-Year Financial Report as at June 30, 2019	August
Financial Report as at September 30, 2019	November

Continental Aktiengesellschaft

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