Continental
The Future in Motion

Q3

TRANSFORMATION

FINANCIAL REPORT AS AT SEPTEMBER 30, 2020

Continental Shares and Bonds

COVID-19 pandemic dominates the stock markets
In the first quarter of 2020, the spread of the coronavirus, the subsequent extensive economic shutdowns in many countries as well as numerous company profit warnings and forecast retractions triggered a sharp decline in global stock market prices from the end of February to mid-March. The DAX closed the first quarter of 2020 at 9,935.84 points. This represented a decline of 25.0% compared to the end of 2019, when it was quoted at 13,249.01 points. The EURO STOXX 50 fell by 25.6% in the first quarter to 2,786.90 points.

The second quarter of 2020 was initially characterized by a rapid recovery of the stock markets, driven mainly by relief programs put in place by central banks, the stimulus packages introduced by many countries and the gradual resumption of production in industry. Resurging infection rates in some countries led to another decline in prices in June. The DAX grew by 23.9% in the second quarter compared to the end of the previous quarter, closing June 2020 at 12,310.93 points. The EURO STOXX 50 closed the second quarter at 3,234.07 points, an increase of 16.0%.

In the third quarter of 2020, there was a largely sideways trend on the stock markets. Although reports on the ongoing economic recovery in countries such as Germany, China and the USA had a positive effect, the increase in coronavirus infections in many countries made investors reluctant to buy. The DAX rose by 3.7% in the third quarter and ended September at 12,760.73 points. It closed the first nine months of 2020 down 3.7% compared to the start of the year. The EURO STOXX 50 fell by 1.3% in the third quarter and ended September at 3,193.61 points. Compared to the end of 2019, the decline in the reporting period came to 14.7%.

Automotive stocks severely affected by the COVID-19 pandemic
In March 2020, plant closures by vehicle manufacturers and suppliers as well as further anticipated negative effects of COVID-19 measures on vehicle demand and production caused the prices of European automotive stocks to slump. In the first quarter of 2020, the STOXX Europe 600 Automobiles & Parts fell to 317.82 points, a decline of 37.5% compared to the end of 2019.

The index recovered in the second quarter of 2020, rising by 23.2% to 391.65 points as a result of the renewed increase in sales and production volumes.

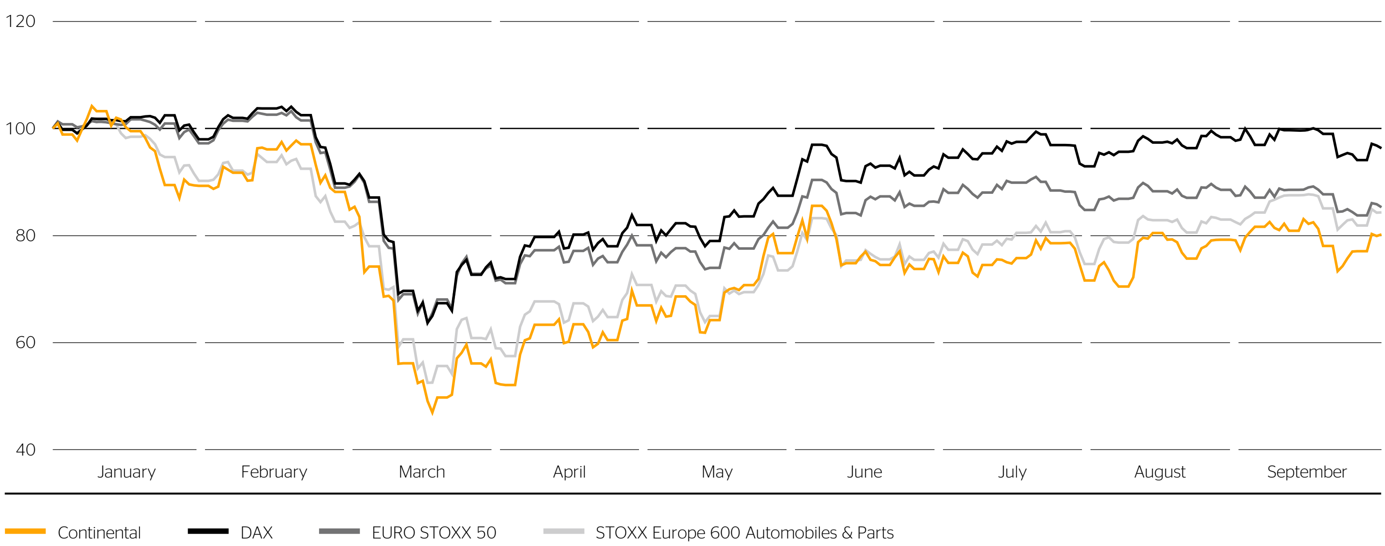
In the third quarter of 2020, the STOXX Europe 600 Automobiles & Parts rose by a further 9.5% to 428.84 points thanks to the further normalization of production volumes. For the first nine months of 2020 overall, however, it recorded a decline of 15.7%.

Decline in the Continental share price
Continental shares largely followed the trend in the European automotive sector in the first quarter of 2020, although they were somewhat more volatile. They closed March 2020 at €65.61, having fallen 43.1% compared to the 2019 year-end price of €115.26.

In the second quarter of 2020, Continental shares continued to move broadly in line with the development of the European automotive sector. They increased by 32.8% and ended June 2020 at €87.16.

In the third quarter of 2020, Continental shares benefited from the sector's ongoing recovery and rose by 6.1% to €92.48 by the end of September 2020. Compared to the 2019 year-end price, this represented a decline of 19.8% for the first nine months of 2020.

Price performance of Continental shares in the reporting period versus selected stock indexes indexed to January 1, 2020



Continental's key bonds outstanding as at September 30, 2020

WKN/ISIN	Coupon	Maturity	Volume in € millions	Issue price	Price as at Sep. 30, 2020	Price as at Dec. 31, 2019
A2YPE5/XS2051667181	0.000%	September 12, 2023	500.0	99.804%	99.091%	99.308%
A28XTQ/XS2178585423	2.125%	November 27, 2023	750.0	99.559%	105.075%	–
A28YEC/XS2193657561	1.125%	September 25, 2024	625.0	99.589%	102.119%	–
A2YPAE/XS2056430874	0.375%	June 27, 2025	600.0	99.802%	98.918%	99.780%
A28XTR/XS2178586157	2.500%	August 27, 2026	750.0	98.791%	108.768%	–

Volatile price performance of Continental's bonds

Uncertainty about the projected duration of government measures to contain the COVID-19 pandemic and possible negative effects on companies' solvency led to a significant rise in interest rates for European corporate bonds in the first quarter of 2020. As a result, the prices of listed bonds declined. Interest rates subsequently fell in the second and third quarters, with the prices of corporate bonds rising significantly compared to the end of the first quarter as a result.

The price of the 0.0% euro bond from Continental maturing on September 12, 2023, decreased by 616.7 basis points to 93.141% in the first quarter of 2020. By the end of September 2020, it had recovered by 595.0 basis points to 99.091%. The price of the 0.375% euro bond maturing on June 27, 2025, decreased by 917.9 basis points to 90.601% in the first quarter. It then bounced back again, however, increasing by 831.7 basis points to 98.918% by the end of September 2020.

Repayment of two euro bonds

The price of the 0.0% euro bond from Continental that matured on February 5, 2020, hovered around the 100% mark in January and February 2020. The nominal value of €600.0 million was repaid on the maturity date.

The price of the 3.125% euro bond that matured on September 9, 2020, successively fell toward the 100% mark due to the reduction in its remaining term to maturity. The nominal value of €750.0 million was repaid on the maturity date.

Successful placement of new euro bonds

In May and June 2020, Continental AG and Conti-Gummi Finance B.V. successfully placed a total of three euro bonds with investors in Germany and abroad under the Debt Issuance Programme (DIP).

Two euro bonds were offered on May 18, 2020 – one with an interest coupon of 2.125% for a term of three and a half years and the other with an interest coupon of 2.5% for a term of six years and three months. The nominal volume of each bond was set at €750.0 million. The respective issue prices amounted to 99.559% and 98.791%. Both bonds were issued on the regulated market of the Luxembourg Stock Exchange on May 27, 2020.

The third euro bond was offered on June 17, 2020, with an interest coupon of 1.125%. With a nominal volume of €625.0 million, the issue price amounted to 99.589%. The bond has a term of four years and three months. It was issued on the regulated market of the Luxembourg Stock Exchange on June 25, 2020.

The falling interest-rate level led to significant gains in the prices of the new euro bonds over the remainder of the reporting period.

Credit rating for Continental AG lowered

The rating agency Standard & Poor's confirmed its long-term credit rating of BBB+ on March 5, 2020 – after the publication of the Continental Group's preliminary financial figures for 2019 – but lowered its outlook to negative. On March 30, 2020, it downgraded the long-term credit rating to BBB and left the outlook of negative unchanged.

The rating agency Moody's downgraded its long-term credit rating from Baa1 to Baa2 on March 13, 2020, and left its outlook of negative unchanged.

The rating agency Fitch downgraded its long-term credit rating from BBB+ to BBB on April 20, 2020, and left its outlook of stable unchanged.

Credit rating for Continental AG

	September 30, 2020	December 31, 2019
Standard & Poor's[1]		
Long-term	BBB	BBB+
Short-term	A-2	A-2
Outlook	negative	stable
Fitch[2]		
Long-term	BBB	BBB+
Short-term	F2	F2
Outlook	stable	stable
Moody's[3]		
Long-term	Baa2	Baa1
Short-term	no rating	no rating
Outlook	negative	negative

1 Contracted rating since May 19, 2000.
2 Contracted rating since November 7, 2013.
3 Contracted rating since January 1, 2019.

Investor Relations online

For more information about Continental shares, bonds and credit ratings, please visit www.continental-ir.com.

Key Figures for the Continental Group

	January 1 to September 30		Third Quarter	
€ millions	**2020**	2019	**2020**	2019
Sales	26,827.7	33,414.1	10,295.3	11,103.4
EBITDA	1,777.2	3,980.0	724.9	1,049.4
in % of sales	6.6	11.9	7.0	9.5
EBIT	-1,066.2	-393.9	-673.4	-1,970.5
in % of sales	-4.0	-1.2	-6.5	-17.7
Net income attributable to the shareholders of the parent	-1,168.1	-926.4	-719.3	-1,986.4
Basic earnings per share in €	-5.84	-4.63	-3.60	-9.93
Diluted earnings per share in €	-5.84	-4.63	-3.60	-9.93
Adjusted sales[1]	26,686.2	33,284.5	10,274.4	10,977.2
Adjusted operating result (adjusted EBIT)[2]	629.3	2,361.1	831.6	611.9
in % of adjusted sales	2.4	7.1	8.1	5.6
Free cash flow	-51.6	-749.9	1,750.7	275.6
Net indebtedness as at September 30	4,923.4	5,453.5		
Gearing ratio in %	39.0	34.3		
Number of employees as at September 30[3]	233,688	242,516		

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 Group Sectors

	January 1 to September 30		Third Quarter	
Automotive Technologies in € millions	**2020**	2019	**2020**	2019
Sales	10,841.1	14,252.2	4,100.7	4,673.4
EBITDA	235.0	1,360.6	95.4	292.8
in % of sales	2.2	9.5	2.3	6.3
EBIT	–1,277.9	–1,520.4	-876.0	–2,056.7
in % of sales	–11.8	–10.7	–21.4	–44.0
Depreciation and amortization[1]	1,512.9	2,881.0	971.4	2,349.5
thereof impairment[2]	717.2	2,102.3	712.8	2,101.1
Capital expenditure[3]	584.1	892.6	193.9	314.7
in % of sales	5.4	6.3	4.7	6.7
Operating assets as at September 30	8,381.8	10,015.6		
Number of employees as at September 30[4]	94,705	96,412		
Adjusted sales[5]	10,827.3	14,127.3	4,100.7	4,549.7
Adjusted operating result (adjusted EBIT)[6]	–288.6	805.5	98.7	229.6
in % of adjusted sales	–2.7	5.7	2.4	5.0

	January 1 to September 30		Third Quarter	
Rubber Technologies in € millions	**2020**	2019	**2020**	2019
Sales	11,266.5	13,450.7	4,333.3	4,561.4
EBITDA	1,580.0	2,337.6	637.7	798.1
in % of sales	14.0	17.4	14.7	17.5
EBIT	672.0	1,460.2	334.0	487.2
in % of sales	6.0	10.9	7.7	10.7
Depreciation and amortization[1]	908.0	877.4	303.7	310.9
thereof impairment[2]	14.9	17.8	13.5	15.4
Capital expenditure[3]	486.0	814.8	147.5	281.1
in % of sales	4.3	6.1	3.4	6.2
Operating assets as at September 30	10,029.5	11,664.2		
Number of employees as at September 30[4]	99,786	103,749		
Adjusted sales[5]	11,138.8	13,446.0	4,312.4	4,558.9
Adjusted operating result (adjusted EBIT)[6]	1,063.3	1,609.0	647.1	538.8
in % of adjusted sales	9.5	12.0	15.0	11.8

1 Excluding impairment on financial investments.
2 Impairment also includes necessary reversal of impairment losses. Expenses from derecognitions of brand values are likewise included.
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.

	January 1 to September 30		Third Quarter	
Powertrain Technologies in € millions	**2020**	2019	**2020**	2019
Sales	4,869.1	5,892.8	1,908.9	1,925.8
EBITDA	39.8	360.7	14.6	–10.7
in % of sales	0.8	6.1	0.8	–0.6
EBIT	–373.4	–250.6	–106.2	–367.8
in % of sales	–7.7	–4.3	–5.6	–19.1
Depreciation and amortization[1]	413.2	611.3	120.8	357.1
thereof impairment[2]	53.4	244.1	2.4	232.1
Capital expenditure[3]	257.4	464.6	93.2	169.0
in % of sales	5.3	7.9	4.9	8.8
Operating assets as at September 30	3,101.2	3,884.0		
Number of employees as at September 30[4]	38,745	41,877		
Adjusted sales[5]	4,869.1	5,892.8	1,908.9	1,925.8
Adjusted operating result (adjusted EBIT)[6]	–61.4	25.4	110.6	–126.0
in % of adjusted sales	–1.3	0.4	5.8	–6.5

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.

Consolidated Management Report

Effects of the COVID-19 pandemic
On April 1, 2020, we announced that the ongoing COVID-19 pandemic, the resulting restrictions imposed by governments and authorities as well as production stops and other measures taken by customers and suppliers in the reporting period had led to significant adjustments and interruptions in key areas of the Continental Group.

To preserve our financial liquidity, we are lowering our costs, optimizing our working capital and postponing projects and investments that are not urgently required until further notice. To ensure our ability to act, however, we are continuing to push ahead with key development projects as well as preparations for upcoming production start-ups.

More than 40% of Continental's 249 production locations worldwide temporarily ceased activities for a few days to several weeks in order to protect employees and in response to the drop in demand. In China, production was initially halted in compliance with local regulations and has been gradually resumed since February 10, 2020.

In Germany, up to 30,000 employees were registered for short-time work at the peak of the pandemic. Worldwide, more than 95% of employees who were able to work from home did so.

Since May 2020, there has been a gradual increase in the rate of production worldwide.

Vitesco Technologies spin-off to take place once market environment has improved
On April 30, 2020, we announced the decision made by Continental's Executive Board to not implement the planned spin-off with listing of Vitesco Technologies this year, as a result of the COVID-19 pandemic and the resulting ongoing economic uncertainty. The spin-off is to be completed as soon as the market environment has noticeably improved and is more stable.

Personnel: Andreas Wolf appointed to the Executive Board
Andreas Wolf was appointed to the Executive Board of Continental AG with effect from June 3, 2020. He has led the Powertrain Technologies group sector, which specializes in the electrification of the powertrain, since October 2018. His appointment will run for three years. If the planned spin-off of Vitesco Technologies is completed within this period, his term will end ahead of time.

Dividend adjusted
On June 3, 2020, the Executive Board and Supervisory Board of Continental AG decided to propose a dividend distribution of €3.00 per share for fiscal 2019 to the Annual Shareholders' Meeting. The previously announced proposal for the appropriation of net income of €4.00 per share was thus adjusted. The reason for this was the impact of the COVID-19 pandemic. The proposed appropriation of net income of €3.00 per share was adopted by the Annual Shareholders' Meeting on July 14, 2020.

Transformation 2019–2029 structural program
On July 14, 2020, the Supervisory Board of Continental AG approved the next steps for the implementation of the Transformation 2019–2029 structural program. The first resolution related to the closure of the location in Rubi, Spain, by the end of 2021. The production of display and control technologies there is to be gradually phased out or transferred to other European locations by 2021. Continental has drawn up a pre-agreement together with the employee representatives and labor unions for the approximately 740 people employed at this location. The second resolution related to the closure of the location in Nogales, Mexico, with around 2,000 employees. The production of vehicle communication and connectivity technology and drive system components at the location will be gradually phased out, probably by mid-2024, with some activities transferred to other locations in the region.

On September 30, 2020, the Supervisory Board of Continental AG approved further structural measures. The first resolution relates to the closure of the tire plant in Aachen by the end of 2021. This will affect around 1,800 of the roughly 2,000 jobs in production, development and administration. The second resolution relates to the discontinuation of production of automotive electronics in Karben by the end of 2023 and the closure of the location by the end of 2024. Around 900 jobs in total will be affected by the decision. The third resolution relates to the transformation of the Regensburg location. As a result of its realignment, around 2,100 jobs (out of a current total of around 7,600) are expected to be modified, relocated or made redundant by 2024. In a fourth resolution, the Supervisory Board approved the termination of the joint venture with Osram.

As things stand, all of the comparable structural measures in the Transformation 2019–2029 program that require Supervisory Board approval for Continental's locations in Germany and abroad have thus been decided. This does not include any possible disposal of specific business segments and operations included in the program that require approval.

Supercomputer accelerates AI development
Continental is accelerating the development of future technologies with a supercomputer that is unrivaled in the automotive industry. By integrating the exceptionally powerful computer system InfiniBand-connected DGX, which is based on systems from technology company NVIDIA, we can reduce the development time for future technologies in assisted, automated and autonomous driving from a few weeks to a few hours through the use of artificial intelligence (AI). Real-life, physical test drives can thus be simulated, meaning fewer trips on the road. This significantly reduces the time required for the programming and training of artificial neural networks and is more cost-efficient.

According to the current TOP500 list of the world's most powerful computer systems, Continental's new supercomputer occupies the top spot in the automotive industry.

Ethics regulations for artificial intelligence

Artificial intelligence (AI) is becoming increasingly important for mobility. That is why Continental has developed a code of ethics for the use of such self-learning systems. With smart algorithms playing a major role in the automotive industry, such as in the case of autonomous driving, it is our responsibility to ensure that our product developments and internal processes are in keeping with ethical standards. The code of ethics corresponds with international regulations such as the EU's ethics guidelines for trustworthy AI. It applies to all locations worldwide and serves as a guide for our collaboration partners. The focus of the new regulatory framework is on the transparency of computer-based decision-making as well as on data security. If key work steps are taken over by computers, a basic prerequisite for acceptance is that people continue to understand how such a self-learning system works, including where the data is taken from, what processing steps lead to what actions, and how the data is stored.

VW ID.3 equipped with Continental technology

Continental is supplying essential components for Volkswagen's new ID.3 electric model. The high-performance computer, In-Car Application Server 1 (ICAS1), serves as an intelligent interface to the internet and forms a central component for all vehicles based on the modular electric drive system, including Chinese variants. In addition to the ID.3, it will therefore be used in other vehicles belonging to Volkswagen's ID. series, such as the ID.4. Vitesco Technologies supplies the drive control unit for the ID.3. The unit activates the electric motor, coordinates all commands initiated by the accelerator pedal, plays an integral part in charging and energy management as well as the management of the high-voltage electrical system, and also acts as an interface to the other control units inside the vehicle. Besides these technologies, we also supply hose lines for thermal management as well as the drum brake with integrated electromechanical parking brake function – a robust and corrosion-free solution that increases the lifetime service interval. The specially developed EcoContact 6 summer tire, AllSeasonContact all-season tire and WinterContact TS 850 P winter tire reduce wear and energy consumption, thus helping to maximize the range of the ID.3.

Production orders for intelligent antennas and 5G connectivity

In the scope of their follow-up projects, two major European vehicle manufacturers have once again chosen Continental as their supplier of innovative telematics and antenna solutions. Both projects are based on the 5G hybrid V2X platform, which is specifically developed for scalability and flexibility. Vehicle manufacturers can use the platform across international markets without the need for substantial modification, thus reducing the number of variants and, ultimately, reducing costs. The core of the hybrid V2X platform on which the antenna module is also based is Continental's self-developed NAD (network access device), which can be integrated into both a 4.5G and a 5G version of the current products. The production of both products is scheduled to begin in 2023 and will include different variants for numerous vehicle models worldwide.

Increased safety for pedestrians and cyclists

Continental has brought to market a turn assist system that can be quickly and easily retrofitted in commercial vehicles. As the sole provider of this safety technology to date, we use an exclusively radar-based system that can detect and classify cyclists and pedestrians. The turn assist system significantly increases safety by warning the driver of the truck or bus as soon as a pedestrian, cyclist or scooter rider is in their blind spot. Voluntary retrofitting is a state-subsidized way of eliminating equipment deficiencies in trucks that are already on the road. The system is installed on the rear-view mirror and monitors the area up to four meters to the side of the vehicle and up to 14 meters behind it.

Electric axle drive for the Chinese market

Vitesco Technologies has started production of a fully integrated electric axle drive for Dongfeng Passenger Car Corporation. The Chinese automotive manufacturer uses the axle drive for its brand-new all-electric version of the Yixuan model. Weighing only 1.5 tons, the passenger car model can achieve a top speed of 155 km/h and has a range of around 400 kilometers. The axle drive supplied to Dongfeng Passenger Car Corporation integrates a powerful electric motor and highly optimized power electronics in a compact, lightweight unit. Production of the electric axle drive for Hyundai and PSA has been ongoing since the end of 2019.

Digital load monitoring for commercial vehicles

The new onboard weighing system (OBWS) from Continental records the weight of commercial vehicles such as trailers and semi-trailers, quickly and easily. This takes place independently from a stationary scale before the start of a haul. Further functions of the OBWS make it possible to increase efficiency far beyond the specifications of EU Directive 2015/719, which goes into effect in May 2021. The directive requires EU member states to measure the gross weight of commercial vehicles more frequently. In order to plan accordingly and prevent sanctions, drivers and fleet operators must know the load condition of a vehicle before the start of a haul. To date, this has been almost impossible and poses particular challenges for vehicles for which the semitrailer is usually provided by the forwarder. This data will be received by drivers and fleet operators directly in the future.

New line of truck tires cuts costs and reduces CO_2 emissions

The new Conti EcoRegional tire line enables fleet operators to significantly increase the efficiency of their vehicles in regional transport. Conti EcoRegional HS3 and HD3 tires help reduce CO_2 emissions thanks to a new manufacturing process, an innovative tread design and a rubber compound that is optimized for rolling resistance. Moreover, no sacrifices have to be made in terms of other essential tire properties such as mileage, robustness and traction, since our developers have succeeded in further optimizing the trade-off between mileage on the one hand and rolling resistance and fuel efficiency on the other.

Economic Report

Macroeconomic development

New, better-than-expected data on economic development, in particular for so-called advanced economies, prompted the International Monetary Fund (IMF) to slightly raise its growth forecast for the global economy in October 2020.

In its World Economic Outlook, the IMF now anticipates a decline in global economic output of 4.4% for 2020. The IMF had previously forecast a decline in global economic output of 4.9% in its estimates from June 2020. For the second half of the year, the IMF still expects a rather sluggish continuation of the economic recovery due to the renewed rise in COVID-19 infections in many countries.

According to its estimates, gross domestic product (GDP) for the eurozone is now likely to fall by 8.3% in 2020, rather than the 10.2% previously forecast. Of the major eurozone economies, it expects France, Italy and Spain to record particularly high declines in GDP of 10% to 13% year-on-year. For Germany, it currently expects a decline of 6.0% compared to 2019. The IMF also slightly raised its forecast for most countries outside of the eurozone. For the UK and Russia, the IMF now assumes a decline in economic output of 9.8% and 4.1%, respectively.

For North America too, the IMF raised its forecast. For the USA, due to the COVID-19 pandemic, it now anticipates a decline in GDP of 4.3% in 2020, rather than the 8.0% previously forecast. Canada and Mexico are still likely to be much more heavily affected, with declines in GDP of 7.1% and 9.0%, respectively, in 2020.

The IMF also once again revised its expectations upwards for other countries in the Americas. For Brazil, for example, it currently predicts a decline in GDP of 5.8%, rather than the 9.1% previously forecast.

Furthermore, the IMF raised its growth forecast for certain Asian countries. For China, it currently expects growth of 1.9% in 2020, rather than the 1.0% previously forecast. For Japan's export-oriented economy, it still anticipates a noticeable decline in GDP of 5.3% compared to the 5.8% previously forecast. For India, the IMF currently predicts a decline in GDP of 10.3% for 2020, rather than the 4.5% previously forecast, as a result of new data on the decline in economic output in the second quarter.

The IMF stresses that there is still a relatively high degree of uncertainty around its growth forecasts due to the ongoing COVID-19 pandemic, and that future economic development in individual countries will depend on many factors – including in particular the course of the COVID-19 pandemic, the intensity and efficacy of containment efforts, as well as the extent and duration of government economic measures.

The IMF sees major risks in possible liquidity shortages and insolvencies as well as in a renewed deterioration of global financial market conditions. Furthermore, it warns of heightening social tensions in many countries and renewed geopolitical and trade conflicts.

Development of new passenger-car registrations

Due to the COVID-19 pandemic and the containment measures taken by individual countries, demand for passenger cars fell sharply in all regions. According to preliminary data, global new-car registrations decreased by 20% in the first nine months of 2020.

Over the course of the pandemic, China was initially the hardest hit. Here, the Chinese government had already taken comprehensive containment measures at the end of January 2020. Once these were eased, a rapid recovery in demand was seen. The German Association of the Automotive Industry (Verband der Automobilindustrie, VDA) anticipates a decline in new-car registrations in China of around 13% for the first nine months of 2020, according to preliminary data.

Over the reporting period, the containment measures of many countries likewise led to significant slumps in demand for passenger cars. In the European car market (EU27, EFTA and UK), sales volumes fell by 29% according to preliminary data from the VDA. According to the VDA, significant declines in sales volumes were also seen in Brazil (33%), the USA (19%), Japan (18%) and Russia (14%) in the reporting period.

Development of production of passenger cars and light commercial vehicles

The temporary closures of automotive plants and lower demand for passenger cars resulted in a decline of around 23% in the global production of passenger cars and light commercial vehicles weighing less than 6 metric tons in the reporting period, according to preliminary figures.

In China, production was almost halved as a result of the extensive plant closures in the first quarter of 2020. It subsequently recovered quickly, increasing by 11% year-on-year in both the second and third quarters. For the first nine months of 2020 overall, it declined by around 9% year-on-year.

In Europe and North America – the Continental Group's other two core markets in addition to China – temporary plant closures in March and especially April led to an extreme slump in the production of passenger cars and light commercial vehicles. The gradual resumption of production caused monthly volumes to normalize over the remainder of the reporting period. Overall, the production of passenger cars and light commercial vehicles decreased year-on-year by about 30% in Europe and by about 26% in North America.

Significant declines in production were also recorded by many other countries in the first nine months of 2020, in particular Brazil, India, Japan and South Korea.

Looking ahead to the fourth quarter of 2020, we again anticipate a slight negative trend in China. For 2020 as a whole, we expect production volumes to be between 7% and 8% lower than in the previous year.

In Europe, we expect production to stabilize further in the fourth quarter of 2020 following a reduction in inventory levels. For 2020 as a whole, we expect production to be 23% to 24% lower year-on-year.

In North America, we expect the production of passenger cars and light commercial vehicles in the fourth quarter to be slightly below the previous year's level. For 2020 as a whole, production is likely to be between 20% and 21% below the previous year's figures.

Overall, we currently expect a slight decline in the global production of passenger cars and light commercial vehicles in the fourth quarter of 2020. For 2020 as a whole, we anticipate a decline of 18% to 19%.

Our market estimates do not include any significant effects on demand and production due to new government containment measures, which cannot be assessed at the current time. This also applies to the following customer sectors.

Development of production of medium and heavy commercial vehicles

According to preliminary data, the decline in order intake from the previous year coupled with plant closures due to the COVID-19 pandemic led to a decline of around 12% in the global production of medium and heavy commercial vehicles weighing more than 6 metric tons in the first nine months of 2020. North America was particularly affected, with truck production falling by around 46% according to preliminary data. In Europe, preliminary data indicates that the decline in production came to around 35%. China recorded a decline in volumes of around 20% in the first quarter of 2020, but this was more than offset by the sharp rise in production of 54% year-on-year in the second quarter. In the third quarter, production increased by as much as 75% compared to the very weak prior-year quarter according to preliminary figures. China ended the reporting period with production up about 33% year-on-year.

In the fourth quarter of 2020, truck production is expected to stabilize further worldwide. For China, after strong growth in the second and third quarters of 2020, we expect a return to lower volumes. For 2020 as a whole, we expect unit sales in Europe to be 25% to 26% lower than the previous year's figures. For North America too, we expect production figures to be between 40% and 41% lower than the previous year overall. Production in China is expected to exceed the previous year's volumes by 19% to 21%. For the global production of medium and heavy commercial vehicles, we expect a decline of between 11% and 13% for 2020 as a whole.

Development of replacement-tire markets for passenger cars and light commercial vehicles

According to preliminary data, global sales volumes of replacement tires for passenger cars and light commercial vehicles weighing less than 6 metric tons fell by around 15% year-on-year in the first nine months of 2020. Following the sharp global market slump in the first and second quarters of 2020 in the wake of the measures to contain the COVID-19 pandemic, demand steadily recovered in the third quarter. On the basis of preliminary data, sales volumes of replacement tires for passenger cars and light commercial vehicles decreased by around 16% in Europe and by around 13% in North America in the reporting period. In China, demand fell by around 8% in the same period according to preliminary data.

In the fourth quarter, we currently expect demand for replacement tires for cars and light commercial vehicles to continue to normalize. We expect global sales volumes of replacement tires for passenger cars and light commercial vehicles weighing less than 6 metric tons to fall by 12% to 13% for 2020 as a whole. We expect volumes to be 12% to 13% lower year-on-year in Europe, and 11% to 12% lower year-on-year in North America. In China, we expect demand to fall short of the previous year by 5% to 6%.

Development of replacement-tire markets for medium and heavy commercial vehicles

In both our core markets of Europe and North America, preliminary data indicates that demand for replacement tires for medium and heavy commercial vehicles weighing more than 6 metric tons fell by around 5% year-on-year in the first nine months of 2020 in the wake of the COVID-19 pandemic.

For 2020 as a whole, we currently expect a year-on-year decline in demand for replacement tires for medium and heavy commercial vehicles of 4% to 5% in Europe and North America.

Vehicle production and sales volumes in the tire-replacement business

	Vehicle production				Replacement sales of tires			
	of passenger cars and light commercial vehicles		of medium and heavy commercial vehicles		for passenger cars and light commercial vehicles		for medium and heavy commercial vehicles	
	9M 2020	2020	**9M 2020**	2020	**9M 2020**	2020	**9M 2020**	2020
Europe	~ -30%	-23% to -24%	~ -35%	-25% to -26%	~ -16%	-12% to -13%	~ -5%	-4% to -5%
North America	~ -26%	-20% to -21%	~ -46%	-40% to -41%	~ -13%	-11% to -12%	~ -5%	-4% to -5%
China	~ -9%	-7% to -8%	~ 33%	19% to 21%	~ -8%	-5% to -6%	n. a.	n. a.
Worldwide	**~ -23%**	**-18% to -19%**	**~ -12%**	**-11% to -13%**	**~ -15%**	**-12% to -13%**	**n. a.**	**n. a.**

Source: Vehicle production: IHS Inc. (Europe with Western, Central and Eastern Europe incl. Russia and Turkey). Preliminary figures for 9M 2020 and own estimates for 2020.

Earnings, Financial and Net Assets Position of the Continental Group

For reconciliation of adjusted sales and the adjusted operating result (adjusted EBIT), please refer to the information provided in the consolidated financial statements.

	January 1 to September 30		Third Quarter	
€ millions	**2020**	2019	**2020**	2019
Sales	26,827.7	33,414.1	10,295.3	11,103.4
EBITDA	1,777.2	3,980.0	724.9	1,049.4
in % of sales	6.6	11.9	7.0	9.5
EBIT	-1,066.2	-393.9	-673.4	-1,970.5
in % of sales	-4.0	-1.2	-6.5	-17.7
Net income attributable to the shareholders of the parent	-1,168.1	-926.4	-719.3	-1,986.4
Basic earnings per share in €	-5.84	-4.63	-3.60	-9.93
Diluted earnings per share in €	-5.84	-4.63	-3.60	-9.93
Research and development expenses (net)	2,518.3	2,678.0	796.7	858.6
in % of sales	9.4	8.0	7.7	7.7
Depreciation and amortization[1]	2,843.4	4,373.9	1,398.3	3,019.9
thereof impairment[2]	785.5	2,364.2	728.7	2,348.6
Capital expenditure[3]	1,379.4	2,204.4	456.0	778.1
in % of sales	5.1	6.6	4.4	7.0
Operating assets as at September 30	21,614.1	25,630.5		
Number of employees as at September 30[4]	233,688	242,516		
Adjusted sales[5]	26,686.2	33,284.5	10,274.4	10,977.2
Adjusted operating result (adjusted EBIT)[6]	629.3	2,361.1	831.6	611.9
in % of adjusted sales	2.4	7.1	8.1	5.6
Net indebtedness as at September 30	4,923.4	5,453.5		
Gearing ratio in %	39.0	34.3		

1 Excluding impairment on financial investments.
2 Impairment also includes necessary reversal of impairment losses. Expenses from derecognitions of brand values are likewise included.
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 down 19.7%
Sales down 18.1% before changes in the scope of consolidation and exchange-rate effects
Consolidated sales for the first nine months of 2020 decreased by 19.7% year-on-year to €26,827.7 million (PY: €33,414.1 million). Before changes in the scope of consolidation and exchange-rate effects, sales declined by 18.1%.

Adjusted EBIT down 73.3%
Adjusted EBIT for the Continental Group declined by €1,731.8 million or 73.3% year-on-year to €629.3 million (PY: €2,361.1 million) in the first nine months of 2020, corresponding to 2.4% (PY: 7.1%) of adjusted sales.

EBIT down 170.7%
The Group's EBIT fell by €672.3 million or 170.7% year-on-year to -€1,066.2 million (PY: -€393.9 million) in the first nine months of 2020. The return on sales fell to -4.0% (PY: -1.2%).

Special effects in the first nine months of 2020

The transformation of the Powertrain business area into an independent legal entity resulted in expense totaling €73.9 million (Autonomous Mobility and Safety €9.5 million; Vehicle Networking and Information €10.1 million; Powertrain €51.6 million; holding €2.7 million).

Within the context of the annual planning process, global production of passenger cars and light commercial vehicles is not expected to increase substantially compared to pre-crisis levels over the next five years until 2025. The expected impact of restructuring measures was also taken into account in this planning process. Due to this triggering event and other significant assumptions made when calculating the value in use of a cash-generating unit (CGU) – such as free cash flows, discount rates and their parameters, and long-term growth rates – goodwill was impaired by €649.3 million in the Vehicle Networking and Information business area.

In addition, expenses from derecognitions of brand values resulted in expense totaling €85.7 million (Vehicle Networking and Information: €71.2 million; ContiTech: €14.5 million).

Impairment and reversal of impairment losses on property, plant and equipment resulted in expense totaling €45.6 million (Autonomous Mobility and Safety: income of €3.2 million; Vehicle Networking and Information: income of €0.3 million; Powertrain: expense of €49.1 million; holding: €0.0 million).

In the first nine months, severance payments resulted in a negative special effect totaling €33.3 million (Autonomous Mobility and Safety: €5.6 million; Vehicle Networking and Information: €7.2 million; Tires: €6.3 million; ContiTech: €9.2 million; Powertrain: €4.8 million; holding: €0.2 million).

In the Autonomous Mobility and Safety business area, there were restructuring expenses totaling €91.4 million for locations in Germany; €14.6 million for the location in Palmela, Portugal; €5.9 million for the location in Culpeper, Virginia, USA; and €3.6 million for the location in Manila, Philippines. These restructuring expenses included impairment on property, plant and equipment totaling €0.2 million.

The reversal of restructuring provisions no longer required for the location in Schwalbach, Germany, and the location in Henderson, North Carolina, USA, also resulted in income of €3.9 million and €2.7 million, respectively, in the Autonomous Mobility and Safety business area.

In the Vehicle Networking and Information business area, there were restructuring expenses totaling €129.6 million for locations in Germany; €80.0 million for the location in Rubi, Spain; €16.4 million for the location in Nogales, Mexico; €4.3 million for the location in Manila, Philippines; €0.4 million for the location in Culpeper, Virginia, USA; and €0.3 million for the location in Frenstat, Czechia.

In the Tires business area, there were restructuring expenses totaling €240.0 million for the locations in Aachen and Hanover-Stöcken, Germany; €0.1 million for the location in Port Elizabeth, South Africa; and €15.2 million for the retail business in France.

Furthermore, the reversal of restructuring provisions no longer required for the location in Petaling Jaya, Malaysia, resulted in income of €0.7 million in the Tires business area, which is entirely attributable to a reversal of impairment losses on property, plant and equipment.

In the ContiTech business area, there were restructuring expenses totaling €11.6 million for locations in Germany; €2.1 million for other locations in Europe; €8.6 million for the location in Mitchell, Canada; and €5.2 million for the location in Yangsan-City, South Korea. These restructuring expenses included impairment on property, plant and equipment totaling €1.1 million.

The reversal of restructuring provisions no longer required for the location in Shanghai, China, also resulted in income of €0.7 million in the ContiTech business area.

In the Powertrain business area, there were restructuring expenses totaling €194.6 million for locations in Germany; €11.5 million for other locations in Europe; and €1.0 million for the location in Nogales, Mexico. These restructuring expenses included impairment on property, plant and equipment in the amount of €4.3 million.

Moreover, in the Powertrain business area, the reversal of restructuring provisions no longer required resulted in income of €1.8 million for the location in Berlin, Germany; €1.0 million for the location in Sibiu, Romania; €1.4 million for the location in Newport News, Virginia, USA; and €1.5 million for the location in Singapore, Singapore.

Restructuring-related expenses resulted in expense totaling €15.4 million (Autonomous Mobility and Safety: €7.0 million; Vehicle Networking and Information: €1.4 million; ContiTech: €0.3 million; Powertrain: €6.7 million).

For the Vehicle Networking and Information business area, the sale of an equity-accounted investee resulted in income of €157.0 million.

The Tires business area recorded an expense of €0.2 million resulting from the disposal of companies and assets.

For the ContiTech business area, there was a loss of €2.3 million from the disposal of a company.

A transfer of business to an equity-accounted investee resulted in income of €8.7 million for the Powertrain business area.

Total consolidated expense from special effects in the first nine months of 2020 amounted to €1,562.7 million.

Special effects in the first nine months of 2019
The transformation of the Powertrain business area into an independent legal entity resulted in expense totaling €28.4 million (Autonomous Mobility and Safety: €1.6 million; Vehicle Networking and Information: €1.6 million; Powertrain: €20.9 million; holding: €4.3 million).

Within the context of the annual planning process, global production of passenger cars and light commercial vehicles was not expected to increase substantially over the next five years until 2024. Due to this triggering event and other significant assumptions made when calculating the value in use of a cash-generating unit (CGU) – such as free cash flows, discount rates and their parameters, and long-term growth rates – goodwill was impaired by €2,305.2 million. The Autonomous Mobility and Safety business area accounted for €722.4 million of this, the Vehicle Networking and Information business area for €1,358.6 million and the Powertrain business area for €224.2 million.

In the Autonomous Mobility and Safety business area, an expense of €3.3 million resulted from restructuring for the location in Varzea Paulista, Brazil. This included impairment on property, plant and equipment in the amount of €1.3 million.

There were also restructuring expenses in the Autonomous Mobility and Safety business area of €16.5 million for the location in Henderson, North Carolina, USA.

Impairment on property, plant and equipment resulted in expense totaling €12.8 million in the Powertrain business area.

There were also restructuring expenses in the Powertrain business area of €4.2 million for the location in Fountain Inn, South Carolina, USA. These included impairment on property, plant and equipment in the amount of €2.8 million.

Moreover, restructuring for the location in Newport News, Virginia, USA, resulted in expense of €5.8 million in the Powertrain business area. This included impairment on property, plant and equipment in the amount of €4.3 million.

In the Vehicle Networking and Information business area, an expense of €1.9 million resulted from a subsequent purchase price adjustment to the acquisition of shares in associate OSRAM Continental GmbH, Munich. The carrying amount for this associate was also impaired. This resulted in expense of €157.9 million in the Vehicle Networking and Information business area.

Moreover, an expense of €20.0 million resulted from impairment on other intangible assets from purchased know-how for software in the Vehicle Networking and Information business area.

A business combination resulted in a gain of €2.2 million in the Tires business area.

In connection with restructuring at the location in Port Elizabeth, South Africa, an expense of €6.4 million was incurred in the Tires business area. This included impairment on property, plant and equipment in the amount of €1.4 million.

In the Tires business area, there were restructuring expenses of €23.7 million for the location in Petaling Jaya, Malaysia. These included impairment on property, plant and equipment in the amount of €15.4 million.

The reversal of a restructuring provision that was no longer required resulted in income of €0.2 million in the Tires business area.

In the ContiTech business area, there were restructuring expenses of €37.6 million in the Mobile Fluid Systems business unit. These included impairment on property, plant and equipment in the amount of €1.0 million.

Total consolidated expense from special effects in the first nine months of 2019 amounted to €2,621.3 million.

Research and development
In the first nine months of 2020, research and development expenses (net) fell by 6.0% year-on-year to €2,518.3 million (PY: €2,678.0 million), representing 9.4% (PY: 8.0%) of sales. €1,683.3 million (PY: €1,786.8 million) of this related to Automotive Technologies, corresponding to 15.5% (PY: 12.5%) of sales; €332.0 million (PY: €357.2 million) to Rubber Technologies, corresponding to 2.9% (PY: 2.7%) of sales; and €503.0 million (PY: €534.0 million) to Powertrain Technologies, corresponding to 10.3% (PY: 9.1%) of sales.

Financial result
The negative financial result improved by €16.1 million year-on-year to €142.8 million (PY: €158.9 million) in the first nine months of 2020. This is attributable primarily to the sum of the effects from currency translation and from changes in the fair value of derivative instruments.

Interest income decreased by €15.7 million year-on-year to €71.9 million (PY: €87.6 million) in the first nine months of 2020. Expected income from long-term employee benefits and pension funds totaled €44.5 million in this period (PY: €56.4 million). This did not include the interest income from the plan assets of the pension contribution funds.

Interest expense totaled €202.4 million in the first nine months of 2020 and was thus €16.1 million lower than the previous year's figure of €218.5 million. The interest expense from long-term employee benefits totaled €93.9 million (PY: €116.8 million) in this period. This did not include the interest expense from the defined benefit obligations of the pension contribution funds. At €108.5 million, interest expense resulting mainly from bank borrowings, capital market transactions and other financing instruments was slightly higher than the prior-year figure of €101.7 million. Interest expenses from the interest on lease liabilities accounted for €21.5 million of this (PY: €24.3 million).

The bonds issued by Continental AG and Conti-Gummi Finance B.V., Maastricht, Netherlands, resulted in expenses of €37.5 million (PY: bonds issued by Continental AG and Continental Rubber of America, Corp., Wilmington, Delaware, USA, resulted in expenses of €24.1 million). The increase resulted primarily from the issue of euro bonds with a total volume of €1,400.0 million in the second half of 2019 and with a total volume of €2,125.0 million in the second quarter of 2020. In addition to a floating-rate €200.0-million bond from Continental AG, the other bonds issued by Continental AG and Conti-Gummi Finance B.V., Maastricht, Netherlands, have a fixed interest rate of between 0.000% p.a. and 2.500% p.a. A counter-effect is attributable to the repayment of three euro bonds. These were the €500.0-million bond from Continental Rubber of America, Corp., Wilmington, Delaware, USA, that matured on February 19, 2019, and the €600.0-million and €750.0-million euro bonds from Continental AG that matured on February 5, 2020, and September 9, 2020, respectively.

The effects from currency translation resulted in a negative contribution to earnings of €78.3 million (PY: €30.4 million) in the first nine months of 2020. This was countered by effects from changes in the fair value of derivative instruments, and other valuation effects, which resulted in earnings totaling €66.0 million (PY: €2.4 million). Other valuation effects accounted for €2.8 million (PY: €0.3 million) of this. Taking into account the sum of the effects from currency translation and changes in the fair value of derivative instruments, earnings in the first nine months of 2020 were negatively impacted by €15.1 million (PY: €28.3 million).

Income tax expense

Income tax expense in the first nine months of 2020 amounted to tax income of €60.6 million (PY: tax expense of €342.8 million). The tax rate amounted to 5.0% (PY: -62.0%) as a result of the negative consolidated income before taxes in the reporting period.

Net income attributable to the shareholders of the parent

Net income attributable to the shareholders of the parent decreased by 26.1% to -€1,168.1 million (PY: -€926.4 million). After the first nine months of 2020, basic earnings per share amounted to -€5.84 (PY: -€4.63), the same amount as diluted earnings per share.

Financial Position

Reconciliation of cash flow

EBIT for the first nine months of 2020 declined by €672.3 million year-on-year to -€1,066.2 million (PY: -€393.9 million).

Interest payments increased by €10.0 million to €120.5 million (PY: €110.5 million).

Income tax payments fell by €134.1 million to €555.4 million (PY: €689.5 million).

At €2,843.4 million, depreciation, amortization, impairment and reversal of impairment losses decreased by €1,530.5 million from €4,373.9 million in the previous year. This included expenses from derecognitions of brand values totaling €85.7 million (PY: –).

At €1,289.4 million as at September 30, 2020, the net cash outflow arising from the increase in operating working capital was €373.6 million lower than the figure for the previous year of €1,663.0 million.

At €1,015.6 million as at September 30, 2020, the net cash inflow arising from operating activities was €811.1 million lower than the previous year's figure (PY: €1,826.7 million.

Cash flow arising from investing activities amounted to an outflow of €1,067.2 million (PY: €2,576.6 million) in the first nine months of 2020. Capital expenditure on property, plant and equipment, and software was down €754.7 million from €1,990.6 million to €1,235.9 million before leases and the capitalization of borrowing costs. The acquisition and disposal of interests in companies resulted in a total cash inflow of €275.1 million (PY: cash outflow of €414.8 million).

The free cash flow in the first three quarters of 2020 resulted in an outflow of €51.6 million (PY: €749.9 million). The free cash flow thus increased by €698.3 million year-on-year.

Financing and indebtedness

At €4,923.4 million as at September 30, 2020, the Continental Group's net indebtedness was below the previous year's level of €5,453.5 million. Compared to the figure of €4,071.7 million as at December 31, 2019, it had increased by €851.7 million. The gearing ratio had increased to 39.0% (PY: 34.3%) as at the end of the third quarter of 2020.

The €600.0-million and €750.0-million euro bonds from Continental AG that matured on February 5, 2020, and September 9, 2020, were redeemed at a rate of 100.00%. The €600.0-million bond bore interest at a rate of 0.000% p.a. and had a term of three years and two months. The €750.0-million bond bore interest at a rate of 3.125% p.a. and had a term of seven years.

In October 2019, Continental AG issued two private placements with a total issue volume of €300.0 million under the Debt Issuance Programme (DIP). The maturities are in April 2021 and October 2024. For details regarding the two private placements, please refer to the comments in the 2019 annual report. The Continental Group utilized the favorable market and interest rate environment to place three further euro bonds with investors in Germany and abroad through Continental AG and Conti-Gummi Finance B.V., Maastricht, Netherlands, as part of this program in the second quarter of 2020. The issue price of the €750.0-million bond issued by Continental AG on May 27, 2020, amounted to 98.791%. This bond has a term of six years and three months and an interest rate of 2.500% p.a. The €750.0-million and €625.0-million bonds issued by Conti-Gummi Finance B.V., Maastricht, Netherlands, on May 27, 2020, and June 25, 2020, have a term of three years and six months and four years and three months, respectively. The issue price of the bonds with a fixed interest rate of 2.125% p.a. and 1.125% p.a. amounted to 99.559% and 99.589%.

The syndicated loan from 2014, which has been granted until April 2021, was renewed ahead of schedule in December 2019. In doing so, the volume of the revolving tranche was increased from €3,000.0 million to €4,000.0 million. This credit line is available to the Continental Group until December 2024 and had not been utilized as at September 30, 2020. In the previous year, it was utilized by Continental Rubber of America, Corp., Wilmington, Delaware, USA, in the amount of €338.8 million. In addition to the increase to the existing syndicated loan, a further syndicated loan in the amount of €3,000.0 million was agreed in May 2020. The new credit line is intended to strengthen Continental's financial flexibility in the wake of the COVID-19 pandemic and therefore has a short term of 364 days. This credit line can only be used by Continental AG and had not been utilized as at September 30, 2020.

As at September 30, 2020, the Continental Group had liquidity reserves totaling €10,144.2 million (PY: €5,303.3 million), consisting of cash and cash equivalents of €2,515.5 million (PY: €1,971.2 million) and committed, unutilized credit lines of €7,628.7 million (PY: €3,332.1 million).

The restrictions that may impact the availability of capital are also understood to comprise all existing restrictions on the cash and cash equivalents. In the Continental Group, the aforementioned cash and cash equivalents are restricted with regard to pledged amounts 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 September 30, 2020, unrestricted cash and cash equivalents totaled €2,234.3 million (PY: €1,745.1 million).

Reconciliation of net indebtedness

€ millions	**September 30, 2020**	*December 31, 2019*	September 30, 2019
Long-term indebtedness	5,138.5	*3,375.2*	3,077.9
Short-term indebtedness	2,568.8	*4,243.8*	4,554.7
Long-term derivative instruments and interest-bearing investments	–126.8	*–54.0*	–54.2
Short-term derivative instruments and interest-bearing investments	–141.6	*–151.5*	–153.7
Cash and cash equivalents	–2,515.5	*–3,341.8*	–1,971.2
Net indebtedness	**4,923.4**	***4,071.7***	**5,453.5**

Reconciliation of change in net indebtedness

	January 1 to September 30		Third Quarter	
€ millions	**2020**	2019	**2020**	2019
Net indebtedness at the beginning of the reporting period	**4,071.7**	**3,391.4**	**5,923.7**	**5,665.8**
Cash flow arising from operating activities	1,015.6	1,826.7	2,189.6	1,082.8
Cash flow arising from investing activities	-1,067.2	-2,576.6	-438.9	-807.2
Cash flow before financing activities (free cash flow)	**-51.6**	**-749.9**	**1,750.7**	**275.6**
Dividends paid	-600.0	-950.0	-600.0	–
Dividends paid to and cash changes from equity transactions with non-controlling interests	-21.9	-25.5	-2.2	-0.7
Non-cash changes	31.6	-197.2	54.0	-48.2
Other	-172.8	-93.8	-170.0	28.1
Exchange-rate effects	-37.0	-45.7	-32.2	-42.5
Change in net indebtedness	**-851.7**	**-2,062.1**	**1,000.3**	**212.3**
Net indebtedness at the end of the reporting period	**4,923.4**	**5,453.5**	**4,923.4**	**5,453.5**

Capital expenditure (additions)
In the first three quarters of 2020, capital expenditure on property, plant and equipment, and software amounted to €1,379.4 million (PY: €2,204.4 million). All business areas contributed to the decline of €825.0 million. The capital expenditure ratio after three quarters was 5.1% (PY: 6.6%).

A total of €584.1 million (PY: €892.6 million) of this capital expenditure was attributable to the Automotive Technologies group sector, representing 5.4% (PY: 6.3%) of sales. Investments were made primarily in production equipment for the manufacture of new products and the implementation of new technologies, with production capacity being increased at European best-cost locations, as well as in Germany, Mexico and China. An investment was also made in Aguascalientes, Mexico, in the construction of a new plant. In the Autonomous Mobility and Safety business area, there were major additions relating to production facilities for the Vehicle Dynamics and Advanced Driver Assistance Systems business units. In the Vehicle Networking and Information business area, investments were made in particular in the Human Machine Interface and Connected Car Networking business units.

The Rubber Technologies group sector invested €486.0 million (PY: €814.8 million), equivalent to 4.3% (PY: 6.1%) of sales. In the Tires business area, there were major additions relating to the new plant buildings in Clinton, Mississippi, USA, and Rayong, Thailand. Production capacity was also increased at existing plants at European best-cost locations. Quality assurance and cost-cutting measures were implemented as well. In the ContiTech business area, there were major additions relating to the expansion of production capacity in selected growth markets for the Mobile Fluid Systems, Surface Solutions and Conveying Solutions business units. In Pune, India, an investment was made in the establishment of an additional production site for the Surface Solutions business unit. In addition, investments were made in all business units to rationalize existing production processes.

The Powertrain Technologies group sector invested €257.4 million (PY: €464.6 million), equivalent to 5.3% (PY: 7.9%) of sales. The capital expenditure was primarily attributable to production equipment for the manufacture of new products and the implementation of new technologies, with investments being made in production facilities at existing plants in China, Germany, Hungary, Czechia and the USA. An investment was also made in Debrecen, Hungary, in the construction of a new plant. Significant investments related to the expansion of production capacity for the Electronic Controls business unit.

Net Assets Position

At €39,965.1 million (PY: €42,531.5 million), total assets as at September 30, 2020, were €2,566.4 million lower than on the same date in the previous year. Goodwill, at €4,373.8 million, was down by €733.3 million compared to the previous year's figure of €5,107.1 million. Other intangible assets fell by €192.1 million to €1,516.4 million (PY: €1,708.5 million). Property, plant and equipment fell by €1,037.2 million to €13,698.7 million (PY: €14,735.9 million). Deferred tax assets were up €386.8 million at €2,558.1 million (PY: €2,171.3 million). Inventories fell by €611.5 million to €4,427.4 million (PY: €5,038.9 million), and trade accounts receivable fell by €723.2 million to €7,989.5 million (PY: €8,712.7 million). Short-term derivative instruments and interest-bearing investments fell by €12.1 million to €141.6 million (PY: €153.7 million). At €2,515.5 million, cash and cash equivalents were up €544.3 million from €1,971.2 million on the same date in the previous year.

Equity including non-controlling interests was down €3,276.5 million at €12,634.2 million as compared to €15,910.7 million as at September 30, 2019. This was due primarily to the decrease in retained earnings of €2,066.9 million. Other comprehensive income changed by €1,123.0 million to -€4,168.6 million (PY: -€3,045.6 million). The gearing ratio changed from 34.3% to 39.0%. The equity ratio fell to 31.6% (PY: 37.4%).

Compared to December 31, 2019, total assets decreased by €2,603.1 million to €39,965.1 million (PY: €42,568.2 million). In relation to the individual items of the statement of financial position, this is primarily due to the decline in property, plant and equipment of €1,234.0 million to €13,698.7 million (PY: €14,932.7 million) and the decline in cash and cash equivalents of €826.3 million to €2,515.5 million (PY: €3,341.8 million). Goodwill was also down by €739.7 million to €4,373.8 million (PY: €5,113.5 million).

Equity including non-controlling interests was down €3,241.5 million at €12,634.2 million as compared to €15,875.7 million at the end of 2019. Equity was reduced by the payment of the dividends in the amount of €600.0 million resolved by the Annual Shareholders' Meeting. Net income attributable to the shareholders of the parent in the amount of -€1,168.1 million also had an equity-reducing effect. Other comprehensive income fell by €1,374.2 million to -€4,168.6 million (PY: -€2,794.4 million). The gearing ratio changed from 25.6% to 39.0%.

Employees

As at the end of the third quarter of 2020, the Continental Group had 233,688 employees, representing a decline of 7,770 in comparison to the end of 2019. Counter to further expansion in research and development, increases in efficiency and lower production volumes due to the COVID-19 pandemic in the Automotive Technologies and Powertrain Technologies group sectors led to a reduction in the overall number of employees by 4,845. In the Rubber Technologies group sector, the decrease in the number of employees by 2,899 was attributable to process optimizations as well as the adjustment to lower production volumes due to the COVID-19 pandemic. Compared to the reporting date for the previous year, the number of employees in the Continental Group was down by a total of 8,828.

Reconciliation to operating assets as at September 30, 2020

€ millions	Autonomous Mobility and Safety	Vehicle Networking and Information	Tires	ContiTech	Powertrain	Other/ Holding/ Consolidation	Continental Group
Total assets	**7,230.9**	**6,573.5**	**9,541.7**	**4,461.9**	**5,843.9**	**6,313.2**	**39,965.1**
Cash and cash equivalents	–	–	–	–	–	2,515.5	2,515.5
Short- and long-term derivative instruments, interest-bearing investments	–	–	–	–	–	268.4	268.4
Other financial assets	16.8	27.4	14.0	5.6	25.1	28.3	117.2
Less financial assets	**16.8**	**27.4**	**14.0**	**5.6**	**25.1**	**2,812.2**	**2,901.1**
Less other non-operating assets	**21.6**	**-7.4**	**1.6**	**-0.3**	**-14.7**	**560.8**	**561.6**
Deferred tax assets	–	–	–	–	–	2,558.1	2,558.1
Income tax receivables	–	–	–	–	–	239.5	239.5
Less income tax assets	**–**	**–**	**–**	**–**	**–**	**2,797.6**	**2,797.6**
Segment assets	**7,192.5**	**6,553.5**	**9,526.1**	**4,456.6**	**5,833.5**	**142.6**	**33,704.8**
Total liabilities and provisions	**4,129.1**	**3,975.6**	**3,569.1**	**1,962.4**	**3,541.3**	**10,153.4**	**27,330.9**
Short- and long-term indebtedness	–	–	–	–	–	7,707.3	7,707.3
Interest payable and other financial liabilities	–	–	–	–	–	34.7	34.7
Less financial liabilities	**–**	**–**	**–**	**–**	**–**	**7,742.0**	**7,742.0**
Deferred tax liabilities	–	–	–	–	–	211.8	211.8
Income tax payables	–	–	–	–	–	930.2	930.2
Less income tax liabilities	**–**	**–**	**–**	**–**	**–**	**1,142.0**	**1,142.0**
Less other non-operating liabilities	**1,543.6**	**1,200.2**	**880.4**	**697.9**	**809.0**	**1,225.1**	**6,356.2**
Segment liabilities	**2,585.5**	**2,775.4**	**2,688.7**	**1,264.5**	**2,732.3**	**44.3**	**12,090.7**
Operating assets	**4,607.0**	**3,778.1**	**6,837.4**	**3,192.1**	**3,101.2**	**98.3**	**21,614.1**

Reconciliation to operating assets as at September 30, 2019

€ millions	Autonomous Mobility and Safety	Vehicle Networking and Information	Tires	ContiTech	Powertrain	Other/ Holding/ Consolidation	Continental Group
Total assets	**7,503.9**	**7,668.7**	**10,743.1**	**4,942.5**	**6,226.1**	**5,447.2**	**42,531.5**
Cash and cash equivalents	–	–	–	–	–	1,971.2	1,971.2
Short- and long-term derivative instruments, interest-bearing investments	–	–	–	–	–	207.9	207.9
Other financial assets	12.1	29.6	12.6	5.4	16.1	4.4	80.2
Less financial assets	**12.1**	**29.6**	**12.6**	**5.4**	**16.1**	**2,183.5**	**2,259.3**
Less other non-operating assets	**16.7**	**-23.7**	**9.1**	**22.9**	**-2.5**	**692.7**	**715.2**
Deferred tax assets	–	–	–	–	–	2,171.3	2,171.3
Income tax receivables	–	–	–	–	–	287.7	287.7
Less income tax assets	**–**	**–**	**–**	**–**	**–**	**2,459.0**	**2,459.0**
Segment assets	**7,475.1**	**7,662.8**	**10,721.4**	**4,914.2**	**6,212.5**	**112.0**	**37,098.0**
Total liabilities and provisions	**3,778.7**	**3,355.2**	**3,427.5**	**1,937.1**	**3,261.4**	**10,860.9**	**26,620.8**
Short- and long-term indebtedness	–	–	–	–	–	7,632.6	7,632.6
Interest payable and other financial liabilities	–	–	–	–	–	15.9	15.9
Less financial liabilities	**–**	**–**	**–**	**–**	**–**	**7,648.5**	**7,648.5**
Deferred tax liabilities	–	–	–	–	–	361.0	361.0
Income tax payables	–	–	–	–	–	859.3	859.3
Less income tax liabilities	**–**	**–**	**–**	**–**	**–**	**1,220.3**	**1,220.3**
Less other non-operating liabilities	**1,182.9**	**828.7**	**799.4**	**593.8**	**932.9**	**1,946.8**	**6,284.5**
Segment liabilities	**2,595.8**	**2,526.5**	**2,628.1**	**1,343.3**	**2,328.5**	**45.3**	**11,467.5**
Operating assets	**4,879.3**	**5,136.3**	**8,093.3**	**3,570.9**	**3,884.0**	**66.7**	**25,630.5**

Development of the Business Areas

Autonomous Mobility and Safety in € millions	January 1 to September 30 2020	2019	Third Quarter 2020	2019
Sales	5,303.5	7,032.8	1,987.0	2,289.8
EBITDA	257.7	823.1	168.0	260.4
in % of sales	4.9	11.7	8.5	11.4
EBIT	-136.3	-279.3	45.8	-590.9
in % of sales	-2.6	-4.0	2.3	-25.8
Depreciation and amortization[1]	394.0	1,102.4	122.2	851.3
thereof impairment[2]	-3.0	723.7	-7.7	722.5
Capital expenditure[3]	274.9	444.7	98.1	155.4
in % of sales	5.2	6.3	4.9	6.8
Operating assets as at September 30	4,607.0	4,879.3		
Number of employees as at September 30[4]	47,366	48,302		
Adjusted sales[5]	5,303.5	6,909.4	1,987.0	2,166.4
Adjusted operating result (adjusted EBIT)[6]	-8.5	462.9	124.8	146.6
in % of adjusted sales	-0.2	6.7	6.3	6.8

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.

Autonomous Mobility and Safety (AMS)

Sales volumes
In the Vehicle Dynamics business unit, the number of electronic brake systems sold in the first nine months of 2020 was markedly lower than the previous year's level. In the Hydraulic Brake Systems business unit, sales figures for brake boosters were down significantly year-on-year. Unit sales of brake calipers with integrated electric parking brakes decreased significantly year-on-year. In the Passive Safety and Sensorics business unit, the sales volume of airbag control units decreased significantly year-on-year. Unit sales of advanced driver assistance systems were down compared to the previous year. The year-on-year decline in sales volumes in the business units was primarily attributable to the knock-on effects of measures to contain the COVID-19 pandemic.

Sales down 24.6%
Sales down 22.1% before changes in the scope of consolidation and exchange-rate effects
Sales of the Autonomous Mobility and Safety business area were down 24.6% year-on-year at €5,303.5 million (PY: €7,032.8 million) in the first nine months of 2020. Before changes in the scope of consolidation and exchange-rate effects, sales declined by 22.1%.

Adjusted EBIT down 101.8%
Adjusted EBIT for the Autonomous Mobility and Safety business area declined by €471.4 million or 101.8% year-on-year to -€8.5 million (PY: €462.9 million) in the first nine months of 2020, corresponding to -0.2% (PY: 6.7%) of adjusted sales.

EBIT up 51.2%
Compared to the same period of the previous year, the Autonomous Mobility and Safety business area reported a rise in EBIT of €143.0 million or 51.2% to -€136.3 million (PY: -€279.3 million) in the first nine months of 2020. The return on sales increased to -2.6% (PY: -4.0%).

Please see our comments on pages 11 and 12 regarding the special effects for 2020 and 2019.

Vehicle Networking and Information in € millions	January 1 to September 30		Third Quarter	
	2020	2019	**2020**	2019
Sales	5,579.2	7,278.4	2,129.6	2,408.5
EBITDA	-21.6	537.5	-72.5	32.4
in % of sales	-0.4	7.4	-3.4	1.3
EBIT	-1,140.7	-1,241.1	-921.8	-1,465.8
in % of sales	-20.4	-17.1	-43.3	-60.9
Depreciation and amortization[1]	1,119.1	1,778.6	849.3	1,498.2
thereof impairment[2]	720.2	1,378.6	720.5	1,378.6
Capital expenditure[3]	309.2	447.9	95.8	159.3
in % of sales	5.5	6.2	4.5	6.6
Operating assets as at September 30	3,778.1	5,136.3		
Number of employees as at September 30[4]	47,339	48,110		
Adjusted sales[5]	5,565.4	7,276.9	2,129.6	2,408.2
Adjusted operating result (adjusted EBIT)[6]	-279.2	342.6	-26.1	83.0
in % of adjusted sales	-5.0	4.7	-1.2	3.4

1 Excluding impairment on financial investments.
2 Impairment also includes necessary reversal of impairment losses. Expenses from derecognitions of brand values are likewise included.
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.

Vehicle Networking and Information (VNI)

Sales volumes

Global sales volumes in the Connected Car Networking business unit were below the previous year's level in the first three quarters of 2020. In the Human Machine Interface and Commercial Vehicles and Services business units, sales figures were also lower than the previous year's level. The commercial-vehicles business recorded a greater decline than the replacement-parts and aftermarket business. The year-on-year decline in sales volumes in the business units was primarily attributable to the knock-on effects of measures to contain the COVID-19 pandemic.

Sales down 23.3%
Sales down 21.6% before changes in the scope of consolidation and exchange-rate effects

Sales of the Vehicle Networking and Information business area were down 23.3% year-on-year at €5,579.2 million (PY: €7,278.4 million) in the first nine months of 2020. Before changes in the scope of consolidation and exchange-rate effects, sales declined by 21.6%.

Adjusted EBIT down 181.5%

Adjusted EBIT for the Vehicle Networking and Information business area declined by €621.8 million or 181.5% year-on-year to -€279.2 million (PY: €342.6 million) in the first nine months of 2020, corresponding to -5.0% (PY: 4.7%) of adjusted sales.

EBIT up 8.1%

Compared to the same period of the previous year, the Vehicle Networking and Information business area reported an increase in EBIT of €100.4 million or 8.1% to -€1,140.7 million (PY: -€1,241.1 million) in the first nine months of 2020. The return on sales fell to -20.4% (PY: -17.1%).

Please see our comments on pages 11 and 12 regarding the special effects for 2020 and 2019.

	January 1 to September 30		Third Quarter	
Tires in € millions	**2020**	2019	**2020**	2019
Sales	7,284.4	8,691.6	2,888.7	2,990.1
EBITDA	1,149.2	1,821.6	435.8	613.8
in % of sales	15.8	21.0	15.1	20.5
EBIT	518.9	1,203.6	231.3	391.4
in % of sales	7.1	13.8	8.0	13.1
Depreciation and amortization[1]	630.3	618.0	204.5	222.4
thereof impairment[2]	-0.7	16.8	-0.7	15.4
Capital expenditure[3]	360.8	622.7	105.6	216.1
in % of sales	5.0	7.2	3.7	7.2
Operating assets as at September 30	6,837.4	8,093.3		
Number of employees as at September 30[4]	56,679	57,595		
Adjusted sales[5]	7,280.6	8,691.6	2,888.6	2,990.1
Adjusted operating result (adjusted EBIT)[6]	794.9	1,246.3	493.5	419.5
in % of adjusted sales	10.9	14.3	17.1	14.0

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.

Tires

Sales volumes
As a result of the COVID-19 pandemic, sales figures for passenger and light truck tires in the first nine months of 2020 were significantly below the previous year's level in the original-equipment business. Sales figures for passenger and light truck tires in the tire-replacement business and in the commercial-vehicle tire business were also below the level of the previous year.

Sales down 16.2%
Sales down 14.3% before changes in the scope of consolidation and exchange-rate effects
Sales of the Tires business area were down 16.2% year-on-year at €7,284.4 million (PY: €8,691.6 million) in the first nine months of 2020. Before changes in the scope of consolidation and exchange-rate effects, sales declined by 14.3%.

Adjusted EBIT down 36.2%
Adjusted EBIT for the Tires business area declined by €451.4 million or 36.2% year-on-year to €794.9 million (PY: €1,246.3 million) in the first nine months of 2020, corresponding to 10.9% (PY: 14.3%) of adjusted sales.

EBIT down 56.9%
Compared to the same period of the previous year, the Tires business area reported a decline in EBIT of €684.7 million or 56.9% to €518.9 million (PY: €1,203.6 million) in the first nine months of 2020. The return on sales fell to 7.1% (PY: 13.8%).

Please see our comments on pages 11 and 12 regarding the special effects for 2020 and 2019.

ContiTech in € millions	January 1 to September 30 2020	2019	Third Quarter 2020	2019
Sales	4,054.3	4,848.3	1,469.7	1,598.3
EBITDA	430.8	516.0	201.8	184.3
in % of sales	10.6	10.6	13.7	11.5
EBIT	153.1	256.6	102.6	95.8
in % of sales	3.8	5.3	7.0	6.0
Depreciation and amortization[1]	277.7	259.4	99.2	88.5
thereof impairment[2]	15.6	1.0	14.2	–
Capital expenditure[3]	125.2	192.1	41.9	65.0
in % of sales	3.1	4.0	2.9	4.1
Operating assets as at September 30	3,192.1	3,570.9		
Number of employees as at September 30[4]	43,107	46,154		
Adjusted sales[5]	3,930.4	4,843.6	1,448.9	1,595.8
Adjusted operating result (adjusted EBIT)[6]	268.4	362.7	153.5	119.3
in % of adjusted sales	6.8	7.5	10.6	7.5

1 Excluding impairment on financial investments.
2 Impairment also includes necessary reversal of impairment losses. Expenses from derecognitions of brand values are likewise included.
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 down 16.4%
Sales down 16.6% before changes in the scope of consolidation and exchange-rate effects

Sales of the ContiTech business area were down 16.4% year-on-year at €4,054.3 million (PY: €4,848.3 million) in the first nine months of 2020. Before changes in the scope of consolidation and exchange-rate effects, sales declined by 16.6%. The year-on-year decline in sales as a result of the COVID-19 pandemic is primarily attributable to the weak sales volumes in Europe and North America. Sales in China have recovered significantly and were above the previous year's level in recent months. This can be seen both in the automotive and industrial business.

Adjusted EBIT down 26.0%

Adjusted EBIT for the ContiTech business area declined by €94.3 million or 26.0% year-on-year to €268.4 million (PY: €362.7 million) in the first nine months of 2020, corresponding to 6.8% (PY: 7.5%) of adjusted sales.

EBIT down 40.3%

Compared to the same period of the previous year, the ContiTech business area reported a decline in EBIT of €103.5 million or 40.3% to €153.1 million (PY: €256.6 million) in the first nine months of 2020. The return on sales fell to 3.8% (PY: 5.3%).

Please see our comments on pages 11 and 12 regarding the special effects for 2020 and 2019.

	January 1 to September 30		Third Quarter	
Powertrain in € millions	**2020**	2019	**2020**	2019
Sales	4,869.1	5,892.8	1,908.9	1,925.8
EBITDA	39.8	360.7	14.6	-10.7
in % of sales	0.8	6.1	0.8	-0.6
EBIT	-373.4	-250.6	-106.2	-367.8
in % of sales	-7.7	-4.3	-5.6	-19.1
Depreciation and amortization[1]	413.2	611.3	120.8	357.1
thereof impairment[2]	53.4	244.1	2.4	232.1
Capital expenditure[3]	257.4	464.6	93.2	169.0
in % of sales	5.3	7.9	4.9	8.8
Operating assets as at September 30	3,101.2	3,884.0		
Number of employees as at September 30[4]	38,745	41,877		
Adjusted sales[5]	4,869.1	5,892.8	1,908.9	1,925.8
Adjusted operating result (adjusted EBIT)[6]	-61.4	25.4	110.6	-126.0
in % of adjusted sales	-1.3	0.4	5.8	-6.5

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.

Powertrain

Sales volumes

In the Electronic Controls business unit, sales volumes of transmission control units increased year-on-year in the first nine months of 2020, while those of engine control units, turbochargers, pumps and injectors were down year-on-year. In the Electrification Technology business unit, sales figures for power electronics and electric motors were up year-on-year, while sales volumes of power stabilization products, 48-volt drive systems and battery systems fell year-on-year. In the Sensing and Actuation business unit, sales figures for catalytic converters were up year-on-year, while those for SCR systems, fuel delivery modules and mechatronic sensors for combustion engines were down year-on-year. The varying development of sales volumes in the individual business units was due to the negative effects of the COVID-19 pandemic.

Sales down 17.4%
Sales down 15.9% before changes in the scope of consolidation and exchange-rate effects

Sales of the Powertrain business area were down 17.4% year-on-year at €4,869.1 million (PY: €5,892.8 million) in the first nine months of 2020. Before changes in the scope of consolidation and exchange-rate effects, sales declined by 15.9%.

Adjusted EBIT down 341.7%

Adjusted EBIT for the Powertrain business area fell by €86.8 million or 341.7% year-on-year to -€61.4 million (PY: €25.4 million) in the first nine months of 2020, corresponding to -1.3% (PY: 0.4%) of adjusted sales.

EBIT down 49.0%

Compared to the same period of the previous year, the Powertrain business area reported a decline in EBIT of €122.8 million or 49.0% to -€373.4 million (PY: -€250.6 million) in the first nine months of 2020. The return on sales fell to -7.7% (PY: -4.3%).

Please see our comments on pages 11 and 12 regarding the special effects for 2020 and 2019.

Report on Risks and Opportunities

Due to the ongoing COVID-19 pandemic and the associated lockdowns worldwide, as well as the significant restrictions on production both at the Continental Group and at its customers and suppliers, there is a risk of significant and long-term negative effects on the Continental Group's sales and procurement markets. There is also the risk of long-term negative effects on the Continental Group's earnings, financial and net assets position due to the expected macroeconomic consequences.

Other than this, there were no material changes in risks and opportunities. For details of the other main risks and opportunities, please refer to our comments in the 2019 annual report.

Report on Expected Developments and Outlook

On April 1, 2020, we announced that the ongoing COVID-19 pandemic, the resulting restrictions imposed by governments and authorities as well as production stops and other measures taken by customers and suppliers in the reporting period had led to significant adjustments and interruptions in key areas of the Continental Group. Due to the uncertainty regarding the duration of restrictions and given the difficulty in estimating the further consequences for production, supply chains and demand, the decision was made to withdraw the outlook for fiscal 2020 contained in the 2019 annual report.

The company has taken numerous measures to adjust costs and reduce demands on liquidity. These include adjustments to working times as well as wage and salary costs. In addition, measures were implemented to optimize working capital and postpone investments. These and other steps will be adjusted as needed in the fourth quarter of 2020.

This situation had a significant impact on the financial results achieved in the first nine months of 2020, particularly in the second and third quarters. In the second quarter of 2020, the extensive temporary plant closures led to a substantial decline in sales and to negative reported and adjusted EBIT, as well as negative net income attributable to the shareholders of the parent. In the third quarter of 2020, impairment and restructuring expenses resulted in negative reported EBIT and negative net income attributable to the shareholders of the parent.

As mentioned on pages and 8 and 9 of the economic report, we expect the production of passenger cars and commercial vehicles in 2020 to fall considerably short of the previous year's figures, both in our core markets and globally. To a lesser extent, this also applies to the industrial business and the replacement-tire markets.

The following forecasts were prepared on the basis of the production assumptions mentioned in the economic report and, in particular, under the expectation of no further significant effects related to the pandemic.

We currently expect our automotive business areas – Autonomous Mobility and Safety, Vehicle Networking and Information, and Powertrain – to achieve total sales of around €22.0 billion and an adjusted EBIT margin of around -1.5% in fiscal 2020.

We expect our rubber business areas to achieve total sales of around €15.5 billion and an adjusted EBIT margin of around 10.5% in fiscal 2020. In addition to the aforementioned production assumptions for the vehicle manufacturer business, the basis for this is our forecasts for the development of replacement-tire markets mentioned in the economic report.

We expect the Continental Group to achieve total sales of around €37.5 billion and an adjusted EBIT margin of around 3% in fiscal 2020.

Special effects cannot be estimated in detail at present, mainly due to the ongoing restructuring measures, but will have a noticeable impact on the reported EBIT and the net income attributable to the shareholders of the parent.

The capital expenditure ratio is expected to be around 6.3% of sales in fiscal 2020.

In 2020, we plan to achieve a positive free cash flow before acquisitions and before the effects of transforming the Powertrain business area into an independent legal entity. This will be significantly lower than in the previous year.

Consolidated Financial Statements

Consolidated Statement of Income

	January 1 to September 30		Third Quarter	
€ millions	**2020**	2019	**2020**	2019
Sales	**26,827.7**	**33,414.1**	**10,295.3**	**11,103.4**
Cost of sales	-20,897.9	-25,327.8	-7,636.0	-8,449.7
Gross margin on sales	**5,929.8**	**8,086.3**	**2,659.3**	**2,653.7**
Research and development expenses	-3,142.2	-3,357.2	-1,009.2	-1,124.3
Selling and logistics expenses	-1,807.7	-2,023.3	-582.7	-676.6
Administrative expenses	-856.7	-857.8	-285.5	-271.9
Other income	1,144.7	1,083.5	331.1	360.5
Other expenses	-2,340.7	-3,186.9	-1,789.6	-2,761.5
Income from equity-accounted investees	6.1	-139.0	3.1	-150.4
Other income from investments	0.5	0.5	0.1	–
EBIT	**-1,066.2**	**-393.9**	**-673.4**	**-1,970.5**
Interest income	71.9	87.6	22.0	28.5
Interest expense	-202.4	-218.5	-72.1	-76.1
Effects from currency translation	-78.3	-30.4	-59.3	-23.2
Effects from changes in the fair value of derivative instruments, and other valuation effects	66.0	2.4	29.6	9.9
Financial result	**-142.8**	**-158.9**	**-79.8**	**-60.9**
Earnings before tax	**-1,209.0**	**-552.8**	**-753.2**	**-2,031.4**
Income tax expense	60.6	-342.8	49.9	53.5
Net income	**-1,148.4**	**-895.6**	**-703.3**	**-1,977.9**
Non-controlling interests	-19.7	-30.8	-16.0	-8.5
Net income attributable to the shareholders of the parent	-1,168.1	-926.4	-719.3	-1,986.4
Basic earnings per share in €	**-5.84**	**-4.63**	**-3.60**	**-9.93**
Diluted earnings per share in €	**-5.84**	**-4.63**	**-3.60**	**-9.93**

Consolidated Statement of Comprehensive Income

	January 1 to September 30		Third Quarter	
€ millions	**2020**	2019	**2020**	2019
Net income	**-1,148.4**	**-895.6**	**-703.3**	**-1,977.9**
Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit plans[1]	-251.6	-1,207.7	43.4	-568.8
Fair value adjustments[1]	-272.8	-1,192.6	30.9	-555.3
Investment in equity-accounted investees[2]	0.0	0.1	0.0	0.1
Currency translation[1]	21.2	-15.2	12.5	-13.6
Other investments	-3.2	-3.6	-3.2	–
Fair value adjustments	-0.3	–	-0.3	–
Investment in equity-accounted investees	-2.9	-3.6	-2.9	–
Tax on other comprehensive income	-28.0	310.5	-4.1	114.2
Items that may be reclassified subsequently to profit or loss				
Currency translation[1]	-1,028.9	365.4	-356.4	235.2
Difference from currency translation[1]	-1,031.7	366.2	-359.2	235.5
Reclassification adjustments to profit and loss	0.7	0.0	0.7	–
Investment in equity-accounted investees[2]	2.1	-0.8	2.1	-0.3
Cash flow hedges	–	-0.9	–	0.0
Fair value adjustments	–	-8.4	–	0.0
Reclassification adjustments to profit and loss	–	7.5	–	0.0
Tax on other comprehensive income	–	0.2	–	–
Other comprehensive income	**-1,311.7**	**-536.1**	**-320.3**	**-219.4**
Comprehensive income	**-2,460.1**	**-1,431.7**	**-1,023.6**	**-2,197.3**
Attributable to non-controlling interests	32.4	-44.1	20.1	-13.8
Attributable to the shareholders of the parent	-2,427.7	-1,475.8	-1,003.5	-2,211.1

1 Including non-controlling interests.
2 Including taxes.

Consolidated Statement of Financial Position

Assets in € millions	September 30, 2020	*December 31, 2019*	September 30, 2019
Goodwill	4,373.8	*5,113.5*	5,107.1
Other intangible assets	1,516.4	*1,691.8*	1,708.5
Property, plant and equipment	13,698.7	*14,932.7*	14,735.9
Investment property	11.3	*11.7*	11.8
Investments in equity-accounted investees	389.7	*397.7*	417.9
Other investments	163.6	*197.6*	197.2
Deferred tax assets	2,558.1	*2,174.4*	2,171.3
Defined benefit assets	10.2	*7.8*	41.1
Long-term contract assets	–	*0.1*	0.1
Long-term derivative instruments and interest-bearing investments	126.8	*54.0*	54.2
Long-term other financial assets	119.8	*114.6*	117.1
Long-term other assets	26.5	*28.6*	25.0
Non-current assets	**22,994.9**	***24,724.5***	**24,587.2**
Inventories	4,427.4	*4,694.4*	5,038.9
Trade accounts receivable	7,989.5	*7,711.6*	8,712.7
Short-term contract assets	118.4	*89.1*	102.8
Short-term other financial assets	148.7	*118.5*	111.7
Short-term other assets	1,371.4	*1,406.7*	1,477.2
Income tax receivables	239.5	*240.5*	287.7
Short-term derivative instruments and interest-bearing investments	141.6	*151.5*	153.7
Cash and cash equivalents	2,515.5	*3,341.8*	1,971.2
Assets held for sale	18.2	*89.6*	88.4
Current assets	**16,970.2**	***17,843.7***	**17,944.3**
Total assets	**39,965.1**	***42,568.2***	**42,531.5**

Equity and liabilities in € millions	**September 30, 2020**	*December 31, 2019*	September 30, 2019
Subscribed capital	512.0	*512.0*	512.0
Capital reserves	4,155.6	*4,155.6*	4,155.6
Retained earnings	11,753.9	*13,522.1*	13,820.8
Other comprehensive income	–4,168.6	*–2,794.4*	–3,045.6
Equity attributable to the shareholders of the parent	**12,252.9**	***15,395.3***	**15,442.8**
Non-controlling interests	381.3	*480.4*	467.9
Total equity	**12,634.2**	***15,875.7***	**15,910.7**
Long-term employee benefits	5,837.1	*5,406.3*	5,777.6
Deferred tax liabilities	211.8	*305.4*	361.0
Long-term provisions for other risks and obligations	1,467.8	*666.1*	262.7
Long-term indebtedness	5,138.5	*3,375.2*	3,077.9
Long-term other financial liabilities	31.0	*31.7*	32.0
Long-term contract liabilities	12.7	*16.7*	11.8
Long-term other liabilities	47.2	*20.0*	18.6
Non-current liabilities	**12,746.1**	***9,821.4***	**9,541.6**
Short-term employee benefits	1,351.6	*1,368.7*	1,520.8
Trade accounts payable	6,008.7	*7,111.0*	6,868.6
Short-term contract liabilities	279.6	*234.9*	197.6
Income tax payables	930.2	*938.6*	859.3
Short-term provisions for other risks and obligations	1,356.6	*1,261.6*	1,166.7
Short-term indebtedness	2,568.8	*4,243.8*	4,554.7
Short-term other financial liabilities	1,114.5	*1,046.3*	1,000.2
Short-term other liabilities	974.8	*666.2*	911.3
Current liabilities	**14,584.8**	***16,871.1***	**17,079.2**
Total equity and liabilities	**39,965.1**	***42,568.2***	**42,531.5**

Consolidated Statement of Cash Flows

	January 1 to September 30		Third Quarter	
€ millions	**2020**	2019	**2020**	2019
Net income	**-1,148.4**	**-895.6**	**-703.3**	**-1,977.9**
Income tax expense	-60.6	342.8	-49.9	-53.5
Financial result	142.8	158.9	79.8	60.9
EBIT	**-1,066.2**	**-393.9**	**-673.4**	**-1,970.5**
Interest paid	-120.5	-110.5	-49.6	-57.1
Interest received	25.5	50.7	7.3	8.5
Income tax paid	-555.4	-689.5	-185.4	-219.4
Dividends received	19.0	26.2	8.1	10.2
Depreciation, amortization, impairment and reversal of impairment losses	2,843.4[1]	4,373.9	1,398.3[1]	3,019.9
Income from equity-accounted investees and other investments, incl. impairment and reversal of impairment losses	-6.6	138.5	-3.2	150.4
Gains/losses from the disposal of assets, companies and business operations	-183.2	-7.1	-11.4	-2.8
Changes in				
inventories	40.8	-397.1	334.4	-41.5
trade accounts receivable	-483.4	-473.6	-1,694.4	-217.7
trade accounts payable	-846.8	-792.3	1,602.0	-122.2
employee benefits and other provisions	1,125.4	271.0	966.0	285.1
other assets and liabilities	223.6	-169.6	490.9	239.9
Cash flow arising from operating activities	**1,015.6**	**1,826.7**	**2,189.6**	**1,082.8**
Cash flow from the disposal of assets	46.6	23.1	15.2	7.6
Capital expenditure on property, plant and equipment, and software	-1,235.9	-1,990.6	-425.3	-696.9
Capital expenditure on intangible assets from development projects and miscellaneous	-153.0	-194.3	-33.9	-56.9
Cash flow from the disposal of companies and business operations	301.9	1.1	17.4	0.3
Acquisition of companies and business operations	-26.8	-415.9	-12.3	-61.3
Cash flow arising from investing activities	**-1,067.2**	**-2,576.6**	**-438.9**	**-807.2**
Cash flow before financing activities (free cash flow)	**-51.6**	**-749.9**	**1,750.7**	**275.6**
Change in indebtedness	157.1	961.3	-847.1	-105.4
Successive purchases	-172.8	-70.8	-170.0	-0.3
Dividends paid	-600.0	-950.0	-600.0	–
Dividends paid to and cash changes from equity transactions with non-controlling interests	-21.9	-25.5	-2.2	-0.7
Cash and cash equivalents arising from first-time consolidation of subsidiaries	–	0.4	–	–
Cash flow arising from financing activities	**-637.6**	**-84.6**	**-1,619.3**	**-106.4**
Change in cash and cash equivalents	**-689.2**	**-834.5**	**131.4**	**169.2**
Cash and cash equivalents at the beginning of the reporting period	3,341.8	2,761.4	2,455.6	1,786.3
Effect of exchange-rate changes on cash and cash equivalents	-137.1	44.3	-71.5	15.7
Cash and cash equivalents at the end of the reporting period	**2,515.5**	**1,971.2**	**2,515.5**	**1,971.2**

1 This includes expenses from derecognitions of brand values.

Consolidated Statement of Changes in Equity

					Difference from					
€ millions	Subscribed capital[1]	Capital reserves	Retained earnings	Successive purchases[2]	remeasurement of defined benefit plans[3]	currency translation[4]	financial instruments[5]	Subtotal	Non-controlling interests	**Total**
As at January 1, 2019	**512.0**	**4,155.6**	**15,697.2**	**-205.6**	**-1,795.5**	**-510.0**	**-3.3**	**17,850.4**	**482.9**	**18,333.3**
Net income	–	–	-926.4	–	–	–	–	-926.4	30.8	**-895.6**
Comprehensive income	–	–	0.0	–	-897.4	352.2	-4.2	-549.4	13.3	**-536.1**
Net profit for the period	**–**	**–**	**-926.4**	**–**	**-897.4**	**352.2**	**-4.2**	**-1,475.8**	**44.1**	**-1,431.7**
Dividends paid/resolved	–	–	-950.0	–	–	–	–	-950.0	-25.8	**-975.8**
Successive purchases	–	–	–	18.0	–	–	–	18.0	-33.3	**-15.3**
Other changes[6]	–	–	–	0.2	–	–	–	0.2	0.0	**0.2**
As at September 30, 2019	**512.0**	**4,155.6**	**13,820.8**	**-187.4**	**-2,692.9**	**-157.8**	**-7.5**	**15,442.8**	**467.9**	**15,910.7**
As at January 1, 2020	**512.0**	**4,155.6**	**13,522.1**	**-187.4**	**-2,366.4**	**-233.1**	**-7.5**	**15,395.3**	**480.4**	**15,875.7**
Net income	–	–	-1,168.1	–	–	–	–	-1,168.1	19.7	**-1,148.4**
Comprehensive income	–	–	-0.1	–	-280.2	-976.1	-3.2	-1,259.6	-52.1	**-1,311.7**
Net profit for the period	**–**	**–**	**-1,168.2**	**–**	**-280.2**	**-976.1**	**-3.2**	**-2,427.7**	**-32.4**	**-2,460.1**
Dividends paid/resolved	–	–	-600.0	–	–	–	–	-600.0	-33.2	**-633.2**
Successive purchases	–	–	–	-114.8	–	–	–	-114.8	-33.5	**-148.3**
Other changes[6]	–	–	–	0.1	–	–	–	0.1	–	**0.1**
As at September 30, 2020	**512.0**	**4,155.6**	**11,753.9**	**-302.1**	**-2,646.6**	**-1,209.2**	**-10.7**	**12,252.9**	**381.3**	**12,634.2**

1 Divided into 200,005,983 shares outstanding.
2 Includes an amount of -€114.8 million (PY: €18.0 million) from successive purchases of shares in fully consolidated companies and an amount of €0.1 million (PY: €0.2 million) relating to effects from the first-time consolidation of previously non-consolidated subsidiaries.
3 Includes shareholder's portion of €0.0 million (PY: €0.1 million) in non-realized gains and losses from pension obligations of equity-accounted investees.
4 Includes shareholder's portion of €2.1 million (PY: -€0.8 million) in the currency translation of equity-accounted investees.
5 The change in the difference arising from financial instruments, including deferred taxes, was due to other investments of -€3.2 million (PY: -€3.6 million) as well as the expiry of cash flow hedges for interest and currency hedging of -€0.7 million in the previous year.
6 Other changes in non-controlling interests due to changes in the scope of consolidation and capital increases.

Explanatory Notes to the Consolidated Financial Statements

Segment report for the period from January 1 to September 30, 2020

€ millions	Autonomous Mobility and Safety	Vehicle Networking and Information	Tires	ContiTech	Powertrain	Other/ Holding/ Consolidation	Continental Group
External sales	5,276.9	5,550.7	7,238.2	4,005.6	4,756.3	–	26,827.7
Intercompany sales	26.6	28.5	46.2	48.7	112.8	-262.8	–
Sales (total)	**5,303.5**	**5,579.2**	**7,284.4**	**4,054.3**	**4,869.1**	**-262.8**	**26,827.7**
EBIT (segment result)	-136.3	-1,140.7	518.9	153.1	-373.4	-87.8	-1,066.2
in % of sales	-2.6	-20.4	7.1	3.8	-7.7	–	-4.0
Depreciation and amortization[1]	394.0	1,119.1	630.3	277.7	413.2	9.1	2,843.4
thereof impairment[2]	-3.0	720.2	-0.7	15.6	53.4	0.0	785.5
Capital expenditure[3]	274.9	309.2	360.8	125.2	257.4	51.9	1,379.4
in % of sales	5.2	5.5	5.0	3.1	5.3	–	5.1
Operating assets as at September 30	4,607.0	3,778.1	6,837.4	3,192.1	3,101.2	98.3	21,614.1
Number of employees as at September 30[4]	47,366	47,339	56,679	43,107	38,745	452	233,688
Adjusted sales[5]	5,303.5	5,565.4	7,280.6	3,930.4	4,869.1	-262.8	26,686.2
Adjusted operating result (adjusted EBIT)[6]	-8.5	-279.2	794.9	268.4	-61.4	-84.9	629.3
in % of adjusted sales	-0.2	-5.0	10.9	6.8	-1.3	–	2.4

1 Excluding impairment on financial investments.
2 Impairment also includes necessary reversal of impairment losses. Expenses from derecognitions of brand values are likewise included.
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.

Segment report for the period from January 1 to September 30, 2019

€ millions	Autonomous Mobility and Safety	Vehicle Networking and Information	Tires	ContiTech	Powertrain	Other/ Holding/ Consolidation	Continental Group
External sales	7,002.2	7,232.8	8,653.9	4,768.3	5,756.9	–	33,414.1
Intercompany sales	30.6	45.6	37.7	80.0	135.9	–329.8	–
Sales (total)	**7,032.8**	**7,278.4**	**8,691.6**	**4,848.3**	**5,892.8**	**–329.8**	**33,414.1**
EBIT (segment result)	–279.3	–1,241.1	1,203.6	256.6	–250.6	–83.1	–393.9
in % of sales	–4.0	–17.1	13.8	5.3	–4.3	–	–1.2
Depreciation and amortization[1]	1,102.4	1,778.6	618.0	259.4	611.3	4.2	4,373.9
thereof impairment[2]	723.7	1,378.6	16.8	1.0	244.1	–	2,364.2
Capital expenditure[3]	444.7	447.9	622.7	192.1	464.6	32.4	2,204.4
in % of sales	6.3	6.2	7.2	4.0	7.9	–	6.6
Operating assets as at September 30	4,879.3	5,136.3	8,093.3	3,570.9	3,884.0	66.7	25,630.5
Number of employees as at September 30[4]	48,302	48,110	57,595	46,154	41,877	478	242,516
Adjusted sales[5]	6,909.4	7,276.9	8,691.6	4,843.6	5,892.8	–329.8	33,284.5
Adjusted operating result (adjusted EBIT)[6]	462.9	342.6	1,246.3	362.7	25.4	–78.8	2,361.1
in % of adjusted sales	6.7	4.7	14.3	7.5	0.4	–	7.1

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.

Reconciliation of sales to adjusted sales and of EBITDA to adjusted operating result (adjusted EBIT) from January 1 to September 30, 2020

€ millions	Autonomous Mobility and Safety	Vehicle Networking and Information	Tires	ContiTech	Powertrain	Other/ Holding/ Consolidation	Continental Group
Sales	**5,303.5**	**5,579.2**	**7,284.4**	**4,054.3**	**4,869.1**	**-262.8**	**26,827.7**
Changes in the scope of consolidation[1]	–	-13.8	-3.8	-123.9	–	–	-141.5
Adjusted sales	**5,303.5**	**5,565.4**	**7,280.6**	**3,930.4**	**4,869.1**	**-262.8**	**26,686.2**
EBITDA	**257.7**	**-21.6**	**1,149.2**	**430.8**	**39.8**	**-78.7**	**1,777.2**
Depreciation and amortization[2]	-394.0	-1,119.1	-630.3	-277.7	-413.2	-9.1	-2,843.4
EBIT	**-136.3**	**-1,140.7**	**518.9**	**153.1**	**-373.4**	**-87.8**	**-1,066.2**
Amortization of intangible assets from purchase price allocation (PPA)	–	49.4	14.2	67.7	7.1	–	138.4
Changes in the scope of consolidation[1]	–	-0.8	0.7	-5.5	–	–	-5.6
Special effects							
Impairment on goodwill	–	649.3	–	–	–	–	649.3
Impairment[3]	-3.2	70.9	–	14.5	49.1	0.0	131.3
Restructuring[4]	108.9	231.0	254.6	26.8	201.4	–	822.7
Restructuring-related expenses	7.0	1.4	–	0.3	6.7	–	15.4
Severance payments	5.6	7.2	6.3	9.2	4.8	0.2	33.3
Gains and losses from disposals of companies and business operations	0.0	-157.0	0.2	2.3	-8.7	–	-163.2
Other	9.5	10.1	–	–	51.6	2.7	73.9
Adjusted operating result (adjusted EBIT)	**-8.5**	**-279.2**	**794.9**	**268.4**	**-61.4**	**-84.9**	**629.3**

1 Changes in the scope of consolidation include additions and disposals as part of share and asset deals. Adjustments were made for additions in the reporting year and for disposals in the comparative period of the prior year.
2 Excluding impairment on financial investments.
3 Impairment also includes necessary reversal of impairment losses. This item does not include impairment that arose in connection with a restructuring and impairment on financial investments. It does include expenses from derecognitions of brand values of €71.2 million in the Vehicle Networking and Information segment and of €14.5 million in the ContiTech segment.
4 This includes impairment losses of €0.2 million in the Autonomous Mobility and Safety segment, €1.1 million in the ContiTech segment and €4.3 million in the Powertrain segment, and a reversal of impairment losses of €0.7 million in the Tires segment.

Reconciliation of sales to adjusted sales and of EBITDA to adjusted operating result (adjusted EBIT) from January 1 to September 30, 2019

€ millions	Autonomous Mobility and Safety	Vehicle Networking and Information	Tires	ContiTech	Powertrain	Other/ Holding/ Consolidation	Continental Group
Sales	**7,032.8**	**7,278.4**	**8,691.6**	**4,848.3**	**5,892.8**	**–329.8**	**33,414.1**
Changes in the scope of consolidation[1]	–123.4	–1.5	–	–4.7	–	–	–129.6
Adjusted sales	**6,909.4**	**7,276.9**	**8,691.6**	**4,843.6**	**5,892.8**	**–329.8**	**33,284.5**
EBITDA	**823.1**	**537.5**	**1,821.6**	**516.0**	**360.7**	**–78.9**	**3,980.0**
Depreciation and amortization[2]	–1,102.4	–1,778.6	–618.0	–259.4	–611.3	–4.2	–4,373.9
EBIT	**–279.3**	**–1,241.1**	**1,203.6**	**256.6**	**–250.6**	**–83.1**	**–393.9**
Amortization of intangible assets from purchase price allocation (PPA)	–	42.3	15.0	68.2	8.1	–	133.6
Changes in the scope of consolidation[1]	–1.6	1.4	–	0.3	–	–	0.1
Special effects							
Impairment on goodwill	722.4	1,358.6	–	–	224.2	–	2,305.2
Impairment[3]	–	20.0	–	–	12.8	–	32.8
Restructuring[4]	19.8	–	29.9	37.6	10.0	–	97.3
Restructuring-related expenses	–	–	–	–	–	–	–
Severance payments	–	–	–	–	–	–	–
Gains and losses from disposals of companies and business operations	–	–	–	0.0	–	–	0.0
Other	1.6	161.4	–2.2	–	20.9	4.3	186.0
Adjusted operating result (adjusted EBIT)	**462.9**	**342.6**	**1,246.3**	**362.7**	**25.4**	**–78.8**	**2,361.1**

1 Changes in the scope of consolidation include additions and disposals as part of share and asset deals. Adjustments were made for additions in the reporting year and for disposals in the comparative period of the prior year.
2 Excluding impairment on financial investments.
3 Impairment also includes necessary reversal of impairment losses. This item does not include impairment that arose in connection with a restructuring and impairment on financial investments.
4 This includes impairment losses of €1.3 million in the Autonomous Mobility and Safety segment, €16.8 million in the Tires segment, €1.0 million in the ContiTech segment and €7.1 million in the Powertrain segment.

Reconciliation of EBIT to net income

	January 1 to September 30		Third Quarter	
€ millions	**2020**	2019	**2020**	2019
Autonomous Mobility and Safety	-136.3	-279.3	45.8	-590.9
Vehicle Networking and Information	-1,140.7	-1,241.1	-921.8	-1,465.8
Tires	518.9	1,203.6	231.3	391.4
ContiTech	153.1	256.6	102.6	95.8
Powertrain	-373.4	-250.6	-106.2	-367.8
Other/Holding/Consolidation	-87.8	-83.1	-25.1	-33.2
EBIT	**-1,066.2**	**-393.9**	**-673.4**	**-1,970.5**
Financial result	-142.8	-158.9	-79.8	-60.9
Earnings before tax	**-1,209.0**	**-552.8**	**-753.2**	**-2,031.4**
Income tax expense	60.6	-342.8	49.9	53.5
Net income	**-1,148.4**	**-895.6**	**-703.3**	**-1,977.9**
Non-controlling interests	-19.7	-30.8	-16.0	-8.5
Net income attributable to the shareholders of the parent	**-1,168.1**	**-926.4**	**-719.3**	**-1,986.4**

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 the Continental Group's five business areas can be found in the consolidated management report as at September 30, 2020.

Accounting principles
These interim financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at the end of the reporting period and endorsed by the European Union. These also include the International Accounting Standards (IAS) and the interpretations issued by the International Financial Reporting Standards Interpretations Committee or its predecessor, the International Financial Reporting Interpretations Committee (IFRIC), and the former Standing Interpretations Committee (SIC). The interim financial statements were prepared in compliance with IAS 34, *Interim Financial Reporting*. The same accounting policies have been applied in the interim financial statements as in the consolidated financial statements for 2019. These accounting policies are described in detail in the 2019 annual report. In addition, the IFRS amendments and new regulations effective as at September 30, 2020, have also been applied in the interim financial statements. A detailed description of these mandatory IFRS amendments and new regulations can be found in the 2019 annual report.

The IFRS amendments and new regulations effective as at September 30, 2020, had no material effect on the reporting of the Continental Group.

Income tax expense is calculated based on the estimated, weighted average tax rate expected for the year as a whole. Tax effects of specific significant items that can only be allocated to the respective period under review are taken into account.

Although certain elements of the Continental Group's business are seasonal, the overall comparability of the consolidated financial reports 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 euros. Unless otherwise stated, all amounts are shown in millions of euros (€ millions). Please note that differences may arise as a result of the use of rounded amounts and percentages.

Effects of the COVID-19 pandemic on accounting in the reporting period
It is still not currently possible to predict the long-term economic consequences of the COVID-19 pandemic and the stabilization measures that have been introduced. On the basis of the information available in the reporting period, an analysis of the effects on the accounting of the Continental Group was carried out as at September 30, 2020.

› Financial instruments: The effects of the COVID-19 pandemic on possible credit losses cannot be reliably determined at this time. The Continental Group regularly reviews the expected credit loss model pursuant to IFRS 9 in order to identify potential effects on the model and make any necessary adjustments. A review based on the information currently available did not reveal any need for adjustment as at September 30, 2020.

› Goodwill impairment test: Based on the currently determined weighted average cost of capital (WACC), the underlying planning data and the currently expected possible effects of the COVID-19 pandemic, goodwill was impaired by €649.3 million as at September 30, 2020 in the Connected Car Networking cash-generating unit in the Vehicle Networking and Information segment. For further details, please refer to the section on "Impairment" on page 37.

- Leases: As a result of the COVID-19 pandemic, changes to lease payments may lead to the different accounting treatment of individual leases. All relevant matters have been reviewed by the Continental Group and accounted for in accordance with the requirements of IFRS 16. As at September 30, 2020, there was no material need for adjustment.

- Employee benefits: The review of the defined actuarial assumptions for employee benefits, including the interest rate, did not result in any need for adjustment due to the COVID-19 pandemic as at September 30, 2020.

The Continental Group will continuously review the possible effects on accounting with respect to further developments of the COVID-19 pandemic.

Companies consolidated

In addition to the parent company, the number of companies consolidated includes 563 (PY: 577) domestic and foreign companies that Continental Aktiengesellschaft incorporates according to the regulations of IFRS 10, *Consolidated Financial Statements*, or that are classified as joint arrangements or associated companies. Of these, 446 (PY: 446) are fully consolidated and 117 (PY: 131) are accounted for using the equity method.

The number of companies consolidated has decreased by a total of 18 since December 31, 2019. Four companies were founded and one company was acquired. The number of companies consolidated also decreased by 23 as a result of 16 disposals, six mergers and one liquidation.

Since September 30, 2019, the number of companies consolidated has decreased by a total of 14. The additions to the scope of consolidation resulted mainly from acquisitions in the ContiTech segment. Companies no longer included in the scope of consolidation are mostly attributable to disposals and mergers.

Acquisition and disposal of companies and business operations

In the Autonomous Mobility and Safety segment, there was an acquisition of additional shares in an already fully consolidated company for a purchase price of €2.8 million. The resulting difference of €0.5 million between the purchase price and the carrying amount of the acquired shares was recognized in other comprehensive income. Other than this, there was no material effect on the earnings, financial and net assets position of the Continental Group as at September 30, 2020.

In the Vehicle Networking and Information segment, the 50% shareholding in SAS Autosystemtechnik GmbH & Co. KG, Karlsruhe, Germany, was sold to Faurecia Automotive GmbH, Stadthagen, Germany, with effect from January 30, 2020, for an amount of €245.4 million (taking into account a purchase price adjustment). The transaction thus resulted in a gain from disposal of €157.0 million. Other than this, there was no material effect on the earnings, financial and net assets position of the Continental Group as at September 30, 2020.

An asset deal took place in the Tires segment. The purchase price of €0.3 million in total was paid in cash. The purchase price allocation mainly resulted in intangible assets of €0.2 million. Other than this, there was no material effect on the earnings, financial and net assets position of the Continental Group as at September 30, 2020.

In the ContiTech segment, as a result of the final purchase price settlement for the acquisition of Merlett Tecnoplastic S.p.A., Daverio, Italy, in 2019, the purchase price increased by €0.3 million. The final purchase price allocation resulted in a decrease in goodwill of €2.5 million to a total of €4.7 million, due among other things to an increase in the valuation of other intangible assets of €0.2 million, an increase in the valuation of property, plant and equipment of €7.1 million and a decrease in the valuation of inventories of €2.3 million. Other than this, there was no material effect on the earnings, financial and net assets position of the Continental Group as at September 30, 2020.

In the ContiTech segment, there was a loss of €2.3 million from the disposal of a company. Other than this, there was no material effect on the earnings, financial and net assets position of the Continental Group as at September 30, 2020.

In the Powertrain segment, a 50% shareholding in an equity-accounted investee was acquired for a purchase price of €11.7 million. Other than this, there was no material effect on the earnings, financial and net assets position of the Continental Group as at September 30, 2020.

In the Powertrain segment, parts of the Sensing and Actuation business unit were sold to an earlier established and equity-accounted investee. This transaction resulted in income of €8.7 million. Other than this, there was no material effect on the earnings, financial and net assets position of the Continental Group as at September 30, 2020.

In the Powertrain segment, the remaining shares in an already fully consolidated company were acquired for a purchase price of €170.0 million. The resulting difference of €114.2 million between the purchase price and the carrying amount of the acquired shares was recognized in other comprehensive income. Other than this, there was no material effect on the earnings, financial and net assets position of the Continental Group as at September 30, 2020.

Revenue from contracts with customers

The following table shows the breakdown of sales in accordance with IFRS 15, *Revenue from Contracts with Customers*, into main geographical markets, segments and customer groups.

Sales from contracts with customers from January 1 to September 30, 2020

€ millions	Autonomous Mobility and Safety	Vehicle Networking and Information	Tires	ContiTech	Powertrain	Other/ Holding/ Consolidation	Continental Group
Germany	870.8	1,469.8	1,002.5	758.9	941.5	–143.7	4,899.8
Europe excluding Germany	1,166.6	1,526.5	2,934.0	1,038.4	1,281.4	–30.2	7,916.7
North America	1,375.3	1,275.7	1,910.9	1,214.8	1,083.2	–59.1	6,800.8
Asia	1,817.3	1,214.1	1,046.1	789.4	1,510.6	–24.8	6,352.7
Other countries	73.5	93.1	390.9	252.8	52.4	–5.0	857.7
Sales by region	**5,303.5**	**5,579.2**	**7,284.4**	**4,054.3**	**4,869.1**	**–262.8**	**26,827.7**
Automotive original-equipment business	5,302.8	4,928.3	1,646.2	1,906.3	4,691.7	–156.3	18,319.0
Industrial/replacement business	0.7	650.9	5,638.2	2,148.0	177.4	–106.5	8,508.7
Sales by customer type	**5,303.5**	**5,579.2**	**7,284.4**	**4,054.3**	**4,869.1**	**–262.8**	**26,827.7**

Sales from contracts with customers from January 1 to September 30, 2019

€ millions	Autonomous Mobility and Safety	Vehicle Networking and Information	Tires	ContiTech	Powertrain	Other/ Holding/ Consolidation	Continental Group
Germany	1,366.9	1,962.2	1,168.1	945.6	1,194.2	–190.0	6,447.0
Europe excluding Germany	1,550.6	1,976.8	3,495.6	1,257.7	1,616.5	–48.9	9,848.3
North America	1,747.0	1,769.9	2,353.7	1,539.6	1,439.7	–62.9	8,787.0
Asia	2,246.3	1,389.7	1,122.3	795.3	1,554.5	–22.2	7,085.9
Other countries	122.0	179.8	551.9	310.1	87.9	–5.8	1,245.9
Sales by region	**7,032.8**	**7,278.4**	**8,691.6**	**4,848.3**	**5,892.8**	**–329.8**	**33,414.1**
Automotive original-equipment business	7,030.7	6,511.7	2,359.9	2,447.6	5,679.7	–195.1	23,834.5
Industrial/replacement business	2.1	766.7	6,331.7	2,400.7	213.1	–134.7	9,579.6
Sales by customer type	**7,032.8**	**7,278.4**	**8,691.6**	**4,848.3**	**5,892.8**	**–329.8**	**33,414.1**

Impairment

The Continental Group 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).

Within the context of the annual planning process, global production of passenger cars and light commercial vehicles is not expected to increase substantially compared to pre-crisis levels over the next five years until 2025. The expected impact of restructuring measures was also taken into account in this planning process. Due to this triggering event and other significant assumptions made when calculating the value in use of a cash-generating unit (CGU) – such as free cash flows, discount rates and their parameters, and long-term growth rates – goodwill was impaired by €649.3 million in the Connected Car Networking CGU in the Vehicle Networking and Information segment. This impairment is recognized in other expenses.

The expected cash flows for the CGUs are essentially derived from long-term planning that covers the next five years. For the CGUs High Voltage Power Applications, Low Voltage & Control Unit Applications, and Electronic Controls, a more detailed model with long-term detailed planning was used as a basis due to the specific situation in each case.

For the impairment test over the course of the year, the cash flows of the CGUs of the Autonomous Mobility and Safety and Vehicle Networking and Information segments were discounted with an interest rate before tax of 10.8% (December 31, 2019: 11.1%); those of the Tires and ContiTech segments were discounted with an interest rate of 8.9% each (December 31, 2019: 9.2%); and those of the Powertrain segment were discounted with an interest rate of 10.7% (December 31, 2019: 10.7%). At the time the test was performed, this pre-tax WACC was based on the capital structure of the respective relevant peer group on average over the last five years. The risk-free interest rate was -0.11% (December 31, 2019: 0.2%) and the market risk premium 7.5% (December 31, 2019: 7.5%). Borrowing costs were calculated as the total of the risk-free interest rate plus the credit spreads of peer group companies rated by Standard & Poor's, Moody's or Fitch.

On average, the growth rate in the detailed planning period for the CGUs in the Autonomous Mobility and Safety segment was 10.0% (December 31, 2019: 4.0%), in the Vehicle Networking and Information segment 9.0% (December 31, 2019: 6.1%), in the Tires segment 5.4% (December 31, 2019: 3.8%), in the ContiTech segment 7.7% (December 31, 2019: 3.5%) and in the Powertrain segment 9.3% (December 31, 2019: 5.9%). The long-term growth rate was 1.5% (December 31, 2019: 1.5%) for the CGUs of the Autonomous Mobility and Safety and Vehicle Networking and Information segments, 0.5% (December 31, 2019: 0.5%) for those of the Tires and ContiTech segments and 1.0% (December 31, 2019: 1.0%) for those of the Powertrain segment. These growth rates do not exceed the long-term average growth rates for the markets in which the CGUs operate.

Assuming a 0.5-percentage-point increase in the discount rate would potentially result in an asset impairment of around €97 million in the CGU Connected Car Networking. Goodwill would also be impaired by around €101 million in the CGU Vehicle Dynamics and around €3 million in the CGU Hydraulic Brake Systems. Reducing the long-term growth rate by 0.5 percentage points would potentially result in an asset impairment of around €77 million in Connected Car Networking. Goodwill would also be impaired by around €68 million in Vehicle Dynamics. If sales in perpetuity would decline by 5.0%, consequently reducing free cash flow as a key planning parameter, this would potentially result in an asset impairment of around €78 million in Connected Car Networking. Goodwill would also be impaired by around €65 million in Vehicle Dynamics.

In addition, expenses from the derecognition of a brand value of €71.2 million were recognized in the Vehicle Networking and Information segment.

In the ContiTech segment, a brand value of €14.5 million was derecognized.

In the Powertrain segment, impairment on property, plant and equipment of €49.1 million was recorded.

Restructuring measures resulted in impairment on property, plant and equipment totaling €4.9 million.

Income tax expense

Income tax expense in the first nine months of 2020 amounted to tax income of €60.6 million (PY: tax expense of €342.8 million). The tax rate amounted to 5.0% (PY: -62.0%) as a result of the negative consolidated income before taxes in the reporting period.

Leases

The table below shows the right-of-use assets reported as at September 30, 2020:

€ millions	September 30, 2020	December 31, 2019
Land and buildings	1,385.3	1,591.8
Technical equipment and machinery	5.9	7.9
Other equipment, factory and office equipment	75.1	84.6
Total right-of-use assets	**1,466.3**	**1,684.3**

The lease liabilities as at September 30, 2020, are shown in the table below:

€ millions	September 30, 2020	December 31, 2019
Lease liabilities	**1,518.3**	**1,715.0**
Current	303.1	318.3
Non-current	1,215.2	1,396,7

Long-term employee benefits

Compared to December 31, 2019, the remeasurement of defined benefit pension plans as at September 30, 2020, led to a €200.2 million decrease (PY: €844.5 million) in other comprehensive income, which resulted from a decline in discount rates. The corresponding decrease in equity contrasted with a rise in long-term employee benefits of €280.6 million (PY: €1,213.7 million). The change to the process for determining the discount rates implemented as at June 30, 2020 led to the recognition of higher discount rates as at September 30, 2020. Applying the previous process for determining the discount rates would have resulted in a further increase in long-term employee benefits of €599.3 million as at September 30, 2020.

Cash changes in pension and similar obligations

Pension funds exist solely for pension obligations – particularly in Germany, the USA, Canada and the UK – and not for other benefit obligations. These pension funds qualify as plan assets. In the period from January 1 to September 30, 2020, the companies of the Continental Group made regular payments of €80.5 million (PY: €81.6 million) into these pension funds.

Payments for pension obligations totaled €172.7 million (PY: €177.6 million) in the period from January 1 to September 30, 2020. Payments for obligations similar to pensions totaled €11.3 million (PY: €11.4 million).

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

	January 1 to September 30, 2020						January 1 to September 30, 2019					
€ millions	**Germany**	**USA**	**Canada**	**UK**	**Other**	**Total**	Germany	USA	Canada	UK	Other	Total
Current service cost	207.1	3.0	1.3	1.8	21.0	**234.2**	164.5	3.1	1.2	1.4	18.0	188.2
Interest on defined benefit obligations	51.7	27.6	2.7	5.9	7.3	**95.2**	67.3	33.2	2.9	7.5	7.9	118.8
Expected return on the plan assets	-11.5	-25.9	-2.3	-5.7	-3.5	**-48.9**	-17.0	-29.9	-2.5	-8.0	-4.2	-61.6
Effect of change of asset ceiling	–	–	0.0	–	0.0	**0.0**	–	–	–	–	0.1	0.1
Other pension income and expenses	–	1.2	0.3	–	0.0	**1.5**	–	1.2	0.3	–	0.1	1.6
Net pension cost	**247.3**	**5.9**	**2.0**	**2.0**	**24.8**	**282.0**	**214.8**	**7.6**	**1.9**	**0.9**	**21.9**	**247.1**

The net cost of healthcare and life-insurance benefit obligations of the Continental Group in the USA and Canada consists of the following:

	January 1 to September 30	
€ millions	**2020**	2019
Current service cost	1.1	0.9
Interest on healthcare and life-insurance benefit obligations	5.0	6.0
Net cost of obligations similar to pensions	**6.1**	**6.9**

New Continental long-term incentive plan (CLIP 2020)

With the resolution of the Annual Shareholders' Meeting of Continental AG on July 14, 2020, the new system of remuneration for members of the Executive Board was approved.

According to this system, the variable performance-related remuneration components also include long-term remuneration components in the form of a long-term incentive plan. In 2020, a new Continental long-term incentive plan (CLIP 2020) was granted to the Executive Board, senior executives and executives.

The CLIP incentive is calculated based on a certain number of virtual shares of Continental AG (base portfolio), which are multiplied by a performance index. The performance index corresponds to the product from the relative total shareholder return (TSR) on Continental shares and a sustainability score. The relative TSR is calculated from the relative performance of the Continental TSR in comparison with the TSR on the STOXX Europe 600 Automobiles & Parts (SXAGR). The Continental TSR corresponds to the sum of the average Continental share price in the last month of the term (final share price) and all dividends distributed during the term relative to the average share price in the first month of the term (initial share price). The SXAGR TSR is determined using the same method.

Performance criteria and goals of the sustainability score are targets for CO_2 emissions, recycling rates and the review of good working conditions for employees in the Continental Group (e.g. based on sick leave, accident rates and employee satisfaction).

The CLIP incentive can total at most 200% of the defined initial share price (executives and senior executives) or issue price (Executive Board). The issue price is the average price of the two months before the start of the term.

The term of the CLIP 2020 begins retroactively as at January 1, 2020, and is four years for the tranche granted to the Executive Board and three years for the tranche granted to executives and senior executives.

The fair value of the CLIP 2020 as at September 30, 2020, was €13.2 million. The liabilities for personnel expenses for the CLIP incentive resulted in expenses in the same amount in the reporting period.

Financing and indebtedness

At €4,923.4 million as at September 30, 2020, the Continental Group's net indebtedness was below the previous year's level of €5,453.5 million. Compared to the figure of €4,071.7 million as at December 31, 2019, it had increased by €851.7 million. The gearing ratio had increased to 39.0% (PY: 34.3%) as at the end of the third quarter of 2020.

The €600.0-million and €750.0-million euro bonds from Continental AG that matured on February 5, 2020, and September 9, 2020, were redeemed at a rate of 100.00%. The €600.0-million bond bore interest at a rate of 0.000% p.a. and had a term of three years and two months. The €750.0-million bond bore interest at a rate of 3.125% p.a. and had a term of seven years.

In October 2019, Continental AG issued two private placements with a total issue volume of €300.0 million under the Debt Issuance Programme (DIP). The maturities are in April 2021 and October 2024. For details regarding the two private placements, please refer to the comments in the 2019 annual report. The Continental Group utilized the favorable market and interest rate environment to place three further euro bonds with investors in Germany and abroad through Continental AG and Conti-Gummi Finance B.V., Maastricht, Netherlands, as part of this program in the second quarter of 2020. The issue price of the €750.0-million bond issued by Continental AG on May 27, 2020, amounted to 98.791%. This bond has a term of six years and three months and an interest rate of 2.500% p.a. The €750.0-million and €625.0-million bonds issued by Conti-Gummi Finance B.V., Maastricht, Netherlands, on May 27, 2020, and June 25, 2020, have a term of three years and six months and four years and three months, respectively. The issue price of the bonds with a fixed interest rate of 2.125% p.a. and 1.125% p.a. amounted to 99.559% and 99.589%.

The syndicated loan from 2014, which has been granted until April 2021, was renewed ahead of schedule in December 2019. In doing so, the volume of the revolving tranche was increased from €3,000.0 million to €4,000.0 million. This credit line is available to the Continental Group until December 2024 and had not been utilized as at September 30, 2020. In the previous year, it was utilized by Continental Rubber of America, Corp., Wilmington, Delaware, USA, in the amount of €338.8 million. In addition to the increase to the existing syndicated loan, a further syndicated loan in the amount of €3,000.0 million was agreed in May 2020. The new credit line is intended to strengthen Continental's financial flexibility in the wake of the COVID-19 pandemic and therefore has a short term of 364 days. This credit line can only be used by Continental AG and had not been utilized as at September 30, 2020.

As at September 30, 2020, the Continental Group had liquidity reserves totaling €10,144.2 million (PY: €5,303.3 million), consisting of cash and cash equivalents of €2,515.5 million (PY: €1,971.2 million) and committed, unutilized credit lines of €7,628.7 million (PY: €3,332.1 million).

The restrictions that may impact the availability of capital are also understood to comprise all existing restrictions on the cash and cash equivalents. In the Continental Group, the aforementioned cash and cash equivalents are restricted with regard to pledged amounts 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 September 30, 2020, unrestricted cash and cash equivalents totaled €2,234.3 million (PY: €1,745.1 million).

Financial instruments
The tables below show the carrying amounts and fair values of financial assets and liabilities, whereby non-current and current items are presented together. In addition, the relevant measurement categories are shown according to IFRS 9, *Financial Instruments*, and the levels of the fair value hierarchy relevant for calculating fair value according to IFRS 13, *Fair Value Measurement*.

€ millions	Measurement category in acc. with IFRS 9	**Carrying amount as at Sept. 30, 2020**	**Fair value as at Sept. 30, 2020**	thereof Level 1	thereof Level 2	thereof Level 3
Other investments	FVOCIwoR	163.6	163.6	–	–	163.6
Derivative instruments and interest-bearing investments						
Derivative instruments not accounted for as effective hedging instruments	FVPL	68.6	68.6	–	68.6	–
Debt instruments	FVPL	82.5	82.5	71.4	11.1	–
Debt instruments	at cost	117.3	117.3	–	–	–
Trade accounts receivable						
Trade accounts receivable	at cost	7,624.7	7,624.7	–	–	–
Bank drafts	FVOCIwR	364.8	364.8	–	364.8	–
Other financial assets						
Other financial assets	FVPL	46.9	46.9	–	46.9	–
Other financial assets	at cost	221.6	221.6	–	–	–
Cash and cash equivalents						
Cash and cash equivalents	at cost	2,136.9	2,136.9	–	–	–
Cash and cash equivalents	FVPL	378.6	378.6	378.6	–	–
Financial assets		**11,205.5**	**11,205.5**	**450.0**	**491.4**	**163.6**
Indebtedness without lease liabilities						
Derivative instruments not accounted for as effective hedging instruments	FVPL	13.4	13.4	–	13.4	–
Other indebtedness	at cost	6,175.6	6,321.0	3,331.0	945.8	–
Trade accounts payable	at cost	6,008.7	6,008.7	–	–	–
Other financial liabilities	at cost	1,145.5	1,145.5	–	0.1	–
Financial liabilities without lease liabilities		**13,343.2**	**13,488.6**	**3,331.0**	**959.3**	**–**
Aggregated according to measurement categories as defined in IFRS 9:						
Financial assets (FVOCIwR)		364.8				
Financial assets (FVOCIwoR)		163.6				
Financial assets (FVPL)		576.6				
Financial assets (at cost)		10,100.5				
Financial liabilities (FVPL)		13.4				
Financial liabilities (at cost)		13,329.8				

€ millions	Measurement category in acc. with IFRS 9	Carrying amount as at Dec. 31, 2019	Fair value as at Dec. 31, 2019	thereof Level 1	thereof Level 2	thereof Level 3
Other investments	FVOCIwoR	197.6	197.6	–	–	197.6
Derivative instruments and interest-bearing investments						
Derivative instruments not accounted for as effective hedging instruments	FVPL	7.5	7.5	–	7.5	–
Debt instruments	FVPL	39.8	39.8	29.1	10.7	–
Debt instruments	at cost	158.2	158.2	–	–	–
Trade accounts receivable						
Trade accounts receivable	at cost	7,571.2	7,571.2	–	–	–
Bank drafts	FVOCIwR	134.2	134.2	–	134.2	–
Trade accounts receivable	FVPL	6.2	6.2	–	6.2	–
Other financial assets						
Other financial assets	FVPL	36.5	36.5	–	36.5	–
Other financial assets	at cost	196.6	196.6	–	–	–
Cash and cash equivalents						
Cash and cash equivalents	at cost	2,748.6	2,748.6	–	–	–
Cash and cash equivalents	FVPL	593.2	593.2	400.6	192.6	–
Financial assets		**11,689.6**	**11,689.6**	**429.7**	**387.7**	**197.6**
Indebtedness without lease liabilities						
Derivative instruments not accounted for as effective hedging instruments	FVPL	13.3	13.3	–	13.3	–
Other indebtedness	at cost	5,890.7	5,926.8	2,462.7	908.3	–
Trade accounts payable	at cost	7,111.0	7,111.0	–	–	–
Other financial liabilities	at cost	1,078.0	1,078.0	–	0.4	–
Financial liabilities without lease liabilities		**14,093.0**	**14,129.1**	**2,462.7**	**922.0**	**–**
Aggregated according to measurement categories as defined in IFRS 9:						
Financial assets (FVOCIwR)		134.2				
Financial assets (FVOCIwoR)		197.6				
Financial assets (FVPL)		683.2				
Financial assets (at cost)		10,674.6				
Financial liabilities (FVPL)		13.3				
Financial liabilities (at cost)		14,079.7				

Abbreviations:

- at cost: measured at amortized cost
- FVOCIwR: fair value through other comprehensive income with reclassification
- FVOCIwoR: fair value through other comprehensive income without reclassification
- FVPL: fair value through profit and loss
- n. a.: not applicable, not assigned to any measurement category

Levels of the fair value hierarchy according to IFRS 13, *Fair Value Measurement*:

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

For other investments for which there are no quoted prices in active markets for identical instruments (level 1) or for similar instruments, or for which there are no applicable measurement methods in which all major input factors are based on observable market data (level 2), the fair value must be calculated using a measurement method for which the major input factors are not based on observable market data (level 3). If external valuation reports or information from other financing rounds is available, these are used. If such information is not available, the measurement is performed according to the measurement method that is deemed appropriate and realizable in each case: for example, according to the discounted cash flow method or by valuation according to multiples using ratios based on purchase prices for comparable transactions. Measurement at amortized cost is only considered the best estimate of the fair value of financial assets if the most recent information available for fair value measurement is insufficient. Other investments are centrally monitored with regard to any changes to the key non-observable input factors and continuously checked for changes in value. As at the reporting date, there were no indications of any significant change in the value of the financial investments. For this reason, there is no need to present the changes in carrying amounts separately, or for a sensitivity analysis.

Litigation and compensation claims
In the third quarter of 2020, the public prosecutor's office in Hanover searched locations of Continental AG and certain subsidiaries as part of investigations in connection with the use of illegal defeat devices in VW diesel engines. Continental is cooperating fully with the authorities. Also in view of this full cooperation, no further disclosures can be made with regard to the ongoing investigations, so as not to adversely affect the company's interests.

Other than this, there were no significant new findings or developments in the reporting period with regard to the litigation and compensation claims described in the 2019 annual report.

Contingent liabilities and other financial obligations
As at September 30, 2020, there were no material changes in the contingent liabilities and other financial obligations described in the 2019 annual report.

Appropriation of net income
As at December 31, 2019, Continental AG reported net retained earnings of €5,856.0 million (PY: €1,758.5 million). On July 14, 2020, the Annual Shareholders' Meeting resolved to distribute a dividend of €3.00 per share to the shareholders of Continental AG for the past fiscal year. With 200,005,983 shares entitled to dividends, the total distribution thus amounted to €600,017,949.00. The remaining amount was carried forward to new account.

Earnings per share
Basic earnings per share fell to -€5.84 (PY: -€4.63) in the first nine months of 2020 and increased to -€3.60 (PY: -€9.93) for the period from July 1 to September 30, 2020. These figures were the same for the diluted earnings per share.

Transactions with related parties
In the period under review, there were no material changes in transactions with related parties compared to December 31, 2019. For further information, please refer to the comments in the 2019 annual report.

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

Review by an independent auditor
The interim consolidated management report and the 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 September 30, 2020

There were no significant events after September 30, 2020.

Hanover, October 21, 2020

Continental Aktiengesellschaft
The Executive Board

Financial Calendar

2020	
Annual Financial Press Conference	March 5
Analyst and Investor Conference Call	March 5
Financial Report as at March 31, 2020	May 7
Virtual Annual Shareholders’ Meeting	July 14
Half-Year Financial Report as at June 30, 2020	August 5
Financial Report as at September 30, 2020	November 11

2021	
Annual Financial Press Conference	March 9
Analyst and Investor Conference Call	March 9
Annual Shareholders’ Meeting (including key figures for the first quarter of 2021)	April 29
Financial Report as at March 31, 2021	May 6
Half-Year Financial Report as at June 30, 2021	August 5
Financial Report as at September 30, 2021	November 10

Publication Details

The annual report, the annual financial statements, the half-year financial report, and the interim reports are available online at:
www.continental-ir.com

Published by:
Continental Aktiengesellschaft, Hanover, Germany

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