

Preliminary Consolidated Financial Statements 2016 >

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

Continental Corporation

Continental Corporation in € millions	2016	2015
Sales	40,549.5	39,232.0
EBITDA	6,057.4	6,001.4
in % of sales	14.9	15.3
EBIT	4,095.8	4,115.6
in % of sales	10.1	10.5
Net income attributable to the shareholders of the parent	2,802.5	2,727.4
Earnings per share in €	14.01	13.64
Research and development expenses	2,811.5	2,449.6
in % of sales	6.9	6.2
Depreciation and amortization ¹	1,961.6	1,885.8
thereof impairment ²	58.6	93.6
Operating assets as at December 31	21,068.7	19,678.5
Operating assets (average)	20,453.1	19,680.7
ROCE	20.0	20.9
Capital expenditure ³	2,593.0	2,178.8
in % of sales	6.4	5.6
Number of employees as at December 31 ⁴	220,137	207,899
Adjusted sales ⁵	40,261.7	39,232.0
Adjusted operating result (adjusted EBIT) ⁶	4,341.2	4,369.0
in % of adjusted sales	10.8	11.1

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.

Development of Core Business Areas: Automotive Group

Automotive Group in € millions	2016	2015
Sales	24,496.4	23,574.5
EBITDA	2,615.0	2,973.2
in % of sales	10.7	12.6
EBIT	1,526.6	2,014.4
in % of sales	6.2	8.5
Research and development expenses	2,430.9	2,097.2
in % of sales	9.9	8.9
Depreciation and amortization ¹	1,088.4	958.8
thereof impairment ²	21.4	0.7
Operating assets as at December 31	12,493.6	11,696.7
Operating assets (average)	11,978.3	11,237.5
ROCE	12.7	17.9
Capital expenditure ³	1,497.0	1,274.7
in % of sales	6.1	5.4
Number of employees as at December 31 ⁴	124,753	115,888
Adjusted sales ⁵	24,379.9	23,574.5
Adjusted operating result (adjusted EBIT) ⁶	1,632.2	2,038.4
in % of adjusted sales	6.7	8.6

¹ Excluding impairment on financial investments.

² Impairment also includes necessary reversal of impairment losses.

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

⁴ Excluding trainees.

⁵ Before changes in the scope of consolidation.

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

Development of Core Business Areas: Rubber Group

Rubber Group in € millions	2016	2015
Sales	16,097.6	15,704.6
EBITDA	3,559.6	3,181.5
in % of sales	22.1	20.3
EBIT	2,688.6	2,255.8
in % of sales	16.7	14.4
Research and development expenses	380.6	352.4
in % of sales	2.4	2.2
Depreciation and amortization ¹	871.0	925.7
thereof impairment ²	37.2	92.9
Operating assets as at December 31	8,640.4	8,085.0
Operating assets (average)	8,561.4	8,556.6
ROCE	31.4	26.4
Capital expenditure ³	1,094.1	903.4
in % of sales	6.8	5.8
Number of employees as at December 31 ⁴	94,966	91,603
Adjusted sales ⁵	15,926.3	15,704.6
Adjusted operating result (adjusted EBIT) ⁶	2,828.4	2,485.2
in % of adjusted sales	17.8	15.8

¹ Excluding impairment on financial investments.

² Impairment also includes necessary reversal of impairment losses.

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

⁴ Excluding trainees.

⁵ Before changes in the scope of consolidation.

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

EBITDA

EBITDA	in € millions		in % of sales	
	2016	2015	2016	2015
Chassis & Safety	954.6	1,160.3	10.6	13.7
Powertrain	756.2	730.7	10.3	10.3
Interior	904.2	1,082.2	10.9	13.3
Tires	2,828.7	2,604.3	26.4	25.0
ContiTech	730.9	577.2	13.4	10.8
Other/consolidation	-117.2	-153.3		
Continental Corporation	6,057.4	6,001.4	14.9	15.3

EBIT

EBIT	in € millions		in % of sales	
	2016	2015	2016	2015
Chassis & Safety	580.8	814.3	6.5	9.6
Powertrain	378.0	395.6	5.2	5.6
Interior	567.8	804.5	6.8	9.9
Tires	2,289.4	2,085.2	21.4	20.0
ContiTech	399.2	170.6	7.3	3.2
Other/consolidation	-119.4	-154.6		
Continental Corporation	4,095.8	4,115.6	10.1	10.5

Adjusted Operating Result (Adjusted EBIT)¹

Adjusted operating result (adjusted EBIT) ¹	in € millions		in % of adjusted sales ²	
	2016	2015	2016	2015
Chassis & Safety	591.7	815.0	6.6	9.6
Powertrain	398.5	404.7	5.5	5.7
Interior	642.0	818.7	7.8	10.0
Tires	2,306.0	2,097.2	21.7	20.1
ContiTech	522.4	388.0	9.7	7.2
Other/consolidation	-119.4	-154.6		
Continental Corporation	4,341.2	4,369.0	10.8	11.1

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

² Before changes in the scope of consolidation.

Key Figures per Share¹

in € (unless otherwise specified)	2016	2015
Net income attributable to the shareholders of the parent	14.01	13.64
Diluted earnings	14.01	13.64
Free cash flow	8.86	7.22
Dividend	4.25 ²	3.75
Dividend payout ratio (%)	30.3 ²	27.5
Dividend yield (%)	2.3 ²	1.8
Total equity (book value) as at December 31 ³	71.35	63.93
Yearly average price-earnings ratio (P/E ratio) ⁴	13.22	15.33
Share price at year-end	183.70	224.55
Average share price	185.26	209.05
Share price at year-high	220.10	234.25
Share price at year-low	158.20	166.60
Average XETRA trading volume per trading day (in units)	436,412	525,734
Number of outstanding shares, average (in millions)	200.0	200.0
Number of outstanding shares as at December 31 (in millions)	200.0	200.0

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

2 Subject to the approval of the Annual Shareholders' Meeting on April 28, 2017.

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

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

Consolidated Statement of Income

in € millions	2016	2015
Sales	40,549.5	39,232.0
Cost of sales	-29,783.0	-29,056.8
Gross margin on sales	10,766.5	10,175.2
Research and development expenses	-2,811.5	-2,449.6
Selling and logistics expenses	-2,251.0	-2,179.0
Administrative expenses	-1,012.6	-925.5
Other expenses and income	-665.8	-567.7
Income from at-equity accounted investees	69.7	61.4
Other income from investments	0.5	0.8
Earnings before interest and tax	4,095.8	4,115.6
Interest income	101.4	95.4
Interest expense	-218.4	-341.0
Net interest result	-117.0	-245.6
Earnings before tax	3,978.8	3,870.0
Income tax expense	-1,096.8	-1,090.4
Net income	2,882.0	2,779.6
Non-controlling interests	-79.5	-52.2
Net income attributable to the shareholders of the parent	2,802.5	2,727.4
Basic earnings per share in €	14.01	13.64
Diluted earnings per share in €	14.01	13.64

Consolidated Statement of Financial Position

Starting with the year under review, 2016, the structure of the equity and liabilities side has been presented in an adjusted form to increase transparency with regards to employee benefits. All of the following figures from comparative periods as well as disclosures have been adjusted accordingly.

Assets in € millions	Dec. 31, 2016	Dec. 31, 2015	Jan. 1, 2015 ¹
Goodwill	6,857.3	6,640.6	5,769.1
Other intangible assets	1,514.1	1,336.4	443.3
Property, plant and equipment	10,538.1	9,538.9	8,446.4
Investment property	10.3	16.0	17.5
Investments in at-equity accounted investees	384.8	345.8	298.5
Other investments	43.1	14.1	10.7
Deferred tax assets	1,836.1	1,669.7	1,573.4
Defined benefit assets	24.3	18.9	1.6
Long-term derivative instruments and interest-bearing investments	19.7	17.1	301.2
Long-term other financial assets	66.4	47.6	41.9
Long-term other assets	26.8	21.5	19.7
Non-current assets	21,321.0	19,666.6	16,923.3
Inventories	3,753.2	3,360.1	2,987.6
Trade accounts receivable	7,392.7	6,722.9	5,846.2
Short-term other financial assets	455.5	434.7	382.5
Short-term other assets	989.0	803.9	731.3
Income tax receivables	124.7	149.7	60.3
Short-term derivative instruments and interest-bearing investments	27.8	64.3	63.1
Cash and cash equivalents	2,107.0	1,621.5	3,243.8
Assets held for sale	4.0	12.0	3.0
Current assets	14,853.9	13,169.1	13,317.8
Total assets	36,174.9	32,835.7	30,241.1

¹ A third statement of financial position as at the start of the 2015 fiscal year has been prepared, as the structure of the equity and liabilities side has been adjusted starting from the year under review, 2016.

Equity and liabilities in € millions	Dec. 31, 2016	Dec. 31, 2015	Jan. 1, 2015 ¹
Subscribed capital	512.0	512.0	512.0
Capital reserves	4,155.6	4,155.6	4,155.6
Retained earnings	11,534.7	9,481.8	7,404.3
Other comprehensive income	-1,932.3	-1,363.1	-1,399.8
Equity attributable to the shareholders of the parent	14,270.0	12,786.3	10,672.1
Non-controlling interests	464.8	427.6	352.5
Total equity	14,734.8	13,213.9	11,024.6
Long-term employee benefits	4,392.3	3,696.5	3,641.2
Deferred tax liabilities	371.5	361.2	178.5
Long-term provisions for other risks and obligations	204.2	171.8	182.0
Long-term indebtedness	2,803.7	3,175.0	5,077.4
Long-term other financial liabilities	97.1	94.9	48.7
Long-term other liabilities	17.1	21.6	13.2
Non-current liabilities	7,885.9	7,521.0	9,141.0
Short-term employee benefits	1,314.1	1,269.4	1,093.1
Trade accounts payable	6,248.0	5,493.8	4,861.6
Income tax payables	783.6	719.8	577.3
Short-term provisions for other risks and obligations	1,146.4	845.5	732.7
Short-term indebtedness	2,148.6	2,069.8	1,354.2
Short-term other financial liabilities	1,187.3	1,066.4	883.6
Short-term other liabilities	726.2	634.1	572.7
Liabilities held for sale	–	2.0	0.3
Current liabilities	13,554.2	12,100.8	10,075.5
Total equity and liabilities	36,174.9	32,835.7	30,241.1

¹ A third statement of financial position as at the start of the 2015 fiscal year has been prepared, as the structure of the equity and liabilities side has been adjusted starting from the year under review, 2016.

Consolidated Statement of Cash Flows

in € millions	2016	2015 ¹
Net income	2,882.0	2,779.6
Income tax expense	1,096.8	1,090.4
Net interest result	117.0	245.6
EBIT	4,095.8	4,115.6
Interest paid	-136.1	-204.6
Interest received	24.2	31.1
Income tax paid	-1,047.3	-1,015.3
Dividends received	45.1	48.0
Depreciation, amortization, impairment and reversal of impairment losses	1,961.6	1,885.8
Income from at-equity accounted and other investments, incl. impairment and reversal of impairment losses	-70.2	-62.2
Gains from the disposal of assets, companies and business operations	-15.3	-16.9
Changes in		
inventories	-326.5	-59.5
trade accounts receivable	-631.7	-447.2
trade accounts payable	748.1	400.0
employee benefits and other provisions	384.8	213.4
other assets and liabilities	-94.4	27.4
Cash flow arising from operating activities	4,938.1	4,915.6
Cash flow from the disposal of property, plant and equipment, and intangible assets	53.0	35.7
Capital expenditure on property, plant and equipment, and software	-2,592.5	-2,178.8
Capital expenditure on intangible assets from development projects and miscellaneous	-115.7	-85.8
Cash flow from the disposal of companies and business operations	4.6	13.8
Acquisition of companies and business operations	-516.2	-1,256.9
Cash flow arising from investing activities	-3,166.8	-3,472.0
Cash flow before financing activities (free cash flow)	1,771.3	1,443.6
Changes in short-term debt	-496.1	-774.1
Proceeds from the issuance of long-term debt	659.7	549.2
Principal repayments on long-term debt	-503.6	-2,133.4
Successive purchases	-109.7	-27.3
Dividends paid	-750.0	-650.0
Dividends paid to and cash changes from equity transactions with non-controlling interests	-55.6	-62.5
Cash and cash equivalents arising from first consolidation of subsidiaries	0.6	0.5
Cash flow arising from financing activities	-1,254.7	-3,097.6
Change in cash and cash equivalents	516.6	-1,654.0
Cash and cash equivalents as at January 1	1,621.5	3,243.8
Effect of exchange rate changes on cash and cash equivalents	-31.1	31.7
Cash and cash equivalents as at December 31	2,107.0	1,621.5

¹ The prior-year comparative figures have been adjusted in accordance with the current structure.

Segment Reporting

Segment report by division for 2016

in € millions	Chassis & Safety	Powertrain	Interior	Tires	ContiTech	Other/ consolidation	Continental Corporation
External sales	8,958.4	7,219.1	8,308.6	10,696.2	5,367.2	–	40,549.5
Intercompany sales	19.2	100.4	16.1	21.2	95.3	-252.2	–
Sales (total)	8,977.6	7,319.5	8,324.7	10,717.4	5,462.5	-252.2	40,549.5
EBIT (segment result)	580.8	378.0	567.8	2,289.4	399.2	-119.4	4,095.8
in % of sales	6.5	5.2	6.8	21.4	7.3	–	10.1
thereof income from at-equity accounted investees	22.6	3.8	27.0	15.3	0.2	0.8	69.7
Capital expenditure ¹	523.7	544.4	428.9	882.1	212.0	1.9	2,593.0
in % of sales	5.8	7.4	5.2	8.2	3.9	–	6.4
Depreciation and amortization ²	373.8	378.2	336.4	539.3	331.7	2.2	1,961.6
thereof impairment ³	1.5	8.3	11.6	0.2	37.0	–	58.6
Internally generated intangible assets	0.0	57.4	48.6	–	–	-0.1	105.9
Significant non-cash expenses/income	30.9	-20.6	4.6	8.1	-8.8	13.5	27.7
Segment assets	7,107.9	5,120.1	7,059.7	8,086.5	3,973.7	31.0	31,378.9
thereof investments in at-equity accounted investees	113.2	54.3	113.7	94.1	1.8	7.7	384.8
Segment liabilities	2,598.4	1,894.9	2,300.8	2,314.6	1,105.2	96.3	10,310.2
Operating assets as at December 31	4,509.5	3,225.2	4,758.9	5,771.9	2,868.5	-65.3	21,068.7
Operating assets (average)	4,448.7	3,015.8	4,513.8	5,612.7	2,948.7	-86.6	20,453.1
ROCE	13.1	12.5	12.6	40.8	13.5	–	20.0
Number of employees as at December 31 ⁴	43,907	37,502	43,344	52,057	42,909	418	220,137
Adjusted sales ⁵	8,977.6	7,276.7	8,250.2	10,641.6	5,367.0	-251.4	40,261.7
Adjusted operating result (adjusted EBIT) ⁶	591.7	398.5	642.0	2,306.0	522.4	-119.4	4,341.2
in % of adjusted sales	6.6	5.5	7.8	21.7	9.7	–	10.8

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

² Excluding impairment on financial investments.

³ Impairment also includes necessary reversal of impairment losses.

⁴ Excluding trainees.

⁵ Before changes in the scope of consolidation.

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

Segment report by division for 2015

in € millions	Chassis & Safety	Powertrain	Interior	Tires	ContiTech	Other/ consolidation	Continental Corporation
External sales	8,427.2	6,994.1	8,144.4	10,387.7	5,278.6	–	39,232.0
Intercompany sales	22.5	74.4	10.4	21.1	89.2	-217.6	–
Sales (total)	8,449.7	7,068.5	8,154.8	10,408.8	5,367.8	-217.6	39,232.0
EBIT (segment result)	814.3	395.6	804.5	2,085.2	170.6	-154.6	4,115.6
in % of sales	9.6	5.6	9.9	20.0	3.2	–	10.5
thereof income from at-equity accounted investees	22.1	2.6	23.4	12.1	0.3	0.9	61.4
Capital expenditure ¹	470.3	468.4	336.0	658.2	245.2	0.7	2,178.8
in % of sales	5.6	6.6	4.1	6.3	4.6	–	5.6
Depreciation and amortization ²	346.0	335.1	277.7	519.1	406.6	1.3	1,885.8
thereof impairment ³	-0.1	0.5	0.3	6.8	86.1	–	93.6
Internally generated intangible assets	10.5	6.3	61.8	–	–	0.1	78.7
Significant non-cash expenses/income	2.0	-26.0	-2.4	-1.1	-9.9	4.4	-33.0
Segment assets	6,524.4	4,566.1	6,380.3	7,235.6	4,028.0	24.9	28,759.3
thereof investments in at-equity accounted investees	96.0	50.3	103.0	87.4	1.7	7.4	345.8
Segment liabilities	2,092.6	1,706.5	1,975.0	2,159.6	1,019.0	128.1	9,080.8
Operating assets as at December 31	4,431.8	2,859.6	4,405.3	5,076.0	3,009.0	-103.2	19,678.5
Operating assets (average)	4,277.7	2,767.8	4,192.0	5,322.2	3,234.4	-113.4	19,680.7
ROCE	19.0	14.3	19.2	39.2	5.3	–	20.9
Number of employees as at December 31 ⁴	40,062	35,364	40,462	48,955	42,648	408	207,899
Adjusted sales ⁵	8,449.7	7,068.5	8,154.8	10,408.8	5,367.8	-217.6	39,232.0
Adjusted operating result (adjusted EBIT) ⁶	815.0	404.7	818.7	2,097.2	388.0	-154.6	4,369.0
in % of adjusted sales	9.6	5.7	10.0	20.1	7.2	–	11.1

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

2 Excluding impairment on financial investments.

3 Impairment also includes necessary reversal of impairment losses.

4 Excluding trainees.

5 Before changes in the scope of consolidation.

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

Reconciliation of EBIT to Net Income

in € millions	2016	2015
Chassis & Safety	580.8	814.3
Powertrain	378.0	395.6
Interior	567.8	804.5
Tires	2,289.4	2,085.2
ContiTech	399.2	170.6
Other/consolidation	-119.4	-154.6
EBIT	4,095.8	4,115.6
Net interest result	-117.0	-245.6
Earnings before tax	3,978.8	3,870.0
Income tax expense	-1,096.8	-1,090.4
Net income	2,882.0	2,779.6
Non-controlling interests	-79.5	-52.2
Net income attributable to the shareholders of the parent	2,802.5	2,727.4

Continental AG

in € millions	2016	2015
Net income	839.0	915.0
Accumulated profits brought forward from the previous year	264.1	99.2
Retained earnings	1,103.1	1,014.2

A dividend payment of €4.25 per share shall be proposed to the Annual Shareholders' Meeting on April 28, 2017.

Financial Calendar

2017

Preliminary figures for fiscal 2016	January 9
Annual Financial Press Conference	March 2
Analyst and Investor Conference Call	March 2
Annual Shareholders' Meeting (including key figures for the first quarter of 2017)	April 28
Financial Report as at March 31, 2017	May 9
Half-Year Financial Report as at June 30, 2017	August 3
Financial Report as at September 30, 2017	November 9

2018

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

Continental Aktiengesellschaft

P.O. Box 1 69, 30001 Hanover, Germany

Vahrenwalder Strasse 9, 30165 Hanover, Germany

Phone: +49 511 938-01, Fax: +49 511 938-81770

mailservice@conti.de

www.continental-corporation.com