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Financial Report
as at September 30, 2015

Continental Shares and Bonds

Boom, consolidation, correction

On January 22, 2015, the announcement of the European Central Bank (ECB) asset purchasing program, which was considerably higher than expected at around €60 billion per month, brought about a boom on eurozone stock markets. The announcement of good company figures for 2014 and rising investor expectations on the development of company profits in 2015 also had a positive effect. These developments were attributable to improved export opportunities as a result of the falling euro exchange rate in relation to the U.S. dollar, as well as to lower prices for crude oil and other raw materials. The announcement by the U.S. Federal Reserve (Fed) that it does not intend to act “impatiently” with regard to the interest rate hike, which has been indicated as likely to take place this year, also received a positive response on the markets. In this context, the DAX set one record after another in the first quarter, exceeding the levels of 11,000 and 12,000 points for the first time. The EURO STOXX 50 also rose substantially in the first quarter of 2015, reaching a new seven-year high. On March 31, 2015, the DAX closed up 22.0% on its level at the beginning of the year, while the EURO STOXX 50 posted an increase of 17.5%.

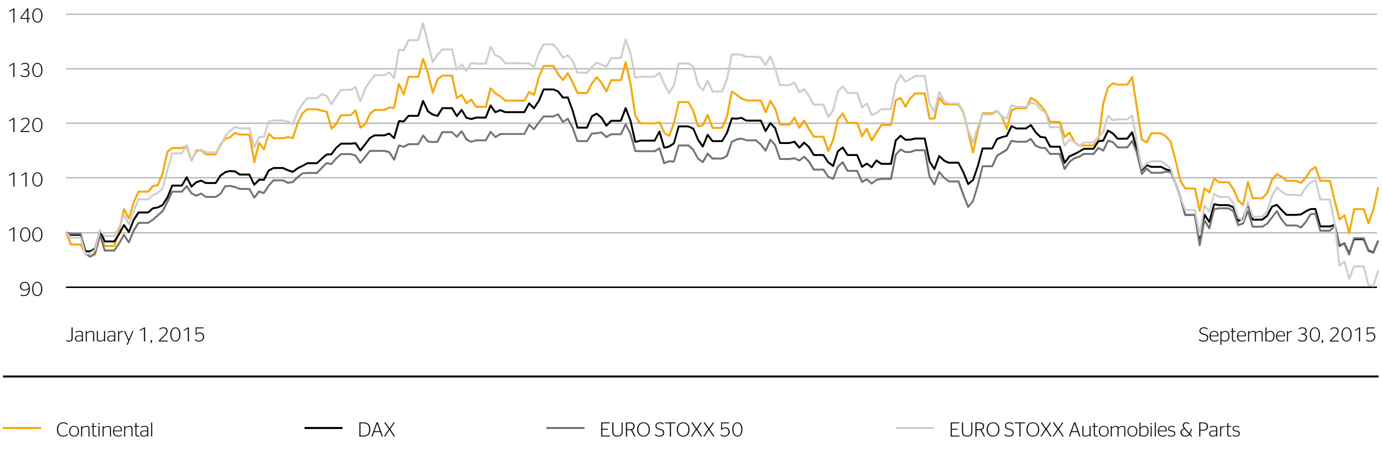
The DAX reached a new all-time high of 12,390.75 points during the course of April 10, 2015. This marked the peak and also the end of the boom. In the following weeks and months, growing uncertainty due to the escalating debt crisis in Greece led to falling prices, particularly on the European stock markets. Weaker-than-anticipated economic data for the U.S.A. and China also had a negative impact on the stock markets towards the end of April. The protracted negotiations between Greece and its creditors caused the DAX to fall below the level of 11,000 points again in June. On June 30, 2015, the DAX quoted at 10,944.97 points. It thus fell by 8.5% in the second quarter but still ended the first half of the year with an increase of 11.6%. The EURO STOXX 50 declined by 7.4% to 3,424.30 points in the second quarter and recorded an 8.8% increase in the first half of the year.

At the start of the third quarter of 2015, the global stock markets were initially negatively impacted by the outcome of the Greek referendum on the austerity package negotiated with the creditors and the related uncertainty as to whether Greece would remain in the eurozone. The significant slump in prices in the Shanghai Composite Index was also unsettling investors. Only when the Chinese government introduced support measures and Greece reached an agreement with its creditors was there a rapid recovery in share prices in mid-July. In mid-August, the depreciation of the renminbi initiated by the People’s Bank of China (PBOC) surprised investors and gave rise to new concerns about the state of the Chinese economy. The correction on the Chinese stock markets that had begun in June 2015 consequently continued with further price decreases of over 20%. The benchmark indices on the Japanese, European and U.S. stock markets also fell by as much as 20%. The stock markets stabilized in late August but were then negatively impacted – particularly in Europe – by the VW emissions affair from September 21 onward. At the end of September, reports of weak economic data for China resulted in new lows for the year on the stock markets, before the announcement that the Chinese government would take further measures to support the economy then prompted a movement in the opposite direction. The DAX fell by 11.7% in the third quarter, while the EURO STOXX 50 recorded a decline of 9.5%. As a result, both the DAX and the EURO STOXX 50 closed the first nine months of 2015 down 1.5%.

Outperformance by Continental shares

In mid-January 2015, Continental shares benefited from the announcement of preliminary figures for fiscal 2014, climbing above the €200 mark for the first time later in the month. The better-than-expected number of new passenger car registrations in Western Europe in January and February strengthened the positive sentiment until mid-March 2015. The Continental share price also increased further, rising above the €220 mark for the first time in mid-February. The announcement of the

Price performance of Continental shares vs. selected stock indexes (indexed to January 1, 2015)



	September 30, 2015	in % vs. December 31, 2014
Continental shares (XETRA price)	190.10	8.3
DAX	9,660.44	-1.5
EURO STOXX 50	3,100.67	-1.5
EURO STOXX Automobiles & Parts	445.60	-6.9

preliminary business figures for 2014 at the annual financial press conference on March 5, 2015, and the improvement in the outlook for fiscal 2015 resulted in a further increase in the Continental share price. During the course of March 16, it reached a new all-time high of €234.25. At the end of the first quarter of 2015, Continental shares were quoting at €220.30. Compared to the beginning of the year, they were therefore up 25.5%.

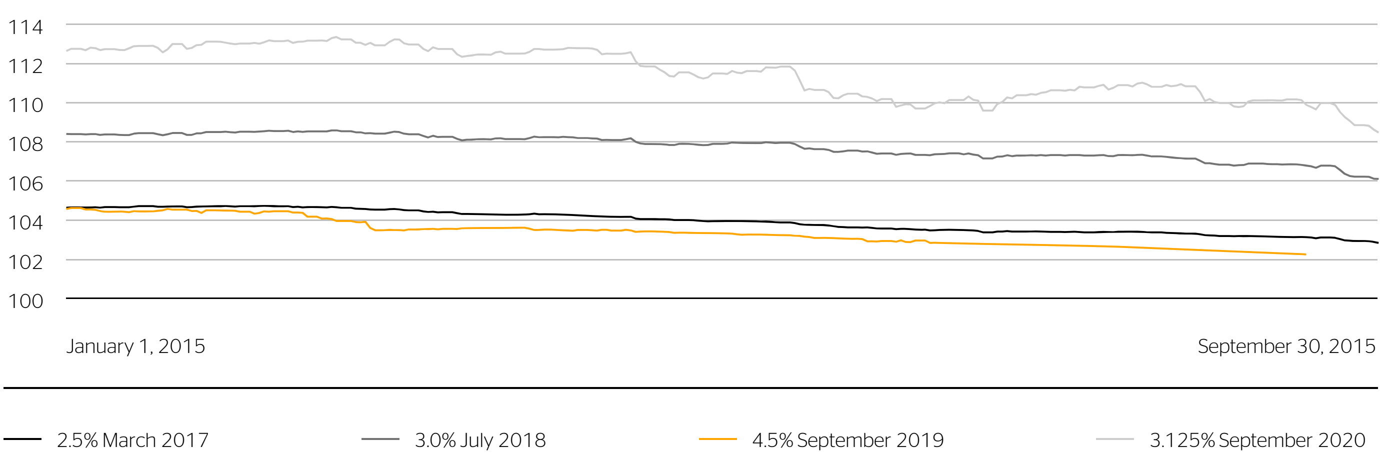
In early April 2015, positive figures for new passenger car registrations in Western Europe for March led to rising share prices for automotive companies, before the general market consolidation then took hold in the automotive sector at the end of April. Slower growth rates for new registrations of passenger cars in China further dampened sentiment during the quarter. By contrast, there was a positive effect from the better-than-expected number of new passenger car registrations in Western Europe and the U.S.A. in April and May. Continental's share price had declined by more than €20 in a weak environment by the beginning of May, before stabilizing at €210 on May 7, 2015, as a result of the publication of Continental AG's good business figures for the first quarter of 2015. Over the remainder of the quarter, the price of Continental shares ranged between €202 and €221 in light of the Greek debt crisis, closing the second quarter of 2015 at €212.25. In the first half of 2015, Continental shares thus marked an increase of 20.9% in comparison to their 2014 closing price.

In the third quarter, Continental shares moved in line with the market as a whole until in early August the publication of better-than-anticipated business figures for the second quarter of 2015 caused the share price to rise above the €220 mark again. Starting from mid-August, the Continental share price fell as low as €180 as a result of the general market correction and subsequently stabilized between €190 and €200. The VW emissions affair unsettled the share prices of European automotive companies from September 21 onward, with the Continental share price also falling below €180. At the end of September, positive analyst assessments brought about a recovery in Continental shares. At the end of the third quarter, they were quoting at €190.10, which was 10.4% below their closing price for the second quarter.

At the end of the reporting period, Continental shares were 8.3% higher than their 2014 closing price. They thus outperformed the DAX (-1.5%) as well as the EURO STOXX 50 (-1.5%) and the EURO STOXX Automobiles & Parts (-6.9%).

Assuming the dividend distribution of €3.25 had been immediately reinvested, this would have resulted in a total yield of 10.0% from Continental shares for the first nine months of 2015.

Price performance of Continental bonds



At the start of the fourth quarter, the ongoing share price recovery initially continued, supported by growing expectations among investors that the turnaround in interest rates in the U.S.A. would be postponed further. In addition, part of the Chinese government's package of measures provides for reduced sales tax on purchases of passenger cars with a cubic capacity of less than 1.6 liters from October 1, 2015, through the end of 2016, which benefited automotive shares in particular. However, weaker-than-expected data from European companies and the Chinese economy caused sentiment to deteriorate in mid-October. As at October 21, 2015, Continental shares were quoted at €208.40.

Euro bonds post price declines

After the substantial price increases of the past year, the three Continental euro bonds remained at a low yield level during the first quarter of 2015 and showed only very slight fluctuations in price. Starting from mid-April 2015, a sharp rise in interest rates could be observed on the bond markets in Europe and the U.S.A., firstly affecting government bonds and then also spreading to corporate bonds. The Continental euro bonds also recorded corresponding price losses. In the third quarter, the bond markets stabilized before concerns with regard to China's economic development, and the turnaround in interest rates in the U.S.A. that was anticipated by many market participants again led to a slight decline in prices. The bond markets in the U.S.A. were boosted in mid-September by the Fed's postponement of the turnaround in interest rates. However, the VW emissions affair had a negative impact in particular on bonds in the European automotive sector. The Continental euro bonds also decreased further. At the end of September 2015, the 2.5% euro bond was quoted at 102.840%, down 179.6 basis points on its closing price from 2014. At 106.106% and 108.464% respectively, the longer-term 3.0% and 3.125% euro bonds were lower than their closing prices from the previous year by 221.0 and 416.4 basis points respectively.

U.S. dollar bond redeemed early

The price of the U.S. dollar bond fell to under 103% by the start of July 2015, since market participants were increasingly expecting Continental to redeem the bond early. On July 6, 2015, Continental announced the early redemption of the bond of U.S. $950.0 million at 102.25%. The bond was redeemed as announced on September 15, 2015, four years ahead of its maturity date in September 2019.

Increase in Continental CDS premium

Following the announcement of the ECB asset purchasing program, premiums for insuring against credit risks (credit default swap, CDS) in Europe initially decreased considerably. The five-year CDS premium for Continental fell from 56.348 basis points at the end of 2014 to below 40 basis points by the end of February 2015. Following the announcement of the sharper-than-expected decrease in Continental AG's net indebtedness on March 5, 2015, the Continental CDS premium fell again and marked a new eight-year low of 36.177 basis points on March 6. From mid-April onward, the rise in interest rates on the bond markets and the escalating debt crisis in Greece brought about an increase in credit risk premiums. After a consolidation in July, the slight rise in interest rates due to concerns about China, the development of the global economy and the possible turnaround in interest rates in the U.S.A. brought about a further increase in credit risk premiums. As a result, the Continental CDS premium also climbed to over 85 basis points by the end of August. It fell back to around 70 basis points in September before the VW emissions affair then led to a significant increase in credit risk premiums for European automotive companies. At the end of September 2015, the five-year CDS premium for Continental was quoting at 95.861 basis points, up 39.513 basis points on its 2014 year-end value. The spread in relation to the Markit iTraxx Europe reference index amounted to 4.985 basis points at the end of September 2015 (December 31, 2014: -6.514 basis points).

Further improvement in Continental credit rating

On May 20, 2015, Standard & Poor's confirmed its BBB credit rating for Continental AG and also raised the outlook from stable to positive. Moody's upgraded its credit rating for Continental AG to Baa1 on June 30, 2015, while Fitch's credit rating remained the same in the reporting period.

September 30, 2015	Rating	Outlook
Standard & Poor's[1]	BBB	positive
Fitch[2]	BBB	positive
Moody's[3]	Baa1	stable

December 31, 2014	Rating	Outlook
Standard & Poor's[1]	BBB	stable
Fitch[2]	BBB	positive
Moody's[3]	Baa3	stable

1 Contracted rating since May 19, 2000.
2 Contracted rating since November 7, 2013.
3 Non-contracted rating since February 1, 2014.

For more information on Continental shares, bonds and credit rating, as well as our Investor Relations app, please visit www.continental-ir.com.

Key Figures for the Continental Corporation

	January 1 to September 30		Third Quarter	
in € millions	**2015**	2014	**2015**	2014
Sales	29,216.2	25,587.6	9,617.6	8,669.5
EBITDA	4,528.2	3,809.1	1,491.7	1,203.3
in % of sales	15.5	14.9	15.5	13.9
EBIT	3,195.8	2,447.9	1,034.6	637.8
in % of sales	10.9	9.6	10.8	7.4
Net income attributable to the shareholders of the parent	2,084.3	1,798.9	635.7	495.1
Earnings per share in €	10.42	8.99	3.18	2.47
EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects	3,315.1	2,917.5	1,072.3	962.3
in % of sales	11.3	11.4	11.1	11.1
Adjusted sales[1]	28,109.7	25,578.8	9,273.5	8,668.4
Adjusted operating result (adjusted EBIT)[2]	3,379.7	2,924.1	1,075.6	965.4
in % of adjusted sales	12.0	11.4	11.6	11.1
Free cash flow	315.9	941.0	33.9	366.2
Net indebtedness as at September 30	4,296.2	3,926.2		
Gearing ratio in %	33.9	36.2		
Number of employees as at September 30[3]	208,138	189,361		

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 Core Business Areas

	January 1 to September 30		Third Quarter	
Automotive Group in € millions	**2015**	2014	**2015**	2014
Sales	17,569.2	15,466.9	5,660.9	5,162.1
EBITDA	2,192.1	1,725.8	688.0	479.9
in % of sales	12.5	11.2	12.2	9.3
EBIT	1,488.4	782.5	441.5	61.1
in % of sales	8.5	5.1	7.8	1.2
Depreciation and amortization[1]	703.7	943.3	246.5	418.8
thereof impairment[2]	0.3	158.0	0.3	153.4
Capital expenditure[3]	774.4	686.6	301.8	297.3
in % of sales	4.4	4.4	5.3	5.8
Operating assets as at September 30	11,524.9	10,552.2		
Number of employees as at September 30[4]	115,051	108,997		
Adjusted sales[5]	17,416.0	15,466.9	5,625.9	5,162.1
Adjusted operating result (adjusted EBIT)[6]	1,525.3	1,230.1	452.4	361.6
in % of adjusted sales	8.8	8.0	8.0	7.0

	January 1 to September 30		Third Quarter	
Rubber Group in € millions	**2015**	2014	**2015**	2014
Sales	11,682.8	10,151.0	3,968.1	3,517.9
EBITDA	2,440.0	2,162.1	827.4	748.1
in % of sales	20.9	21.3	20.9	21.3
EBIT	1,812.4	1,744.8	617.1	601.8
in % of sales	15.5	17.2	15.6	17.1
Depreciation and amortization[1]	627.6	417.3	210.3	146.3
thereof impairment[2]	5.5	–	5.5	–
Capital expenditure[3]	536.3	618.0	193.6	214.0
in % of sales	4.6	6.1	4.9	6.1
Operating assets as at September 30	8,617.7	6,734.6		
Number of employees as at September 30[4]	92,685	80,032		
EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects	1,915.4	1,774.4	643.8	629.2
in % of sales	16.4	17.5	16.2	17.9
Adjusted sales[5]	10,729.5	10,142.2	3,659.0	3,516.8
Adjusted operating result (adjusted EBIT)[6]	1,959.4	1,773.4	647.2	628.9
in % of adjusted sales	18.3	17.5	17.7	17.9

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.

Corporate Management Report as at September 30, 2015

Changes to Continental's Executive Board from May 1, 2015
At its meeting on December 10, 2014, the Supervisory Board of Continental AG appointed Hans-Jürgen Duensing to the Continental AG Executive Board with effect from May 1, 2015. In this role, he is in charge of the ContiTech division as he succeeds Heinz-Gerhard Wente, whose term of office ended on April 30, 2015, after more than 40 years in the company. Hans-Jürgen Duensing has worked for ContiTech for more than 20 years.

Acquisition of Veyance Technologies
On January 30, 2015, Continental concluded the acquisition of the U.S. company Veyance Technologies. The transaction amounted to U.S. $1.9 billion. Veyance Technologies operates globally in the field of rubber and plastics technology. It posted sales in 2014 of approximately €1.5 billion, around 90% of which were from the industrial business. Around half of sales were generated in the U.S.A. Other important markets include Latin America, Africa, China, and other Asian countries. The company specializes in the production of conveyor belts, hoses, and drive belts. At the end of 2014, it employed about 8,500 people in 27 plants worldwide.

Software and systems expertise further expanded
On July 1, 2015, Continental purchased Elektrobit Automotive GmbH, which is headquartered in Erlangen, Germany, from the Finnish Elektrobit Corporation. Elektrobit Automotive is a software-solutions specialist and has been working together with Continental for more than ten years. About 1,300 professionals are employed at Elektrobit Automotive and around 600 engineers at its associated company e.solutions GmbH, Ingolstadt, Germany. Development focuses on powerful solutions for complex vehicle functions for leading carmakers and systems suppliers, such as advanced driver assistance systems and infotainment systems. With this acquisition, Continental is strengthening its development capacity while boosting its technology development of systems, including systems for automated driving.

Camera monitor system instead of exterior and interior mirrors
Camera technologies are increasingly finding their way into a wide range of vehicle classes. In mid-July 2015, we presented a prototype vehicle with a camera monitor system that replaces a car's exterior and interior mirrors for the first time. The prototype vehicle features three cameras that are technically equivalent to surround view cameras but have a different aperture angle. Instead of the rear-view mirror, the driver has two monitors with organic light emitting diodes oriented in the usual viewing directions and displaying what is happening at the rear and sides of the vehicle. In addition to giving the driver a wider field of vision, the system provides traffic situation detection with driver assistance functions, is much less susceptible to dirt and dust, and gives drivers better vision in poor light and rain. Vehicle fuel consumption is also reduced and there is less noise from the wind.

Automatic recording and processing of highly accurate route data
With Road Database, we presented an innovative solution that can supply highly accurate route information to advanced driver assistance systems. To do so, Road Database takes information from various vehicle sensors and uses it to generate a machine-readable representation of the road. The existing method of producing highly accurate maps based solely on surveys and data entry by professional cartographers is laborious, expensive, and time-consuming. In addition, there is the problem that the road information recorded is often not sufficiently up to date. Road Database helps to improve the predictive capabilities of advanced driver assistance systems, making driving more convenient and safer. The more vehicles and manufacturers that use the system, the more accurate and up to date the information provided. Depending on the purpose for which it is required, the system is designed either to complement conventional digital street maps or to offer an alternative to them.

Electrically heated catalyst supports low-CO_2 48-volt hybrid systems
We have added another component to our overall system for mild hybridization with a 48-volt on-board power supply: the electrically heated catalyst EMICAT® for 48-volt electrical systems reduces catalyst light-off time in powertrains with gasoline or diesel engine vehicles, which means that the catalyst begins reducing emissions sooner. For a gasoline engine, this helps to reduce cold-start emissions of hydrocarbons (HC) and particulates. In the case of diesel engines, the benefits also include reduced CO_2 and NO_X emissions. The EMICAT® also supports more extensive use of fuel-efficient operating strategies, such as coasting with the engine switched off.

Continental winter tires perform impressively again in 2015 tests
The WinterContact TS 850 P and the ContiWinterContact TS 850 were given several very good evaluations again in this season's winter tire tests. In the tests by the automobile club ACE (Auto Club Europa), the joint test by ADAC, ÖAMTC (Austria) and TCS (Switzerland) together with Stiftung Warentest and the specialist magazines AutoBild, AutoBild sportscars and Autozeitung, these tires obtained the best evaluation awarded in each case and also emerged as the test winners eight times. The experts praised the tires' very good safety properties in wet and snowy conditions and their exceptional balance.

Continental supports "Toyota Safety Sense C" with a multi-function camera and lidar
For the integrated new sensor module, Multi-Function Camera with Lidar, Continental has integrated a camera and an infrared lidar into a single compact unit. The unit is being supplied to Toyota Motor Corporation for their new "Toyota Safety Sense C" active safety package for compact cars. This multi-function camera with lidar, which was put into production this year, is part of Continental's comprehensive portfolio of surrounding sensors such as forward-looking and surround view cameras as well as radar and lidar sensors.

Economic Report

Macroeconomic development

The German economy continued its expansion in the reporting period. Gross domestic product (GDP) grew by 0.3% in the first quarter of 2015 compared to the fourth quarter of 2014 and by 0.4% in the second quarter of 2015 compared to the first quarter. The figures for the third quarter of 2015, which are not yet available, are also expected to show similar growth. In the remaining fourth quarter, a slight slowdown in growth is anticipated as a result of lower demand from major emerging economies. In its October 2015 World Economic Outlook, the International Monetary Fund (IMF) reduced its forecast for German GDP growth in 2015 from 1.6% to 1.5%.

In both the first and the second quarter of 2015, the eurozone grew almost exactly in step with the German economy with a 0.4% rise in GDP. Its development was supported by the expansive monetary policy of the European Central Bank (ECB). In the reporting period, the ECB kept its key interest rate unchanged at 0.05% and in March 2015 it began purchasing assets, as it had announced in January 2015. The IMF expects that the economic development of Spain and Italy, which is more positive than anticipated, will be able to compensate for the forecast slight downturn in German growth. It therefore maintained its 2015 growth forecast of 1.5% for the eurozone in its October projection.

Economic activity in the U.S.A. was curbed significantly in the first quarter of 2015, both by the severe winter in the Midwest and on the East Coast as well as by the dock workers' strike on the West Coast. After the decline in GDP of an annualized 0.2% in the first quarter of 2015, the U.S. economy benefited from corresponding catch-up effects in the second quarter of 2015 and grew by an annualized 3.9%. The GDP figures for the third quarter, which are not yet available, and those for the fourth quarter are expected to show lower growth due to a lower level of investment in the energy sector. For the third quarter in particular, there are signs of a significant slowdown in GDP growth in comparison to the second quarter. For this reason, the start of the turnaround in interest rates announced by the U.S. Federal Reserve still has not been fixed and at the time this report was prepared it was generally expected to take place no earlier than the end of the year. Owing to the stronger-than-anticipated second quarter, however, in October the IMF raised its projection for U.S. GDP in 2015 by 0.1 percentage points to 2.6% for 2015.

The Japanese economy continued its recovery in the first quarter of 2015 with growth of 1.0% in comparison to the fourth quarter of 2014. Despite the continued very expansive monetary policy of the Japanese central bank, the GDP contracted by 0.3% in the second quarter of 2015 compared to the first quarter. This was mainly due to persistently weak domestic demand, which had a negative impact on industrial production and the service sector. Growth in Japanese exports was also lower than expected. According to the IMF, the figures to come for the third and fourth quarters are also likely to show low growth at best. The IMF therefore lowered its growth projection for Japan by another 0.2 percentage points in October 2015 to 0.6% for the current year.

For emerging and developing economies, the IMF lowered its forecast by another 0.2 percentage points in October and now anticipates growth of 4.0% in 2015. For Brazil, the IMF dropped its GDP forecast for 2015 by 1.5 percentage points to -3.0% due to weak economic data. In October, the IMF also perceived the development of the recession in Russia to be more severe than it had last judged it in July, reducing its GDP forecast for 2015 by 0.4 percentage points again to -3.8%. The IMF lowered its GDP forecast for India by 0.2 percentage points to 7.3% for 2015 owing to weaker economic data. For China, which posted economic growth of 7.0% year-on-year for both the first and the second quarter of 2015, the IMF continues to anticipate GDP growth of 6.8% for 2015 as a whole in its October projection. The Chinese GDP growth of 6.9% year-on-year in the third quarter of 2015, which was published after the IMF's October projection, recently confirmed the IMF's expectations.

In its October forecast, the IMF once again adjusted its growth projection for the global economy in 2015 by 0.2 percentage points to 3.1%, primarily due to the lower growth forecast for the emerging economies. The IMF continues to see opportunities arising from growth stimuli due to decreased raw material prices. However, this also holds back inflation in the advanced economies and curbs the economic development of countries that export raw materials. In addition, there are still considerable risks – especially for emerging and developing economies that have debts in U.S. dollars – arising from further appreciation of the U.S. dollar as a result of the postponed but still pending turnaround in interest rates in the U.S.A. According to the IMF, the greatest medium-term risk for the advanced economies is that they will post a slowdown in growth or stagnation as a result of falling demand worldwide. Lower growth or even a "hard landing" for the Chinese economy would also be likely to have a very negative impact, particularly on emerging and developing economies. In the IMF's view, structural reforms and the implementation of necessary investments are therefore urgently needed in many countries.

Development of new registrations of passenger cars

The recovery in demand for passenger cars in Europe (EU28 + EFTA) also continued into the third quarter of 2015. On the basis of preliminary data from the German Association of the Automotive Industry (Verband der Automobilindustrie, VDA), the number of new registrations of passenger cars rose by 9% year-on-year in the reporting period, reaching a level of 10.8 million units. Among the major markets, the highest growth was posted by Spain with 22% and Italy with 15%. Demand for passenger cars rose by 7% in the U.K. and by 6% in both France and Germany. In the U.S.A., persistently low fuel prices boosted sales of light commercial vehicles and pickup trucks, whereas the sales volumes for passenger cars posted a slight decline. With growth of 6% in the first quarter, 3% in the second quarter and 6% in the third quarter, new registrations increased by 5% overall to 13.0 million units in the first nine months of 2015.

New registrations/sales of passenger cars

in millions of units	Jan.1 to Sept. 30, 2015	Jan.1 to Sept. 30, 2014	Change	Q3 2015	Q3 2014	Change
Europe (EU28 + EFTA)	10.8	9.9	9%	3.4	3.1	10%
U.S.A.	13.0	12.4	5%	4.5	4.2	6%
Japan	3.3	3.7	-11%	1.0	1.1	-7%
Brazil	1.9	2.4	-22%	0.6	0.8	-26%
Russia	1.2	1.8	-33%	0.4	0.6	-25%
India	2.0	1.9	6%	0.7	0.6	6%
China	13.7	13.1	5%	4.2	4.2	0%
Worldwide	**64.0**	**63.6**	**1%**	**20.6**	**20.7**	**0%**

Sources: VDA (countries/regions) and Renault (worldwide).

After demand for passenger cars in Japan had fallen by 15% year-on-year to 1.3 million units in the first quarter of 2015 due to the effect of the increase in excise duty in the previous year, there was another year-on-year decline of 7% in the second quarter. Demand in the third quarter was also 7% lower than in the same quarter of the previous year. New registrations of passenger cars were down 11% year-on-year in the reporting period.

In China, new registrations of passenger cars reached a new record high of 13.7 million units in the first nine months of 2015. On a quarterly basis, however, the growth rate slowed considerably from 11% in the first quarter to 2% in the second quarter and 0.1% in the third quarter. Overall, new registrations of passenger cars in China increased by almost 5% in the reporting period. India posted a rise in demand for passenger cars of 6% in the first nine months of 2015. On a quarterly basis, there was a growth rate of 5% in the first quarter and 6% in the second and third quarters. In the other BRIC countries, Brazil and Russia, demand for passenger cars in the third quarter remained at the low level of the first and second quarters as a result of declining economic activity. Sales volumes fell by 22% in Brazil and by 33% in Russia in the reporting period.

According to preliminary data, global new passenger car registrations increased by around 1% to 64.0 million units in the reporting period. Global demand grew by 2% in the first quarter of 2015, but in the second quarter the growth rate slowed to 1%, and in the third quarter it remained nearly at the previous year's level of 20.7 million vehicles.

Development of production of passenger cars and light commercial vehicles

Higher demand for passenger cars in Western Europe and its key export markets U.S.A. and China more than offset the significant decline in demand primarily in Russia in the reporting period. Preliminary data indicate that production of passenger cars and light commercial vehicles weighing less than 6 metric tons in Europe consequently increased by almost 4% year-on-year in the first nine months of 2015. On this basis, we are raising our estimate for 2015 as a whole from 2% to 3%, although in the final quarter of the year under review we anticipate a slight decline in the growth rate as compared to the previous year.

In NAFTA, increased demand meant that production of passenger cars and light commercial vehicles was curbed only slightly by the severe winter in the U.S.A. and Canada in the first quarter of 2015 and increased again in the second and third quarters. Preliminary figures show that manufacturing grew by 3% year-on-year in the reporting period. For 2015 as a whole, we continue to anticipate a 3% increase.

In China and India, production rose as a result of increased local demand. This growth in China, however, slowed substantially as the quarters progressed, and in the third quarter, production volumes were even down 5% year-on-year as a result of inventory reduction. In Japan, production volumes decreased in line with the decline in demand, but in Indonesia they were also significantly lower than in the previous year. In Asia as a whole, preliminary data shows that production of passenger cars and light commercial vehicles stagnated year-on-year in the first nine months of 2015. We currently expect production volumes to remain stable in India and pick up slightly in China in the fourth quarter. For Japan and Indonesia, we anticipate stabilization at the reduced level. However, owing to the development in the third quarter, we are now forecasting growth of only just under 1% compared to our previous forecast of just under 3% for Asia in 2015 as a whole.

In South America, the fall in demand in the reporting period led to a significant decline in production of passenger cars and light commercial vehicles. According to preliminary data, production volumes decreased by almost 20% in the first nine months of 2015. This downward trend accelerated over the course of the quarters. There are currently no signs of a turnaround in the fourth quarter, either. For 2015 as a whole, we are therefore lowering our forecast for production from -15% to -20%.

On the basis of preliminary data, global production of passenger cars and light commercial vehicles increased by 1% year-on-year in the first nine months of 2015. Because production stagnated in the second and third quarters and is likely to improve only slightly in the fourth quarter, we have lowered our forecast for 2015 as a whole from 2% to around 1%.

Development of production of medium and heavy commercial vehicles

Preliminary data shows that production of commercial vehicles weighing more than 6 metric tons in Europe in the first nine months of 2015 was up 5% on the previous year's level. Production in Eastern Europe, particularly Russia, decreased, whereas in Western Europe it recorded substantial growth as a result of the economic upturn. For 2015 as a whole, we therefore now anticipate an increase in commercial vehicle production of 5% compared to our previous forecast of 3%.

In NAFTA, the pace of growth in commercial vehicle production slowed in the second quarter of 2015 due to the rising comparative figures, but picked up again in the third quarter. The rise in production over the first nine months of the year was highly satisfactory at more than 10%. We are therefore confirming our forecast of 9% for 2015 as a whole, although we anticipate a weaker development in the fourth quarter due to higher prior-year figures.

Weaker economic growth in China is reflected in declining production volumes of commercial vehicles in the current year, which are only partially offset by manufacturing growth in India and Japan. For Asia as a whole, we have lowered our forecast for commercial vehicle production in 2015 from -6% to -15% on the basis of more recent data. In South America, preliminary data show that the decline in commercial vehicle production also continued in the third quarter. In the fourth quarter, we expect production volumes to stabilize at the level of the third quarter at best. For the current year as a whole, we have lowered our forecast for commercial vehicle production from -30% to -45%.

Owing to the lower-than-anticipated level of production in Asia and South America, we are revising our forecast for global production of commercial vehicles weighing more than 6 metric tons from -3% to -9% for 2015 in comparison to the previous year.

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

After the comparatively warm winter had resulted in only modest sales volumes of replacement tires for passenger cars and light commercial vehicles in Europe in the first quarter of 2015, demand in Western Europe picked up in the second quarter but then declined again in the third quarter due to the weak sales start to the winter tire season. Sales volumes in Eastern Europe, and particularly in Russia, were lower than in the previous year. According to preliminary data, sales volumes of replacement tires for passenger cars and light commercial vehicles in Europe grew by only slightly above 0% in the reporting period. At best, we anticipate a slight rise in volumes in the fourth quarter compared to the previous year. For the year as a whole, we therefore are returning our forecast of 2% market growth back down to 0%.

In NAFTA, sales volumes of passenger car and light commercial vehicle replacement tires decreased in the first quarter of 2015 as a result of the import duties imposed for tires imported from China to the U.S.A. The situation then normalized in the second and third quarters and Chinese imports were partly replaced by imports from Thailand and Indonesia. According to preliminary figures, sales volumes were up 1% in the reporting period. We are maintaining our forecast of 1% for the year as a whole.

In Asia, there was a further increase in demand for replacement tires for passenger cars and light commercial vehicles in the reporting period. Preliminary data indicate that sales volumes in China – the most important market – climbed by 8% in the reporting period. India and Indonesia are also recording growing demand in the current year. We are maintaining our previous projection of 6% growth in replacement passenger car and light commercial vehicle tire volumes for 2015. In South America, the significant downward trend in new registrations and production volumes has not yet had any negative impact on demand for replacement tires. Preliminary figures show that demand for replacement tires for passenger cars and light commercial vehicles stagnated in the reporting period. For the year as a whole, we also continue to anticipate volumes at the same level as the previous year. Due to the reversal of the forecast for Europe, we are reducing our previous overall forecast for 2015 of global growth in demand for replacement tires for passenger cars and light commercial vehicles of almost 3% to 2%.

Development of replacement tire markets for medium and heavy commercial vehicles

In the various European regions, demand for replacement tires for commercial vehicles weighing more than 6 metric tons reflected the economic development of each respective region over the reporting period. Preliminary figures show that while Russia and other Eastern European countries registered a significant fall in demand, Western Europe saw demand increase substantially over the first three quarters. We still anticipate a rise in demand in the fourth quarter, which should compensate for the continued slight decline in sales volumes in the first nine months of 2015. For Europe as a whole, we still expect sales volumes to be on par with the previous year. According to preliminary data, demand in NAFTA – our other core market for replacement commercial vehicle tires alongside Europe – was up by 3% in the reporting period. For 2015 as a whole, we still anticipate growth of around 3%. In Asia, demand is likely to continue to follow the economic development of the individual countries for the most part. For Asia as a whole, we still expect demand for replacement tires for commercial vehicles weighing more than 6 metric tons to grow by 2% in 2015. Similar to Russia, there was a decline in demand for replacement commercial vehicle tires in South America as well over the reporting period due to weaker economic activity. For 2015, we anticipate a decrease in demand of 6% (previously 2%).

Worldwide, we continue to anticipate an increase in demand for replacement tires for medium and heavy commercial vehicles of around 1% in the current year.

Earnings, Financial and Net Assets Position of the Continental Corporation

	January 1 to September 30		Third Quarter	
in € millions	**2015**	2014	**2015**	2014
Sales	29,216.2	25,587.6	9,617.6	8,669.5
EBITDA	4,528.2	3,809.1	1,491.7	1,203.3
in % of sales	15.5	14.9	15.5	13.9
EBIT	3,195.8	2,447.9	1,034.6	637.8
in % of sales	10.9	9.6	10.8	7.4
Net income attributable to the shareholders of the parent	2,084.3	1,798.9	635.7	495.1
Earnings per share in €	10.42	8.99	3.18	2.47
Research and development expenses	1,897.7	1,627.6	623.4	553.8
Depreciation and amortization[1]	1,332.4	1,361.2	457.1	565.5
thereof impairment[2]	5.8	158.0	5.8	153.4
Capital expenditure[3]	1,311.7	1,305.6	495.9	511.7
in % of sales	4.5	5.1	5.2	5.9
Operating assets as at September 30	20,001.2	17,152.8		
Number of employees as at September 30[4]	208,138	189,361		
EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects	3,315.1	2,917.5	1,072.3	962.3
in % of sales	11.3	11.4	11.1	11.1
Adjusted sales[5]	28,109.7	25,578.8	9,273.5	8,668.4
Adjusted operating result (adjusted EBIT)[6]	3,379.7	2,924.1	1,075.6	965.4
in % of adjusted sales	12.0	11.4	11.6	11.1
Net indebtedness as at September 30	4,296.2	3,926.2		
Gearing ratio in %	33.9	36.2		

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.

Earnings Position

Sales up 14.2%
Sales up 3.3% before changes in the scope of consolidation and exchange rate effects
Consolidated sales for the first nine months of 2015 climbed by 14.2% year-on-year to €29,216.2 million (PY: €25,587.6 million). Veyance Technologies contributed €858.9 million to sales growth. Before changes in the scope of consolidation and exchange rate effects, sales rose by 3.3%.

Adjusted EBIT up 15.6%
Adjusted EBIT for the corporation increased by €455.6 million or 15.6% year-on-year to €3,379.7 million (PY: €2,924.1 million) in the first nine months of 2015, corresponding to 12.0% (PY: 11.4%) of adjusted sales.

EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects up 13.6%
To improve comparability of the operating performance of the corporation including Veyance Technologies, the key figure EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects is reported in 2015.

The corporation's EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects increased in the first nine months of 2015 by €397.6 million or 13.6% year-on-year to €3,315.1 million (PY: €2,917.5 million). The return on sales calculated from this fell to 11.3% (PY: 11.4%).

In the first nine months of 2015, EBIT – as with EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects – was influenced by integration costs and non-recurring expenses for Veyance Technologies totaling €48.2 million.

EBIT up 30.6%
EBIT climbed by €747.9 million or 30.6% compared to the previous year to €3,195.8 million (PY: €2,447.9 million) in the first nine months of 2015. The return on sales rose to 10.9% (PY: 9.6%).

Special effects in the first nine months of 2015
Impairment losses and reversals of impairment losses on property, plant and equipment resulted in expense totaling €0.3 million in the Chassis & Safety division in the first nine months.

For the Powertrain division, the total negative impact from special effects in the first nine months of 2015 amounted to €0.1 million.

In the Tire division, impairment losses on property, plant and equipment resulted in expense totaling €5.2 million for the locations in Modipuram, India, and Partapur, India.

The sale of the shares in General Tyre East Africa Ltd., Arusha, Tanzania, resulted in income of €0.9 million in the Tire division.

Other minor special effects totaled €1.7 million in the Tire division.

In the ContiTech division, the location in Salzgitter, Germany, will gradually be scaled back on account of follow-up orders not being received. In this context, restructuring expenses totaling €13.8 million were incurred, of which €0.3 million was attributable to impairment of property, plant and equipment.

In addition, smaller special effects resulted in income totaling €1.2 million in the ContiTech division.

Total consolidated expense from special effects in the first nine months of 2015 amounted to €15.6 million.

Special effects in the first nine months of 2014
In the Powertrain division, the acquisition of the remaining shares in Emitec Gesellschaft für Emissionstechnologie mbH, Lohmar, Germany, made it necessary to recognize an impairment loss on the at-equity accounted investee, leading to expense of €34.1 million, and a negative special effect from the reclassification to profit and loss of the effects previously reported under reserves recognized directly in equity in the amount of €1.9 million.

In view of the increasing competition in the development and production of battery cells for the automobile industry, we and our Korean partner SK Innovation Co., Ltd., Seoul, South Korea, concluded and implemented an agreement to dissolve the joint venture SK Continental E-motion Pte. Ltd., Singapore, Singapore. This led to an impairment loss on the at-equity accounted investee in the amount of €77.9 million in the Powertrain division in the third quarter of 2014.

Furthermore, we took this development as a triggering event to adjust the value of property, plant and equipment in the Hybrid Electric Vehicle business unit to the actual utilization of capacity. This led to additional impairment losses on property, plant and equipment in the amount of €57.8 million in the Powertrain division.

After an in-depth quality review, we did not launch a diesel injector that was based on technologies from the time before the Siemens VDO acquisition. Impairment losses of €62.0 million on intangible assets and property, plant and equipment were incurred in the Powertrain division in this context, as well as restructuring expenses of €22.3 million, of which €6.2 million was attributable to impairment losses on property, plant and equipment.

This situation also prompted us to check pumps based on technologies from the time before the Siemens VDO acquisition, primarily in the diesel sector. This resulted in the necessity to recognize impairment losses on property, plant and equipment as part of valuation at the lower of cost or market value. This led to an additional expense of €27.4 million in the Powertrain division.

In the Interior division, the divestment of certain activities of the Infotainment & Connectivity business unit at the location in Rambouillet, France, resulted in a loss of €6.9 million. Impairment losses of €4.2 million on property, plant and equipment were also incurred in this context.

Further impairment losses on property, plant and equipment resulted in expense of €0.4 million in the Interior division.

The reversal of restructuring provisions no longer required resulted in a positive special effect of €0.4 million in the Interior division.

Effective September 30, 2014, certain activities of the Body & Security business unit were sold to a newly established joint venture. This transaction resulted in a positive special effect totaling €1.7 million in the Interior division.

In connection with the cessation of passenger tire production at the plant in Clairoix, France, a large number of employees at Continental France SNC, Sarreguemines, France, filed claims with the industrial tribunals in Compiègne and Soissons, France, against this subsidiary company and, in some cases, against Continental AG as well. On August 30, 2013, the industrial tribunal in Compiègne ordered Continental France SNC and Continental AG to pay damages for the allegedly unlawful dismissal of employees. Continental's appeal against this ruling was rejected by the Court of Appeal, Amiens, France, on September 30, 2014. Continental has filed another appeal (cassation). However, we cannot rule out the possibility that the obligation to pay damages may be upheld in full or in part after the final resolution of the proceedings. For this reason, an additional provision of €23.3 million was recognized in the Tire division.

There was also a positive special effect totaling €0.2 million in the Tire division.

In the ContiTech division, income totaling €1.7 million resulted from bargain purchases from purchase price allocations, of which €0.7 million was attributable to the Fluid Technology business unit and €1.0 million resulted from the final purchase price allocation of a transaction in 2013 in the Conveyor Belt Group business unit.

Total consolidated expense from special effects in the first nine months of 2014 amounted to €314.2 million.

Research and development expenses
In the first nine months of 2015, research and development expenses rose by 16.6% compared with the same period of the previous year to €1,897.7 million (PY: €1,627.6 million), representing 6.5% (PY: 6.4%) of sales. €1,636.0 million (PY: €1,400.0 million) of this relates to the Automotive Group, corresponding to 9.3% (PY: 9.1%) of sales, and €261.7 million (PY: €227.6 million) to the Rubber Group, corresponding to 2.2% of sales as in the previous year.

Net interest expense
At €217.4 million (PY: €215.6 million), net interest expense in the first nine months of 2015 was almost the same as in the previous year.

Interest expense – not including the effects of foreign currency translation, changes in the fair value of derivative instruments and of available-for-sale financial assets – totaled €259.7 million in the first nine months of 2015, which was €30.8 million lower than the figure for the same period of the previous year of €290.5 million. At €142.0 million, interest expense resulting from bank borrowings, capital market transactions and other financing instruments was €35.5 million lower than the prior-year figure of €177.5 million. The major portion related to expense of €80.0 million (PY: €76.0 million) from the bonds issued by Continental AG, Conti-Gummi Finance B.V., Maastricht, Netherlands, and Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., and to expense totaling €16.0 million (PY: €55.7 million) from the utilization of the syndicated loan.

The slight increase in interest expenses for the bonds is attributable to the early redemption of the U.S. dollar bond issued by Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., in September 2012 with a volume of U.S. $950.0 million. This bond was redeemed on September 15, 2015 – four years before it was due to mature in September 2019. The redemption price was 102.25%. The premium paid of 2.25% had a negative impact of €19.2 million on net interest expense.

The decline in interest expense for the syndicated loan particularly resulted from a negative effect in the previous year that arose in relation to the early redemption of the existing syndicated loan at the end of April 2014 due to its successful refinancing. In addition, a further reduction in the margin level was achieved with the new syndicated loan agreement. The interest cost on expected pension obligations as well as on long-term employee benefits resulted in interest expense totaling €117.7 million (PY: €113.0 million) in the first nine months of 2015.

Interest income in the first nine months of 2015 increased slightly year-on-year to €69.3 million (PY: €68.3 million). Of this, expected income from long-term employee benefits and from pension funds amounted to €47.5 million (PY: €48.4 million).

In contrast to the previous year, valuation effects from changes in the fair value of derivative instruments and from the development of exchange rates resulted in a negative overall contribution to earnings of €37.0 million (PY: positive effect of €4.7 million) in the first nine months of 2015. This included a valuation loss of €36.7 million (PY: €4.0 million) for the reporting of the early redemption option for the U.S. dollar bond issued in September 2012 by Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A. This early redemption option was exercised at the beginning of July 2015, resulting in the aforementioned early redemption of the bond on September 15, 2015. Available-for-sale financial assets gave rise to a positive effect of €10.0 million (PY: €1.9 million).

Income tax expense
Income tax expense in the first nine months of 2015 amounted to €839.9 million (PY: €371.3 million). The tax rate in the reporting period was 28.2% after 16.6% for the same period of the previous year. The tax rate in the previous year was influenced in particular by the recognition of deferred tax assets of €161.2 million in the U.S.A. and the recognition of deferred tax assets on interest carryforwards in Germany of €98.0 million, the future utilization of which was considered likely.

Net income attributable to the shareholders of the parent
Net income attributable to the shareholders of the parent was up 15.9% to €2,084.3 million (PY: €1,798.9 million), with earnings per share of €10.42 (PY: €8.99).

Financial Position

Reconciliation of cash flow

EBIT increased by €747.9 million year-on-year to €3,195.8 million (PY: €2,447.9 million).

Interest payments resulting in particular from the syndicated loan and the bonds rose by €12.5 million to €182.6 million (PY: €170.1 million).

Income tax payments increased by €219.1 million to €761.3 million (PY: €542.2 million).

At €900.1 million as at September 30, 2015, the net cash outflow arising from the increase in operating working capital was €339.6 million lower than the figure for the previous year of €1,239.7 million.

At €2,870.4 million as at September 30, 2015, cash provided by operating activities was €520.9 million higher than the previous year's figure of €2,349.5 million.

Cash flow arising from investing activities amounted to an outflow of €2,554.5 million (PY: €1,408.5 million) in the first nine months of 2015. Capital expenditure on property, plant and equipment, and software was up €6.1 million from €1,305.6 million to €1,311.7 million before finance leases and the capitalization of borrowing costs. Acquisition and disposal of companies and business operations resulted in a total cash outflow of €1,204.3 million (PY: €122.4 million). This increase is mainly attributable to the acquisition of Veyance Technologies on January 30, 2015, and the acquisition of Elektrobit Automotive on July 1, 2015.

The free cash flow in the first three quarters of 2015 resulted in an inflow of €315.9 million (PY: €941.0 million), €625.1 million less than in the same period of 2014.

Financing and indebtedness

As at September 30, 2015, the corporation's net indebtedness was up €370.0 million year-on-year from €3,926.2 million to €4,296.2 million. In comparison to December 31, 2014, when it had amounted to €2,823.5 million, it was up €1,472.7 million. This increase is attributable mainly to the acquisition of Veyance Technologies at the end of January 2015 and the acquisition of Elektrobit Automotive at the start of July 2015. The acquisitions were financed mostly from cash and cash equivalents, in addition to which the syndicated loan was also utilized. Despite the acquisitions of Veyance Technologies and Elektrobit Automotive, the gearing ratio improved to 33.9% (PY: 36.2%) as at the end of September 2015.

At the start of July 2015, Continental announced the early redemption of the U.S. dollar bond issued by Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., in September 2012 with a volume of U.S. $950.0 million. This early redemption took place on September 15, 2015, four years before the bond was due to mature in September 2019. The redemption price was 102.25%.

The committed volume of the new syndicated loan concluded in April 2014 remains unchanged at €4.5 billion and still consists of a term loan of €1.5 billion and a revolving credit line of €3.0 billion. There was a contractual amendment to the revolving tranche in April 2015. All the banks involved approved a one-year extension. This financing commitment is therefore now available to Continental until April 2020. As at September 30, 2015, the syndicated loan had been utilized by Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., and Continental AG at a total nominal amount of €2,168.7 million. In the previous year, it had been utilized only by Continental AG at a nominal amount of €1,500.0 million. The higher utilization in comparison to the previous year is chiefly due to the abovementioned early redemption of the U.S. dollar bond issued by Continental Rubber of America Corp., Wilmington, Delaware, U.S.A., on September 15, 2015.

As at September 30, 2015, Continental had liquidity reserves totaling €5,028.1 million (PY: €6,082.9 million), consisting of cash and cash equivalents of €1,849.0 million (PY: €2,013.2 million) and committed, unutilized credit lines totaling €3,179.1 million (PY: €4,069.7 million).

The restrictions that may impact the availability of capital are also understood as comprising all existing restrictions on cash and cash equivalents. In the Continental Corporation, the aforementioned cash and cash equivalents are restricted with regard to pledged amounts, liquid funds from the contractual trust arrangements (CTAs), 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, 2015, unrestricted cash and cash equivalents totaled €1,497.7 million (PY: €1,669.6 million).

Change in net indebtedness

	January 1 to September 30		Third Quarter	
in € millions	**2015**	2014	**2015**	2014
Cash flow arising from operating activities	2,870.4	2,349.5	1,156.6	906.0
Cash flow arising from investing activities	-2,554.5	-1,408.5	-1,122.7	-539.8
Cash flow before financing activities (free cash flow)	**315.9**	**941.0**	**33.9**	**366.2**
Dividends paid	-650.0	-500.0	—	—
Dividends paid to and cash changes from equity transactions with non-controlling interests	-39.4	-28.0	1.5	-1.5
Non-cash changes	-20.4	32.4	-67.8	9.4
Other	-1,053.2	-87.6	-9.3	-38.8
Foreign exchange effects	-25.6	5.3	-18.9	11.3
Change in net indebtedness	**-1,472.7**	**363.1**	**-60.6**	**346.6**

Capital expenditure (additions)

In the first three quarters of 2015, capital expenditure on property, plant and equipment, and software amounted to €1,311.7 million (PY: €1,305.6 million). The capital expenditure ratio after nine months is 4.5% (PY: 5.1%).

A total of €774.4 million (PY: €686.6 million) of this capital expenditure was attributable to the Automotive Group, representing 4.4% of sales as in the previous year. The Automotive Group invested primarily in production facilities for the manufacture of new products and implementation of new technologies, with investments being focused on expanding and establishing manufacturing capacity at best-cost locations. In the Chassis & Safety division, there were major additions relating to the expansion of production capacity for the Vehicle Dynamics and Hydraulic Brake Systems business units. Manufacturing facilities for electronic brake systems were expanded in particular. The Powertrain division invested primarily in expanding production capacity for the Engine Systems, Sensors & Actuators, Fuel & Exhaust Management, and Transmission business units. In the Interior division, production capacity was expanded for the Body & Security and Instrumentation & Driver HMI business units.

The Rubber Group invested €536.3 million (PY: €618.0 million), equivalent to 4.6% (PY: 6.1%) of sales. In the Tire division, production capacity was expanded in North America as well as at European best-cost locations. There were major additions relating to the expansion of existing sites in Sumter, South Carolina, and Mount Vernon, Illinois, U.S.A.; Puchov, Slovakia; Hefei, China; Otrokovice, Czech Republic; Lousado, Portugal; and Timisoara, Romania. Quality assurance and cost-cutting measures were also implemented. In the ContiTech division, investments were concentrated on the expansion of production capacity for the Fluid Technology, Benecke-Kaliko Group and Conveyor Belt Group business units. In particular, the production facilities at German locations and in China, Hungary and the U.S.A. were expanded and established. At the locations in Changzhou, China, and Jorf Lasfar, Morocco, the division invested in the construction of new plants for the Benecke-Kaliko Group and Conveyor Belt Group business units. Investments were also made in all business units to rationalize existing production processes.

Net Assets Position

At €33,505.2 million (PY: €29,668.2 million), total assets as at September 30, 2015, were €3,837.0 million higher than on the same date in the previous year. The €827.6 million increase in goodwill to €6,569.8 million (PY: €5,742.2 million) and the €893.7 million rise in other intangible assets to €1,348.9 million (PY: €455.2 million) was chiefly a result of the acquisitions of Veyance Technologies and Elektrobit Automotive. Property, plant and equipment increased by €914.2 million to €9,074.0 million (PY: €8,159.8 million). Deferred tax assets climbed by €102.7 million compared to the previous year to €1,571.4 million (PY: €1,468.7 million), particularly due to the acquisition of Veyance Technologies. Inventories rose by €301.4 million to €3,631.7 million (PY: €3,330.3 million). Trade accounts receivable also rose by €513.3 million to €7,082.6 million (PY: €6,569.3 million). Other short-term assets increased by €213.8 million to €945.4 million (PY: €731.6 million). This was countered by the €164.2 million decrease in cash and cash equivalents to €1,849.0 million (PY: €2,013.2 million).

Equity including non-controlling interests was up €1,820.6 million at €12,673.3 million as compared to €10,852.7 million as at September 30, 2014. This was due primarily to the increase in the retained earnings of €2,009.7 million. Equity was reduced by dividends in the amount of €650.0 million resolved by the Annual Shareholders' Meeting. Other comprehensive income changed by €275.9 million to -€1,283.8 million (PY: -€1,007.9 million). Despite the acquisitions of Veyance Technologies and Elektrobit Automotive, the gearing ratio improved from 36.2% to 33.9%. The equity ratio rose to 37.8% (PY: 36.6%).

At €33,505.2 million, total assets were up €3,264.1 million compared with December 31, 2014 (PY: €30,241.1 million). This is due primarily to the first-time consolidation of Veyance Technologies and Elektrobit Automotive. In relation to the individual items of the statement of financial position, this is due to the rise in goodwill of €800.7 million to €6,569.8 million (PY: €5,769.1 million), the increase in other intangible assets of €905.6 million to €1,348.9 million (PY: €443.3 million) and the €627.6 million increase in property, plant and equipment to €9,074.0 million (PY: €8,446.4 million). Moreover, inventories climbed by €644.1 million to €3,631.7 million (PY: €2,987.6 million) and trade accounts receivable by €1,236.4 million to €7,082.6 million (PY: €5,846.2 million). This was countered by the €1,394.8 million decrease in cash and cash equivalents to €1,849.0 million (PY: €3,243.8 million).

Equity including non-controlling interests was up €1,648.7 million at €12,673.3 million as compared to €11,024.6 million at the end of 2014. Equity was reduced by dividends in the amount of €650.0 million resolved by the Annual Shareholders' Meeting. The positive net income attributable to the shareholders of the parent resulted in an increase of €2,084.3 million. Other comprehensive income changed by €116.0 million to -€1,283.8 million (PY: -€1,399.8 million). As a result of the acquisitions of Veyance Technologies and Elektrobit Automotive, the gearing ratio rose from 25.6% to 33.9%.

Employees

As at the end of the third quarter of 2015, the corporation had 208,138 employees, representing a rise of 18,970 in comparison to the end of 2014. The number of employees in the Automotive Group rose by 6,340 as a result of increased production volumes and the acquisition of Elektrobit Automotive in the Interior division. In the Rubber Group, further expansion of production capacity and sales channels and the acquisition of Veyance Technologies by the ContiTech division led to an increase of 12,572 employees. Compared with the reporting date for the previous year, the number of employees in the corporation was up by a total of 18,777.

Development of the Divisions

Chassis & Safety in € millions	January 1 to September 30 2015	2014	Third Quarter 2015	2014
Sales	6,277.1	5,570.1	1,999.0	1,823.4
EBITDA	859.0	758.0	268.3	262.0
in % of sales	13.7	13.6	13.4	14.4
EBIT	605.7	511.1	181.5	179.5
in % of sales	9.6	9.2	9.1	9.8
Depreciation and amortization[1]	253.3	246.9	86.8	82.5
thereof impairment[2]	0.3	–	0.3	–
Capital expenditure[3]	283.7	262.0	115.5	113.4
in % of sales	4.5	4.7	5.8	6.2
Operating assets as at September 30	4,365.1	4,027.9		
Number of employees as at September 30[4]	39,259	38,075		
Adjusted sales[5]	6,277.1	5,570.1	1,999.0	1,823.4
Adjusted operating result (adjusted EBIT)[6]	606.6	532.1	182.0	186.4
in % of adjusted sales	9.7	9.6	9.1	10.2

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.

Chassis & Safety

Sales volumes
In the Vehicle Dynamics business unit, the number of electronic brake systems sold in the first nine months of 2015 increased by 5% year-on-year. In the Hydraulic Brake Systems business unit, sales of brake boosters amounted to 14.6 million units. Sales of brake calipers were down on the previous year's level. In the Passive Safety & Sensorics business unit, sales of air bag control units declined year-on-year. Unit sales of advanced driver assistance systems were up by approximately 59%.

Sales up 12.7%
Sales up 4.9% before changes in the scope of consolidation and exchange rate effects
Sales of the Chassis & Safety division were up 12.7% at €6,277.1 million (PY: €5,570.1 million) in the first nine months of 2015 compared with the same period of the previous year. Before changes in the scope of consolidation and exchange rate effects, sales rose by 4.9%.

Adjusted EBIT up 14.0%
Adjusted EBIT for the Chassis & Safety division increased by €74.5 million or 14.0% year-on-year to €606.6 million (PY: €532.1 million) during the first nine months of 2015, corresponding to 9.7% (PY: 9.6%) of adjusted sales.

EBIT up 18.5%
Compared with the same period of the previous year, the Chassis & Safety division reported an increase in EBIT of €94.6 million or 18.5% to €605.7 million (PY: €511.1 million) in the first nine months of 2015. The return on sales rose to 9.6% (PY: 9.2%).

Special effects in the first nine months of 2015
Impairment losses and reversals of impairment losses on property, plant and equipment resulted in expense totaling €0.3 million in the Chassis & Safety division in the first nine months.

Special effects in the first nine months of 2014
There were no special effects in the Chassis & Safety division in the first nine months of 2014.

	January 1 to September 30		Third Quarter	
Powertrain in € millions	**2015**	2014	**2015**	2014
Sales	5,303.7	4,816.4	1,657.4	1,638.9
EBITDA	528.0	270.4	167.3	-11.9
in % of sales	10.0	5.6	10.1	-0.7
EBIT	279.0	-165.9	81.3	-263.3
in % of sales	5.3	-3.4	4.9	-16.1
Depreciation and amortization[1]	249.0	436.3	86.0	251.4
thereof impairment[2]	–	153.4	–	153.4
Capital expenditure[3]	276.3	242.6	106.0	106.8
in % of sales	5.2	5.0	6.4	6.5
Operating assets as at September 30	2,771.7	2,667.2		
Number of employees as at September 30[4]	35,684	35,087		
Adjusted sales[5]	5,185.5	4,816.4	1,657.4	1,638.9
Adjusted operating result (adjusted EBIT)[6]	309.2	176.4	86.7	7.2
in % of adjusted sales	6.0	3.7	5.2	0.4

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

Sales volumes in the Transmission and Fuel & Exhaust Management business units were up year-on-year in the first nine months of 2015, with Fuel & Exhaust Management posting both organic growth from existing business (formerly Fuel Supply) and additional unit sales from the integration of Emitec. The Sensors & Actuators business unit is continuing to record growth. The volume increase here is attributable in particular to the considerably higher sales figures for exhaust sensors, which were boosted by stricter exhaust gas legislation. The Engine Systems business unit posted rising sales figures for turbochargers in the first nine months of 2015. Sales volumes of pumps matched the previous year's level, whereas engine management systems and injectors were down substantially year-on-year. In the Hybrid Electric Vehicle business unit, sales figures for power electronics were up year-on-year, whereas battery and on-board power supply systems recorded a decline in sales figures.

Sales up 10.1%
Sales up 0.2% before changes in the scope of consolidation and exchange rate effects

Sales of the Powertrain division were up 10.1% at €5,303.7 million (PY: €4,816.4 million) in the first nine months of 2015 compared with the same period of the previous year. Before changes in the scope of consolidation and exchange rate effects, sales rose by 0.2%.

Adjusted EBIT up 75.3%

Adjusted EBIT for the Powertrain division rose by €132.8 million or 75.3% year-on-year to €309.2 million (PY: €176.4 million) in the first nine months of 2015, corresponding to 6.0% (PY: 3.7%) of adjusted sales.

EBIT up 268.2%

Compared with the same period of the previous year, the Powertrain division reported an increase in EBIT of €444.9 million or 268.2% to €279.0 million (PY: -€165.9 million) in the first nine months of 2015. The return on sales rose to 5.3% (PY: -3.4%).

Special effects in the first nine months of 2015

For the Powertrain division, the total negative impact from special effects in the first nine months of 2015 amounted to €0.1 million.

Special effects in the first nine months of 2014

In the Powertrain division, the acquisition of the remaining shares in Emitec Gesellschaft für Emissionstechnologie mbH, Lohmar, Germany, made it necessary to recognize an impairment loss on the at-equity accounted investee, leading to expense of €34.1 million, and a negative special effect from the reclassification to profit and loss of the effects previously reported under reserves recognized directly in equity in the amount of €1.9 million.

In view of the increasing competition in the development and production of battery cells for the automobile industry, we and our Korean partner SK Innovation Co., Ltd., Seoul, South Korea, concluded and implemented an agreement to dissolve the joint venture SK Continental E-motion Pte. Ltd., Singapore, Singapore. This led to an impairment loss on the at-equity accounted investee in the amount of €77.9 million in the Powertrain division in the third quarter of 2014.

Furthermore, we took this development as a triggering event to adjust the value of property, plant and equipment in the Hybrid Electric Vehicle business unit to the actual utilization of capacity. This led to additional impairment losses on property, plant and equipment in the amount of €57.8 million.

After an in-depth quality review, we did not launch a diesel injector that was based on technologies from the time before the Siemens VDO acquisition. Impairment losses of €62.0 million on intangible assets and property, plant and equipment were incurred in the Powertrain division in this context, as well as restructuring expenses of €22.3 million, of which €6.2 million was attributable to impairment losses on property, plant and equipment.

This situation also prompted us to check pumps based on technologies from the time before the Siemens VDO acquisition, primarily in the diesel sector. This resulted in the necessity to recognize impairment losses on property, plant and equipment as part of valuation at the lower of cost or market value. This led to an additional expense of €27.4 million in the Powertrain division.

The total negative impact from special effects in the Powertrain division amounted to €283.4 million in the first nine months of 2014.

Interior in € millions	January 1 to September 30 2015	2014	Third Quarter 2015	2014
Sales	6,060.4	5,158.4	2,028.2	1,725.4
EBITDA	805.1	697.4	252.4	229.7
in % of sales	13.3	13.5	12.4	13.3
EBIT	603.7	437.3	178.7	144.8
in % of sales	10.0	8.5	8.8	8.4
Depreciation and amortization[1]	201.4	260.1	73.7	84.9
thereof impairment[2]	–	4.6	–	–
Capital expenditure[3]	214.4	182.0	80.3	77.1
in % of sales	3.5	3.5	4.0	4.5
Operating assets as at September 30	4,388.1	3,857.2		
Number of employees as at September 30[4]	40,108	35,835		
Adjusted sales[5]	6,024.6	5,158.4	1,992.4	1,725.4
Adjusted operating result (adjusted EBIT)[6]	609.5	521.6	183.7	168.0
in % of adjusted sales	10.1	10.1	9.2	9.7

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.

Interior

Sales volumes

Sales volumes in the Body & Security business unit were significantly above the previous year's level in the first three quarters of 2015. There were increases particularly in NAFTA and Asia. Sales volumes were up significantly on the previous year's level in the Infotainment & Connectivity business unit. Unit sales of multimedia systems picked up significantly on account of new products on the U.S. market and in China. Sales volumes in the Commercial Vehicles & Aftermarket business unit were above the previous year's level. In the area of commercial vehicles, this is mainly due to additional business with toll systems in Belgium, which compensated for the declines in South America and Asia. Replacement parts and aftermarket business also posted a slight year-on-year increase due to higher demand in the area of tire pressure monitoring. In the Instrumentation & Driver HMI business unit, sales figures in the first nine months of 2015 were also higher than in the previous year. This growth was primarily driven by production starts and increased demand in Europe and NAFTA.

Sales up 17.5%
Sales up 9.2% before changes in the scope of consolidation and exchange rate effects

Sales of the Interior division were up 17.5% at €6,060.4 million (PY: €5,158.4 million) in the first nine months of 2015 compared with the same period of the previous year. Before changes in the scope of consolidation and exchange rate effects, sales rose by 9.2%.

Adjusted EBIT up 16.9%

Adjusted EBIT for the Interior division increased by €87.9 million or 16.9% year-on-year to €609.5 million (PY: €521.6 million) in the first nine months of 2015, corresponding to 10.1% of adjusted sales as in the previous year.

EBIT up 38.1%

Compared with the same period of the previous year, the Interior division reported a rise in EBIT of €166.4 million or 38.1% to €603.7 million (PY: €437.3 million) in the first nine months of 2015. The return on sales rose to 10.0% (PY: 8.5%).

Special effects in the first nine months of 2015

There were no special effects in the Interior division in the first nine months of 2015.

Special effects in the first nine months of 2014

In the Interior division, the divestment of certain activities of the Infotainment & Connectivity business unit at the location in Rambouillet, France, resulted in a loss of €6.9 million. Impairment losses of €4.2 million on property, plant and equipment were also incurred in this context.

Further impairment losses on property, plant and equipment resulted in expense of €0.4 million in the Interior division.

The reversal of restructuring provisions no longer required resulted in a positive special effect of €0.4 million.

Effective September 30, 2014, certain activities of the Body & Security business unit were sold to a newly established joint venture. This transaction resulted in a positive special effect totaling €1.7 million in the Interior division.

The total negative impact from special effects in the Interior division amounted to €9.4 million in the first nine months of 2014.

	January 1 to September 30		Third Quarter	
Tires in € millions	**2015**	2014	**2015**	2014
Sales	7,718.6	7,282.0	2,654.4	2,557.8
EBITDA	1,982.0	1,740.8	667.7	603.5
in % of sales	25.7	23.9	25.2	23.6
EBIT	1,594.6	1,409.9	536.5	486.8
in % of sales	20.7	19.4	20.2	19.0
Depreciation and amortization[1]	387.4	330.9	131.2	116.7
thereof impairment[2]	5.2	–	5.2	–
Capital expenditure[3]	372.3	481.7	139.3	165.1
in % of sales	4.8	6.6	5.2	6.5
Operating assets as at September 30	5,430.0	5,292.1		
Number of employees as at September 30[4]	49,445	47,864		
Adjusted sales[5]	7,649.9	7,273.2	2,647.0	2,556.7
Adjusted operating result (adjusted EBIT)[6]	1,613.1	1,435.7	541.3	511.5
in % of adjusted sales	21.1	19.7	20.4	20.0

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
Sales volumes of passenger car and light truck tires to vehicle OEMs were up on the previous year in the first nine months of 2015. In the passenger and light truck tire replacement business, sales volumes in the EMEA region (Europe, Middle East and Africa) did not match the previous year's level, whereas in the Americas (North, Central and South America) they increased further. Commercial vehicle tire business was also up on the previous year's level.

Sales up 6.0%
Sales down 0.3% before changes in the scope of consolidation and exchange rate effects
Sales of the Tire division were up 6.0% at €7,718.6 million (PY: €7,282.0 million) in the first nine months of 2015 compared with the same period of the previous year. Before changes in the scope of consolidation and exchange rate effects, sales decreased by 0.3%.

Adjusted EBIT up 12.4%
Adjusted EBIT for the Tire division increased by €177.4 million or 12.4% year-on-year to €1,613.1 million (PY: €1,435.7 million) in the first nine months of 2015, corresponding to 21.1% (PY: 19.7%) of adjusted sales.

EBIT up 13.1%
The Tire division reported a rise in EBIT of €184.7 million or 13.1% year-on-year to €1,594.6 million (PY: €1,409.9 million) in the first nine months of 2015. The return on sales rose to 20.7% (PY: 19.4%).

Special effects in the first nine months of 2015
Impairment losses on property, plant and equipment resulted in expense totaling €5.2 million for the locations in Modipuram, India, and Partapur, India.

The sale of the shares in General Tyre East Africa Ltd., Arusha, Tanzania, resulted in income of €0.9 million.

Other minor special effects totaled €1.7 million in the Tire division.

For the Tire division, the total negative impact from special effects in the first nine months of 2015 amounted to €2.6 million.

Special effects in the first nine months of 2014
In connection with the cessation of passenger tire production at the plant in Clairoix, France, a large number of employees at Continental France SNC, Sarreguemines, France, filed claims with the industrial tribunals in Compiègne and Soissons, France,

against this subsidiary company and, in some cases, against Continental AG as well. On August 30, 2013, the industrial tribunal in Compiègne ordered Continental France SNC and Continental AG to pay damages for the allegedly unlawful dismissal of employees. Continental's appeal against this ruling was rejected by the Court of Appeal, Amiens, France, on September 30, 2014. Continental has filed another appeal (cassation). However, we cannot rule out the possibility that the obligation to pay damages may be upheld in full or in part after the final resolution of the proceedings. For this reason, an additional provision of €23.3 million was recognized in the Tire division.

There was also a positive special effect totaling €0.2 million.

The total negative impact from special effects in the Tire division amounted to €23.1 million in the first nine months of 2014.

	January 1 to September 30		Third Quarter	
ContiTech in € millions	**2015**	2014	**2015**	2014
Sales	4,017.9	2,931.6	1,330.8	979.6
EBITDA	458.0	421.3	159.7	144.7
in % of sales	11.4	14.4	12.0	14.8
EBIT	217.8	334.9	80.6	115.1
in % of sales	5.4	11.4	6.1	11.7
Depreciation and amortization[1]	240.2	86.4	79.1	29.6
thereof impairment[2]	0.3	–	0.3	–
Capital expenditure[3]	164.0	136.3	54.3	48.9
in % of sales	4.1	4.6	4.1	5.0
Operating assets as at September 30	3,187.7	1,442.5		
Number of employees as at September 30[4]	43,240	32,168		
EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects	312.4	337.7	103.1	117.4
in % of sales	7.8	11.5	7.7	12.0
Adjusted sales[5]	3,133.3	2,931.6	1,029.1	979.6
Adjusted operating result (adjusted EBIT)[6]	346.3	337.7	105.9	117.4
in % of adjusted sales	11.1	11.5	10.3	12.0

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.

ContiTech

Sales up 37.1%
Sales up 3.6% before changes in the scope of consolidation and exchange rate effects
Sales of the ContiTech division were up 37.1% at €4,017.9 million (PY: €2,931.6 million) in the first nine months of 2015 compared with the same period of the previous year. Veyance Technologies contributed €858.9 million to sales growth. Before changes in the scope of consolidation and exchange rate effects, sales rose by 3.6%. This sales growth was attributable to the Air Spring Systems, Power Transmission Group and Benecke-Kaliko Group business units as well as to original equipment business in the Fluid Technology business unit. Owing to the significant lack of investment by mining companies, the Conveyor Belt Group business unit was unable to match the previous year's sales level. Price and volume decreases in the Compounding Technology business unit led to a decline in sales.

Adjusted EBIT up 2.5%
Adjusted EBIT for the ContiTech division rose by €8.6 million or 2.5% year-on-year to €346.3 million (PY: €337.7 million) in the first nine months of 2015, corresponding to 11.1% (PY: 11.5%) of adjusted sales.

EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects down 7.5%
To improve comparability of the operating performance of the ContiTech division including Veyance Technologies, the key figure EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects is reported in 2015.

Compared with the same period of the previous year, the ContiTech division reported a decline in EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects of €25.3 million or 7.5% to €312.4 million (PY: €337.7 million) in the first nine months of 2015. The return on sales calculated from this fell to 7.8% (PY: 11.5%).

In the first nine months of 2015, EBIT – as with EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects – was influenced by integration costs and non-recurring expenses for Veyance Technologies totaling €48.2 million.

EBIT down 35.0%
Compared with the same period of the previous year, the ContiTech division reported a decline in EBIT of €117.1 million or 35.0% to €217.8 million (PY: €334.9 million) in the first nine months of 2015. The return on sales fell to 5.4% (PY: 11.4%).

Special effects in the first nine months of 2015
In the ContiTech division, the location in Salzgitter, Germany, will gradually be scaled back on account of follow-up orders not being received. In this context, restructuring expenses totaling €13.8 million were incurred, of which €0.3 million was attributable to impairment of property, plant and equipment.

In addition, smaller special effects resulted in income totaling €1.2 million.

For the ContiTech division, the total negative impact from special effects in the first nine months of 2015 amounted to €12.6 million.

Special effects in the first nine months of 2014
In the ContiTech division, income totaling €1.7 million resulted from bargain purchases from purchase price allocations, of which €0.7 million was attributable to the Fluid Technology business unit and €1.0 million resulted from the final purchase price allocation of a transaction in 2013 in the Conveyor Belt Group business unit.

Report on Risks and Opportunities

There were no material changes in risks and opportunities during the reporting period. For details of the main risks and opportunities, please refer to our comments in the 2014 Annual Report.

Report on Expected Developments and Outlook

Despite the substantial decrease in production volumes in China in the third quarter of 2015, the intensified slowdown in many industries, and the diminishing positive effects from exchange rates, we continue to be in line with our expectations for the year on the whole after the first nine months. We therefore confirm our sales forecast for 2015, which is still around €23.5 billion for the Automotive Group and more than €15.5 billion for the Rubber Group. For consolidated sales, we continue to anticipate growth of around 14% to more than €39 billion.

Based on the positive earnings development in the first nine months and the continued favorable development of various raw material prices that are important to Continental, we are raising our forecast for the adjusted EBIT margin from the previous level of about 11% to more than 11%. For the Automotive Group, we still expect an adjusted EBIT margin in excess of 8.5%. Due to the continued better-than-expected development in prices for crude oil and natural rubber (TSR 20), we are raising our forecast for the Rubber Group from about 16% to more than 16%. We are increasing our estimate for the positive effect of lower raw material costs from around €200 million to about €250 million for the current year, which relates mainly to the Rubber Group. We are lowering our estimate for the average price of natural rubber again, from U.S. $1.58 per kilogram to U.S. $1.50 per kilogram. By contrast, we are leaving our forecast for the average price of butadiene, a base material for synthetic rubber, at U.S. $1.00 per kilogram.

We also confirm our forecast published on March 5, 2015, regarding the negative special effects of around €100 million. The amortization of intangible assets from purchase price allocations, which results primarily from the Veyance Technologies and Elektrobit Automotive acquisitions, is expected to total approximately €140 million. In fiscal 2015, the capital expenditure ratio before acquisitions will make up around 6% of sales. Despite the early redemption of the bond of U.S. $950 million, the negative net interest expense will be less than €300 million and the corporation's tax rate will be around 30%.

We are increasing the outlook for free cash flow before acquisitions in 2015 from at least €1.8 billion to more than €2.0 billion.

Consolidated Financial Statements as at September 30, 2015

Consolidated Statement of Income

	January 1 to September 30		Third Quarter	
in € millions	**2015**	2014	**2015**	2014
Sales	**29,216.2**	**25,587.6**	**9,617.6**	**8,669.5**
Cost of sales	-21,608.2	-19,138.7	-7,107.0	-6,443.8
Gross margin on sales	**7,608.0**	**6,448.9**	**2,510.6**	**2,225.7**
Research and development expenses	-1,897.7	-1,627.6	-623.4	-553.8
Selling and logistics expenses	-1,612.3	-1,327.7	-537.6	-454.3
Administrative expenses	-695.4	-581.1	-236.1	-199.9
Other expenses and income	-247.7	-375.5	-91.6	-308.2
Income from at-equity accounted investees	40.5	-89.7	12.7	-72.0
Other income from investments	0.4	0.6	0.0	0.3
Earnings before interest and taxes	**3,195.8**	**2,447.9**	**1,034.6**	**637.8**
Interest income	69.3	68.3	20.0	22.0
Interest expense	-286.7	-283.9	-138.4	-97.1
Net interest expense	**-217.4**	**-215.6**	**-118.4**	**-75.1**
Earnings before taxes	**2,978.4**	**2,232.3**	**916.2**	**562.7**
Income tax expense	-839.9	-371.3	-268.7	-47.4
Net income	**2,138.5**	**1,861.0**	**647.5**	**515.3**
Non-controlling interests	-54.2	-62.1	-11.8	-20.2
Net income attributable to the shareholders of the parent	2,084.3	1,798.9	635.7	495.1
Basic earnings per share in €	**10.42**	**8.99**	**3.18**	**2.47**
Diluted earnings per share in €	**10.42**	**8.99**	**3.18**	**2.47**

Consolidated Statement of Comprehensive Income

	January 1 to September 30		Third Quarter	
in € millions	**2015**	2014[1]	**2015**	2014[1]
Net income	**2,138.5**	**1,861.0**	**647.5**	**515.3**
Reclassification within equity not affecting net income	–	-5.3	–	-5.3
Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit plans[2]	89.1	-220.6	-16.1	-54.0
Fair value adjustments[2]	168.3	-403.3	-36.1	-163.7
Reclassification from disposals of pension obligations	–	0.0	–	0.0
Portion for at-equity accounted investees[3, 4]	-0.1	4.2	-0.1	4.0
Currency translation[2]	-26.1	-19.6	6.0	-15.5
Tax on other comprehensive income	-53.0	198.1	14.1	121.2
Items that may be reclassified subsequently to profit or loss				
Currency translation[2]	34.9	416.0	-385.6	320.4
Difference from currency translation[2]	26.1	415.0	-387.4	318.2
Reclassification adjustments to profit and loss	–	0.2	–	-0.1
Portion for at-equity accounted investees[3]	8.8	0.8	1.8	2.3
Available-for-sale financial assets	-12.1	9.5	-2.0	0.9
Fair value adjustments	-2.1	11.4	-1.8	1.4
Reclassification adjustments to profit and loss	-10.0	-1.9	-0.2	-0.5
Cash flow hedges	0.0	0.1	0.0	0.1
Portion for at-equity accounted investees[3]	0.0	0.1	0.0	0.1
Tax on other comprehensive income	18.7	0.7	9.1	3.6
Other comprehensive income	**130.6**	**205.7**	**-394.6**	**271.0**
Comprehensive income	**2,269.1**	**2,061.4**	**252.9**	**781.0**
Attributable to non-controlling interests	-72.1	-83.5	-1.0	-36.1
Attributable to the shareholders of the parent	2,197.0	1,977.9	251.9	744.9

1 The prior-year comparative figures have been restated in accordance with the 2015 structure.
2 Including non-controlling interests.
3 Including taxes.
4 The prior-year period includes a share of €5.3 million from reclassification in equity in accordance with IAS 19.

Consolidated Statement of Financial Position

Assets in € millions	Sept. 30, 2015	Dec. 31, 2014	Sept. 30, 2014
Goodwill	6,569.8	5,769.1	5,742.2
Other intangible assets	1,348.9	443.3	455.2
Property, plant and equipment	9,074.0	8,446.4	8,159.8
Investment property	17.0	17.5	17.9
Investments in at-equity accounted investees	343.7	298.5	302.3
Other investments	14.3	10.7	10.8
Deferred tax assets	1,571.4	1,573.4	1,468.7
Defined benefit assets	3.3	1.6	8.6
Long-term derivative instruments and interest-bearing investments	335.2	301.2	269.5
Other long-term financial assets	44.5	41.9	34.2
Other long-term assets	22.6	19.7	21.4
Non-current assets	**19,344.7**	**16,923.3**	**16,490.6**
Inventories	3,631.7	2,987.6	3,330.3
Trade accounts receivable	7,082.6	5,846.2	6,569.3
Other short-term financial assets	487.8	382.5	382.9
Other short-term assets	945.4	731.3	731.6
Income tax receivables	107.6	60.3	92.8
Short-term derivative instruments and interest-bearing investments	40.8	63.1	54.9
Cash and cash equivalents	1,849.0	3,243.8	2,013.2
Assets held for sale	15.6	3.0	2.6
Current assets	**14,160.5**	**13,317.8**	**13,177.6**
Total assets	**33,505.2**	**30,241.1**	**29,668.2**

Equity and liabilities in € millions	Sept. 30, 2015	Dec. 31, 2014	Sept. 30, 2014
Subscribed capital	512.0	512.0	512.0
Capital reserves	4,155.6	4,155.6	4,155.6
Retained earnings	8,838.6	7,404.3	6,828.9
Other comprehensive income	-1,283.8	-1,399.8	-1,007.9
Equity attributable to the shareholders of the parent	**12,222.4**	**10,672.1**	**10,488.6**
Non-controlling interests	450.9	352.5	364.1
Total equity	**12,673.3**	**11,024.6**	**10,852.7**
Provisions for pension liabilities and similar obligations	3,570.6	3,483.7	2,937.3
Deferred tax liabilities	336.6	178.5	188.9
Long-term provisions for other risks and obligations	325.9	306.3	314.1
Long-term portion of indebtedness	2,689.5	5,077.4	5,040.8
Other long-term financial liabilities	73.0	48.7	51.9
Other long-term liabilities	55.5	46.4	47.5
Non-current liabilities	**7,051.1**	**9,141.0**	**8,580.5**
Trade accounts payable	5,383.3	4,861.6	4,882.0
Income tax payables	702.8	577.3	667.5
Short-term provisions for other risks and obligations	753.6	732.7	687.4
Indebtedness	3,831.7	1,354.2	1,223.0
Other short-term financial liabilities	1,863.9	1,649.2	1,627.5
Other short-term liabilities	1,241.3	900.2	1,147.5
Liabilities held for sale	4.2	0.3	0.1
Current liabilities	**13,780.8**	**10,075.5**	**10,235.0**
Total equity and liabilities	**33,505.2**	**30,241.1**	**29,668.2**

Consolidated Statement of Cash Flows

	January 1 to September 30		Third Quarter	
in € millions	**2015**	2014	**2015**	2014
Net income	**2,138.5**	**1,861.0**	**647.5**	**515.3**
Income tax expense	839.9	371.3	268.7	47.4
Net interest expense	217.4	215.6	118.4	75.1
EBIT	**3,195.8**	**2,447.9**	**1,034.6**	**637.8**
Interest paid	-182.6	-170.1	-92.0	-72.7
Interest received	21.7	19.6	5.6	7.0
Income tax paid	-761.3	-542.2	-192.9	-190.2
Dividends received	28.4	16.4	0.6	0.3
Depreciation, amortization, impairment and reversal of impairment losses	1,332.4	1,361.2	457.1	565.5
Income from at-equity accounted and other investments, incl. impairment and reversal of impairment losses	-40.9	87.9	-12.7	70.5
Gains from the disposal of assets, companies and business operations	-14.2	-9.7	-2.1	-6.3
Changes in				
inventories	-361.2	-352.4	-98.2	-58.1
trade accounts receivable	-861.7	-975.4	-147.9	-397.4
trade accounts payable	322.8	88.1	-71.2	1.1
pension and similar obligations	42.7	6.1	12.4	1.8
other assets and liabilities	148.5	372.1	263.3	346.7
Cash flow arising from operating activities	**2,870.4**	**2,349.5**	**1,156.6**	**906.0**
Cash flow from the disposal of property, plant and equipment, and intangible assets	23.2	68.6	3.3	42.6
Capital expenditure on property, plant and equipment, and software	-1,311.7	-1,305.6	-495.9	-511.7
Capital expenditure on intangible assets from development projects and miscellaneous	-61.7	-49.1	-27.7	-15.7
Cash flow from the disposal of companies and business operations	15.3	-1.0	17.0	-1.2
Acquisition of companies and business operations	-1,219.6	-121.4	-619.4	-53.8
Cash flow arising from investing activities	**-2,554.5**	**-1,408.5**	**-1,122.7**	**-539.8**
Cash flow before financing activities (free cash flow)	**315.9**	**941.0**	**33.9**	**366.2**
Change in indebtedness	-1,043.2	-524.6	-460.6	-339.2
Successive purchases	-11.1	–	–	–
Dividends paid	-650.0	-500.0	–	–
Dividends paid to and cash changes from equity transactions with non-controlling interests	-39.4	-28.0	1.5	-1.5
Cash and cash equivalents arising from first consolidation of subsidiaries	–	0.4	–	0.2
Cash flow arising from financing activities	**-1,743.7**	**-1,052.2**	**-459.1**	**-340.5**
Change in cash and cash equivalents	**-1,427.8**	**-111.2**	**-425.2**	**25.7**
Cash and cash equivalents at the beginning of the reporting period	3,243.8	2,044.8	2,349.7	1,919.4
Effect of exchange rate changes on cash and cash equivalents	33.0	79.6	-75.5	68.1
Cash and cash equivalents at the end of the reporting period	**1,849.0**	**2,013.2**	**1,849.0**	**2,013.2**

Consolidated Statement of Changes in Equity

					Difference from					
in € 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 Jan. 1, 2014	**512.0**	**4,155.6**	**5,535.3**	**-18.4**	**-741.2**	**-435.9**	**3.8**	**9,011.2**	**311.0**	**9,322.2**
Net income	–	–	1,798.9	–	–	–	–	1,798.9	62.1	**1,861.0**
Comprehensive income	–	–	-5.3	–	-220.1	397.8	6.6	179.0	21.4	**200.4**
Net profit for the period	**–**	**–**	**1,793.6**	**–**	**-220.1**	**397.8**	**6.6**	**1,977.9**	**83.5**	**2,061.4**
Dividends paid/resolved	–	–	-500.0	–	–	–	–	-500.0	-30.4	**-530.4**
Other changes	–	–	–	-0.5	–	–	–	-0.5	–	**-0.5**
As at Sept. 30, 2014	**512.0**	**4,155.6**	**6,828.9**	**-18.9**	**-961.3**	**-38.1**	**10.4**	**10,488.6**	**364.1**	**10,852.7**
As at Jan. 1, 2015	**512.0**	**4,155.6**	**7,404.3**	**-19.4**	**-1,339.6**	**-51.1**	**10.3**	**10,672.1**	**352.5**	**11,024.6**
Net income	–	–	2,084.3	–	–	–	–	2,084.3	54.2	**2,138.5**
Comprehensive income	–	–	–	–	89.0	32.0	-8.3	112.7	17.9	**130.6**
Net profit for the period	**–**	**–**	**2,084.3**	**–**	**89.0**	**32.0**	**-8.3**	**2,197.0**	**72.1**	**2,269.1**
Dividends paid/resolved	–	–	-650.0	–	–	–	–	-650.0	-47.7	**-697.7**
Successive purchases	–	–	–	3.3	–	–	–	3.3	-5.2	**-1.9**
Other changes[6]	–	–	–	–	–	–	–	–	79.2	**79.2**
As at Sept. 30, 2015	**512.0**	**4,155.6**	**8,838.6**	**-16.1**	**-1,250.6**	**-19.1**	**2.0**	**12,222.4**	**450.9**	**12,673.3**

1 Divided into 200,005,983 shares outstanding.
2 The amount in the reporting period results from the successive purchases of shares in consolidated companies. The prior-year period includes effects from the first-time consolidation of previously non-consolidated subsidiaries.
3 Includes shareholder's portion of -€0.1 million (PY: -€1.1 million) in non-realized gains and losses from pension liability obligations and in the previous period €5.3 million from reclassification in equity in accordance with IAS 19 of at-equity accounted investees.
4 Includes shareholder's portion of €8.8 million (PY: €0.8 million) in the foreign currency translation of at-equity accounted investees.
5 The difference arising from financial instruments, including deferred taxes, is mainly due to available-for-sale financial assets. The prior-year period also includes the shareholder's portion of €0.1 million in non-realized gains and losses from cash flow hedges of at-equity accounted investees.
6 Other changes in non-controlling interests due to changes in the scope of consolidation and capital increase.

Explanatory Notes to the Consolidated Financial Statements

Segment report for the period from January 1 to September 30, 2015

in € millions	Chassis & Safety	Powertrain	Interior
External sales	6,257.9	5,250.2	6,053.9
Intercompany sales	19.2	53.5	6.5
Sales (total)	**6,277.1**	**5,303.7**	**6,060.4**
EBITDA	859.0	528.0	805.1
in % of sales	13.7	10.0	13.3
EBIT (segment result)	605.7	279.0	603.7
in % of sales	9.6	5.3	10.0
Depreciation and amortization[1]	253.3	249.0	201.4
thereof impairment[2]	0.3	–	–
Capital expenditure[3]	283.7	276.3	214.4
in % of sales	4.5	5.2	3.5
Operating assets as at September 30	4,365.1	2,771.7	4,388.1
Number of employees as at September 30[4]	39,259	35,684	40,108

in € millions	Tires	ContiTech	Other/ Consolidation	Continental Corporation
External sales	7,703.2	3,951.0	–	29,216.2
Intercompany sales	15.4	66.9	-161.5	–
Sales (total)	**7,718.6**	**4,017.9**	**-161.5**	**29,216.2**
EBITDA	1,982.0	458.0	-103.9	4,528.2
in % of sales	25.7	11.4	–	15.5
EBIT (segment result)	1,594.6	217.8	-105.0	3,195.8
in % of sales	20.7	5.4	–	10.9
Depreciation and amortization[1]	387.4	240.2	1.1	1,332.4
thereof impairment[2]	5.2	0.3	–	5.8
Capital expenditure[3]	372.3	164.0	1.0	1,311.7
in % of sales	4.8	4.1	–	4.5
Operating assets as at September 30	5,430.0	3,187.7	-141.4	20,001.2
Number of employees as at September 30[4]	49,445	43,240	402	208,138

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.

Segment report for the period from January 1 to September 30, 2014

in € millions	Chassis & Safety	Powertrain	Interior
External sales	5,543.6	4,768.0	5,152.9
Intercompany sales	26.5	48.4	5.5
Sales (total)	**5,570.1**	**4,816.4**	**5,158.4**
EBITDA	758.0	270.4	697.4
in % of sales	13.6	5.6	13.5
EBIT (segment result)	511.1	-165.9	437.3
in % of sales	9.2	-3.4	8.5
Depreciation and amortization[1]	246.9	436.3	260.1
thereof impairment[2]	–	153.4	4.6
Capital expenditure[3]	262.0	242.6	182.0
in % of sales	4.7	5.0	3.5
Operating assets as at September 30	4,027.9	2,667.2	3,857.2
Number of employees as at September 30[4]	38,075	35,087	35,835

in € millions	Tires	ContiTech	Other/ Consolidation	Continental Corporation
External sales	7,270.7	2,852.4	–	25,587.6
Intercompany sales	11.3	79.2	-170.9	–
Sales (total)	**7,282.0**	**2,931.6**	**-170.9**	**25,587.6**
EBITDA	1,740.8	421.3	-78.8	3,809.1
in % of sales	23.9	14.4	–	14.9
EBIT (segment result)	1,409.9	334.9	-79.4	2,447.9
in % of sales	19.4	11.4	–	9.6
Depreciation and amortization[1]	330.9	86.4	0.6	1,361.2
thereof impairment[2]	–	–	–	158.0
Capital expenditure[3]	481.7	136.3	1.0	1,305.6
in % of sales	6.6	4.6	–	5.1
Operating assets as at September 30	5,292.1	1,442.5	-134.1	17,152.8
Number of employees as at September 30[4]	47,864	32,168	332	189,361

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.

Reconciliation of EBIT to Net Income

	January 1 to September 30		Third Quarter	
in € millions	**2015**	2014	**2015**	2014
Chassis & Safety	605.7	511.1	181.5	179.5
Powertrain	279.0	-165.9	81.3	-263.3
Interior	603.7	437.3	178.7	144.8
Tires	1,594.6	1,409.9	536.5	486.8
ContiTech	217.8	334.9	80.6	115.1
Other/consolidation	-105.0	-79.4	-24.0	-25.1
EBIT	**3,195.8**	**2,447.9**	**1,034.6**	**637.8**
Net interest expense	-217.4	-215.6	-118.4	-75.1
Earnings before taxes	**2,978.4**	**2,232.3**	**916.2**	**562.7**
Income tax expense	-839.9	-371.3	-268.7	-47.4
Net income	**2,138.5**	**1,861.0**	**647.5**	**515.3**
Non-controlling interests	-54.2	-62.1	-11.8	-20.2
Net income attributable to the shareholders of the parent	**2,084.3**	**1,798.9**	**635.7**	**495.1**

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 Continental Corporation's five divisions can be found in the Corporate Management Report as at September 30, 2015.

Accounting principles

This interim report was prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at the end of the reporting period and endorsed by the European Union, and the interpretations of the International Financial Reporting Standards Interpretation Committee (IFRIC). The interim report was prepared in compliance with IAS 34, Interim Financial Reporting. The same accounting policies have been applied in the interim report as in the consolidated financial statements for 2014. These methods are described in detail in the 2014 Annual Report. In addition, the IFRS amendments and new regulations effective as at September 30, 2015, have also been applied in the interim report. A detailed description of these mandatory IFRS amendments and new regulations can be found in the 2014 Annual Report.

The IFRS amendments and new regulations effective as at September 30, 2015, had no material effect on the reporting of the Continental Corporation.

Taxes are calculated based on the estimated, weighted average annual 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 corporation's business are seasonal, the overall comparability of the interim consolidated financial statements 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 euro. Unless otherwise stated, all amounts are shown in millions of euro. Please note that differences may arise as a result of the use of rounded amounts and percentages.

Companies consolidated

In addition to the parent company, the consolidated financial statements include 504 domestic and foreign companies that Continental Aktiengesellschaft incorporates according to the regulations of IFRS 10 or that are classified as joint arrangements or associated companies. Of these, 388 are fully consolidated and 116 are accounted for using the equity method.

The number of consolidated companies has increased by a total of 46 since December 31, 2014. A total of 46 companies were acquired, four new companies were founded, two not yet consolidated entities were included in consolidation for the first time, and two companies were sold. In addition, the number of companies consolidated was reduced by four as a result of mergers.

Since September 30, 2014, the number of consolidated companies has increased by a total of 47. The additions to the consolidated group essentially result from the acquisitions of Veyance Technologies and Elektrobit Automotive. Companies no longer included in the scope of consolidation relate to disposals of the Automotive Group in particular.

Acquisition and disposal of companies and business operations

Once all agreed conditions had been met, the agreement that was concluded on February 10, 2014, with The Carlyle Group, Washington D.C., U.S.A., regarding the acquisition of Veyance Technologies, was closed on January 30, 2015. The acquisition took place by way of the merger of South Acquisition Corp., Inc., Wilmington, Delaware, U.S.A., a wholly owned subsidiary of the Continental Corporation, with EPD Holdings Inc., Wilmington, Delaware, U.S.A., which up to then had been a wholly owned subsidiary of The Carlyle Group, Washington D.C., U.S.A. Veyance Technologies operates globally in the field of rubber and plastics technology. It posted sales in 2014 of approximately €1.5 billion, around 90% of which was generated in the industrial business. At the end of 2014, it had a workforce of about 8,500 employees in its 27 plants worldwide. Conveyor belts, hoses and power transmission belts are the focus of its product range. The acquisition should strengthen in particular the ContiTech segment's Conveyor Belt Group, Fluid Technology and Power Transmission Group business units in regions where ContiTech has little or no representation. With the additional business in markets such as the U.S.A. and South America, but also in Mexico, Canada, China, Australia, and South Africa, ContiTech will in the future achieve some 60% of its sales with customers outside of the automotive original equipment sector. In doing so, Continental has taken another step toward achieving its strategic goal of further increasing sales from industrial customers and the aftermarket. The purchase price was €678.0 million and was paid in cash. The total incidental acquisition costs incurred since 2013 of €20.5 million were recognized as other expenses. The provisional purchase price allocation resulted in intangible assets of €720.7 million and goodwill of €305.3 million for the ContiTech segment. This goodwill resulted from the skills and professional aptitude of the workforce and from expectations regarding the improved geographical market coverage of the group of companies following the transaction. This particularly relates to regions in which ContiTech operated only to a limited extent in the past, such as North America, Latin America, China and South Africa. Furthermore, synergies are expected in the procurement of manufacturing materials and from the production processes. If the transaction had already been completed on January 1, 2015, net income after taxes would have been €21.1 million lower and sales would have been up by €122.5 million. Since the transaction was closed on January 30, Veyance Technologies has generated sales of €858.9 million and contributed net income after taxes of -€129.5 million. Other than this, there was no material effect on the net assets, financial and earnings position of the Continental Corporation as at September 30, 2015.

In the ContiTech segment, an asset deal with a purchase price of €1.1 million was also concluded. Assets of €2.7 million were identified in purchase price allocation. A bargain purchase effect of €1.6 million was recognized under other expenses and income. This transaction had no material effect on the net assets, financial and earnings position of the Continental Corporation as at September 30, 2015.

The Tire segment continued to expand its business in tire molding technology. In a share deal, Continental Caoutchouc-Export-GmbH, Hanover, Germany, acquired the business of A-Z Formen- und Maschinenbau GmbH, Runding-Langwitz, Germany, and AZ-CZECH s.r.o., Meclov, Czech Republic, for a purchase price of €35.0 million effective January 7, 2015. A total of €7.0 million of this was paid in cash. In addition, the transaction gave rise to a purchase price liability of €4.0 million due at the end of 2015 and a purchase price liability of €24.0 million due at the end of 2020. The purchase price allocation resulted in goodwill of €15.5 million and intangible assets of €6.2 million. Other than this, there was no material effect on the net assets, financial and earnings position of the Continental Corporation as at September 30, 2015.

In order to further expand the commercial tire trade and tire retreading area in the Tire segment, BestDrive, LLC, Wilmington, Delaware, U.S.A., acquired Hill Tire Company, Inc., Forest Park, Georgia, U.S.A., and FAD Enterprises, LLC, Forest Park, Georgia, U.S.A., effective June 1, 2015. The provisional purchase price of €10.3 million was paid in cash. The provisional purchase price allocation resulted in goodwill of €4.9 million and intangible assets of €1.2 million. Other than this, there was no material effect on the net assets, financial and earnings position of the Continental Corporation as at September 30, 2015.

There were also further asset deals in the Tire segment. The purchase prices totaled €0.2 million. Intangible assets of €0.1 million were identified in purchase price allocation. These transactions had no material effect on the net assets, financial and earnings position of the Continental Corporation as at September 30, 2015.

The Continental Corporation is systematically expanding its systems and software expertise for solutions in the automotive industry. An agreement to acquire Elektrobit Automotive GmbH based in Erlangen, Germany, was signed on May 18, 2015. Elektrobit Automotive was owned by the Finnish Elektrobit Corporation, Helsinki, Finland. The acquisition was closed on July 1, 2015, following approval by the antitrust authorities. Elektrobit Automotive is a software-solutions specialist and has been working together with Continental for more than ten years. Sales of €171.4 million were generated in fiscal 2014. Elektrobit Automotive employed around 1,300 professionals at nine locations as at December 31, 2014. In addition, its associated company e.solutions GmbH, Ingolstadt, Germany, employed approximately 600 engineers. The purchase price of €600.0 million was paid in cash. The incidental acquisition costs of €7.0 million were recognized as other expenses. The net assets acquired amount to €189.2 million. The purchase price allocation resulted in intangible assets of €240.1 million in the Interior segment. After taking deferred taxes into account, goodwill therefore amounts to €410.8 million, which is distributed among the cash-generating units of the Automotive Group in line with the anticipated synergies. If the transaction had already been completed as at January 1, 2015, sales would have been up by €102.0 million. Since the transaction was closed, Elektrobit has contributed net income after taxes of

-€2.7 million and sales of €35.0 million. Other than this, there was no material effect on the net assets, financial and earnings position of the Continental Corporation as at September 30, 2015.

Two successive purchases were completed in the review period. The resulting difference between the respective purchase price and the value of the shares acquired of €3.3 million in total was reported directly in equity. In addition, Continental Holding France SAS, Sarreguemines, France, acquired the remaining shares in Alencon Pneus SAS, Alencon, France, from SNDF, Alencon, France, for a purchase price of €21.5 million effective July 17, 2015. These transactions had no material effect on the net assets, financial and earnings position of the Continental Corporation as at September 30, 2015.

In an asset deal effective January 1, 2015, Profi Reifen- und Autoservice GmbH, Wiener Neudorf, Austria, sold its complete-wheel assembly activity at the site in Kalsdorf, Austria, to PTG Automotive Solutions and Services GmbH, Kalsdorf, Austria. This transaction resulted in a loss of €0.1 million that was reported under other expenses and income. In addition, the shares in General Tyre East Africa Ltd., Arusha, Tanzania, were sold effective August 21, 2015. This transaction resulted in a gain of €0.9 million that was reported under other expenses and income. These transactions had no material effect on the net assets, financial and earnings position of the Continental Corporation as at September 30, 2015.

As part of the acquisition of Veyance Technologies in January 2015, ContiTech agreed with the antitrust authorities in the U.S.A. and Brazil to sell Veyance Technologies' North American air springs operations. These operations were sold for a provisional purchase price of €20.8 million to the group of EnPro Industries, Inc., based in Charlotte, North Carolina, U.S.A., effective July 1, 2015. This transaction had no material effect on the net assets, financial and earnings position of the Continental Corporation as at September 30, 2015.

Impairment

The corporation 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). No significant impairment resulted from these reviews in the reporting period.

In the previous year, the acquisition of the outstanding 50% of shares in the exhaust technology specialist Emitec Gesellschaft für Emissionstechnologie mbH, Lohmar, Germany, from the former co-partner GKN Driveline International GmbH, Lohmar, Germany, resulted in the recognition of an impairment loss of €34.1 million on the carrying amount of the at-equity accounted investee.

In view of the increasing competition in the development and production of battery cells for the automobile industry, we and our Korean partner SK Innovation Co., Ltd., Seoul, South Korea, concluded and implemented an agreement to dissolve the joint venture SK Continental E-motion Pte. Ltd., Singapore, Singapore. This led to an impairment loss on the at-equity accounted investee in the amount of €77.9 million in the Powertrain division in the third quarter of 2014.

In the Powertrain segment, impairment losses on property, plant and equipment and intangible assets totaling €153.4 million were recognized in the prior-year period due to capacity utilization levels in the Hybrid Electric Vehicle (HEV) and Engine Systems business units as well as valuation at the lower of cost or market value in the Engine Systems business unit.

Income tax expense

Income tax expense in the first nine months of 2015 amounted to €839.9 million (PY: €371.3 million). The tax rate in the reporting period was 28.2% after 16.6% for the same period of the previous year. The tax rate in the previous year was influenced in particular by the recognition of deferred tax assets of €161.2 million in the U.S.A. and the recognition of deferred tax assets on interest carryforwards in Germany of €98.0 million, the future utilization of which was considered likely.

Provisions for pension liabilities and similar obligations
Compared to December 31, 2014, the remeasurement of defined benefit pension plans as at September 30, 2015, resulted in a €113.8 million increase in reserves recognized directly in equity due to the rise in discount rates. The corresponding increase in equity contrasted with a reduction in pension liabilities and similar obligations of €168.4 million.

Cash changes in pension and similar obligations
Pension funds exist solely for pension obligations, particularly in Germany, the U.S.A., Canada and the U.K., and not for other benefit obligations. In the period from January 1 to September 30, 2015, the companies of the Continental Corporation paid €25.2 million (PY: €24.6 million) into these pension funds.

Payments for retirement benefit obligations totaled €161.2 million (PY: €144.7 million) in the period from January 1 to September 30, 2015. Payments for obligations similar to pensions totaled €12.6 million (PY: €10.2 million).

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

	January 1 to September 30, 2015						January 1 to September 30, 2014					
in € millions	**Germany**	**U.S.A.**	**CAN**	**U.K.**	**Other**	**Total**	Germany	U.S.A.	CAN	U.K.	Other	Total
Current service cost	113.4	5.2	1.9	3.5	14.9	**138.9**	78.0	0.0	0.3	2.7	13.0	**94.0**
Interest on defined benefit obligations	60.4	37.0	3.9	10.8	5.9	**118.0**	67.4	31.0	2.4	9.8	7.1	**117.7**
Expected return on plan assets	-5.4	-25.8	-3.4	-10.8	-2.4	**-47.8**	-8.2	-25.9	-2.2	-9.9	-3.7	**-49.9**
Effect of change of asset ceiling	–	–	0.0	–	0.4	**0.4**	–	–	0.1	–	0.2	**0.3**
Other pension income and expenses	–	1.1	0.1	–	0.4	**1.6**	–	0.6	0.1	–	0.4	**1.1**
Net pension cost	**168.4**	**17.5**	**2.5**	**3.5**	**19.2**	**211.1**	**137.2**	**5.7**	**0.7**	**2.6**	**17.0**	**163.2**

Net cost of healthcare and life insurance obligations of the Continental Corporation in the U.S.A. and Canada consist of the following:

	January 1 to September 30	
in € millions	**2015**	2014
Current service cost	1.8	1.0
Interest on healthcare and life insurance benefit obligations	7.2	6.2
Net cost of obligations similar to pensions	**9.0**	**7.2**

Indebtedness
At the start of July 2015, Continental announced the early redemption of the U.S. dollar bond issued by Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., in September 2012 with a volume of U.S. $950.0 million. This early redemption took place on September 15, 2015, four years before the bond was due to mature in September 2019. The redemption price was 102.25%.

The committed volume of the new syndicated loan concluded in April 2014 remains unchanged at €4.5 billion and still consists of a term loan of €1.5 billion and a revolving credit line of €3.0 billion. There was a contractual amendment to the revolving tranche in April 2015. All the banks involved approved a one-year extension. This financing commitment is therefore now available to Continental until April 2020. As at September 30, 2015, the syndicated loan had been utilized by Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., and Continental AG at a total nominal amount of €2,168.7 million. In the previous year, it had been utilized only by Continental AG at a nominal amount of €1,500.0 million. The higher utilization in comparison to the previous year is chiefly due to the above-mentioned early redemption of the U.S. dollar bond issued by Continental Rubber of America Corp., Wilmington, Delaware, U.S.A., on September 15, 2015.

For more information on indebtedness and net interest expense from financial activities, please refer to the Corporate Management Report as at September 30, 2015.

Financial instruments

The carrying amounts and fair values of financial assets and liabilities in the various measurement categories, classified by statement of financial position category, as well as the summarized non-current and current items, are as follows:

in € millions	Measurement category in acc. with IAS 39	**Carrying amount as at Sept. 30, 2015**	**Fair value as at Sept. 30, 2015**	Carrying amount as at Dec. 31, 2014	Fair value as at Dec. 31, 2014
Other investments	AfS	14.3	14.3	10.7	10.7
Derivative instruments and interest-bearing investments					
Derivative instruments not accounted for as hedging instruments	HfT	36.5	36.5	80.2	80.2
Available-for-sale financial assets	AfS	334.3	334.3	266.8	266.8
Other receivables with a financing character	LaR	5.2	5.2	17.3	17.3
Trade accounts receivable	LaR	7,082.6	7,082.6	5,846.2	5,846.2
Other financial assets	LaR	532.3	532.3	424.4	424.4
Cash and cash equivalents					
Cash and cash equivalents	LaR	1,829.2	1,829.2	2,960.5	2,960.5
Available-for-sale financial assets	AfS	19.8	19.8	283.3	283.3
Financial assets		**9,854.2**	**9,854.2**	**9,889.4**	**9,889.4**
Indebtedness					
Derivative instruments accounted for as hedging instruments	n. a.	3.4	3.4	4.9	4.9
Derivative instruments not accounted for as hedging instruments	HfT	34.0	34.0	17.4	17.4
Financial lease liabilities	n. a.	42.0	46.6	48.0	54.2
Other indebtedness	FLAC	6,441.8	6,603.2	6,361.3	6,609.1
Trade accounts payable	FLAC	5,383.3	5,383.3	4,861.6	4,861.6
Other financial liabilities	FLAC	1,936.9	1,936.4	1,697.9	1,697.2
Financial liabilities		**13,841.4**	**14,006.9**	**12,991.1**	**13,244.4**
Aggregated according to categories as defined in IAS 39:					
Financial assets held for trading (HfT)		36.5		80.2	
Loans and receivables (LaR)		9,449.3		9,248.4	
Available-for-sale financial assets (AfS)		368.4		560.8	
Financial liabilities held for trading (HfT)		34.0		17.4	
Financial liabilities measured at amortized cost (FLAC)		13,762.0		12,920.8	

Abbreviations

- AfS: available for sale
- FLAC: financial liability at amortized cost
- HfT: held for trading
- LaR: loans and receivables
- n. a.: not applicable (effective hedging instruments are not part of the measurement categories of IAS 39).

The following tables show the fair values of financial assets and liabilities that are measured at fair value in accordance with IAS 39 on the one hand and the classes of financial instruments for which the fair value was calculated for comparison with the carrying amount on the other. They do not contain information on the fair value for financial assets and liabilities not measured at fair value if the carrying amount is an appropriate approximation of the fair value. The levels of the fair value hierarchy are defined as follows:

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

There are currently no financial assets or liabilities in the Continental Corporation which are measured according to level 3 of the fair value hierarchy. The corporation recognizes possible reclassifications between the different levels of the fair value hierarchy up to the end of the reporting period, in which the change occurred. There were no transfers between the different levels of the fair value hierarchy.

A detailed description of the measurement methods used for the individual financial instruments can be found in the 2014 Annual Report.

in € millions		**Sept. 30, 2015**	Level 1	Level 2	Cost
Other investments	AfS	14.3	–	–	14.3
Available-for-sale financial assets	AfS	354.1	345.4	8.7	0.0
Derivative instruments not accounted for as hedging instruments	HfT	36.5	–	36.5	–
Financial assets measured at fair value		**404.9**	**345.4**	**45.2**	**14.3**
Derivative instruments accounted for as hedging instruments	n. a.	3.4	–	3.4	–
Derivative instruments not accounted for as hedging instruments	HfT	34.0	–	34.0	–
Financial liabilities measured at fair value		**37.4**	**–**	**37.4**	**–**
Financial lease liabilities	n. a.	46.6	–	46.6	–
Other indebtedness	FLAC	6,603.2	2,386.4	1,992.2	2,224.6
Other financial liabilities	FLAC	1,936.4	–	17.5	1,918.9
Financial liabilities not measured at fair value		**8,586.2**	**2,386.4**	**2,056.3**	**4,143.5**

in € millions		Dec. 31, 2014	Level 1	Level 2	Cost
Other investments	AfS	10.7	–	–	10.7
Available-for-sale financial assets	AfS	550.1	541.5	8.6	0.0
Derivative instruments not accounted for as hedging instruments	HfT	80.2	–	80.2	–
Financial assets measured at fair value		**641.0**	**541.5**	**88.8**	**10.7**
Derivative instruments accounted for as hedging instruments	n. a.	4.9	–	4.9	–
Derivative instruments not accounted for as hedging instruments	HfT	17.4	–	17.4	–
Financial liabilities measured at fair value		**22.3**	**–**	**22.3**	**–**
Financial lease liabilities	n. a.	54.2	–	54.2	–
Other indebtedness	FLAC	6,609.1	3,265.4	2,072.0	1,271.7
Other financial liabilities	FLAC	1,697.2	–	28.0	1,669.2
Financial liabilities not measured at fair value		**8,360.5**	**3,265.4**	**2,154.2**	**2,940.9**

Litigation and compensation claims
In the proceedings against Continental Automotive Korea Ltd., Seongnam-si, South Korea; Continental Automotive Electronics LLC, Bugan-myeon, South Korea (CAE); as well as other companies in connection with suspected antitrust violations in the instrument cluster business, the competent U.S. Court confirmed on April 1, 2015, the agreement in which the two companies admit to charges of violating U.S. antitrust law and agree to pay a fine of U.S. $4.0 million (about €3.6 million). On June 25, 2015, the Seoul High Court, Seoul, South Korea, vacated the administrative fine imposed on CAE by the Korean Fair Trade Commission (KFTC) on CAE's appeal against the amount of the fine. The KFTC has filed an appeal.

Otherwise there were no significant new findings in the reporting period with regard to litigation and compensation claims. For further information, please refer to the comments in the 2014 Annual Report.

Contingent liabilities and other financial obligations
As at September 30, 2015, there were no material changes in the contingent liabilities and other financial obligations as described in the 2014 Annual Report.

Appropriation of net income
As at December 31, 2014, Continental AG reported net retained earnings of €749.2 million (PY: €913.4 million). On April 30, 2015, the Annual Shareholders' Meeting resolved to distribute a dividend of €3.25 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 €650,019,444.75. The remaining amount was carried forward to new account.

In 2014, a dividend of €2.50 per share was distributed by Continental AG to its shareholders for 2013. With 200,005,983 shares entitled to dividends, the total distribution therefore amounted to €500,014,957.50. The remaining amount was carried forward to new account.

Earnings per share
Basic earnings per share increased to €10.42 (PY: €8.99) in the first nine months of 2015 and to €3.18 (PY: €2.47) in the period from July 1 to September 30, 2015. 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, 2014. For further information, please refer to the comments in the 2014 Annual Report.

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

Review by an independent auditor
The interim corporate management report and the condensed 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, 2015

There were no significant events after September 30, 2015.

Hanover, October 21, 2015

Continental Aktiengesellschaft
The Executive Board

Financial Calendar

2015	
Annual Financial Press Conference	March 5
Analyst and Investor Conference Call	March 5
Annual Shareholders' Meeting (incl. key figures for quarter 1 of 2015)	April 30
Financial Report as at March 31, 2015	May 7
Half-Year Financial Report as at June 30, 2015	August 4
Financial Report as at September 30, 2015	November 9

2016	
Preliminary figures for the fiscal year 2015	January 11
Annual Financial Press Conference	March 3
Analyst and Investor Conference Call	March 3
Annual Shareholders' Meeting (incl. key figures for quarter 1 of 2016)	April 29
Financial Report as at March 31, 2016	May 4
Half-Year Financial Report as at June 30, 2016	August 3
Financial Report as at September 30, 2016	November 10

Contact details
This Financial Report has also been published in German. The 2014 Annual Report is available in English and German.

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