Continental
The Future in Motion

Q1

Mobility Is The Future ›

Financial Report
as at March 31, 2015

Continental Shares and Bonds

Boom on European stock markets

At the beginning of 2015, uncertainty regarding the future monetary policy of the European Central Bank (ECB) and the U.S. Federal Reserve (Fed) as well as concerns about Greece's debt situation and the European economy led to cautious sentiment on global stock markets in general. Speculation regarding an extensive asset purchasing program by the ECB caused a slight rise in share prices from mid-January.

On January 22, 2015, the ECB announced that it would purchase approximately €60 billion assets per month of "euro area central governments, agencies and European institutions" in the secondary market from March 2015 until at least September 2016 – amounting to €1,140 billion in total. In doing so, the ECB exceeded market participants' expectations and thus brought about a boom on eurozone stock markets. At the same time, the euro once again declined in value significantly in relation to the U.S. dollar and other currencies. As at the end of the first quarter, the euro was down 11% in relation to the U.S. dollar as compared to the end of 2014.

Increasing prices on the European stock markets were given a further boost by the announcement of good company figures for 2014 and rising investor expectations on the development of company profits in 2015. These are expected to increase thanks to cost savings resulting from lower prices for crude oil and other raw materials. In addition, sales opportunities for export-oriented companies in the eurozone are likely to improve due to the depreciation of the euro. The Fed's announcement that it is "not impatient" with regard to the interest rate hike, which is set to be implemented this year, also received a positive response on the markets. The DAX, in particular, benefited from this environment, setting one record after another and exceeding the levels of 11,000 and 12,000 points for the first time. The EURO STOXX 50 also rose substantially in the first quarter of 2015, reaching a new seven-year high. By contrast, the stock market in the U.S.A. was negatively impacted by share price declines among oil industry companies, causing the Dow Jones Index to stagnate during the reporting period at the level from the end of 2014.

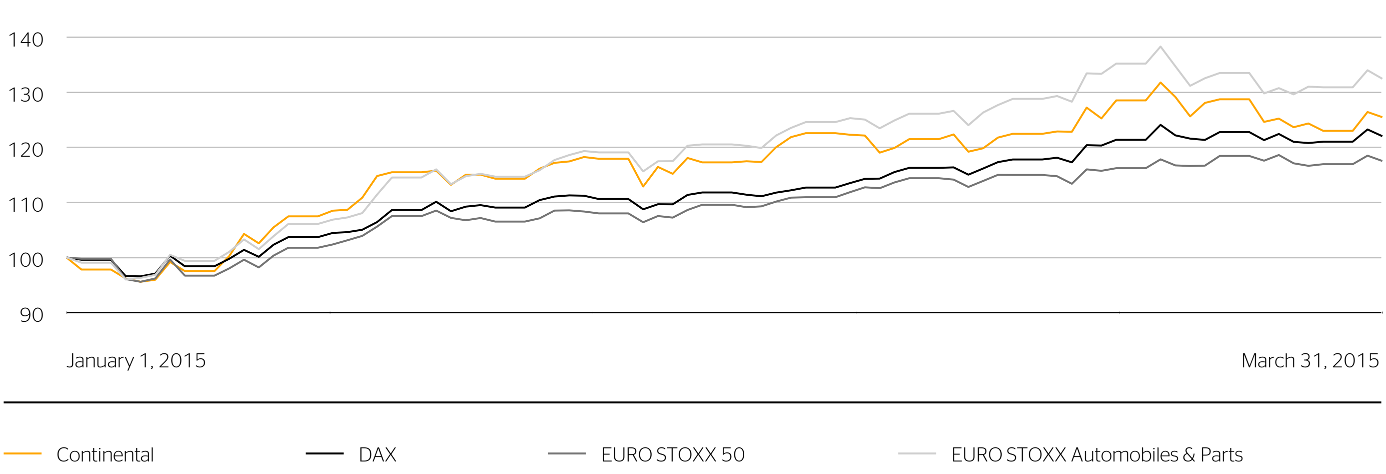
In Europe, renewed concerns about Greece's financial situation led to profit-taking and a sideways trend on stock markets from mid-March 2015. The DAX closed the first quarter of 2015 up 22.0% on its level at the beginning of the year, while the EURO STOXX 50 posted an increase of 17.5%.

Substantial rise in Continental share price

In mid-January 2015, Continental shares benefited from the announcement of preliminary figures for fiscal 2014, climbing above the €200 mark for the first time later in the month. Continental's announcement on January 30, 2015, of the closing of the acquisition of Veyance Technologies had been expected by analysts and investors and therefore had only a minor impact on the share price.

The higher-than-expected number of new passenger car registrations in Western Europe in January and February strengthened the positive sentiment for the European automotive sector until mid-March 2015, with the share prices of automotive manufacturers and suppliers from France and Italy posting particularly high increases. The Continental share price also increased further in line with the sector, rising above the €220 mark for the first time in mid-February.

Share price performance vs. selected stock indexes (indexed to January 1, 2015)



	March 31, 2015	in % vs. December 31, 2014
Continental shares (XETRA price)	220.30	25.5
DAX	11,966.17	22.0
EURO STOXX 50	3,697.38	17.5
EURO STOXX Automobiles & Parts	634.36	32.5

The announcement of the business figures for 2014 at the annual financial press conference on March 5, 2015, and the improvement in the outlook for fiscal 2015 resulted in a further increase in the Continental share price to a new all-time high of €234.25 during the course of March 16. Continental shares were also affected by the subsequent general market consolidation, closing the first quarter of 2015 at €220.30. Compared to the beginning of the year, they were therefore up 25.5%, outperforming the DAX (22.0%) and the EURO STOXX 50 (17.5%). The EURO STOXX Automobiles & Parts achieved an increase of 32.5% due to the above-average rise in French and Italian equities.

At the beginning of the second quarter of 2015, positive figures for new passenger car registrations in Western Europe in March again led to rising share prices on the stock markets. In mid-April, weaker-than-expected Chinese foreign-trade data for March and new fears that Greece will default on its debt repayments led to a share-price correction on the markets. As at April 27, 2015, Continental shares closed at €230.30.

Stable performance of euro bonds

After the substantial price increases of the past year, the three Continental euro bonds remained at a low yield level during the first quarter of 2015 and recorded only very slight fluctuations in price. At the end of the first quarter of 2015, the 2.5% euro bond was 33.8 basis points lower than its closing price from 2014 at 104.298%. At 108.178% and 112.562% respectively, the longer-term 3.0% and 3.125% euro bonds were lower than their closing prices from the previous year by only 13.8 and 6.6 basis points respectively.

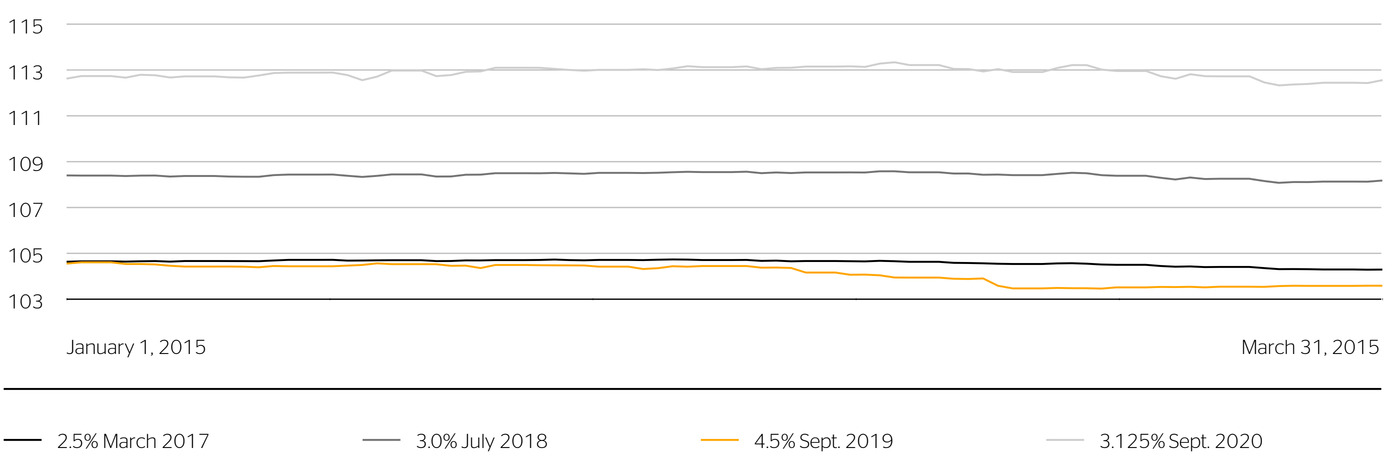
Decline in price of the U.S. dollar bond

The U.S. dollar bond, which can be redeemed by Continental from September 15, 2015, at the earliest, posted a price decline in the reporting period due to associated speculation by market participants. At the end of March 2015, the bond was quoting at 103.596%, down 96.4 basis points on its 2014 closing price.

Continental CDS premium at new eight-year low

Following the announcement of the ECB asset purchasing program, premiums for insuring against credit risks (credit default swap, CDS) in Europe also decreased considerably. The five-year CDS premium for Continental fell from 56.348 basis points at the end of 2014 to below 40 basis points by the end of February 2015. Following the announcement of the sharper-than-expected decrease in Continental AG's net indebtedness on March 5, 2015, the Continental CDS premium fell again and marked a new eight-year low of 36.177 basis points on March 6. At the end of the first quarter of 2015, it was quoting at 40.534 basis points. The spread in relation to the Markit iTraxx Europe reference index widened from 6.514 basis points at the end of 2014 to 15.500 basis points at the end of March 2015.

Price performance of the Continental bonds



Continental credit rating unchanged

The three major rating agencies each maintained their credit ratings for Continental AG during the first quarter of 2015.

March 31, 2015	Rating	Outlook
Fitch[1]	BBB	positive
Moody's[2]	Baa3	stable
Standard & Poor's[3]	BBB	stable

December 31, 2014	Rating	Outlook
Fitch[1]	BBB	positive
Moody's[2]	Baa3	stable
Standard & Poor's[3]	BBB	stable

1 Contracted rating since November 7, 2013.
2 Non-contracted rating since February 1, 2014.
3 Contracted rating since May 19, 2000.

For more information on Continental shares, bonds and credit rating, as well as our Investor Relations app, visit www.continental-ir.com.

Key Figures for the Continental Corporation

	January 1 to March 31	
in € millions	**2015**	2014
Sales	9,568.9	8,390.1
EBITDA	1,403.2	1,295.8
in % of sales	14.7	15.4
EBIT	977.9	903.2
in % of sales	10.2	10.8
Net income attributable to the shareholders of the parent	656.7	588.3
Earnings per share in €	3.28	2.94
EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects	1,010.2	952.5
in % of sales	10.6	11.4
Adjusted sales[1]	9,244.4	8,384.9
Adjusted operating result (adjusted EBIT)[2]	1,053.9	954.7
in % of adjusted sales	11.4	11.4
Free cash flow	-271.3	63.5
Net indebtedness as at March 31	4,098.7	4,242.2
Gearing ratio in %	33.5	43.2
Number of employees as at March 31[3]	202,496	182,138

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

Key Figures for the Core Business Areas

	January 1 to March 31	
Automotive Group in € millions	**2015**	2014
Sales	5,912.1	5,128.8
EBITDA	727.4	634.2
in % of sales	12.3	12.4
EBIT	502.5	374.6
in % of sales	8.5	7.3
Depreciation and amortization[1]	224.9	259.6
thereof impairment[2]	–	–
Capital expenditure[3]	204.7	159.0
in % of sales	3.5	3.1
Operating assets as at March 31	10,829.9	10,482.7
Number of employees as at March 31[4]	111,432	105,517
Adjusted sales[5]	5,851.8	5,128.8
Adjusted operating result (adjusted EBIT)[6]	508.6	425.5
in % of adjusted sales	8.7	8.3

	January 1 to March 31	
Rubber Group in € millions	**2015**	2014
Sales	3,669.3	3,271.3
EBITDA	708.9	689.1
in % of sales	19.3	21.1
EBIT	508.9	556.2
in % of sales	13.9	17.0
Depreciation and amortization[1]	200.0	132.9
thereof impairment[2]	–	–
Capital expenditure[3]	151.8	181.6
in % of sales	4.1	5.6
Operating assets as at March 31	8,798.6	6,018.3
Number of employees as at March 31[4]	90,680	76,296
EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects	538.5	557.3
in % of sales	14.7	17.0
Adjusted sales[5]	3,405.1	3,266.1
Adjusted operating result (adjusted EBIT)[6]	578.8	556.8
in % of adjusted sales	17.0	17.0

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.

Corporate Management Report as at March 31, 2015

Changes to Continental's Executive Board from May 1, 2015

At its meeting on December 10, 2014, the Supervisory Board of Continental AG appointed Hans-Jürgen Duensing to the Continental AG Executive Board with effect from May 1, 2015. In this role, he will be in charge of the ContiTech division as he succeeds Heinz-Gerhard Wente, whose term of office is scheduled to end on April 30, 2015, after more than 40 years in the company. Hans-Jürgen Duensing has worked for ContiTech for more than 20 years and has been a member of the ContiTech AG Executive Board since May 2014.

Expansion of research and development capacity in Bangalore, India

On January 22, 2015, we inaugurated a new 13,000 m^2 building in Bangalore, India, thereby expanding on-site research and development capacity. This new building, in which around 1,000 engineers work, meets the rising demand for skilled engineers and software developers who support not only global R&D projects but also local customers. The engineers at this site develop, for example, ABS solutions for two-wheeled vehicles as well as technologies for advanced driver assistance systems. The building extension houses eight state-of-the-art R&D laboratories. The so-called Technical Center India is one of three Automotive Systems & Technology centers worldwide.

Acquisition of Veyance Technologies

On January 30, 2015, Continental concluded the acquisition of the U.S. company Veyance Technologies. The transaction amounted to U.S. $1.9 billion. Veyance Technologies operates globally in the field of rubber and plastics technology. It posted sales in 2014 of approximately €1.5 billion, around 90% of which were from the industrial business. Around half of sales were generated in the U.S.A. Other important markets include Latin America, Africa, China, and other Asian countries. The company specializes in the production of conveyor belts, hoses, and drive belts. At the end of 2014, it employed about 8,500 people in 27 plants worldwide.

New app for the vehicle replacement market

In January 2015, the "ContiDrive" app was presented. This app, which was developed by the Power Transmission Group business unit, allows users to call up product information quickly and easily. From product searches to 3D graphics, this app brings the whole world of belts and belt-drive components from ContiTech to the smartphone. The app also provides users with detailed, product-specific information and recent updates for the automotive aftermarket as well as detailed drawings and animations.

New hot-retreaded tires specially designed for waste collection vehicles

At the end of January 2015, we unveiled the new ContiRe CityService, our first-ever hot-retreaded tires exclusively developed for vehicles used in the waste collection sector. The ContiRe CityService HA3 is extremely robust and flexible on all axles, enabling it to meet the highly demanding conditions in this area. The ContiRe CityService HA3 sets a great example in terms of recyclability and sustainability, which play a particularly important role in waste management. This hot-retreaded tire is manufactured in the ContiLifeCycle plant in Hanover. Hot-retreading uses significantly fewer precious resources, like natural rubber, compared to new tire production. This process also uses up to 70% less energy during production, which means it is more environmentally friendly. Furthermore, the amount of waste can be reduced by more than 80% and significant CO_2 savings can be achieved using a special rubber recyclate produced in an innovative process that involves devulcanizing cured tread powder.

Continental summer tires out in front in tire test

In this year's summer tire test, staged by the leading German, Austrian and Swiss automobile clubs together with the consumer organization "Stiftung Warentest," the ContiPremiumContact 5 emerged with the highest rating awarded. In the size for compact cars, the ContiPremiumContact 5 scored top marks for wet and dry handling, demonstrating good wet-weather properties as it finished in first place. The tire experts described it as "a very balanced summer tire." In a test conducted by the Russian car magazine "Za Rulem," the ContiPremiumContact 5 also came out on top against eleven tire models from European and Asian manufacturers. With the rating "exemplary," this tire also beat more than 50 tire models to the top spot in a test conducted by the German magazine "AutoBild" and was also crowned "Eco Champion" for its combination of outstanding safety and environmental properties.

In a performance comparison conducted by the German magazine "auto motor und sport," the ContiSportContact 5 beat the competition to the top spot and was the only model to receive the top rating "highly recommended." In a test conducted by the Russian magazine "AutoReview," the ContiSportContact 5 beat a total of nine European, U.S., and Asian brands to the top spot. In their summary, the editors praised the tire for its excellent grip and handling on wet and dry roads.

Economic Report

Macroeconomic development
The expansion of the German economy continued in the first quarter of 2015. Available data for January and February 2015 indicates further increases in industrial production and in private consumption in particular. Various sentiment indicators and the increase in the consumer confidence index are confirmation of the ever-improving economic situation. In its April forecast, the International Monetary Fund (IMF) raised its growth projection for Germany's gross domestic product (GDP) by 0.3 percentage points to 1.6% for 2015. According to their latest spring report, the leading German economic research institutes are even anticipating growth of 2.1% for the current year.

The eurozone showed the first signs of an economic upturn in the first quarter of 2015. Private consumption and industrial production increased slightly, year-on-year, in Germany as well as in France, Spain and Italy. However, economic development remains subdued, particularly in Southern European countries, due to continuing high unemployment. The expansive monetary policy of the European Central Bank (ECB) had a positive effect on the economy. In the reporting period, the ECB kept its key interest rate unchanged at 0.05% and in March 2015 began purchasing assets (quantitative easing), which it announced back in January 2015. The ECB intends to purchase approximately €60 billion assets each month until at least September 2016. The IMF has also improved its assessment of the economic situation in the eurozone and in April raised its January projection for GDP growth in the eurozone for 2015 by 0.3 percentage points to 1.5%.

In the U.S.A., a severe winter in the Midwest and on the East Coast slowed down economic activity in January and February. This again had a particularly strong impact on the construction sector, but private consumption and industrial production also remained virtually unchanged at the previous year's level. Not until March did the U.S. economy return to its recent course of expansion. Based on the improved economic situation with the most recent figures indicating a decreased unemployment rate of 5.5% (March 2014: 6.7%), the U.S. Federal Reserve (Fed) announced that it would be raising interest rates as part of its monetary policy over the remainder of the year. Owing to the winter-related weak first quarter, the IMF lowered its projection for GDP growth in the U.S.A. by 0.5 percentage points to 3.1% for 2015.

In the reporting period, the Japanese economy is not expected to reach the production level of the equivalent quarter of the previous year. This is in view of the considerable distortion of economic performance in the first quarter of 2014 due to pre-buy effects as a result of the increase in excise duties that took effect from April 1, 2014. Data available for January and February 2015 indicates a modest expansion in comparison to the fourth quarter of 2014. The Japanese economy continues to be supported by the very expansive monetary policy of the Bank of Japan, which continued its quantitative measures, and by rising exports due to the appreciation of the U.S. dollar in the second half of 2014. In April, the IMF raised its growth projection for 2015 by 0.4 percentage points to 1.0%.

For emerging and developing economies, the IMF kept its April forecast unchanged and still anticipates growth of 4.3% in the current year. China and India are again the main drivers of growth. For China, which posted slightly decreased economic growth of 7.0% for the first quarter of 2015, the IMF continues to anticipate GDP growth of 6.8% for 2015 as a whole in its April projection. For India, the IMF raised its 2015 GDP forecast by 1.2 percentage points to 7.5% owing to positive development. However, based on weak economic data for the first quarter, the IMF reduced its 2015 GDP forecast for Brazil by 1.3 percentage points to -1.0% and for Russia by 0.8 percentage points to -3.8%.

In its April 2015 World Economic Outlook, the IMF continued to forecast growth of 3.5% for the global economy in the current year. The IMF sees opportunities arising in particular from stronger-than-expected growth stimuli due to decreased oil prices. At the same time, it cites considerable risks arising from the further appreciation of the U.S. dollar – especially for emerging and developing economies that have debts in U.S. dollars. In addition, the IMF warns of stagnation and low inflation rates in advanced economies, and recommends extensive investments in infrastructure in addition to expansive monetary policy measures.

Development of new passenger car registrations
The recovery in demand for passenger cars in Europe (EU28 + EFTA) continued into the first quarter of 2015. On the basis of preliminary data from the German Association of the Automotive Industry (Verband der Automobilindustrie, VDA), the number of new passenger car registrations rose by 8% in the reporting quarter to 3.6 million units compared to the equivalent quarter of the previous year. Among the major markets, Spain posted the highest increase with growth of 32%, but Italy, too, registered a substantial increase of 13%. Growth in Germany, France, and the U.K. stood at between 6% and 7%.

In the U.S.A., demand for passenger cars also rose significantly in the first quarter of 2015. Volumes were boosted in particular by lower fuel prices. The cold winter hardly had any negative impact. Compared to the equivalent quarter of the previous year, the number of new registrations increased by 6%.

In the first quarter of 2015, demand for passenger cars in Japan declined by 15% year-on-year to 1.3 million units. This was due to the effect of excise duty.

In China, demand for passenger cars continued to grow in the first quarter of 2015, which saw passenger car volumes hit a new record for a first quarter in the reporting period. In the first three months of 2015, new registrations increased by 11% to 5.0 million units. In the other BRIC countries, demand developed in line with the respective macroeconomic situation.

New registrations/sales of passenger cars

in millions of units	Q1 2015	Q1 2014	Change
Europe (EU28 + EFTA)	3.6	3.4	8%
U.S.A.	3.9	3.7	6%
Japan	1.3	1.6	-15%
Brazil	0.6	0.8	-16%
Russia	0.4	0.6	-36%
India	0.7	0.7	4%
China	5.0	4.5	11%
Worldwide	**21.7**	**21.3**	**2%**

Source: VDA (countries/regions) and Renault (worldwide).

While volumes in India increased by 4% in the first quarter of 2015, they fell by 16% in Brazil and plummeted by 36% in Russia.

According to preliminary data, global new passenger car registrations increased by almost 2% year-on-year to 21.7 million units in the first quarter of 2015.

Development of light vehicle production

Higher demand for passenger cars in Western Europe and its key export markets U.S.A. and China resulted in a slight increase in production of passenger cars and light commercial vehicles (<6 t) in Europe during the reporting period. Preliminary data and estimates indicate that light vehicle production rose by 1% year-on-year in the first quarter of 2015 given that production in Russia in particular suffered a sharp decline. We expect production volumes to be roughly equivalent to the previous year's figures over the remainder of the reporting year and continue to anticipate growth of close to 1% for 2015 as a whole.

In NAFTA, increased demand meant that production of passenger cars and light commercial vehicles was curbed only slightly by the severe winter in the U.S.A. and Canada. Preliminary figures show that manufacturing grew by 2% year-on-year in the reporting period. For 2015, we still anticipate growth of 2% due to the high level of production achieved and the rising comparative basis.

In Asia, there was a mixed picture in the reporting period compared to the previous year. In China, there was a further increase in light vehicle production as a result of increased local demand, with India and Iran also posting increases in production. By contrast, production volumes in Japan fell significantly as expected, and volumes in South Korea also remained down on the previous year. Preliminary data shows that production of passenger cars and light commercial vehicles in Asia as a whole is expected to grow by almost 2% year-on-year in the first quarter of 2015. For the year as a whole, we still expect growth of close to 4% in Asia.

In South America, the fall in demand resulted in a corresponding decline in light vehicle production. According to preliminary data, production volumes decreased by 14% in the first quarter of 2015. For 2015 as a whole, we now therefore anticipate a more substantial decline in production of 10%, rather than our previous forecast of -3%.

Preliminary figures show that global light vehicle production increased by 1% year-on-year in the first quarter of 2015. For 2015 as a whole, we are still expecting a rise in production of approximately 2% to around 89 million units.

Development of heavy vehicle production

Initial data shows that production of heavy vehicles (>6 t) in Europe in the first quarter of 2015 was up on the comparatively weak quarter of the previous year. The decline in production in Eastern Europe was more than offset by the significant expansion of production in Western Europe. For 2015 as a whole, we continue to anticipate a slight increase in heavy vehicle production in the region of 2%.

According to preliminary figures, heavy vehicle production in NAFTA rose by over 20% in the reporting period compared to the equivalent quarter of the previous year. However, the pace of growth is likely to slow in the following quarters owing to the rise in the comparative basis. We are increasing our forecast for 2015 as a whole and now anticipate production growth of 8% rather than 5%.

Weaker economic growth in China is again expected to result in stagnating or slightly declining production volumes of heavy vehicles in 2015. But this is likely to be offset by manufacturing growth in India as well as Indonesia and other ASEAN countries. For Asia as a whole, we still forecast an increase in heavy vehicle production of up to 2% in 2015.

In South America, preliminary data shows an abrupt decline in heavy vehicle production of roughly 40% in the first quarter of 2015. However, this rate of decline is expected to slow considerably in the second quarter. For the third and fourth quarters, we currently expect to see production volumes stabilize at a level of between 45,000 and 50,000 units per quarter. For the current year as a whole, we have lowered our forecast for heavy vehicle production from 2% to -10%.

Given that we expect the expansion of production in NAFTA to in all likelihood compensate for the decline in production in South America, we continue to estimate a rise in global heavy vehicle production of around 2% in 2015 as a whole.

Development of passenger car and light truck tire replacement markets
In Europe – Continental's most important tire replacement market – the warm winter again resulted in modest demand for replacement passenger car and light truck tires in the first quarter of 2015. According to preliminary data, volumes of replacement passenger car and light truck tires decreased by 1% compared to the equivalent quarter of the previous year. For the following quarters, we again anticipate a slight increase in volumes and are still forecasting market growth of 2% for the year as a whole.

In NAFTA, demand for replacement passenger car and light truck tires fell in the reporting period as expected owing to price increases as a result of imposed import duties for tire imports from China. Budget tires were particularly affected. Preliminary figures show that volumes of replacement passenger car and light truck tires declined year-on-year by 6% in the first quarter of 2015. For the remainder of the year, we again anticipate growing demand for replacement passenger car and light truck tires in light of the recent considerable rise in the number of miles driven. However, for the year as a whole, we have lowered our forecast from 1% to -2%. The expected decrease in the forecast can be attributed solely to the significant decline in imports.

For Asia, initial figures again show increasing demand for replacement passenger car and light truck tires. Preliminary data indicate that China in particular – the most important market – posted growth of 5% in the first quarter. In India and the ASEAN states, too, the economic upturn is likely to result in growing demand. We are therefore maintaining our previous projection of 6% growth in replacement passenger and light truck tire volumes for 2015.

According to preliminary figures, demand for replacement passenger car and light truck tires in South America stagnated during the reporting period. For the remainder of the year as well, we continue to anticipate only minor changes in volumes at the same level as the previous year.

We are maintaining our previous overall forecast for 2015 of global growth in demand for replacement passenger car and light truck tires of almost 3%.

Development of commercial vehicle tire replacement markets
In the different European regions, demand for replacement commercial vehicle tires reflected the economic development of each respective region over the reporting period. Preliminary figures show that while Russia registered a sharp fall in demand, the rest of Europe saw demand decline by 5% on average. For Europe as a whole, demand was down by 7%. For the year as a whole, we therefore lower our forecast from 2% to 0%.

According to preliminary data, in NAFTA – our other core market for replacement commercial vehicle tires – demand was up by 3% in the first quarter of 2015. For 2015 as a whole, we still anticipate growth of 3% in line with the economic growth of the region.

In Asia, demand is also likely to follow the economic development of the individual countries. For Asia as a whole, we continue to anticipate that demand for replacement commercial vehicle tires will grow by 2% in 2015.

Similar to Russia, there was a sharp drop in demand for replacement commercial vehicle tires in South America, too, over the reporting period due to weaker economic activity. For the year as a whole, we still expect demand to dip by 2%.

Given that Europe is expected to register only stagnating demand, we are lowering our forecast for global demand for replacement commercial vehicle tires from 2% to 1%.

Earnings, Financial and Net Assets Position of the Continental Corporation

	January 1 to March 31	
in € millions	**2015**	2014
Sales	9,568.9	8,390.1
EBITDA	1,403.2	1,295.8
in % of sales	14.7	15.4
EBIT	977.9	903.2
in % of sales	10.2	10.8
Net income attributable to the shareholders of the parent	656.7	588.3
Earnings per share in €	3.28	2.94
Research and development expenses	643.0	544.1
Depreciation and amortization[1]	425.3	392.6
thereof impairment[2]	–	–
Capital expenditure[3]	356.8	340.9
in % of sales	3.7	4.1
Operating assets as at March 31	19,538.5	16,404.1
Number of employees as at March 31[4]	202,496	182,138
EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects	1,010.2	952.5
in % of sales	10.6	11.4
Adjusted sales[5]	9,244.4	8,384.9
Adjusted operating result (adjusted EBIT)[6]	1,053.9	954.7
in % of adjusted sales	11.4	11.4
Net indebtedness as at March 31	4,098.7	4,242.2
Gearing ratio in %	33.5	43.2

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.

Earnings Position

Sales up 14.0%
Sales up 3.0% before changes in the scope of consolidation and exchange rate effects
Consolidated sales for the first three months of 2015 climbed by 14.0% year-on-year to €9,568.9 million (PY: €8,390.1 million). Veyance Technologies contributed €224.1 million to sales growth. Before changes in the scope of consolidation and exchange rate effects, sales rose by 3.0%.

Adjusted EBIT up 10.4%
Adjusted EBIT for the corporation increased by €99.2 million or 10.4% year-on-year to €1,053.9 million (PY: €954.7 million) in the first three months of 2015, corresponding to 11.4% (PY: 11.4%) of adjusted sales.

EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects up 6.1%
To improve comparability of the operating performance of the corporation including Veyance Technologies, the key figure EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects is reported in 2015.

The corporation's EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects increased in the first three months of 2015 by €57.7 million or 6.1% year-on-year to €1,010.2 million (PY: €952.5 million). The return on sales calculated from this fell to 10.6% (PY: 11.4%).

In the first three months of 2015, EBIT – as with EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects – was influenced by integration costs and non-recurring expenses for Veyance Technologies totaling €36.7 million.

EBIT up 8.3%
EBIT rose by €74.7 million or 8.3% compared to the previous year to €977.9 million (PY: €903.2 million) in the first quarter of 2015. The return on sales fell to 10.2% (PY: 10.8%).

Special effects in the first quarter of 2015
Minor special effects resulted in income of €0.1 million in the Tire division and expense of €0.3 million in the ContiTech division.

Total consolidated expense from special effects in the first three months of 2015 amounted to €0.2 million.

Special effects in the first quarter of 2014
Minor special effects resulted in income of €0.2 million in the Tire division and income of €1.2 million in the ContiTech division.

Total consolidated income from special effects in the first three months of 2014 amounted to €1.4 million.

Research and development expenses
In the first three months of 2015, research and development expenses rose by 18.2% compared with the same period of the previous year to €643.0 million (PY: €544.1 million), representing 6.7% (PY: 6.5%) of sales. €557.3 million (PY: €468.6 million) of this relates to the Automotive Group, corresponding to 9.4% (PY: 9.1%) of sales, and €85.7 million (PY: €75.5 million) to the Rubber Group, corresponding to 2.3% (PY: 2.3%) of sales.

Net interest expense
Net interest expense fell by €24.3 million year-on-year to €55.7 million (PY: €80.0 million) in the first three months of 2015. This decrease was due in particular to lower interest expenses for the syndicated loan.

Interest expense – not including the effects of foreign currency translation, changes in the fair value of derivative instruments and of available-for-sale financial assets – totaled €90.4 million in the first three months of 2015, which was €23.8 million lower than the figure for the same period of the previous year of €114.2 million. At €48.1 million, interest expense resulting from bank borrowings, capital market transactions and other financing instruments was €25.4 million lower than the prior year figure of €73.5 million. The major portion related to expense of €27.6 million (PY: €25.1 million) from the bonds issued by Continental AG, Conti-Gummi Finance B.V., Maastricht, Netherlands, and Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., and to expense totaling €5.4 million (PY: €29.9 million) from the utilization of the syndicated loan. The decline in interest expense for the syndicated loan particularly resulted from a negative effect in the previous year that arose in relation to the early redemption of the existing syndicated loan at the end of April 2014 due to its successful refinancing. In addition, a further reduction in the margin level was achieved with the new syndicated loan agreement. The interest cost on expected pension obligations as well as on long-term employee benefits resulted in interest expense totaling €42.3 million (PY: €40.7 million) in the first three months of 2015.

Interest income in the first quarter of 2015 increased slightly year-on-year to €27.8 million (PY: €26.6 million). Of this, expected income from long-term employee benefits and from pension funds amounted to €19.1 million (PY: €19.2 million).

Valuation effects from changes in the fair value of derivative instruments and from the development of exchange rates made a slight negative overall contribution to earnings of €2.4 million (PY: valuation gain of €7.3 million) in the first three months of 2015. This included a positive valuation effect of €6.0 million (PY: €3.7 million) for the option of early redemption for the bond issued by Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A. Available-for-sale financial assets gave rise to a positive effect of €9.3 million (PY: €0.3 million).

Income tax expense
Income tax expense in the first three months of 2015 amounted to €244.4 million (PY: €215.6 million). The tax rate in the reporting period was 26.5% after 26.2% for the same period of the previous year.

Net income attributable to the shareholders of the parent
Net income attributable to the shareholders of the parent was up 11.6% to €656.7 million (PY: €588.3 million), with earnings per share of €3.28 (PY: €2.94).

Financial Position

Reconciliation of cash flow

EBIT increased by €74.7 million year-on-year to €977.9 million (PY: €903.2 million).

Interest payments relating in particular to the syndicated loan and the bonds climbed by €10.9 million to €71.7 million (PY: €60.8 million).

Income tax payments rose by €91.1 million to €269.4 million (PY: €178.3 million).

At €531.5 million as at March 31, 2015, the net cash outflow arising from the increase in operating working capital was €319.2 million lower than the figure for the previous year of €850.7 million.

At €683.6 million as at March 31, 2015, the net cash inflow arising from operating activities was €264.8 million higher than the previous year's figure of €418.8 million.

Cash flow arising from investing activities amounted to an outflow of €954.9 million (PY: €355.3 million) in the first three months of 2015. Capital expenditure on property, plant and equipment, and software was up €15.9 million from €340.9 million to €356.8 million before finance leases and the capitalization of borrowing costs. Acquisition and disposal of companies and business operations resulted in a total cash outflow of €591.1 million (PY: €17.5 million) in the first three months of 2015. This increase is almost solely attributable to the acquisition of Veyance Technologies that was closed at the end of January 2015.

The free cash flow in the first quarter of 2015 resulted in an outflow of €271.3 million (PY: inflow of €63.5 million) and was thus €334.8 million lower than in the first three months of 2014.

Financing and indebtedness

As at March 31, 2015, the corporation's net indebtedness was down €143.5 million year-on-year from €4,242.2 million to €4,098.7 million. Net indebtedness was up €1,275.2 million in comparison to December 31, 2014, when it had amounted to €2,823.5 million. This increase is attributable mainly to the acquisition of Veyance Technologies that was closed at the end of January 2015. The acquisition was financed mostly from cash and cash equivalents, in addition to which the syndicated loan was also utilized. Despite the acquisition of Veyance Technologies, the gearing ratio improved to 33.5% (PY: 43.2%) as at the end of March 2015.

There were no changes in the bonds held in comparison to the previous year.

The committed volume of the new syndicated loan concluded in April 2014 remains unchanged at €4.5 billion and still consists of a term loan of €1.5 billion and a revolving credit line of €3.0 billion. As at the end of the first quarter of 2015, the syndicated loan had been utilized by Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., and Continental AG at a total nominal amount of €1,779.4 million. In the previous year, it had been utilized only by Continental AG at a nominal amount of €1,500.0 million. The slightly higher utilization year-on-year is due to the acquisition of Veyance Technologies.

As at March 31, 2015, Continental had liquidity reserves totaling €6,661.6 million (PY: €5,962.0 million), consisting of cash and cash equivalents of €2,372.3 million (PY: €2,008.0 million) and committed, unutilized credit lines totaling €4,289.3 million (PY: €3,954.0 million).

The restrictions that may impact the availability of capital are also understood as comprising all existing restrictions on cash and cash equivalents. In the Continental Corporation, the aforementioned cash and cash equivalents are restricted with regard to pledged amounts, liquid funds from the contractual trust arrangements (CTAs), and balances in countries with foreign exchange restrictions or other barriers to accessing liquidity. Taxes to be paid on the transfer of cash assets from one country to another are not usually considered to represent a restriction on cash and cash equivalents. As at March 31, 2015, unrestricted cash and cash equivalents totaled €2,101.9 million.

Change in net indebtedness

	January 1 to March 31	
in € millions	**2015**	2014
Cash flow arising from operating activities	683.6	418.8
Cash flow arising from investing activities	-954.9	-355.3
Cash flow before financing activities (free cash flow)	**-271.3**	**63.5**
Dividends paid and repayment of capital to non-controlling interests	-1.9	-0.9
Non-cash changes	29.9	-0.5
Other	-1,032.6	-1.3
Foreign exchange effects	0.7	-13.7
Change in net indebtedness	**-1,275.2**	**47.1**

Capital expenditure (additions)

In the first quarter of 2015, capital expenditure on property, plant and equipment, and software amounted to €356.8 million (PY: €340.9 million). The capital expenditure ratio after three months is 3.7% (PY: 4.1%).

A total of €204.7 million (PY: €159.0 million) of this capital expenditure was attributable to the Automotive Group, representing 3.5% (PY: 3.1%) of sales. The Automotive Group invested primarily in production facilities for the manufacture of new products and implementation of new technologies, with investments being focused on expanding and establishing manufacturing capacity at best-cost locations. In the Chassis & Safety division, there were major additions relating to the expansion of production capacity for the Vehicle Dynamics and Hydraulic Brake Systems business units. Manufacturing facilities for electronic brake systems were expanded in particular. In the Powertrain division, there were major investments in expanding production capacity for the Engine Systems, Fuel & Exhaust Management and Transmission business units. In the Interior division, production capacity was expanded for the Instrumentation & Driver HMI and Body & Security business units.

The Rubber Group invested €151.8 million (PY: €181.6 million), equivalent to 4.1% (PY: 5.6%) of sales. In the Tire division, production capacity was expanded at European best-cost locations and in North America. There were major additions relating to the expansion of existing sites in Mount Vernon, Illinois, U.S.A.; Otrokovice, Czech Republic; Lousado, Portugal; Puchov, Slovakia; and Timisoara, Romania. Quality assurance and cost-cutting measures were also implemented. In the ContiTech division, significant additions related to the expansion of production capacity in China and at German locations. At the location in Changzhou, China, the division invested in the construction of a new plant for the Benecke-Kaliko Group business unit. Investments were also made in all business units to rationalize existing production processes.

Net Assets Position

At €34,344.2 million (PY: €27,794.7 million), total assets as at March 31, 2015, were €6,549.5 million higher than on the same date in the previous year. The €671.1 million increase in goodwill to €6,198.8 million (PY: €5,527.7 million) and the €692.5 million rise in other intangible assets to €1,194.1 million (PY: €501.6 million) was chiefly a result of the acquisition of Veyance Technologies. Property, plant and equipment increased by €1,623.2 million to €9,351.5 million (PY: €7,728.3 million). Deferred tax assets climbed by €937.9 million compared to the previous year to €1,894.2 million (PY: €956.3 million), influenced in particular by the recognition of deferred tax assets in the U.S.A. and Germany as well as by the Veyance acquisition. Inventories rose by €505.1 million to €3,607.1 million (PY: €3,102.0 million). Trade accounts receivable also rose by €1,340.9 million to €7,396.7 million (PY: €6,055.8 million). Other short-term assets climbed by €225.7 million to €873.7 million (PY: €648.0 million) and cash and cash equivalents increased by €364.3 million to €2,372.3 million (PY: €2,008.0 million). This was countered by the €128.9 million decrease in investments in at-equity accounted investees to €299.4 million (PY: €428.3 million).

Equity including non-controlling interests was up €2,400.2 million at €12,221.8 million as compared to €9,821.6 million as at March 31, 2014. This was due primarily to the increase in the retained earnings of €1,937.4 million. Other comprehensive income changed by €294.0 million to -€990.3 million (PY: -€1,284.3 million). Despite the acquisition of Veyance Technologies, the gearing ratio improved to 33.5% (PY: 43.2%). The equity ratio rose to 35.6% (PY: 35.3%).

At €34,344.2 million, total assets were up €4,103.1 million compared with December 31, 2014 (PY: €30,241.1 million). This was attributable primarily to the €750.8 million rise in other intangible assets to €1,194.1 million (PY: €443.3 million) as a result of the purchase price allocation for the acquisition of Veyance Technologies, the €905.1 million increase in property, plant and equipment to €9,351.5 million (PY: €8,446.4 million), and the €1,550.5 million increase in trade accounts receivable to €7,396.7 million (PY: €5,846.2 million). This was countered by the €871.5 million decrease in cash and cash equivalents to €2,372.3 million (PY: €3,243.8 million).

Equity including non-controlling interests was up €1,197.2 million at €12,221.8 million as compared to €11,024.6 million at the end of 2014. The positive net income attributable to the shareholders of the parent increased to €656.7 million. Other comprehensive income changed by €409.5 million to -€990.3 million (PY: -€1,399.8 million). Due to the acquisition of Veyance Technologies, the gearing ratio rose to 33.5% (PY: 25.6%).

Employees

As at the end of the first quarter of 2015, the corporation employed 202,496 people, representing a rise of 13,328 in comparison to the end of 2014. The number of employees in the Automotive Group rose by 2,721 as a result of increased production volumes and expansion of research and development. In the Rubber Group, further expansion of production capacity and sales channels and the acquisition of Veyance Technologies by the ContiTech division led to an increase of 10,567 employees. Compared with the reporting date for the previous year, the number of employees in the corporation was up by a total of 20,358.

Development of the Divisions

Chassis & Safety in € millions	January 1 to March 31 2015	2014
Sales	2,136.0	1,878.2
EBITDA	297.3	254.0
in % of sales	13.9	13.5
EBIT	214.9	172.3
in % of sales	10.1	9.2
Depreciation and amortization[1]	82.4	81.7
thereof impairment[2]	–	–
Capital expenditure[3]	72.3	57.4
in % of sales	3.4	3.1
Operating assets as at March 31	4,145.3	3,881.6
Number of employees as at March 31[4]	38,607	37,174
Adjusted sales[5]	2,136.0	1,878.2
Adjusted operating result (adjusted EBIT)[6]	215.2	179.1
in % of adjusted sales	10.1	9.5

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.

Chassis & Safety

Sales volumes

In the Vehicle Dynamics business unit, the number of electronic brake systems sold in the first three months of 2015 increased year-on-year to 6.1 million. In the Hydraulic Brake Systems business unit, sales of brake boosters fell by around 1% year-on-year. Sales of brake calipers were at the previous year's level. In the Passive Safety & Sensorics business unit, sales of air bag control units were up year-on-year. Sales of advanced driver assistance systems were up by approximately 46%.

Sales up 13.7%
Sales up 5.4% before changes in the scope of consolidation and exchange rate effects

Sales of the Chassis & Safety division were up 13.7% at €2,136.0 million (PY: €1,878.2 million) in the first three months of 2015 compared with the same period of the previous year. Before changes in the scope of consolidation and exchange rate effects, sales rose by 5.4%.

Adjusted EBIT up 20.2%

Adjusted EBIT for the Chassis & Safety division increased by €36.1 million or 20.2% year-on-year to €215.2 million (PY: €179.1 million) during the first three months of 2015, corresponding to 10.1% (PY: 9.5%) of adjusted sales.

EBIT up 24.7%

Compared with the same period of the previous year, the Chassis & Safety division reported an increase in EBIT of €42.6 million or 24.7% to €214.9 million (PY: €172.3 million) in the first quarter of 2015. The return on sales rose to 10.1% (PY: 9.2%).

Special effects

There were no special effects in the Chassis & Safety division in either the first quarter of 2015 or the same period of the previous year.

	January 1 to March 31	
Powertrain in € millions	**2015**	2014
Sales	1,826.5	1,579.1
EBITDA	177.2	157.0
in % of sales	9.7	9.9
EBIT	96.7	64.5
in % of sales	5.3	4.1
Depreciation and amortization[1]	80.5	92.5
thereof impairment[2]	–	–
Capital expenditure[3]	66.7	55.2
in % of sales	3.7	3.5
Operating assets as at March 31	2,710.1	2,788.4
Number of employees as at March 31[4]	35,593	33,404
Adjusted sales[5]	1,766.2	1,579.1
Adjusted operating result (adjusted EBIT)[6]	102.2	83.7
in % of adjusted sales	5.8	5.3

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.

Powertrain

Sales volumes

Sales volumes in the Transmission and Fuel & Exhaust Management business units were up year-on-year in the first quarter of 2015, with Fuel & Exhaust Management posting both organic growth from existing business (formerly Fuel Supply) and additional unit sales from the integration of Emitec. The Sensors & Actuators business unit is continuing to record growth. The volume increase here is attributable in particular to the considerably higher sales figures for exhaust sensors, which were boosted by stricter exhaust gas legislation. The Engine Systems business unit posted rising sales figures for turbochargers in the first quarter of 2015. However, sales volumes of engine management systems and injectors were down on the previous year's level. In the Hybrid Electric Vehicle business unit, sales figures for power electronics were up year-on-year, whereas battery and on-board power supply systems recorded a decline in sales figures.

Sales up 15.7%
Sales up 3.7% before changes in the scope of consolidation and exchange rate effects

Sales of the Powertrain division were up 15.7% at €1,826.5 million (PY: €1,579.1 million) in the first three months of 2015 compared with the same period of the previous year. Before changes in the scope of consolidation and exchange rate effects, sales rose by 3.7%.

Adjusted EBIT up 22.1%

Adjusted EBIT for the Powertrain division increased by €18.5 million or 22.1% year-on-year to €102.2 million (PY: €83.7 million) in the first three months of 2015, corresponding to 5.8% (PY: 5.3%) of adjusted sales.

EBIT up 49.9%

Compared with the same period of the previous year, the Powertrain division reported an increase in EBIT of €32.2 million or 49.9% to €96.7 million (PY: €64.5 million) in the first three months of 2015. The return on sales rose to 5.3% (PY: 4.1%).

Special effects

There were no special effects in the Powertrain division in either the first quarter of 2015 or the same period of the previous year.

	January 1 to March 31	
Interior in € millions	**2015**	2014
Sales	1,975.2	1,699.1
EBITDA	252.9	223.2
in % of sales	12.8	13.1
EBIT	190.9	137.8
in % of sales	9.7	8.1
Depreciation and amortization[1]	62.0	85.4
thereof impairment[2]	–	–
Capital expenditure[3]	65.7	46.4
in % of sales	3.3	2.7
Operating assets as at March 31	3,974.5	3,812.7
Number of employees as at March 31[4]	37,232	34,939
Adjusted sales[5]	1,975.2	1,699.1
Adjusted operating result (adjusted EBIT)[6]	191.3	162.7
in % of adjusted sales	9.7	9.6

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.

Interior

Sales volumes

Sales volumes in the Body & Security business unit were significantly above the previous year's level in the first quarter of 2015. There were particularly high increases in NAFTA and Asia. This was achieved thanks to new projects in the product groups seat control devices, lighting control, and body controllers. Growth in business with tire pressure monitoring systems and passive start and entry (PASE) systems was also considerably higher than in the previous year. Sales volumes were up slightly on the previous year's level in the Infotainment & Connectivity business unit. Unit sales of multimedia systems picked up significantly in Asia and on the U.S. market on account of new products. Despite a significant increase and new products in Asia and the Americas, there was a year-on-year decline in audio components due to falling demand in Europe. There was also an overall decline in device connectivity and telematics products that was not offset by growing demand in Europe. Sales volumes in the Commercial Vehicles & Aftermarket business unit were slightly above the previous year's level. Despite a sharp decline on the South American markets, sales in the commercial vehicle segment increased slightly year-on-year as a result of tachograph business in Russia and higher sales in NAFTA. In the Instrumentation & Driver HMI business unit, sales figures in the first three months of 2015 were higher than in the previous year. In addition to constant growth in China and North America, this was due mainly to production starts and increased demand in Europe. This increase related to the largest product group, instrument clusters, as well as to displays, head-up displays, and touchpads.

Sales up 16.2%
Sales up 7.7% before changes in the scope of consolidation and exchange rate effects

Sales of the Interior division were up 16.2% at €1,975.2 million (PY: €1,699.1 million) in the first three months of 2015 compared with the same period of the previous year. Before changes in the scope of consolidation and exchange rate effects, sales rose by 7.7%.

Adjusted EBIT up 17.6%

Adjusted EBIT for the Interior division increased by €28.6 million or 17.6% year-on-year to €191.3 million (PY: €162.7 million) in the first three months of 2015, corresponding to 9.7% (PY: 9.6%) of adjusted sales.

EBIT up 38.5%

Compared with the same period of the previous year, the Interior division reported an increase in EBIT of €53.1 million or 38.5% to €190.9 million (PY: €137.8 million) in the first quarter of 2015. The return on sales rose to 9.7% (PY: 8.1%).

Special effects

There were no special effects in the Interior division in either the first quarter of 2015 or the same period of the previous year.

Tires in € millions	January 1 to March 31 2015	2014
Sales	2,419.8	2,318.3
EBITDA	579.7	545.4
in % of sales	24.0	23.5
EBIT	454.0	440.7
in % of sales	18.8	19.0
Depreciation and amortization[1]	125.7	104.7
thereof impairment[2]	–	–
Capital expenditure[3]	100.9	142.3
in % of sales	4.2	6.1
Operating assets as at March 31	5,380.5	4,656.6
Number of employees as at March 31[4]	48,281	45,685
Adjusted sales[5]	2,389.4	2,313.1
Adjusted operating result (adjusted EBIT)[6]	459.2	441.0
in % of adjusted sales	19.2	19.1

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.

Tires

Sales volumes

Sales volumes of passenger car and light truck tires to vehicle OEMs were up on the previous year in the first three months of 2015. In the passenger and light truck tire replacement business, sales volumes in the EMEA region (Europe, Middle East and Africa) did not match the previous year's level, whereas in the Americas (North, Central and South America) they increased further. Commercial vehicle tire business was down on the previous year's level.

Sales up 4.4%
Sales down 2.8% before changes in the scope of consolidation and exchange rate effects

Sales of the Tire division were up 4.4% at €2,419.8 million (PY: €2,318.3 million) in the first three months of 2015 compared with the same period of the previous year. Before changes in the scope of consolidation and exchange rate effects, sales decreased by 2.8%.

Adjusted EBIT up 4.1%

Adjusted EBIT for the Tire division climbed by €18.2 million or 4.1% year-on-year to €459.2 million (PY: €441.0 million) in the first three months of 2015, corresponding to 19.2% (PY: 19.1%) of adjusted sales.

EBIT up 3.0%

Compared with the same period of the previous year, the Tire division reported an increase in EBIT of €13.3 million or 3.0% to €454.0 million (PY: €440.7 million) in the first quarter of 2015. The return on sales fell to 18.8% (PY: 19.0%).

Special effects in the first quarter of 2015

For the Tire division, the total positive impact from special effects in the first three months of 2015 amounted to €0.1 million.

Special effects in the first quarter of 2014

For the Tire division, the total positive impact from special effects in the first three months of 2014 amounted to €0.2 million.

	January 1 to March 31	
ContiTech in € millions	**2015**	2014
Sales	1,268.3	973.4
EBITDA	129.2	143.7
in % of sales	10.2	14.8
EBIT	54.9	115.5
in % of sales	4.3	11.9
Depreciation and amortization[1]	74.3	28.2
thereof impairment[2]	–	–
Capital expenditure[3]	50.9	39.4
in % of sales	4.0	4.0
Operating assets as at March 31	3,418.2	1,361.8
Number of employees as at March 31[4]	42,399	30,611
EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects	82.8	115.8
in % of sales	6.5	11.9
Adjusted sales[5]	1,034.5	973.4
Adjusted operating result (adjusted EBIT)[6]	119.5	115.8
in % of adjusted sales	11.6	11.9

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.

ContiTech

Sales up 30.3%
Sales up 2.3% before changes in the scope of consolidation and exchange rate effects

Sales of the ContiTech division were up 30.3% at €1,268.3 million (PY: €973.4 million) in the first three months of 2015 compared with the same period of the previous year. Veyance Technologies contributed €224.1 million to sales growth. Before changes in the scope of consolidation and exchange rate effects, sales rose by 2.3%. Growth in sales was posted by the Benecke-Kaliko Group business unit and by original equipment business in the Fluid Technology and Air Spring Systems business units. This was countered by sales declines in the Conveyor Belt Group and Compounding Technology business units.

Adjusted EBIT up 3.2%

Adjusted EBIT for the ContiTech division rose by €3.7 million or 3.2% year-on-year to €119.5 million (PY: €115.8 million) in the first three months of 2015, corresponding to 11.6% (PY: 11.9%) of adjusted sales.

EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects down 28.5%

To improve comparability of the operating performance of the ContiTech division including Veyance Technologies, the key figure EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects is reported in 2015.

Compared with the same period of the previous year, the ContiTech division reported a decline in EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects of €33.0 million or 28.5% to €82.8 million (PY: €115.8 million) in the first three months of 2015. The return on sales calculated from this fell to 6.5% (PY: 11.9%).

In the first three months of 2015, EBIT – as with EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects – was influenced by integration costs and non-recurring expenses for Veyance Technologies totaling €36.7 million.

EBIT down 52.5%
Compared with the same period of the previous year, the ContiTech division reported a decline in EBIT of €60.6 million or 52.5% to €54.9 million (PY: €115.5 million) in the first quarter of 2015. The return on sales fell to 4.3% (PY: 11.9%).

Special effects in the first quarter of 2015
For the ContiTech division, the total negative impact from special effects in the first three months of 2015 amounted to €0.3 million.

Special effects in the first quarter of 2014
For the ContiTech division, the total positive impact from special effects in the first three months of 2014 amounted to €1.2 million.

Report on Risks and Opportunities

There were no material changes in risks and opportunities during the reporting period. For details of the main risks and opportunities, please refer to our comments in the 2014 Annual Report.

Report on Expected Developments and Outlook

Following an encouraging start to fiscal 2015 and the higher-than-expected positive effect from exchange rate influences in the first quarter, we have raised our sales forecast that we published on March 5, 2015, for the current year from around €38.5 billion to more than €39 billion. We still aim to achieve organic growth of roughly 5%, despite slower growth in the first quarter of 2015 (3%). We continue to estimate that Veyance Technologies will contribute at least €1.3 billion in sales in 2015. The increase in sales affects both core business areas. We have raised our sales forecast for the Automotive Group to around €23.5 billion and our forecast for the Rubber Group to more than €15.5 billion.

Owing to developments such as the continued stable price development for rubber and the significantly lower price of crude oil year-on-year, we now expect to comfortably achieve an adjusted EBIT margin of more than 10.5% in the current year. We estimate a positive effect from lower raw material costs of around €150 million for 2015. This relates mainly to the Rubber Group. We have lowered our estimate for the average price of natural rubber (TSR 20) in 2015 from U.S. $1.75 per kilogram to U.S. $1.62 per kilogram.

We also confirm our forecast published on March 5, 2015, in that we still anticipate negative special effects of around €100 million. Amortization from the purchase price allocation resulting primarily from the acquisition of Veyance Technologies is expected to be about €125 million. In fiscal 2015, the capital expenditure ratio before financial investments will make up around 6% of sales. Net interest expense will come to approximately -€300 million and the corporation's tax rate will be around 30%. Free cash flow before acquisitions will amount to at least €1.5 billion.

Consolidated Financial Statements as at March 31, 2015

Consolidated Statement of Income

	January 1 to March 31	
in € millions	**2015**	2014
Sales	**9,568.9**	**8,390.1**
Cost of sales	-7,146.1	-6,294.4
Gross margin on sales	**2,422.8**	**2,095.7**
Research and development expenses	-643.0	-544.1
Selling and logistics expenses	-520.9	-430.9
Administrative expenses	-214.5	-178.9
Other expenses and income	-77.7	-47.0
Income from at-equity accounted investees	11.2	8.4
Other income from investments	0.0	0.0
Earnings before interest and taxes	**977.9**	**903.2**
Interest income	27.8	26.6
Interest expense[1]	-83.5	-106.6
Net interest expense	**-55.7**	**-80.0**
Earnings before taxes	**922.2**	**823.2**
Income tax expense	-244.4	-215.6
Net income	**677.8**	**607.6**
Non-controlling interests	-21.1	-19.3
Net income attributable to the shareholders of the parent	656.7	588.3
Basic earnings per share in €	**3.28**	**2.94**
Diluted earnings per share in €	**3.28**	**2.94**

1 Including gains and losses from foreign currency translation, from changes in the fair value of derivative instruments as well as from available-for-sale financial assets.

Consolidated Statement of Comprehensive Income

	January 1 to March 31	
in € millions	**2015**	2014
Net income	**677.8**	**607.6**
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans[1]	-288.4	-61.0
Fair value adjustments[1]	-431.3	-92.2
Tax on other comprehensive income	142.9	31.2
Items that may be reclassified subsequently to profit or loss		
Currency translation[1]	743.7	-36.5
Difference from currency translation[1]	743.7	-36.8
Reclassification adjustments to profit and loss	—	0.3
Available-for-sale financial assets	-3.7	3.1
Fair value adjustments	5.6	3.4
Reclassification adjustments to profit and loss	-9.3	-0.3
Tax on other comprehensive income	6.8	-0.9
Other comprehensive income	**458.4**	**-95.3**
Comprehensive income	**1,136.2**	**512.3**
Attributable to non-controlling interests	-70.0	-16.6
Attributable to the shareholders of the parent	1,066.2	495.7

1 Including non-controlling interests.

Consolidated Statement of Financial Position

Assets in € millions	March 31, 2015	Dec. 31, 2014	March 31, 2014
Goodwill	6,198.8	5,769.1	5,527.7
Other intangible assets	1,194.1	443.3	501.6
Property, plant and equipment	9,351.5	8,446.4	7,728.3
Investment property	17.6	17.5	20.1
Investments in at-equity accounted investees	299.4	298.5	428.3
Other investments	12.5	10.7	7.7
Deferred tax assets	1,894.2	1,573.4	956.3
Defined benefit assets	3.1	1.6	6.1
Long-term derivative instruments and interest-bearing investments	289.4	301.2	269.6
Other long-term financial assets	37.3	41.9	19.9
Other long-term assets	21.9	19.7	20.2
Non-current assets	**19,319.8**	**16,923.3**	**15,485.8**
Inventories	3,607.1	2,987.6	3,102.0
Trade accounts receivable	7,396.7	5,846.2	6,055.8
Other short-term financial assets	423.9	382.5	362.3
Other short-term assets	873.7	731.3	648.0
Income tax receivables	131.0	60.3	64.3
Short-term derivative instruments and interest-bearing investments	166.0	63.1	35.1
Cash and cash equivalents	2,372.3	3,243.8	2,008.0
Assets held for sale	53.7	3.0	33.4
Current assets	**15,024.4**	**13,317.8**	**12,308.9**
Total assets	**34,344.2**	**30,241.1**	**27,794.7**

Equity and liabilities in € millions	March 31, 2015	Dec. 31, 2014	March 31, 2014
Subscribed capital	512.0	512.0	512.0
Capital reserves	4,155.6	4,155.6	4,155.6
Retained earnings	8,061.0	7,404.3	6,123.6
Other comprehensive income	-990.3	-1,399.8	-1,284.3
Equity attributable to the shareholders of the parent	**11,738.3**	**10,672.1**	**9,506.9**
Non-controlling interests	483.5	352.5	314.7
Total equity	**12,221.8**	**11,024.6**	**9,821.6**
Provisions for pension liabilities and similar obligations	4,064.0	3,483.7	2,504.3
Deferred tax liabilities	256.9	178.5	133.7
Long-term provisions for other risks and obligations	326.9	306.3	263.7
Long-term portion of indebtedness	4,273.0	5,077.4	3,574.8
Other long-term financial liabilities	71.0	48.7	32.2
Other long-term liabilities	56.2	46.4	42.5
Non-current liabilities	**9,048.0**	**9,141.0**	**6,551.2**
Trade accounts payable	5,775.2	4,861.6	4,756.8
Income tax payables	707.9	577.3	597.1
Short-term provisions for other risks and obligations	827.2	732.7	607.3
Indebtedness	2,653.4	1,354.2	2,980.1
Other short-term financial liabilities	1,942.0	1,649.2	1,564.8
Other short-term liabilities	1,148.8	900.2	915.8
Liabilities held for sale	19.9	0.3	–
Current liabilities	**13,074.4**	**10,075.5**	**11,421.9**
Total equity and liabilities	**34,344.2**	**30,241.1**	**27,794.7**

Consolidated Statement of Cash Flows

	January 1 to March 31	
in € millions	**2015**	2014
Net income	**677.8**	**607.6**
Income tax expense	244.4	215.6
Net interest expense	55.7	80.0
EBIT	**977.9**	**903.2**
Interest paid	-71.7	-60.8
Interest received	8.7	7.0
Income tax paid	-269.4	-178.3
Dividends received	17.2	15.6
Depreciation, amortization, impairment and reversal of impairment losses	425.3	392.6
Income from at-equity accounted and other investments, incl. impairment and reversal of impairment losses	-11.2	-8.4
Gains from the disposal of assets, companies and business operations	-6.1	-7.0
Changes in		
inventories	-180.9	-268.1
trade accounts receivable	-855.1	-759.8
trade accounts payable	504.5	177.2
pension and similar obligations	16.9	0.5
other assets and liabilities	127.5	205.1
Cash flow arising from operating activities	**683.6**	**418.8**
Cash flow from the disposal of property, plant and equipment, and intangible assets	10.2	17.8
Capital expenditure on property, plant and equipment, and software	-356.8	-340.9
Capital expenditure on intangible assets from development projects and miscellaneous	-17.2	-14.7
Cash flow from the disposal of companies and business operations	-1.7	0.2
Acquisition of companies and business operations	-589.4	-17.7
Cash flow arising from investing activities	**-954.9**	**-355.3**
Cash flow before financing activities (free cash flow)	**-271.3**	**63.5**
Change in indebtedness	-768.7	-83.5
Dividends paid and repayment of capital to non-controlling interests	-1.9	-0.9
Cash and cash equivalents arising from first consolidation of subsidiaries	–	0.2
Cash flow arising from financing activities	**-770.6**	**-84.2**
Change in cash and cash equivalents	**-1,041.9**	**-20.7**
Cash and cash equivalents at the beginning of the reporting period	3,243.8	2,044.8
Effect of exchange rate changes on cash and cash equivalents	170.4	-16.1
Cash and cash equivalents at the end of the reporting period	**2,372.3**	**2,008.0**

Consolidated Statement of Changes in Equity

in € millions	Subscribed capital[1]	Capital reserves	Retained earnings	Successive purchases[2]	Difference from: remeasurement of defined benefit plans	Difference from: currency translation	Difference from: financial instruments[3]	Subtotal	Non-controlling interests	Total
As at Jan. 1, 2014	**512.0**	**4,155.6**	**5,535.3**	**-18.4**	**-741.2**	**-435.9**	**3.8**	**9,011.2**	**311.0**	**9,322.2**
Net income	–	–	588.3	–	–	–	–	588.3	19.3	**607.6**
Comprehensive income	–	–	–	–	-61.0	-34.1	2.5	-92.6	-2.7	**-95.3**
Net profit for the period	**–**	**–**	**588.3**	**–**	**-61.0**	**-34.1**	**2.5**	**495.7**	**16.6**	**512.3**
Dividends paid/resolved	–	–	–	–	–	–	–	–	-12.9	**-12.9**
Other changes[4]	–	–	–	0.0	–	–	–	0.0	–	**0.0**
As at March 31, 2014	**512.0**	**4,155.6**	**6,123.6**	**-18.4**	**-802.2**	**-470.0**	**6.3**	**9,506.9**	**314.7**	**9,821.6**
As at Jan. 1, 2015	**512.0**	**4,155.6**	**7,404.3**	**-19.4**	**-1,339.6**	**-51.1**	**10.3**	**10,672.1**	**352.5**	**11,024.6**
Net income	–	–	656.7	–	–	–	–	656.7	21.1	**677.8**
Comprehensive income	–	–	–	–	-287.9	699.6	-2.2	409.5	48.9	**458.4**
Net profit for the period	**–**	**–**	**656.7**	**–**	**-287.9**	**699.6**	**-2.2**	**1,066.2**	**70.0**	**1,136.2**
Dividends paid/resolved	–	–	–	–	–	–	–	–	-16.7	**-16.7**
Other changes[4]	–	–	–	–	–	–	–	–	77.7	**77.7**
As at March 31, 2015	**512.0**	**4,155.6**	**8,061.0**	**-19.4**	**-1,627.5**	**648.5**	**8.1**	**11,738.3**	**483.5**	**12,221.8**

1 Divided into 200,005,983 shares outstanding.
2 The prior-year amount resulted from the first-time consolidation of a previously non-consolidated subsidiary.
3 The difference arising from financial instruments, including deferred taxes, was mainly due to available-for-sale financial assets.
4 Other changes in non-controlling interests due to changes in the scope of consolidation.

Explanatory Notes to the Consolidated Financial Statements

Segment report for the period from January 1 to March 31, 2015

in € millions	Chassis & Safety	Powertrain	Interior
External sales	2,128.6	1,808.2	1,973.0
Intercompany sales	7.4	18.3	2.2
Sales (total)	**2,136.0**	**1,826.5**	**1,975.2**
EBITDA	297.3	177.2	252.9
in % of sales	13.9	9.7	12.8
EBIT (segment result)	214.9	96.7	190.9
in % of sales	10.1	5.3	9.7
Depreciation and amortization[1]	82.4	80.5	62.0
thereof impairment[2]	–	–	–
Capital expenditure[3]	72.3	66.7	65.7
in % of sales	3.4	3.7	3.3
Operating assets as at March 31	4,145.3	2,710.1	3,974.5
Number of employees as at March 31[4]	38,607	35,593	37,232

in € millions	Tires	ContiTech	Other/ Consolidation	Continental Corporation
External sales	2,414.5	1,244.6	–	9,568.9
Intercompany sales	5.3	23.7	-56.9	–
Sales (total)	**2,419.8**	**1,268.3**	**-56.9**	**9,568.9**
EBITDA	579.7	129.2	-33.1	1,403.2
in % of sales	24.0	10.2	–	14.7
EBIT (segment result)	454.0	54.9	-33.5	977.9
in % of sales	18.8	4.3	–	10.2
Depreciation and amortization[1]	125.7	74.3	0.4	425.3
thereof impairment[2]	–	–	–	–
Capital expenditure[3]	100.9	50.9	0.3	356.8
in % of sales	4.2	4.0	–	3.7
Operating assets as at March 31	5,380.5	3,418.2	-90.1	19,538.5
Number of employees as at March 31[4]	48,281	42,399	384	202,496

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.

Segment report for the period from January 1 to March 31, 2014

in € millions	Chassis & Safety	Powertrain	Interior
External sales	1,869.1	1,561.5	1,697.6
Intercompany sales	9.1	17.6	1.5
Sales (total)	**1,878.2**	**1,579.1**	**1,699.1**
EBITDA	254.0	157.0	223.2
in % of sales	13.5	9.9	13.1
EBIT (segment result)	172.3	64.5	137.8
in % of sales	9.2	4.1	8.1
Depreciation and amortization[1]	81.7	92.5	85.4
thereof impairment[2]	–	–	–
Capital expenditure[3]	57.4	55.2	46.4
in % of sales	3.1	3.5	2.7
Operating assets as at March 31	3,881.6	2,788.4	3,812.7
Number of employees as at March 31[4]	37,174	33,404	34,939

in € millions	Tires	ContiTech	Other/ Consolidation	Continental Corporation
External sales	2,315.1	946.8	–	8,390.1
Intercompany sales	3.2	26.6	-58.0	–
Sales (total)	**2,318.3**	**973.4**	**-58.0**	**8,390.1**
EBITDA	545.4	143.7	-27.5	1,295.8
in % of sales	23.5	14.8	–	15.4
EBIT (segment result)	440.7	115.5	-27.6	903.2
in % of sales	19.0	11.9	–	10.8
Depreciation and amortization[1]	104.7	28.2	0.1	392.6
thereof impairment[2]	–	–	–	–
Capital expenditure[3]	142.3	39.4	0.2	340.9
in % of sales	6.1	4.0	–	4.1
Operating assets as at March 31	4,656.6	1,361.8	-97.0	16,404.1
Number of employees as at March 31[4]	45,685	30,611	325	182,138

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.

Reconciliation of EBIT to net income

	January 1 to March 31	
in € millions	2015	2014
Chassis & Safety	214.9	172.3
Powertrain	96.7	64.5
Interior	190.9	137.8
Tires	454.0	440.7
ContiTech	54.9	115.5
Other/consolidation	-33.5	-27.6
EBIT	**977.9**	**903.2**
Net interest expense	-55.7	-80.0
Earnings before taxes	**922.2**	**823.2**
Income tax expense	-244.4	-215.6
Net income	**677.8**	**607.6**
Non-controlling interests	-21.1	-19.3
Net income attributable to the shareholders of the parent	**656.7**	**588.3**

Accounting principles

This interim report was prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at the end of the reporting period and endorsed by the European Union, and the interpretations of the International Financial Reporting Standards Interpretation Committee (IFRIC). The interim report was prepared in compliance with IAS 34, Interim Financial Reporting. The same accounting policies have been applied in the interim report as in the consolidated financial statements for 2014. These methods are described in detail in the 2014 Annual Report. In addition, the IFRS amendments and new regulations effective as at March 31, 2015, have also been applied in the interim report. A detailed description of these mandatory IFRS amendments and new regulations can be found in the 2014 Annual Report.

The IFRS amendments and new regulations effective as at March 31, 2015, had no material effect on the reporting of the Continental Corporation.

Taxes are calculated based on the estimated, weighted average annual tax rate expected for the year as a whole, taking into account the tax effects of specific significant items not expected to recur in the remainder of the year.

Although certain elements of the corporation's business are seasonal, the overall comparability of the interim consolidated financial statements is not compromised. All significant effects in the current period are shown in this report. Changes in the recognition or measurement of assets and liabilities within the scope of company acquisitions are presented retrospectively once the final purchase price allocation has been determined.

The consolidated financial statements have been prepared in euro. Unless otherwise stated, all amounts are shown in millions of euro. Please note that differences may arise as a result of the use of rounded amounts and percentages.

Provisions for pension liabilities and similar obligations

Compared to December 31, 2014, the remeasurement of defined benefit pension plans as at March 31, 2015, resulted in a €242.6 million decrease in other comprehensive income. This is due to the drop in discount rates and an actually higher than planned change in the market value of plan assets. The reduction in equity contrasted with a rise in pension liabilities and similar obligations of €361.8 million.

The net pension cost of the Continental Corporation can be summarized as follows:

	January 1 to March 31, 2015						January 1 to March 31, 2014					
in € millions	**Germany**	**U.S.A.**	**CAN**	**U.K.**	**Other**	**Total**	Germany	U.S.A.	CAN	U.K.	Other	Total
Current service cost	37.7	0.0	0.1	1.2	5.0	**44.0**	26.0	–	0.1	0.9	4.3	**31.3**
Interest on defined benefit obligations	20.2	11.2	0.8	3.5	2.0	**37.7**	22.5	10.2	0.8	3.2	2.3	**39.0**
Expected return on plan assets	-1.8	-8.0	-0.7	-3.5	-0.8	**-14.8**	-2.7	-8.6	-0.7	-3.2	-1.2	**-16.4**
Effect of change of asset ceiling	–	0.0	0.0	0.0	0.1	**0.1**	–	–	0.0	–	0.1	**0.1**
Other pension income and expenses	–	0.4	0.0	0.0	0.1	**0.5**	–	0.2	0.0	–	0.1	**0.3**
Net pension cost	**56.1**	**3.6**	**0.2**	**1.2**	**6.4**	**67.5**	**45.8**	**1.8**	**0.2**	**0.9**	**5.6**	**54.3**

Net cost of healthcare and life insurance obligations of the Continental Corporation in the U.S.A. and Canada consist of the following:

	January 1 to March 31	
in € millions	**2015**	2014
Current service cost	0.4	0.3
Interest on healthcare and life insurance benefit obligations	2.2	2.0
Net cost of obligations similar to pensions	**2.6**	**2.3**

Cash changes in pension and similar obligations

Pension funds exist solely for pension obligations, particularly in Germany, the U.S.A., Canada and the U.K., and not for other benefit obligations. The companies of the Continental Corporation paid €4.9 million (PY: €7.6 million) into these pension funds in the period from January 1 to March 31, 2015.

In the period from January 1 to March 31, 2015, payments for retirement benefit obligations totaled €51.7 million (PY: €47.9 million). Payments for obligations similar to pensions totaled €3.9 million (PY: €3.4 million).

Companies consolidated

In addition to the parent company, the consolidated financial statements include 493 domestic and foreign companies that Continental Aktiengesellschaft incorporates according to the regulations of IFRS 10 or that are classified as joint arrangements or associated companies. Of these, 379 are fully consolidated and 114 are accounted for using the equity method.

The number of consolidated companies has increased by a total of 35 since December 31, 2014. A total of 34 companies were acquired, two not yet consolidated entities were included in consolidation for the first time and one company was merged.

Since March 31, 2014, the number of consolidated companies has increased by a total of 51. The additions to the consolidated group essentially result from the acquisition of Veyance Technologies and the newly formed companies of the Automotive Group. Companies no longer included in the scope of consolidation relate to liquidations and disposals of the Automotive Group in particular.

Acquisition and disposal of companies and business operations

Once all agreed conditions had been met, the agreement that was concluded on February 10, 2014, with The Carlyle Group, Washington D.C., U.S.A., regarding the acquisition of Veyance Technologies, was closed on January 30, 2015. The acquisition took place by way of the merger of South Acquisition Corp., Inc., Wilmington, Delaware, U.S.A., a wholly owned subsidiary of the Continental Corporation, with EPD Holdings Inc., Wilmington, Delaware, U.S.A., which up to then had been a wholly owned subsidiary of The Carlyle Group, Washington D.C., U.S.A. Veyance Technologies operates globally in the field of rubber and plastics technology. It posted sales in 2014 of approximately €1.5 billion, around 90% of which was generated in the industrial business. At the end of 2014, it had a workforce of about 8,500 employees in its 27 plants worldwide. Conveyor belts, hoses and power transmission belts are the focus of its product range. The acquisition should strengthen in particular the ContiTech segment's Conveyor Belt Group, Fluid Technology, and Power Transmission Group business units in regions where ContiTech has little or no representation. With the additional business in markets such as the U.S.A. and South America, but also in Mexico, Canada, China, Australia, and South Africa, ContiTech will in the future achieve some 60% of its sales with customers outside of the automotive original equipment sector. In doing so, Continental has taken another step toward achieving its strategic goal of further increasing sales from industrial customers and the aftermarket. The provisional purchase price was €678.9 million and was paid in cash. The total incidental acquisition costs incurred since 2013 of €18.8 million were recognized as other expenses. The provisional purchase price allocation, based on the data and information available after the acquisition concluded on January 30, 2015, resulted in intangible assets of €720.7 million and provisional goodwill of €278.5 million for the ContiTech segment. This goodwill resulted from the skills and professional aptitude of the workforce and from expectations regarding the improved geographical market coverage of the group of companies following the transaction. This particularly relates to regions in which ContiTech operated only to a limited extent in the past, such as North America, Latin America, China and South Africa. Furthermore, we expect to leverage synergies from optimizations in the procurement of manufacturing materials and from the production processes. If the transaction had already been completed as at January 1, net income after taxes would have been €21.1 million lower and sales would have been up by €122.5 million. Since the transaction was closed on January 30, Veyance Technologies has contributed net income after taxes of -€59.4 million and sales of €224.1 million. Other than this, there was no material effect on the net assets, financial and earnings position of the Continental Corporation as at March 31, 2015.

The Tire segment continued to expand its business in tire molding technology. In this context, Continental Caoutchouc-Export-GmbH, Hanover, Germany, acquired the business of A-Z Formen- und Maschinenbau GmbH, Runding-Langwitz, Germany, and AZ-CZECH s.r.o., Meclov, Czech Republic, for a purchase price of €35.0 million effective January 7, 2015. A total of €7.0 million of this was paid in cash. In addition, the transaction gave rise to a purchase price liability of €4.0 million due at the end of 2015 and a purchase price liability of €24.0 million due at the end of 2020. The current, provisional purchase price allocation resulted in provisional goodwill of €21.7 million. Other than this, there was no material effect on the net assets, financial and earnings position of the Continental Corporation as at March 31, 2015.

As part of an asset deal effective January 1, 2015, PROFI Reifen- und Autoservice GmbH, Wiener Neudorf, Austria, sold its complete-wheel assembly activity at the site in Kalsdorf, Austria, to PTG Automotive Solutions and Services GmbH, Kalsdorf, Austria. This transaction resulted in a loss of €0.1 million that was reported under other expenses and income.

Impairment

The corporation immediately reviews other intangible assets and property, plant and equipment, investment property, financial investments and goodwill as soon as there is an indication of impairment (triggering event). No impairment resulted from these reviews in the reporting period or in the same period of the previous year.

Appropriation of net income

As at December 31, 2014, Continental AG reported net retained earnings of €749.2 million (PY: €913.4 million). The distribution of a dividend of €3.25 per share to the shareholders of Continental AG for the past fiscal year will be proposed to the Annual Shareholders' Meeting to be held in Hanover on April 30, 2015. With 200,005,983 shares entitled to dividends, the total distribution will therefore amount to €650,019,444.75. The remaining amount is to be carried forward to new account.

In 2014, a dividend of €2.50 per share was distributed by Continental AG to its shareholders for 2013. With 200,005,983 shares entitled to dividends, the total distribution therefore amounted to €500,014,957.50. The remaining amount was carried forward to new account.

Earnings per share

After the first three months of 2015, basic earnings per share amounted to €3.28 (PY: €2.94), the same amount as diluted earnings per share.

Contingent liabilities and other financial obligations

As at March 31, 2015, there were no material changes in the contingent liabilities and other financial obligations as described in the 2014 Annual Report.

Transactions with related parties

In the period under review there were no material changes in transactions with related parties compared to December 31, 2014. For further information, please refer to the comments in the 2014 Annual Report.

German Corporate Governance Code

The annual declaration in accordance with Section 161 of the German Stock Corporation Act (*Aktiengesetz, AktG*) on the German Corporate Governance Code by the Executive Board and Supervisory Board of Continental AG is made permanently available to shareholders on Continental's website. Earlier declarations in accordance with Section 161 *AktG* can also be found there.

Segment reporting

Given the affinity of certain products, these have been combined as segments. This can mainly be seen in product requirements, market trends, customer groups and distribution channels.

Information on the development of Continental Corporation's five divisions can be found in the Corporate Management Report as at March 31, 2015.

Indebtedness and net interest expense

The committed volume of the new syndicated loan concluded in April 2014 remains unchanged at €4.5 billion and still consists of a term loan of €1.5 billion and a revolving credit line of €3.0 billion. As at the end of the first quarter of 2015, the syndicated loan had been utilized by Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., and Continental AG at a total nominal amount of €1,779.4 million. In the previous year, it had been utilized only by Continental AG at a nominal amount of €1,500.0 million. The slightly higher utilization year-on-year is due to the acquisition of Veyance Technologies.

For more information on indebtedness and net interest expense from financial activities, please refer to the Corporate Management Report as at March 31, 2015.

Financial instruments

The carrying amounts and fair values of financial assets and liabilities in the various measurement categories, classified by statement of financial position category, as well as the summarized non-current and current items, are as follows:

in € millions	Measurement category in acc. with IAS 39	**Carrying amount as at March 31, 2015**	**Fair value as at March 31, 2015**	Carrying amount as at Dec. 31, 2014	Fair value as at Dec. 31, 2014
Other investments	AfS	12.5	12.5	10.7	10.7
Derivative instruments and interest-bearing investments					
Derivative instruments not accounted for as hedging instruments	HfT	150.4	150.4	80.2	80.2
Available-for-sale financial assets	AfS	287.9	287.9	266.8	266.8
Other receivables with a financing character	LaR	17.1	17.1	17.3	17.3
Trade accounts receivable	LaR	7,396.7	7,396.7	5,846.2	5,846.2
Other financial assets	LaR	461.2	461.2	424.4	424.4
Cash and cash equivalents					
Cash and cash equivalents	LaR	2,351.8	2,351.8	2,960.5	2,960.5
Available-for-sale financial assets	AfS	20.5	20.5	283.3	283.3
Financial assets		**10,698.1**	**10,698.1**	**9,889.4**	**9,889.4**
Indebtedness					
Derivative instruments accounted for as hedging instruments	n. a.	30.5	30.5	4.9	4.9
Derivative instruments not accounted for as hedging instruments	HfT	74.0	74.0	17.4	17.4
Financial lease liabilities	n. a.	48.2	54.6	48.0	54.2
Other indebtedness	FLAC	6,773.7	7,021.5	6,361.3	6,609.1
Trade accounts payable	FLAC	5,775.2	5,775.2	4,861.6	4,861.6
Other financial liabilities	FLAC	2,013.0	2,012.4	1,697.9	1,697.2
Financial liabilities		**14,714.6**	**14,968.2**	**12,991.1**	**13,244.4**
Aggregated according to categories as defined in IAS 39:					
Financial assets held for trading (HfT)		150.4		80.2	
Loans and receivables (LaR)		10,226.8		9,248.4	
Available-for-sale financial assets (AfS)		320.9		560.8	
Financial liabilities held for trading (HfT)		74.0		17.4	
Financial liabilities measured at amortized cost (FLAC)		14,561.9		12,920.8	

Abbreviations

- AfS: available for sale
- FLAC: financial liability at amortized cost
- HfT: held for trading
- LaR: loans and receivables
- n. a.: not applicable (effective hedging instruments are not part of the measurement categories of IAS 39).

The following tables show the fair values of financial assets and liabilities that are measured at fair value in accordance with IAS 39 on the one hand and the classes of financial instruments for which the fair value was calculated for comparison with the carrying amount on the other. They do not contain information on the fair value for financial assets and liabilities not measured at fair value if the carrying amount is an appropriate approximation of the fair value. The levels of the fair value hierarchy are defined as follows:

- Level 1: quoted prices on the active market for identical instruments.
- Level 2: quoted prices on the active market for a similar instrument or a measurement method for which all major input factors are based on observable market data.
- Level 3: measurement method for which the major input factors are not based on observable market data.

There are currently no financial assets or liabilities in the Continental Corporation which are measured according to level 3 of the fair value hierarchy. There were no transfers between the different levels of the fair value hierarchy.

A detailed description of the measurement methods used for the individual financial instruments can be found in the 2014 Annual Report.

in € millions		**March 31, 2015**	Level 1	Level 2	Cost
Other investments	AfS	12.5	–	–	12.5
Available-for-sale financial assets	AfS	308.4	298.6	9.8	0.0
Derivative instruments not accounted for as hedging instruments	HfT	150.4	–	150.4	–
Financial assets measured at fair value		**471.3**	**298.6**	**160.2**	**12.5**
Derivative instruments accounted for as hedging instruments	n. a.	30.5	–	30.5	–
Derivative instruments not accounted for as hedging instruments	HfT	74.0	–	74.0	–
Financial liabilities measured at fair value		**104.5**	**–**	**104.5**	**–**
Financial lease liabilities	n. a.	54.6	–	54.6	–
Other indebtedness	FLAC	7,021.5	3,361.6	2,140.2	1,519.7
Other financial liabilities	FLAC	2,012.4	–	19.8	1,992.6
Financial liabilities not measured at fair value		**9,088.5**	**3,361.6**	**2,214.6**	**3,512.3**

in € millions		Dec. 31, 2014	Level 1	Level 2	Cost
Other investments	AfS	10.7	–	–	10.7
Available-for-sale financial assets	AfS	550.1	541.5	8.6	0.0
Derivative instruments not accounted for as hedging instruments	HfT	80.2	–	80.2	–
Financial assets measured at fair value		**641.0**	**541.5**	**88.8**	**10.7**
Derivative instruments accounted for as hedging instruments	n. a.	4.9	–	4.9	–
Derivative instruments not accounted for as hedging instruments	HfT	17.4	–	17.4	–
Financial liabilities measured at fair value		**22.3**	**–**	**22.3**	**–**
Financial lease liabilities	n. a.	54.2	–	54.2	–
Other indebtedness	FLAC	6,609.1	3,265.4	2,072.0	1,271.7
Other financial liabilities	FLAC	1,697.2	–	28.0	1,669.2
Financial liabilities not measured at fair value		**8,360.5**	**3,265.4**	**2,154.2**	**2,940.9**

Income tax expense
Income tax expense in the first three months of 2015 amounted to €244.4 million (PY: €215.6 million). The tax rate in the reporting period was 26.5% after 26.2% for the same period of the previous year.

Litigation and compensation claims
There were no significant new findings in the reporting period with regard to litigation and compensation claims. For further information, please refer to the comments in the 2014 Annual Report.

Review by an independent auditor
The interim corporate management report and the condensed interim consolidated financial statements have not been audited in accordance with Section 317 of the German Commercial Code (*Handelsgesetzbuch, HGB*) or reviewed by a qualified auditor.

Significant Events after March 31, 2015

There was a contractual amendment to the syndicated loan amounting to €4.5 billion in April 2015. All the banks involved approved a one-year extension of the revolving tranche in the amount of €3.0 billion. This financing commitment is therefore now available to Continental until April 2020.

Hanover, April 27, 2015

Continental Aktiengesellschaft
The Executive Board

Financial Calendar

2015	
Annual Financial Press Conference	March 5
Analyst and Investor Conference Call	March 5
Annual Shareholders' Meeting (incl. key figures for quarter 1 of 2015)	April 30
Financial Report as at March 31, 2015	May 7
Half-Year Financial Report as at June 30, 2015	August 4
Financial Report as at September 30, 2015	November 9

2016	
Preliminary figures for the fiscal year 2015	January
Annual Financial Press Conference	March
Analyst and Investor Conference Call	March
Annual Shareholders' Meeting (incl. key figures for quarter 1 of 2016)	April 29
Financial Report as at March 31, 2016	May
Half-Year Financial Report as at June 30, 2016	August
Financial Report as at September 30, 2016	November

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This Financial Report has also been published in German. The 2014 Annual Report is available in English and German.

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