

12

Preliminary Consolidated Financial Statements 2012

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

Continental Corporation

Continental Corporation in € millions	2012	2011
Sales	32,736.2	30,504.9
EBITDA	4,854.6	4,228.0
in % of sales	14.8	13.9
EBIT	3,073.4	2,596.9
in % of sales	9.4	8.5
Net income attributable to the shareholders of the parent	1,883.5	1,242.2
Earnings per share (in €)	9.42	6.21
Research and development expenses	1,766.2	1,608.7
in % of sales	5.4	5.3
Depreciation and amortization ¹	1,781.2	1,631.1
– thereof impairment ²	49.9	20.4
Operating assets as at December 31	16,277.6	16,198.6
EBIT in % of operating assets as at December 31	18.9	16.0
Operating assets (average)	16,953.8	16,019.0
EBIT in % of operating assets (average)	18.1	16.2
Capital expenditure ³	2,019.4	1,711.3
in % of sales	6.2	5.6
Number of employees as at December 31 ⁴	169,639	163,788
Free cash flow	1,652.5	490.5
Net indebtedness	5,319.9	6,772.1
Gearing ratio in %	58.2	89.8
Total equity	9,144.8	7,543.3
Equity ratio in %	33.5	29.0
Dividend per share (in €)	2.25 ⁷	1.50
Adjusted sales ⁵	32,551.7	30,504.9
Adjusted operating result (adjusted EBIT) ⁶	3,522.4	3,040.9
in % of adjusted sales	10.8	10.0

¹ Excluding impairment on financial investments.

² Impairment also includes necessary reversals 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 the purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

⁷ Subject to the approval of the Annual Shareholders' Meeting on May 15, 2013.

Development of Core Business Areas: Automotive Group

Automotive Group in € millions	2012	2011
Sales	19,505.1	18,354.2
EBITDA	2,404.6	2,225.8
in % of sales	12.3	12.1
EBIT	1,068.8	1,024.5
in % of sales	5.5	5.6
Research and development expenses	1,495.6	1,367.5
in % of sales	7.7	7.5
Depreciation and amortization ¹	1,335.8	1,201.3
– thereof impairment ²	75.0	22.8
Operating assets as at December 31	11,012.7	11,394.6
EBIT in % of operating assets as at December 31	9.7	9.0
Operating assets (average)	11,438.5	11,427.2
EBIT in % of operating assets (average)	9.3	9.0
Capital expenditure ³	1,035.9	968.5
in % of sales	5.3	5.3
Number of employees as at December 31 ⁴	98,619	95,136
Adjusted sales ⁵	19,497.9	18,354.2
Adjusted operating result (adjusted EBIT) ⁶	1,544.7	1,470.1
in % of adjusted sales	7.9	8.0

¹ Excluding impairment on financial investments.

² Impairment also includes necessary reversals 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 the purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

Development of Core Business Areas: Rubber Group

Rubber Group in € millions	2012	2011
Sales	13,261.7	12,176.6
EBITDA	2,521.7	2,041.5
in % of sales	19.0	16.8
EBIT	2,077.8	1,612.8
in % of sales	15.7	13.2
Research and development expenses	270.6	241.2
in % of sales	2.0	2.0
Depreciation and amortization ¹	443.9	428.7
– thereof impairment ²	-25.1	-2.4
Operating assets as at December 31	5,333.7	4,863.5
EBIT in % of operating assets as at December 31	39.0	33.2
Operating assets (average)	5,590.7	4,640.3
EBIT in % of operating assets (average)	37.2	34.8
Capital expenditure ³	981.2	747.7
in % of sales	7.4	6.1
Number of employees as at December 31 ⁴	70,734	68,384
Adjusted sales ⁵	13,079.4	12,176.6
Adjusted operating result (adjusted EBIT) ⁶	2,064.1	1,640.4
in % of adjusted sales	15.8	13.5

¹ Excluding impairment on financial investments.

² Impairment also includes necessary reversals 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 the purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

EBITDA

EBITDA	in € millions		in % of sales	
	2012	2011	2012	2011
Chassis & Safety	973.7	982.3	13.8	15.1
Powertrain	590.2	484.7	9.6	8.3
Interior	840.6	758.8	13.1	12.4
Tires	1,974.0	1,526.5	20.4	17.5
ContiTech	547.7	515.0	14.8	14.4
Other/consolidation	-71.6	-39.3	—	—
Continental Corporation	4,854.6	4,228.0	14.8	13.9

EBIT

EBIT	in € millions		in % of sales	
	2012	2011	2012	2011
Chassis & Safety	638.5	661.9	9.1	10.2
Powertrain	29.5	31.3	0.5	0.5
Interior	400.8	331.2	6.2	5.4
Tires	1,635.4	1,195.7	16.9	13.7
ContiTech	442.4	417.1	11.9	11.6
Other/consolidation	-73.2	-40.3	—	—
Continental Corporation	3,073.4	2,596.9	9.4	8.5

Adjusted Operating Result (Adjusted EBIT)¹

Adjusted operating result (adjusted EBIT) ¹	in € millions		in % of adjusted sales ²	
	2012	2011	2012	2011
Chassis & Safety	686.8	719.0	9.7	11.0
Powertrain	278.6	240.8	4.5	4.1
Interior	579.3	510.2	9.0	8.4
Tires	1,620.0	1,195.2	17.0	13.7
ContiTech	444.1	445.2	12.1	12.4
Other/consolidation	-86.4	-69.5	—	—
Continental Corporation	3,522.4	3,040.9	10.8	10.0

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

² Before changes in the scope of consolidation.

Key Figures per Share

Key figures per share in €	2012	2011
Basic earnings	9.42	6.21
Diluted earnings	9.42	6.21
Free cash flow	8.26	2.45
Dividend	2.25*	1.50
Dividend payout ratio (%)	23.9*	24.2
Dividend yield (%)	3.1*	2.6
Total equity (book value) as at December 31	43.84	35.73
Share price at year-end	87.59	48.10
Average share price	72.55	58.55
Average price-earnings ratio (P/E ratio)	7.7	9.4
High	87.95	76.28
Low	48.10	39.44
Average trading volume (XETRA)	638,588	640,216
Number of shares, average (in millions)	200.0	200.0
Number of shares as at December 31 (in millions)	200.0	200.0

* Subject to the approval of the Annual Shareholders' Meeting on May 15, 2013.

Consolidated Statement of Income

in € millions	2012	2011
Sales	32,736.2	30,504.9
Cost of sales	-25,680.3	-24,107.9
Gross margin on sales	7,055.9	6,397.0
Research and development expenses	-1,766.2	-1,608.7
Selling and logistics expenses	-1,587.4	-1,433.0
Administrative expenses	-684.5	-651.6
Other income and expenses	-15.5	-196.8
At-equity share in earnings of associates	63.4	86.5
Other income from investments	7.7	3.5
Earnings before interest and taxes	3,073.4	2,596.9
Interest income	27.8	29.2
Interest expense ¹	-434.6	-764.7
Net interest expense	-406.8	-735.5
Earnings before taxes	2,666.6	1,861.4
Income tax expense	-698.7	-536.2
Net income	1,967.9	1,325.2
Non-controlling interests	-84.4	-83.0
Net income attributable to the shareholders of the parent	1,883.5	1,242.2
Basic earnings per share in €	9.42	6.21
Diluted earnings per share in €	9.42	6.21

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

Consolidated Statement of Financial Position

Assets in € millions	Dec. 31, 2012	Dec. 31, 2011
Goodwill	5,622.2	5,692.4
Other intangible assets	945.1	1,365.9
Property, plant and equipment	7,391.0	6,608.5
Investment property	19.8	19.0
Investments in at-equity accounted investees	376.5	480.2
Other investments	6.9	6.9
Deferred tax assets	639.1	565.8
Defined benefit assets	101.1	102.9
Long-term derivative instruments and interest-bearing investments	433.9	193.2
Other long-term financial assets	23.8	26.7
Other long-term assets	14.1	14.0
Non-current assets	15,573.5	15,075.5
Inventories	2,998.7	2,989.7
Trade accounts receivable	4,993.3	5,341.5
Other short-term financial assets	321.8	263.5
Other short-term assets	661.4	624.0
Income tax receivables	77.9	101.7
Short-term derivative instruments and interest-bearing investments	102.3	55.9
Cash and cash equivalents	2,397.2	1,541.2
Assets held for sale	211.8	45.4
Current assets	11,764.4	10,962.9
Total assets	27,337.9	26,038.4

Total equity and liabilities in € millions	Dec. 31, 2012	Dec. 31, 2011
Subscribed capital	512.0	512.0
Capital reserves	4,155.6	4,155.6
Retained earnings	4,038.1	2,454.6
Other comprehensive income	61.7	23.9
Equity attributable to the shareholders of the parent	8,767.4	7,146.1
Non-controlling interests	377.4	397.2
Total equity	9,144.8	7,543.3
Provisions for pension liabilities and similar obligations	1,477.2	1,432.2
Deferred tax liabilities	274.5	269.3
Long-term provisions for other risks and obligations	308.5	321.8
Long-term portion of indebtedness	4,181.0	6,048.0
Other long-term financial liabilities	13.1	8.0
Other long-term liabilities	52.7	57.1
Non-current liabilities	6,307.0	8,136.4
Trade accounts payable	4,344.6	4,111.4
Income tax payables	713.3	648.2
Short-term provisions for other risks and obligations	597.0	905.1
Indebtedness	4,072.3	2,514.4
Other short-term financial liabilities	1,406.9	1,415.2
Other short-term liabilities	751.2	764.4
Liabilities held for sale	0.8	—
Current liabilities	11,886.1	10,358.7
Total equity and liabilities	27,337.9	26,038.4

Consolidated Statement of Cash Flows

in € millions	2012	2011
Net income	1,967.9	1,325.2
Income tax expense	698.7	536.2
Net interest expense	406.8	735.5
EBIT	3,073.4	2,596.9
Interest paid	-602.3	-691.0
Interest received	27.8	29.0
Income tax paid	-683.5	-465.6
Dividends received	57.6	45.8
Depreciation, amortization and impairment	1,781.2	1,631.1
At-equity share in earnings of associates and accrued dividend income from other investments, incl. impairment	-71.1	-90.0
Gains from the disposal of assets, companies and business operations	-10.8	-19.4
Other non-cash items	-13.3	-29.1
Changes in		
inventories	1.0	-335.3
trade accounts receivable	359.7	-810.8
notes sold	—	-6.7
trade accounts payable	203.2	596.9
pension and similar obligations	48.5	-2.8
other assets and liabilities	-386.9	-160.4
Cash flow arising from operating activities	3,784.5	2,288.6
Proceeds on disposal of property, plant and equipment, and intangible assets	34.2	59.3
Capital expenditure on property, plant and equipment, and software	-2,017.6	-1,721.2
Capital expenditure on intangible assets from development projects and miscellaneous	-63.1	-92.1
Proceeds on the disposal of companies and business operations	7.1	10.4
Acquisition of companies and business operations	-92.6	-54.5
Cash flow arising from investing activities	-2,132.0	-1,798.1
Cash flow before financing activities (free cash flow)	1,652.5	490.5
Changes in short-term debt	-336.8	945.8
Proceeds from the issuance of long-term debt	1,102.0	52.5
Principal repayments on long-term debt	-1,192.9	-1,398.8
Successive purchases	-18.1	-0.4
Dividends paid	-300.0	—
Dividends paid and repayment of capital to non-controlling interests	-49.5	-37.9
Cash and cash equivalents from the initial consolidation of subsidiaries	4.8	—
Cash flow arising from financing activities	-790.5	-438.8
Change in cash and cash equivalents	862.0	51.7
Cash and cash equivalents as at January 1	1,541.2	1,471.3
Effect of exchange rate changes on cash and cash equivalents	-6.0	18.2
Cash and cash equivalents as at December 31	2,397.2	1,541.2

Segment Reporting

Segment report by division for 2012

in € millions	Chassis & Safety	Powertrain	Interior
External sales	7,012.8	6,073.7	6,417.6
Intercompany sales	39.7	61.1	16.6
Sales (total)	7,052.5	6,134.8	6,434.2
EBIT (segment result)	638.5	29.5	400.8
in % of sales	9.1	0.5	6.2
– thereof income from at-equity accounted investees	18.6	0.1	35.3
Capital expenditure ¹	383.8	395.0	257.1
in % of sales	5.4	6.4	4.0
Depreciation and amortization ²	335.2	560.7	439.8
– thereof impairment ³	-2.0	75.9	1.1
Internally generated intangible assets	23.0	8.2	29.5
Significant non-cash expenses/income	-5.8	-27.5	10.5
Segment assets	5,421.1	4,226.7	5,569.4
– thereof investments in at-equity accounted investees	79.5	128.5	73.7
Operating assets as at December 31	3,970.1	2,866.3	4,176.2
ROCE in % as at December 31	16.1	1.0	9.6
Operating assets (average)	4,097.4	3,028.1	4,313.0
ROCE in % (average)	15.6	1.0	9.3
Segment liabilities	1,451.0	1,360.4	1,393.2
Number of employees as at December 31 ⁴	34,517	31,028	33,074

in € millions	Tires	ContiTech	Other/Consolidation	Continental Corporation
External sales	9,648.4	3,583.7	–	32,736.2
Intercompany sales	16.6	128.1	-262.1	–
Sales (total)	9,665.0	3,711.8	-262.1	32,736.2
EBIT (segment result)	1,635.4	442.4	-73.2	3,073.4
in % of sales	16.9	11.9	–	9.4
– thereof income from at-equity accounted investees	8.2	0.1	1.1	63.4
Capital expenditure ¹	830.2	151.0	2.3	2,019.4
in % of sales	8.6	4.1	–	6.2
Depreciation and amortization ²	338.6	105.3	1.6	1,781.2
– thereof impairment ³	-25.1	0.0	–	49.9
Internally generated intangible assets	–	–	–	60.7
Significant non-cash expenses/income	-11.0	-5.9	12.9	-26.8
Segment assets	6,075.7	1,796.9	20.9	23,110.7
– thereof investments in at-equity accounted investees	86.6	1.2	7.0	376.5
Operating assets as at December 31	4,154.3	1,179.4	-68.7	16,277.6
ROCE in % as at December 31	39.4	37.5	–	18.9
Operating assets (average)	4,430.8	1,159.9	-75.4	16,953.8
ROCE in % (average)	36.9	38.1	–	18.1
Segment liabilities	1,921.4	617.5	89.6	6,833.1
Number of employees as at December 31 ⁴	42,524	28,210	286	169,639

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

² Excluding impairment on financial investments.

³ Impairment also includes necessary reversals of impairment losses.

⁴ Excluding trainees.

Segment report by division for 2011

in € millions	Chassis & Safety	Powertrain	Interior
External sales	6,473.7	5,782.9	6,096.9
Intercompany sales	37.1	59.1	13.8
Sales (total)	6,510.8	5,842.0	6,110.7
EBIT (segment result)	661.9	31.3	331.2
in % of sales	10.2	0.5	5.4
– thereof income from at-equity accounted investees	12.7	11.6	45.7
Capital expenditure ¹	327.1	393.7	247.7
in % of sales	5.0	6.7	4.1
Depreciation and amortization ²	320.4	453.4	427.6
– thereof impairment ³	1.6	8.5	12.7
Internally generated intangible assets	26.7	7.5	50.1
Significant non-cash expenses/income	11.4	37.3	61.6
Segment assets	5,459.9	4,580.6	5,789.5
– thereof investments in at-equity accounted investees	81.5	127.8	190.6
Operating assets as at December 31	4,014.9	3,080.1	4,299.6
ROCE in % as at December 31	16.5	1.0	7.7
Operating assets (average)	4,024.7	3,027.4	4,375.1
ROCE in % (average)	16.4	1.0	7.6
Segment liabilities	1,445.0	1,500.5	1,489.9
Number of employees as at December 31 ⁴	32,665	30,805	31,666

in € millions	Tires	ContiTech	Other/Consolidation	Continental Corporation
External sales	8,704.9	3,446.5	–	30,504.9
Intercompany sales	12.8	136.6	-259.4	–
Sales (total)	8,717.7	3,583.1	-259.4	30,504.9
EBIT (segment result)	1,195.7	417.1	-40.3	2,596.9
in % of sales	13.7	11.6	–	8.5
– thereof income from at-equity accounted investees	15.6	0.2	0.7	86.5
Capital expenditure ¹	637.1	110.6	-4.9	1,711.3
in % of sales	7.3	3.1	–	5.6
Depreciation and amortization ²	330.8	97.9	1.0	1,631.1
– thereof impairment ³	-3.2	0.8	–	20.4
Internally generated intangible assets	–	–	–	84.3
Significant non-cash expenses/income	53.7	2.0	33.2	199.2
Segment assets	5,626.8	1,638.9	-21.8	23,073.9
– thereof investments in at-equity accounted investees	72.9	1.2	6.2	480.2
Operating assets as at December 31	3,796.6	1,066.9	-59.5	16,198.6
ROCE in % as at December 31	31.5	39.1	–	16.0
Operating assets (average)	3,561.5	1,078.8	-48.5	16,019.0
ROCE in % (average)	33.6	38.7	–	16.2
Segment liabilities	1,830.2	572.0	37.7	6,875.3
Number of employees as at December 31 ⁴	41,135	27,249	268	163,788

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

² Excluding impairment on financial investments.

³ Impairment also includes necessary reversals of impairment losses.

⁴ Excluding trainees.

Reconciliation of EBIT to Net Income

Reconciliation of EBIT to net income in € millions	2012	2011
Chassis & Safety	638.5	661.9
Powertrain	29.5	31.3
Interior	400.8	331.2
Tires	1,635.4	1,195.7
ContiTech	442.4	417.1
Other/consolidation	-73.2	-40.3
EBIT	3,073.4	2,596.9
Net interest expense	-406.8	-735.5
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Income tax expense	-698.7	-536.2
Net income	1,967.9	1,325.2
Non-controlling interests	-84.4	-83.0
Net income attributable to the shareholders of the parent	1,883.5	1,242.2
Basic earnings per share in €	9.42	6.21

Continental AG

in € millions	2012	2011
Net income for the year	658.0	447.4
Accumulated profits brought forward from the previous year	208.5	61.1
Retained earnings	866.5	508.5

A dividend payment of €2.25 per share shall be proposed to the Annual Shareholders' Meeting on May 15, 2013.

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