

Continental Accelerates Growth

- **Automotive Group further steps up growth**
- **Continued positive sales and earnings development in the Rubber Group**
- **EBIT negatively impacted by several isolated events**
- **Free cash flow before acquisitions above €1.3 billion despite increase in capital expenditure**
- **Strong earnings expected in final quarter**

Hanover, November 10, 2016. The international technology company Continental accelerated its growth in the third quarter of 2016 as announced. However, the quarter was characterized by several isolated and unrelated circumstances in the Automotive divisions that had a negative impact on earnings.

“The sales growth in our automotive business gained momentum in the third quarter. With organic growth of over 6 percent, we once again grew faster than the market with our solutions for safe, efficient and intelligent driving,” said Dr. Elmar Degenhart, Continental's chairman of the Executive Board, at the presentation of the business figures for the first nine months of the year on Thursday. This growth momentum is also reflected in the order intake in the Automotive Group, with orders for electronics, sensors, software and other components climbing by 15 percent year-on-year to €25 billion over the respective life time.

With organic growth of 4 percent in the first nine months, the Rubber Group also continued its growth trajectory, albeit at a slower pace.

EBIT after nine months increased to a total of €2.9 billion. As reported on October 17, 2016, it was negatively impacted by several isolated events in the third quarter. Warranty cases, pending antitrust proceedings and increased research and development expenses resulted in a negative effect on the reported and adjusted EBIT of the three Automotive divisions for the current year amounting to around €480 million. In the third quarter alone, these isolated events had a negative impact of €450 million on the Automotive Group's earnings.

The technology company however anticipates strong earnings in the final quarter of 2016.

Key Figures for the Continental Corporation in € millions	January 1 to September 30			Third Quarter		
	2016	2015	Δ in %	2016	2015	Δ in %
Sales	30,025.5	29,216.2	2.8	9,983.8	9,617.6	3.8
EBIT	2,886.6	3,195.8	-9.7	596.3	1,034.6	-42.4
in % of sales	9.6	10.9		6.0	10.8	
Net income attributable to the shareholders of the parent	2,017.3	2,084.3	-3.2	378.5	635.7	-40.5
Earnings per share in €	10.09	10.42	-3.2	1.90	3.18	-40.5
Adjusted sales ¹	29,794.2	29,216.2	2.0	9,947.5	9,617.6	3.4
Adjusted operating result (adjusted EBIT) ²	3,043.2	3,315.1	-8.2	645.2	1,072.3	-39.8
in % of adjusted sales	10.2	11.3		6.5	11.1	
Free cash flow	1,184.0	315.9		225.0	33.9	
Net indebtedness as at September 30	3,298.4	4,296.2				
Gearing ratio in %	24.3	33.9				
Number of employees as at September 30 ³	218,601	208,138				

¹ Before changes in the scope of consolidation.

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

³ Excluding trainees.

Free cash flow before acquisitions after the first nine months of 2016 amounted to more than €1.3 billion and was thus €209 million lower than in the previous year. “Free cash flow before acquisitions decreased compared to the previous year only due to the year-on-year rise in capital expenditure of €288 million. We are using these investments to increase our capacity for growth in the years ahead,” explained CFO Wolfgang Schäfer.

As at September 30, 2016, **net indebtedness** was down significantly by €998 million compared to the previous year. Compared to December 31, 2015, it was down by €244 million. “The gearing ratio after nine months was 24.3 percent after 33.9 percent at the same point of the previous year. Our equity ratio is 38.8 percent. Continental’s financial strength was recently reconfirmed by the rating agencies,” said Schäfer. Fitch recently upgraded its rating for Continental to BBB+.

As at the end of the third quarter of 2016, Continental had **liquidity reserves** totaling €5.1 billion, consisting of cash and cash equivalents of €1.4 billion and committed, unutilized credit lines totaling €3.7 billion.

Net interest result improved by €144 million year-on-year to €74 million in the first nine months of 2016. “Owing to the interest and exchange rate development, we now anticipate the net interest result to total less than €170 million for the year as a whole, after previously having expected it to be better than €250 million,” Schäfer explained.

In the first three quarters, Continental **invested** €1.6 billion in property, plant and equipment, and software. As a result, the capital expenditure ratio amounted to 5.3 percent after 4.5 percent in the comparative period of the previous year. After the first three quarters of 2016, **research and development expenses** increased to 7.2 percent of consolidated sales after 6.5 percent in the comparative period of the previous year. In a technological environment undergoing a structural transformation, Continental is laying the foundations for the company’s growth in the coming years.

On September 30, 2016, the corporation had more than 218,000 **employees**. This represents an increase of 10,700 compared to the end of 2015. The number of employees in the Automotive Group has risen by almost 7,900 since the beginning of the year as a result of increased production volumes and expansion of research and development. In the Rubber Group, further expansion of production capacity and sales channels led to an increase of more than 2,800 employees.

In the first nine months of this year, the **Automotive Group** achieved sales of €18.1 billion. The adjusted EBIT margin amounted to 5.7 percent as a result of the isolated events described above.

In the first three quarters of 2016, the **Rubber Group** generated sales of €11.9 billion and improved the adjusted EBIT margin to 17.9 percent.

Continental develops intelligent technologies for transporting people and their goods. As a reliable partner, the international automotive supplier, tire manufacturer, and industrial partner provides sustainable, safe, comfortable, individual, and affordable solutions. In 2015, the corporation generated sales of €39.2 billion with its five divisions, Chassis & Safety, Interior, Powertrain, Tires, and ContiTech. Continental currently employs more than 218,000 people in 55 countries.

Contact for journalists

Henry Schniewind
Spokesman, Business & Finance
Continental AG
Phone: +49 511 938-1278
Cell: +49 151 688 64 262
E-mail: henry.schniewind@conti.de

Vincent Charles
Vice President, Media Relations
Continental AG
Phone: +49 511 938-1364
Cell phone: +49 173 314 50 96
E-Mail: vincent.charles@conti.de

This press release is available in the following languages: Chinese, Czech, Dutch, English, French, German, Hungarian, Japanese, Korean, Portugese (Brazil), Portuguese (Portugal), Romanian, Russian, Slovakian, Spanish

Links

Press portal:
www.continental-press.com

Video portal:
<http://videoportal.continental-corporation.com>

Financial reports:
www.continental-ir.com

Media database online:
www.mediacenter.continental-corporation.com