

Preliminary Consolidated Financial Statements 2014 >

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	2014	2013
Sales	34,505.7	33,331.0
EBITDA	5,133.8	5,095.0
in % of sales	14.9	15.3
EBIT	3,344.8	3,263.7
in % of sales	9.7	9.8
Net income attributable to the shareholders of the parent	2,375.3	1,923.1
Earnings per share (in €)	11.88	9.62
Research and development expenses	2,137.7	1,878.4
in % of sales	6.2	5.6
Depreciation and amortization ¹	1,789.0	1,831.3
- thereof impairment ²	178.9	126.7
Operating assets as at December 31	16,596.1	15,832.3
Operating assets (average)	16,726.5	16,804.0
ROCE	20.0	19.4
Capital expenditure ³	2,045.4	1,981.1
in % of sales	5.9	5.9
Number of employees as at December 31 ⁴	189,168	177,762
Adjusted sales ⁵	34,177.6	33,259.1
Adjusted operating result (adjusted EBIT) ⁶	3,874.5	3,737.5
in % of adjusted sales	11.3	11.2

1 Excluding impairment on financial investments.

2 Impairment also includes necessary reversal of impairment losses.

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

4 Excluding trainees.

5 Before changes in the scope of consolidation.

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

Development of Core Business Areas: Automotive Group

Automotive Group in € millions	2014	2013
Sales	20,909.2	20,016.1
EBITDA	2,407.7	2,490.5
in % of sales	11.5	12.4
EBIT	1,189.3	1,158.9
in % of sales	5.7	5.8
Research and development expenses	1,835.5	1,589.1
in % of sales	8.8	7.9
Depreciation and amortization ¹	1,218.4	1,331.6
- thereof impairment ²	178.9	127.8
Operating assets as at December 31	10,410.3	10,376.7
Operating assets (average)	10,504.0	10,958.9
ROCE	11.3	10.6
Capital expenditure ³	1,125.7	1,015.5
in % of sales	5.4	5.1
Number of employees as at December 31 ⁴	108,711	103,217
Adjusted sales ⁵	20,796.8	19,944.2
Adjusted operating result (adjusted EBIT) ⁶	1,676.1	1,593.3
in % of adjusted sales	8.1	8.0

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.

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Development of Core Business Areas: Rubber Group

Rubber Group in € millions	2014	2013
Sales	13,637.6	13,355.5
EBITDA	2,832.6	2,714.0
in % of sales	20.8	20.3
EBIT	2,262.7	2,214.8
in % of sales	16.6	16.6
Research and development expenses	302.2	289.3
in % of sales	2.2	2.2
Depreciation and amortization ¹	569.9	499.2
- thereof impairment ²	–	-1.1
Operating assets as at December 31	6,288.8	5,545.0
Operating assets (average)	6,339.2	5,913.3
ROCE	35.7	37.5
Capital expenditure ³	914.9	964.6
in % of sales	6.7	7.2
Number of employees as at December 31 ⁴	80,113	74,233
Adjusted sales ⁵	13,421.9	13,355.5
Adjusted operating result (adjusted EBIT) ⁶	2,305.6	2,256.6
in % of adjusted sales	17.2	16.9

1 Excluding impairment on financial investments.

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

4 Excluding trainees.

5 Before changes in the scope of consolidation.

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

EBITDA

EBITDA	in € millions		in % of sales	
	2014	2013	2014	2013
Chassis & Safety	1,018.1	990.2	13.5	13.6
Powertrain	443.3	650.2	6.8	10.4
Interior	946.3	850.2	13.5	12.9
Tires	2,280.8	2,137.7	23.3	22.3
ContiTech	551.8	576.3	14.0	14.9
Other/consolidation	-106.5	-109.6		
Continental Corporation	5,133.8	5,095.0	14.9	15.3

EBIT

EBIT	in € millions		in % of sales	
	2014	2013	2014	2013
Chassis & Safety	680.2	598.9	9.1	8.2
Powertrain	-96.8	179.5	-1.5	2.9
Interior	605.9	380.6	8.7	5.8
Tires	1,829.4	1,752.7	18.7	18.3
ContiTech	433.3	462.1	11.0	11.9
Other/consolidation	-107.2	-110.1		
Continental Corporation	3,344.8	3,263.7	9.7	9.8

Adjusted Operating Result (Adjusted EBIT)¹

Adjusted operating result (adjusted EBIT) ¹	in € millions		in % of adjusted sales ²	
	2014	2013	2014	2013
Chassis & Safety	708.5	692.0	9.4	9.5
Powertrain	259.2	319.7	4.1	5.1
Interior	708.4	581.7	10.1	8.9
Tires	1,867.1	1,788.3	19.4	18.7
ContiTech	438.5	468.3	11.3	12.1
Other/consolidation	-107.2	-112.5		
Continental Corporation	3,874.5	3,737.5	11.3	11.2

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

² Before changes in the scope of consolidation.

Key Figures per Share

Key figures per share in € ¹	2014	2013
Basic earnings	11.88	9.62
Diluted earnings	11.88	9.62
Free cash flow	10.07	9.09
Dividend	3.25 ²	2.50
Dividend payout ratio (%)	27.4 ²	26.0
Dividend yield (%)	2.0 ²	2.2
Total equity (book value) as at December 31	53.36	45.05
Share price at year-end	175.55	159.40
Average share price	164.47	111.70
Yearly average price-earnings ratio (P/E ratio) ³	13.84	11.61
Share price (high)	183.25	161.90
Share price (low)	136.85	80.66
Average XETRA trading volume (in units)	499,315	472,368
Number of shares, average (in millions)	200.0	200.0
Number of shares as at December 31 (in millions)	200.0	200.0

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

2 Subject to the approval of the Annual Shareholders' Meeting on April 30, 2015.

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

Consolidated Statement of Income

in € millions	2014	2013
Sales	34,505.7	33,331.0
Cost of sales	-25,839.6	-25,529.4
Gross margin on sales	8,666.1	7,801.6
Research and development expenses	-2,137.7	-1,878.4
Selling and logistics expenses	-1,840.6	-1,657.0
Administrative expenses	-762.8	-698.7
Other expenses and income	-507.4	-342.2
Income from at-equity accounted investees	-73.8	37.6
Other income from investments	1.0	0.8
Earnings before interest and taxes	3,344.8	3,263.7
Interest income ¹	94.5	81.8
Interest expense ^{1,2}	-359.8	-886.1
Net interest expense	-265.3	-804.3
Earnings before taxes	3,079.5	2,459.4
Income tax expense	-622.0	-449.6
Net income	2,457.5	2,009.8
Non-controlling interests	-82.2	-86.7
Net income attributable to the shareholders of the parent	2,375.3	1,923.1
Basic earnings per share in €	11.88	9.62
Diluted earnings per share in €	11.88	9.62

1 Including interest effects of pension obligations, of other long-term employee benefits, and of pension funds. In the prior year, the resulting income was reported under interest expense; the comparative figures for the prior year have been adjusted accordingly.

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

Consolidated Statement of Financial Position

Assets in € millions	Dec. 31, 2014	Dec. 31, 2013
Goodwill	5,769.1	5,520.9
Other intangible assets	443.3	557.7
Property, plant and equipment	8,446.4	7,728.0
Investment property	17.5	20.4
Investments in at-equity accounted investees	298.5	450.0
Other investments	10.7	7.9
Deferred tax assets	1,573.4	928.4
Defined benefit assets	1.6	6.0
Long-term derivative instruments and interest-bearing investments	301.2	285.1
Other long-term financial assets	41.9	45.0
Other long-term assets	19.7	20.1
Non-current assets	16,923.3	15,569.5
Inventories	2,987.6	2,830.9
Trade accounts receivable	5,846.2	5,315.8
Other short-term financial assets	382.5	336.2
Other short-term assets	731.3	601.2
Income tax receivables	60.3	69.3
Short-term derivative instruments and interest-bearing investments	63.1	18.3
Cash and cash equivalents	3,243.8	2,044.8
Assets held for sale	3.0	34.8
Current assets	13,317.8	11,251.3
Total assets	30,241.1	26,820.8

Equity and liabilities in € millions	Dec. 31, 2014	Dec. 31, 2013
Subscribed capital	512.0	512.0
Capital reserves	4,155.6	4,155.6
Retained earnings	7,404.3	5,535.3
Other comprehensive income	-1,399.8	-1,191.7
Equity attributable to the shareholders of the parent	10,672.1	9,011.2
Non-controlling interests	352.5	311.0
Total equity	11,024.6	9,322.2
Provisions for pension liabilities and similar obligations	3,483.7	2,391.1
Deferred tax liabilities	178.5	113.2
Long-term provisions for other risks and obligations	306.3	266.9
Long-term portion of indebtedness	5,077.4	5,041.2
Other long-term financial liabilities	48.7	16.2
Other long-term liabilities	46.4	42.2
Non-current liabilities	9,141.0	7,870.8
Trade accounts payable	4,861.6	4,596.3
Income tax payables	577.3	588.2
Short-term provisions for other risks and obligations	732.7	631.1
Indebtedness	1,354.2	1,596.3
Other short-term financial liabilities	1,649.2	1,448.0
Other short-term liabilities	900.2	767.9
Liabilities held for sale	0.3	–
Current liabilities	10,075.5	9,627.8
Total equity and liabilities	30,241.1	26,820.8

Consolidated Statement of Cash Flows

in € millions	2014	2013
Net income	2,457.5	2,009.8
Income tax expense	622.0	449.6
Net interest expense	265.3	804.3
EBIT	3,344.8	3,263.7
Interest paid	-185.9	-565.1
Interest received	28.2	30.8
Income tax paid	-775.0	-805.4
Dividends received	33.7	37.9
Depreciation, amortization, impairment and reversal of impairment losses	1,789.0	1,831.3
Income from at-equity accounted and other investments, incl. impairment and reversal of impairment losses	71.3	-46.3
Gains from the disposal of assets, companies and business operations	-13.6	-86.9
Other non-cash items	-	-2.4
Changes in		
inventories	-20.1	67.9
trade accounts receivable	-246.6	-451.6
trade accounts payable	59.3	379.8
pension and similar obligations	-20.5	-8.2
other assets and liabilities	103.7	76.3
Cash flow arising from operating activities	4,168.3	3,721.8
Cash flow from the disposal of property, plant and equipment, and intangible assets	86.4	27.2
Capital expenditure on property, plant and equipment, and software	-2,045.4	-1,980.7
Capital expenditure on intangible assets from development projects and miscellaneous	-64.9	-42.9
Cash flow from the disposal of companies and business operations	-0.5	246.9
Acquisition of companies and business operations	-129.0	-154.0
Cash flow arising from investing activities	-2,153.4	-1,903.5
Cash flow before financing activities (free cash flow)	2,014.9	1,818.3
Changes in short-term debt	-323.2	-339.1
Proceeds from the issuance of long-term debt	1,565.0	4,082.3
Principal repayments on long-term debt	-1,604.6	-5,276.6
Step acquisitions	0.0	-48.5
Dividends paid	-500.0	-450.0
Dividends paid and repayment of capital to non-controlling interests	-45.5	-62.7
Cash and cash equivalents arising from first consolidation of subsidiaries	0.4	1.7
Cash flow arising from financing activities	-907.9	-2,092.9
Change in cash and cash equivalents	1,107.0	-274.6
Cash and cash equivalents as at January 1	2,044.8	2,397.2
Effect of exchange rate changes on cash and cash equivalents	92.0	-77.8
Cash and cash equivalents as at December 31	3,243.8	2,044.8

Segment Reporting

Segment report by division for 2014

in € millions	Chassis & Safety	Powertrain	Interior
External sales	7,480.4	6,430.7	6,994.3
Intercompany sales	34.5	63.6	8.2
Sales (total)	7,514.9	6,494.3	7,002.5
EBIT (segment result)	680.2	-96.8	605.9
in % of sales	9.1	-1.5	8.7
- thereof income from at-equity accounted investees	19.3	-113.0	18.7
Capital expenditure ¹	411.6	428.0	286.1
in % of sales	5.5	6.6	4.1
Depreciation and amortization ²	337.9	540.1	340.4
- thereof impairment ³	4.7	168.4	5.8
Internally generated intangible assets	15.3	2.2	40.4
Significant non-cash expenses/income	16.4	-125.2	5.7
Segment assets	5,773.8	4,279.5	5,426.9
- thereof investments in at-equity accounted investees	75.6	47.5	79.6
Operating assets as at December 31	4,000.6	2,641.4	3,768.3
Operating assets (average)	3,956.5	2,733.0	3,814.5
ROCE	17.2	-3.5	15.9
Segment liabilities	1,773.2	1,638.1	1,658.6
Number of employees as at December 31 ⁴	38,127	34,529	36,055

in € millions	Tires	ContiTech	Other/ Consolidation	Continental Corporation
External sales	9,768.3	3,832.0	–	34,505.7
Intercompany sales	16.1	99.2	-221.6	–
Sales (total)	9,784.4	3,931.2	-221.6	34,505.7
EBIT (segment result)	1,829.4	433.3	-107.2	3,344.8
in % of sales	18.7	11.0	–	9.7
- thereof income from at-equity accounted investees	0.2	0.2	0.8	-73.8
Capital expenditure ¹	724.3	190.6	4.8	2,045.4
in % of sales	7.4	4.8	–	5.9
Depreciation and amortization ²	451.4	118.5	0.7	1,789.0
- thereof impairment ³	–	–	–	178.9
Internally generated intangible assets	–	–	–	57.9
Significant non-cash expenses/income	14.3	-1.4	1.4	-88.8
Segment assets	6,866.8	2,107.0	26.5	24,480.5
- thereof investments in at-equity accounted investees	87.3	1.5	7.0	298.5
Operating assets as at December 31	4,882.7	1,406.1	-103.0	16,596.1
Operating assets (average)	4,932.0	1,407.2	-116.7	16,726.5
ROCE	37.1	30.8	–	20.0
Segment liabilities	1,984.1	700.9	129.5	7,884.4
Number of employees as at December 31 ⁴	47,338	32,775	344	189,168

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

² Excluding impairment on financial investments.

³ Impairment also includes necessary reversal of impairment losses.

⁴ Excluding trainees.

Segment report by division for 2013

in € millions	Chassis & Safety	Powertrain	Interior
External sales	7,229.4	6,195.0	6,589.5
Intercompany sales	39.8	65.3	16.2
Sales (total)	7,269.2	6,260.3	6,605.7
EBIT (segment result)	598.9	179.5	380.6
in % of sales	8.2	2.9	5.8
- thereof income from at-equity accounted investees	15.6	-3.5	22.4
Capital expenditure ¹	401.7	360.5	253.3
in % of sales	5.5	5.8	3.8
Depreciation and amortization ²	391.3	470.7	469.6
- thereof impairment ³	41.4	38.9	47.5
Internally generated intangible assets	5.4	5.8	29.1
Significant non-cash expenses/income	12.9	-13.7	0.5
Segment assets	5,447.4	4,173.3	5,193.7
- thereof investments in at-equity accounted investees	76.7	204.1	75.5
Operating assets as at December 31	3,865.3	2,759.7	3,751.7
Operating assets (average)	4,032.6	2,936.9	3,989.4
ROCE	14.9	6.1	9.5
Segment liabilities	1,582.1	1,413.6	1,442.0
Number of employees as at December 31 ⁴	36,496	32,353	34,368

in € millions	Tires	ContiTech	Other/ Consolidation	Continental Corporation
External sales	9,567.9	3,749.2	–	33,331.0
Intercompany sales	15.3	129.1	-265.7	–
Sales (total)	9,583.2	3,878.3	-265.7	33,331.0
EBIT (segment result)	1,752.7	462.1	-110.1	3,263.7
in % of sales	18.3	11.9	–	9.8
- thereof income from at-equity accounted investees	1.9	0.0	1.2	37.6
Capital expenditure ¹	798.6	166.0	1.0	1,981.1
in % of sales	8.3	4.3	–	5.9
Depreciation and amortization ²	385.0	114.2	0.5	1,831.3
- thereof impairment ³	-1.3	0.2	–	126.7
Internally generated intangible assets	–	–	-0.1	40.2
Significant non-cash expenses/income	12.6	-6.7	7.7	13.3
Segment assets	6,277.4	1,908.0	29.9	23,029.7
- thereof investments in at-equity accounted investees	85.4	1.3	7.0	450.0
Operating assets as at December 31	4,309.3	1,235.7	-89.4	15,832.3
Operating assets (average)	4,645.8	1,267.5	-68.2	16,804.0
ROCE	37.7	36.5	–	19.4
Segment liabilities	1,968.1	672.3	119.3	7,197.4
Number of employees as at December 31 ⁴	44,508	29,725	312	177,762

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

² Excluding impairment on financial investments.

³ Impairment also includes necessary reversal of impairment losses.

⁴ Excluding trainees.

Reconciliation of EBIT to Net Income

Reconciliation of EBIT to net income in € millions	2014	2013
Chassis & Safety	680.2	598.9
Powertrain	-96.8	179.5
Interior	605.9	380.6
Tires	1,829.4	1,752.7
ContiTech	433.3	462.1
Other/consolidation	-107.2	-110.1
EBIT	3,344.8	3,263.7
Net interest expense	-265.3	-804.3
Earnings before income taxes	3,079.5	2,459.4
Income tax expense	-622.0	-449.6
Net income	2,457.5	2,009.8
Non-controlling interests	-82.2	-86.7
Net income attributable to the shareholders of the parent	2,375.3	1,923.1
Basic earnings per share in €	11.88	9.62

Continental AG

in € millions	2014	2013
Net income	335.8	496.9
Accumulated profits brought forward from the previous year	413.4	416.5
Retained earnings	749.2	913.4

A dividend payment of €3.25 per share shall be proposed to the Annual Shareholders' Meeting on April 30, 2015.

Continental Aktiengesellschaft

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