Q2

Half-Year Financial Report

as at June 30, 2018

Continental Shares and Bonds

Turbulence on stock markets worldwide

At the start of the year, the sentiment on the U.S. stock markets remained positive as a result of good U.S. job data. The U.S. benchmark indexes continued their multi-year upward trend and reached new records almost every day during January 2018. The Dow Jones exceeded the 26,000-point mark for the first time, closing on January 26 at a new high of 26,616.71 points. This equated to a rise of nearly 8% compared with the closing price for 2017. The rally on the U.S. stock markets led to rising indexes in Europe and Asia as well. On January 23, 2018, the DAX also marked a new all-time high of 13,596.89 points, while at the same time the EURO STOXX 50 reached an annual high of 3,687.22 points. Compared with the Dow Jones, however, the price increase was somewhat more modest at around 5% in each case, as investor sentiment in Europe was less buoyant due to the continued appreciation of the euro against the U.S. dollar.

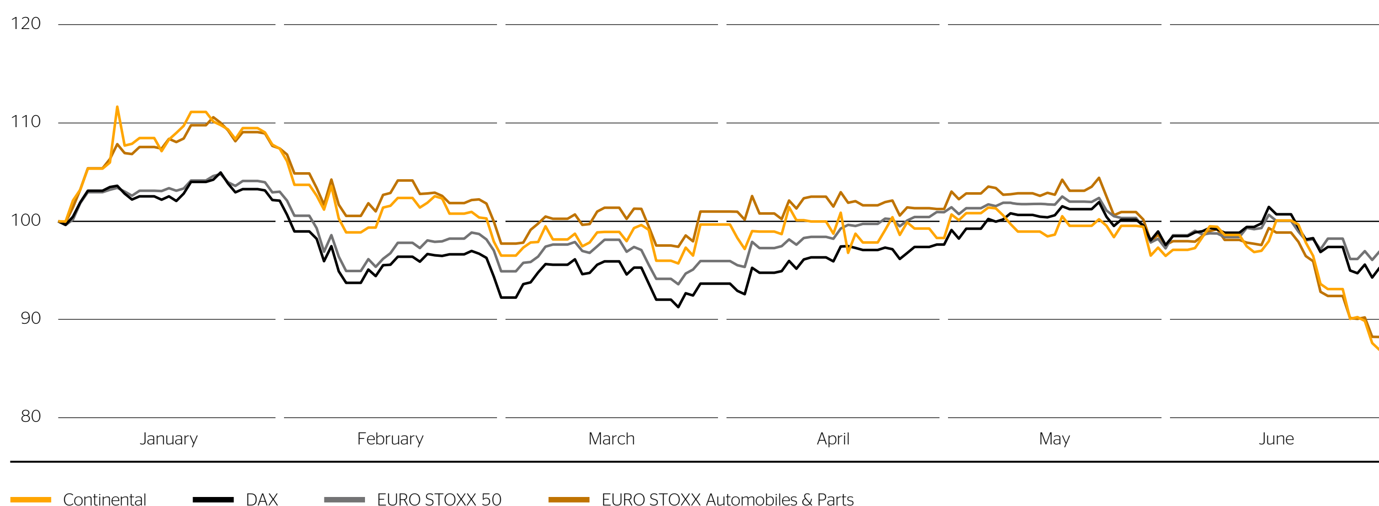
At the end of January 2018, the indication by the U.S. Federal Reserve (Fed) that it would implement three interest-rate hikes each in the current year and in 2019, increasingly led to fears of rising interest rates and prompted prices to fall on the U.S. bond markets. Prices on the stock markets in the U.S.A., Europe and Asia also consequently recorded losses. By mid-February, major benchmark indexes such as the Dow Jones and the DAX had lost as much as one-tenth of their value compared to their previously achieved highs. In the second half of February, stock markets stabilized around the world. The U.S.A.'s announcement that it would impose tariffs on steel and aluminum imports, coupled with the examination of appropriate countermeasures by China and other affected export nations, led to another price slump at the beginning of March. In addition, the capital markets were negatively impacted by fears of rising interest rates again due to increased inflation in the U.S.A.

Starting from mid-March 2018, there was another short stabilization phase before the U.S.A.'s announcement at the end of March that it intended to impose import tariffs on various products from China. This fueled fresh fears of an impending trade conflict between the two nations, causing prices to fall on the stock markets again. At the end of March, the DAX hovered around the 12,000-point mark. It closed the first quarter of 2018 at 12,096.73 points, down 6.4% on the end of 2017. The EURO STOXX 50 declined by 4.1% to 3,361.50 points in the first quarter. In early April 2018, reports of willingness on the part of the U.S. and Chinese governments to negotiate in the trade conflict ushered in a recovery phase on the stock markets. The markets were only temporarily unsettled by the renewed escalation of the Syrian conflict in mid-April, the rising yields on the U.S. bond market at the end of April, and concerns about the formation of a government in Italy in May. In mid-May, the Dow Jones reached the 25,000-point mark again and the DAX reached 13,000 points, boosted by the weakening exchange rate of the euro to the U.S. dollar.

At the end of May, the U.S. government's announcement that it was examining import tariffs on cars took the global stock markets by surprise and had a particularly negative impact on the share prices of automotive manufacturers. The failure to form a government in Italy also provoked fears of a new euro crisis. At the start of June, general sentiment on the markets improved again as a result of rising demand for U.S. technology stocks. European stocks also benefited from the announcement by the European Central Bank (ECB) that it would keep its key interest rate unchanged at 0.0% until well into 2019.

In the second half of June, further escalation in the trade dispute between the U.S.A. and China unsettled the stock markets. The U.S. government decided to impose import tariffs of 25% on Chinese goods worth U.S. $50 billion starting from July 2018. Shortly afterwards, the Chinese government responded with import tariffs on U.S. goods in the same amount. The U.S. government thereupon announced that it was considering import tariffs on Chinese goods worth U.S. $200 billion and might further increase the scope. This had a negative impact on the Chinese stock markets in particular,

Price performance of Continental shares in the reporting period versus selected stock indexes indexed to January 1, 2018



	June 30, 2018	in % vs. December 31, 2017
Continental shares (Xetra price)	195.55	–13.1
DAX	12,306.00	–4.7
EURO STOXX 50	3,395.60	–3.1
EURO STOXX Automobiles & Parts	523.55	–11.8

which dropped more than 10% in June and thus posted price decreases in the reporting period of around 20% since the end of January. By contrast, the European stock markets mostly closed the second quarter at the level of the start of the quarter. At the end of June, the EURO STOXX 50 posted an increase of 1.0% for the second quarter to 3,395.60 points, but closed the first half of 2018 down 3.1%. In the second quarter of 2018, the DAX marked an increase of 1.7% and was quoted at 12,306.00 points at the end of June. It ended the first half of 2018 down 4.7%.

In July 2018, the stock markets in the U.S.A. and in Europe stabilized thanks to positive economic data. Statements by U.S. and European government representatives also led to growing hopes that an agreement would be reached in the trade dispute. The U.S. government's announcement on July 20 that it would impose additional tariffs on almost all Chinese imports caused stock prices to fall again. On July 23, 2018 – the closing date of this report – the DAX closed trading at 12,548.57 points.

Automotive stock prices decline in first half of 2018

European automotive and supplier stocks benefited in January 2018 from the generally positive market sentiment and several buy recommendations for the sector from various analysts. The companies' initial business figures for the fourth quarter of 2017 also provided a boost. In addition to the general market turbulence, prices for the European automotive sector were also dragged down during the first quarter by declining sales and production figures for the U.S. and European car markets as well as the threat of bans on diesel cars. EURO STOXX Automobiles & Parts closed at 599.25 points at the end of March, having increased by around 10% to over 650 points in January 2018. This equated to a rise of 1.0% in the first quarter of 2018 compared to the end of the previous year.

In the second quarter, the automotive sector initially benefited from the general price recovery and from China's announcement that it would lower its import tariffs for foreign automotive manufacturers from 25% to 15% starting in July. The U.S. government's announcement that it was examining import tariffs on cars ended the recovery phase and resulted in falling share prices of automotive manufacturers and suppliers worldwide in late May. In addition to the escalation in the trade conflict between the U.S.A. and China, reports from German automotive manufacturers regarding constraints of their production as a result of the transition to the new exhaust gas test procedure WLTP (Worldwide Harmonized Light Vehicles Test Procedure) and several profit warnings for German automotive stocks caused a slump of around 10% in the sector in the second half of June. The EURO STOXX Automobiles & Parts fell by a total of 12.6% in the second quarter of 2018. This resulted in a price decrease of 11.8% to 523.55 points for the first half of 2018.

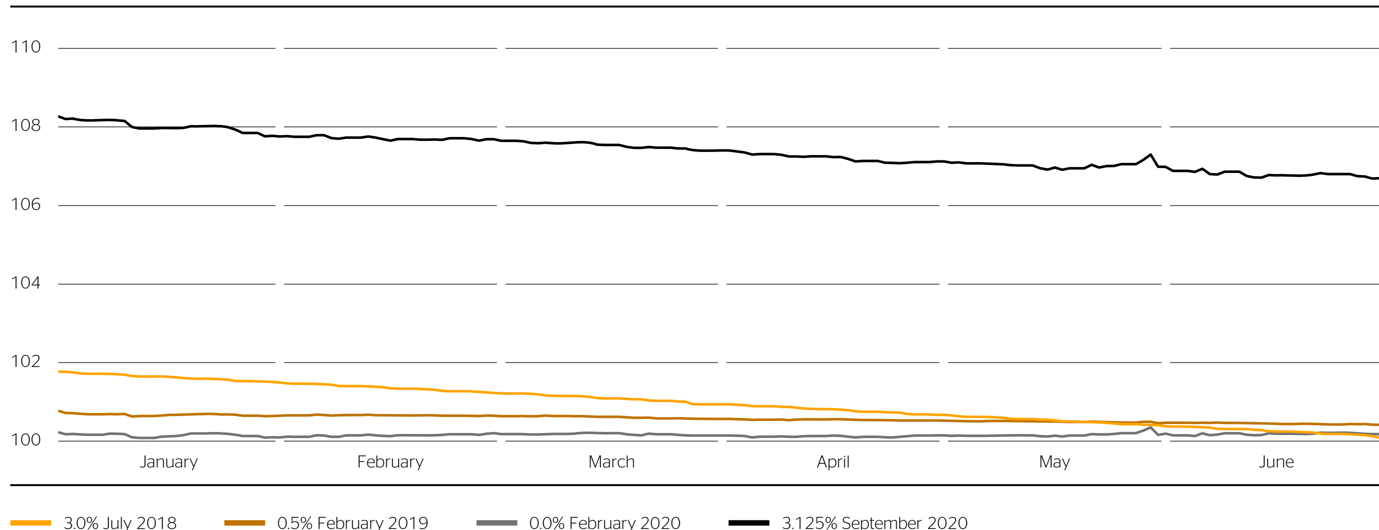
Performance of Continental shares largely in line with the sector

In the first trading days of 2018, Continental shares rose from €225.05 at the end of 2017 to more than €230 as a result of several buy recommendations from analysts. During the course of January 9, 2018, media reports about a major reorganization of the Continental Corporation caused the Continental share price to soar to €257.40, a new all-time high. On the same day, Continental confirmed that it was running through scenarios in an early stage of analysis of how the organization could become more flexible to face the challenges in the automotive industry. At the same time, Continental stressed that it was not possible to say at that point in time if or what changes could result from these analyses and scenarios. In subsequent trading days, Continental shares sank initially to €240, before renewed buy recommendations and price target increases by several analysts nudged the price back up to around €250. In February and March 2018, Continental shares performed largely in line with the automotive sector, closing the first quarter of 2018 at €224.30, down 0.3% from their price of €225.05 at the end of 2017.

Continental shares mostly followed the trend in the European automotive sector in the second quarter as well. The change of the 2018 outlook for the Continental Corporation on April 18, 2018, only temporarily impacted the price of Continental shares. They ended June 2018 at €195.55, having fallen in value by 12.8% in the second quarter. Compared to the end of 2017, the price loss in the reporting period came to 13.1%. Assuming reinvestment of the €4.50 dividend distributed at the start of May, the shares recorded a performance of -11.4% in the first half of 2018.

Reports of a possible solution in the dispute over U.S. import tariffs on European cars led to a slight recovery of automotive stocks in Europe in early July, which also benefited Continental shares. The announcement on July 18, 2018, of the reorganization of Continental AG and the transformation of the Powertrain division into an independent group of legal entities led to increased volatility for Continental shares. Furthermore, renewed concerns of an escalating trade conflict between the U.S.A. and China impacted European automotive stocks as well as Continental shares from July 20. On July 23, 2018 – the closing date of this report – they ended trading at €192.90.

Price performance of Continental bonds in the reporting period



Continental bonds still at low yield level

As in the previous year, Continental bonds persisted at a low yield level during the first six months of 2018. The fluctuations on the bond markets only had a marginal impact on the prices of Continental bonds.

In the period under review, the price of the 3.0% euro bond maturing on July 16, 2018, declined by 167.9 basis points to 100.090% as a result of the reduction in its remaining maturity.

At the end of June 2018, the 0.5% euro bond maturing on February 19, 2019, was quoted at 100.420%, down 35.6 basis points compared to the end of 2017.

The price of the 0.0% euro bond maturing on February 5, 2020, was slightly above the 100% mark during the first half of the year. On June 30, 2018, it was quoted at 100.177%, down 5.0 basis points compared to the end of 2017.

The 3.125% euro bond maturing on September 9, 2020, decreased by 158.1 basis points in the period under review as a result of the reduction in its remaining maturity and was quoted at 106.691% at the end of June 2018.

Market turbulence leads to rising CDS premiums

The premiums for insuring against credit risks (credit default swap, CDS) remained largely unchanged at a very low level in January 2018. In parallel with the rising interest rates on the bond market and the turbulence on the stock markets, the CDS premiums for corporate bonds also increased over the remainder of the first half of the year. The Markit iTraxx Europe rose by around 30 basis points to 74.232 basis points on June 30, 2018 (December 31, 2017: 44.776 basis points).

The five-year CDS premium for Continental fell from 32.563 basis points at the end of 2017 to below 30 basis points briefly at the end of January 2018, reaching a level last seen 13 years ago in the first quarter of 2005. Over the remainder of the reporting period, it rose in line with its reference index Markit iTraxx Europe. At the end of the first half of 2018, it was at 63.788 basis points, around 31 basis points up on the end of 2017. The spread in relation to its reference index, the Markit iTraxx Europe, amounted to -10.444 basis points as at June 30, 2018 (-12.213 basis points as at December 31, 2017).

Continental's credit rating unchanged

The three major rating agencies each maintained their credit ratings for Continental AG during the first half of 2018.

June 30, 2018	Rating	Outlook
Standard & Poor's[1]	BBB+	stable
Fitch[2]	BBB+	stable
Moody's[3]	Baa1	stable

December 31, 2017	Rating	Outlook
Standard & Poor's[1]	BBB+	stable
Fitch[2]	BBB+	stable
Moody's[3]	Baa1	stable

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

Continental Investor Relations online

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

In addition, updates about Continental are also available on Twitter at @Continental_IR.

Key Figures for the Continental Corporation

Due to the application of the modified retrospective approach during the first-time adoption of IFRS 9, *Financial Instruments*, and IFRS 15, *Revenue from Contracts with Customers*, as at January 1, 2018, all the following figures from comparative periods are shown unadjusted.

	January 1 to June 30		Second Quarter	
€ millions	**2018**	2017	**2018**	2017
Sales	22,386.5	22,032.9	11,373.8	11,033.0
EBITDA	3,212.4	3,290.9	1,657.4	1,652.4
in % of sales	14.3	14.9	14.6	15.0
EBIT	2,138.2	2,267.4	1,119.0	1,132.3
in % of sales	9.6	10.3	9.8	10.3
Net income attributable to the shareholders of the parent	1,559.7	1,495.0	822.1	745.4
Basic earnings per share in €	7.80	7.48	4.11	3.73
Diluted earnings per share in €	7.80	7.48	4.11	3.73
Adjusted sales[1]	22,287.3	22,025.9	11,363.9	11,029.2
Adjusted operating result (adjusted EBIT)[2]	2,220.2	2,330.7	1,161.3	1,166.8
in % of adjusted sales	10.0	10.6	10.2	10.6
Free cash flow	122.4	291.8	81.5	158.8
Net indebtedness as at June 30	2,858.1	3,468.6		
Gearing ratio in %	16.8	22.8		
Number of employees as at June 30[3]	243,311	230,527		

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 June 30		Second Quarter	
Automotive Group in € millions	**2018**	2017	**2018**	2017
Sales	13,792.2	13,415.4	6,978.3	6,661.4
EBITDA	1,703.4	1,653.8	855.9	829.4
in % of sales	12.4	12.3	12.3	12.5
EBIT	1,081.3	1,079.5	544.5	537.8
in % of sales	7.8	8.0	7.8	8.1
Depreciation and amortization[1]	622.1	574.3	311.4	291.6
thereof impairment[2]	3.7	2.6	-1.9	1.6
Capital expenditure[3]	706.0	674.0	429.7	386.7
in % of sales	5.1	5.0	6.2	5.8
Operating assets as at June 30	14,132.1	12,789.4		
Number of employees as at June 30[4]	139,293	129,515		
Adjusted sales[5]	13,786.6	13,415.4	6,973.8	6,661.4
Adjusted operating result (adjusted EBIT)[6]	1,123.6	1,110.9	560.9	553.6
in % of adjusted sales	8.1	8.3	8.0	8.3

	January 1 to June 30		Second Quarter	
Rubber Group in € millions	**2018**	2017	**2018**	2017
Sales	8,621.8	8,642.2	4,409.6	4,381.8
EBITDA	1,573.2	1,693.0	831.5	850.4
in % of sales	18.2	19.6	18.9	19.4
EBIT	1,122.5	1,244.5	605.1	622.3
in % of sales	13.0	14.4	13.7	14.2
Depreciation and amortization[1]	450.7	448.5	226.4	228.1
thereof impairment[2]	0.2	–	0.2	–
Capital expenditure[3]	459.3	483.1	279.8	268.1
in % of sales	5.3	5.6	6.3	6.1
Operating assets as at June 30	9,625.0	9,296.6		
Number of employees as at June 30[4]	103,589	100,581		
Adjusted sales[5]	8,528.2	8,635.2	4,404.2	4,378.0
Adjusted operating result (adjusted EBIT)[6]	1,162.2	1,276.4	631.0	641.0
in % of adjusted sales	13.6	14.8	14.3	14.6

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

Continental realigns for the mobility of the future
On July 18, 2018, we announced that Continental would be realigning for the mobility of the future. A holding structure of Continental AG will be created under the new "Continental Group" umbrella brand. It will be supported by the three "group sectors": "Continental Rubber," "Continental Automotive" and "Powertrain." The reporting structure and the new names are to be used starting 2020.

Furthermore, the Chassis & Safety and Interior divisions will be reorganized by the beginning of 2020. They will become two business areas newly named "Autonomous Driving Technologies" and "Vehicle Networking Technologies," with their business results being reported under the new "Continental Automotive" group sector. The two areas will be supported by a newly created central "Automotive Research and Development" function.

The independent organizational structure of the two current divisions Tires ("Tire Technologies" in the future) and ContiTech will remain unchanged. Their business results will be reported in the future "Continental Rubber" group sector.

As part of the realignment, the Powertrain division will be transformed into an independent group of legal entities with a new name at the beginning of 2019. In addition to the combustion engine business, our future "Powertrain" group sector will continue to be in charge of all future business involving hybrid and electric drive systems and all current battery activities. At the same time, we are preparing a partial initial public offering (IPO) for the new Powertrain company, which could take place possibly starting mid-2019. Continental does not, however, plan to relinquish control of the Powertrain business in the medium or long term.

ContiConnect™ as smart solution for the tire management of the future
On May 23, 2018, we launched our new digital tire monitoring platform ContiConnect™. This technology aims to make vehicle fleets safer, more efficient and more intelligent. The platform allows fleet managers to access tire-pressure and temperature data for their entire fleets via a web portal. The data is updated automatically whenever a vehicle drives past the permanently installed on-site measuring station. ContiConnect™ allows fleet managers to switch their previous manual, routine tire maintenance processes to automated, targeted maintenance. The system's proactive warning alert means that any deviations and problems can be identified and resolved immediately, minimizing the inspection and maintenance workload significantly. Selected fleets have already tested our ContiConnect™ successfully.

Collaboration for road safety with connectivity
In June 2018, Vodafone and Continental started an innovation-driven partnership to improve safety on German roads with smart vehicle connectivity. Innovations developed in this collaboration aim to protect all road users every day. At Vodafone's 5G Mobility Lab, the partners are working on application scenarios of vehicle-to-x connectivity and Mobile Edge Computing. The focus is on a digital shield for pedestrians and cyclists, as well as a connected traffic-jam warning system. At the 5G Mobility Lab in Aldenhoven, Germany, the two partners are testing out new functions that will benefit drivers, pedestrians and cyclists in the future.

Alliance for in-vehicle networking technology of the future
On June 26, 2018, Aquantia, Bosch, Continental, NVIDIA and the Volkswagen Group of America, among others, formed the Networking for Autonomous Vehicles (NAV) Alliance. The alliance is designed as a platform for the automotive industry where it can develop pioneering in-vehicle networking infrastructures for autonomous and connected vehicles as well as drive forward the use of technologies and products for vehicle connectivity. Powerful communication systems are a prerequisite for automotive connectivity and autonomous driving. These must be in a position to transmit large volumes of data at ultra-high speeds between an increasing number of sensors, cameras and control units. With the formation of the NAV Alliance, the companies are driving forward the development of automotive Multi-Gig Ethernet technology. In doing so, they are creating an environment for the automotive connectivity of the future.

Artificial intelligence (AI) for vehicle systems
A basic requirement for sophisticated advanced driver assistance functions and automated driving is a detailed understanding and precise assessment of the entire traffic situation. To allow automated vehicles to assume control from drivers, vehicles must develop an understanding of the imminent actions of all road users, so that they can always make the right decision in the appropriate traffic situation. This task is performed by training algorithms using deep-machine-learning methods. At the beginning of June 2018, we presented a computer vision platform that uses AI, neural networks and machine learning to improve already advanced sensor technologies even further. Continental's fifth generation of its multi-function camera, which will go into production in 2020, will use neural networks alongside traditional computer vision processes, which can be scaled depending on the hardware available. Intelligent algorithms refine the understanding of scenarios for intention and gesture classification of pedestrians.

Young talent for the future of mobility
Early in July 2018 the first cohort of automotive software technicians successfully completed their apprenticeship. Continental created this training opportunity in 2015 to meet the growing need for software experts as soon as possible. The subject areas studied include analyzing and developing sophisticated program structures for the vehicles and mobility services of the future. In addition to software development, the curriculum includes quality assurance for software and programming of test equipment. The majority of the participants in the three-year training program will be taken on after graduation. The training program for automotive software technicians is aimed specifically at people who did not complete their college or university education. Young, talented people who are enthusiastic about IT are thus given an opportunity to work in the field of software with a professional qualification, even without a degree.

Economic Report

Macroeconomic development

The gross domestic product (GDP) of Germany grew by 0.3% – less than expected – in the first quarter of 2018 compared to the fourth quarter of 2017 and by 2.0% compared to the same period of the previous year. There was particularly significant growth in private investment, while consumer and public spending only increased to a small extent. Economists currently expect growth to accelerate somewhat in the second quarter. However, initial sentiment indicators already point to a slight slowdown in the second half of the year. In particular, the impending trade conflict with the U.S.A. is increasingly having a negative impact on companies' expectations for the future economic situation. In its World Economic Outlook Update in July, the International Monetary Fund (IMF) lowered its estimate for economic growth in Germany by 0.3 percentage points and is now forecasting GDP growth of 2.2% for 2018.

In the eurozone, growth in the first quarter of 2018 was slightly lower than expected. GDP grew by 0.4% in relation to the previous quarter and by 2.5% in relation to the first quarter of 2017. In the second quarter and the second half of 2018, experts currently expect the situation in the eurozone to remain stable. Economic development was boosted further by the monetary policy of the European Central Bank (ECB), which continued to adhere to its expansionary measures in the reporting period despite the rise in inflation. However, in June it decided to allow its bond-buying program to expire at the end of 2018. In July, the IMF lowered its estimate for GDP growth in the eurozone in 2018 from 2.3% to 2.2%.

In the first quarter of 2018, the U.S. economy grew by 2.0% compared to the fourth quarter of 2017 and by 2.8% compared to the first quarter of 2017. Growth was driven primarily by increasing private investment as a result of the corporate tax cut in the previous year. By contrast, consumer spending and government spending increased to a much lesser extent. Foreign trade picked up substantially in the first three months of 2018. As a result of the temporary decrease in the exchange rate of the U.S. dollar to the euro and other currencies, exports increased to a greater extent than imports, causing the trade deficit to decrease slightly. In the second quarter and the second half of the year, economists currently expect the economic development to continue. In this context, the U.S. Federal Reserve (Fed) in March increased the key interest rate for the sixth time since the interest-rate reversal at the end of 2015 and then for the seventh time in June. It also raised the prospect of two more increases over the remainder of the year. In July 2018, the IMF confirmed its estimate of 2.9% for GDP growth in the U.S.A. for the current year.

Growth in the Japanese economy slowed year-on-year in the period under review. In the first quarter of 2018, growth came to 1.1% year-on-year, boosted by private investment and the positive foreign trade balance. In the second quarter and the second half of the year, experts expect the low growth to continue. In July, the IMF lowered its GDP forecast for Japan from 1.2% to 1.0% for 2018.

The Chinese economy continued to benefit from a substantial increase in consumer spending in the first half of 2018. After 6.8% for the first quarter of 2018, GDP growth of 6.7% year-on-year was recorded for the second quarter. For 2018 as a whole, the IMF still anticipates growth of 6.6% in July. In India, GDP increased year-on-year by 7.7% in the first quarter of 2018 following the previous year's economic reforms. Growth of over 7% is anticipated for the following quarters, too. In July, the IMF lowered its GDP forecast for India slightly from 7.4% to 7.3% for 2018. For Brazil, it continues to expect an economic recovery this year but has lowered its GDP forecast from 2.3% to 1.8%. For Russia, the IMF maintained its GDP forecast in July, anticipating growth of 1.7% for 2018. In its July forecast, the IMF still expects emerging and developing economies to grow by 4.9% overall.

For the global economy, growth of 3.9% in 2018 was still forecast by the IMF in July. The main driving factors here are the continuing strong growth of Asian countries, particularly China and India, companies' increased investment activity in the U.S.A. and Europe, and the economic recovery in various commodity-exporting countries. The IMF notes that economic growth has probably passed its peak in several economies. In particular, the new import tariffs introduced by the U.S.A. and the retaliatory measures taken by its trading partners could have a negative impact on the future economic development. The IMF sees further risks including higher inflation, which would require many central banks to tighten their expansionary monetary policy to a greater extent than expected. Stricter financing conditions could result in disruptive portfolio adjustments by investors, sharp exchange rate fluctuations, and further declines in cash flows to emerging markets. In view of the growing risks, the IMF advises countries to build up their fiscal reserves and strengthen their financial resilience for an environment of possibly higher market volatility.

Development of new passenger-car registrations

On the basis of preliminary data from the German Association of the Automotive Industry (Verband der Automobilindustrie, VDA), demand for passenger cars in Europe (EU-28 and EFTA) rose by just under 3% year-on-year in the first half of 2018. High demand for replacements with growth rates of over 10% could be seen in Greece, the Netherlands, Sweden, Spain, and several Eastern European countries. New passenger-car registrations increased by 5% in France and by 3% in Germany. In contrast, the United Kingdom saw a 6% decline. Sales volumes were also down slightly year-on-year in Italy, Ireland, Denmark and Czechia.

In the U.S.A., the number of new car registrations rose by 2% to 8.6 million units in the first half of 2018. Demand for light commercial vehicles, especially pickup trucks, rose by 10% year-on-year despite rising fuel prices and lending rates. By contrast, demand for sedans was down 12%.

New registrations/sales of passenger cars

	January 1 to June 30			Second Quarter		
millions of units	**2018**	2017	Change	**2018**	2017	Change
Europe (EU-28 and EFTA)	8.7	8.5	3%	4.4	4.2	5%
U.S.A.	8.6	8.4	2%	4.5	4.4	2%
Japan	2.3	2.3	-2%	1.0	1.0	-2%
Brazil	1.1	1.0	14%	0.6	0.5	13%
Russia	0.8	0.7	18%	0.5	0.4	15%
India	1.7	1.5	13%	0.9	0.7	20%
China	11.5	10.9	6%	5.5	5.2	8%
Worldwide	**47.5**	**45.6**	**4%**	**23.9**	**22.6**	**6%**

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

In Japan, sales volumes of passenger cars in the reporting period were at the average level of the past three years at 2.3 million units. Compared to the previous year, there was a slight decline in demand for passenger cars of 2%.

According to the VDA, demand for passenger cars in China increased by 6% in the first half of 2018 as a result of the good economic situation. Sales volumes of passenger cars here rose by 4% in the first quarter and 8% in the second quarter. The remaining BRIC countries also saw very substantial growth in demand during the reporting period. In Russia and Brazil, demand continued to recover, with increases of 18% and 14%, respectively, compared with the weak equivalent period of the previous year. In India, new car registrations were up 13% in the first half of 2018. Following an increase of 7% in the first quarter, demand here grew by 20% in the second quarter. This was primarily due to the weak comparative basis from the same quarter of the previous year.

According to preliminary data, global new car registrations increased by just under 3% year-on-year in the first quarter of 2018 and by almost 6% in the second quarter. Overall, there was an increase of around 4% in new registrations to 47.5 million units in the first half of 2018.

Development of production of passenger cars and light commercial vehicles

After a modest first quarter, Europe recorded an increase in production of passenger cars and light commercial vehicles weighing less than 6 metric tons in the second quarter, partly due to a higher number of working days. In particular, the plants in Portugal, Russia and Spain increased their production. By contrast volumes declined in Italy and Turkey. According to preliminary data, production increased by around 1% overall in the first half of 2018. We continue to anticipate a 2% increase for the year as a whole.

In North America, the decline in production in the second quarter of 2018 continued despite an increase in Mexico. As a result, the production of passenger cars and light commercial vehicles fell by almost 4% in the period under review on the basis of preliminary figures. We still anticipate a 2% decrease for 2018.

In South America, the positive trend in demand and also in production continued. According to preliminary figures, production increased by 10% year-on-year in the reporting period. For 2018 as a whole, we are raising our forecast for production growth from 8% to 10%.

In Asia, the production of passenger cars and light commercial vehicles increased in most countries in the period under review. In the second quarter in particular, China and India recorded high volume growth as a result of increased demand. Preliminary data shows that production in Asia as a whole grew by almost 3% year-on-year in the first half of 2018. For the year as a whole, we are still forecasting a 2% increase.

On the basis of preliminary data, global production of passenger cars and light commercial vehicles increased year-on-year by around 2% in the first half of 2018. For 2018 as a whole, we still anticipate an increase of more than 1%.

Development of production of medium and heavy commercial vehicles

In Europe, the ongoing positive development of the economy led to a rise in the transportation of goods by road. According to preliminary data, production of commercial vehicles weighing more than 6 metric tons increased by 4% compared to the same period of the previous year. The latest data also shows a lower production volume for 2017 than previously expected. For the second half of the year, we anticipate production to be on par with the level in the previous year. For 2018 as a whole, we are maintaining our forecast of a 2% increase in production of medium and heavy commercial vehicles in Europe.

In North America, the significant increase in commercial vehicle production continued in the first half of 2018 thanks to strong economic growth. Commercial-vehicle production grew by 16% year-on-year. In addition, the latest data for North America for the previous year shows a higher production volume than previously estimated. For the year as a whole, we continue to anticipate a 9% increase in production of medium and heavy commercial vehicles in North America.

According to preliminary data, South America recorded a substantial increase in production of commercial vehicles of more than 30% in the first half of 2018 compared to the weak figure from the previous year. This increase was attributable to the continuing economic recovery in Brazil. For the second half of the year, we anticipate production to be on par with the high level of the previous year. Due to the strong development in the period under review, we are raising our forecast for production growth of medium and heavy commercial vehicles in South America from 10% to 15%.

In Asia, production of medium and heavy commercial vehicles remained on par with the prior year level in the period under review, based on the information currently available. In addition, the latest data for Asia shows a higher production volume for 2017 than previously estimated. Due to the development of the first half of 2018, and in view of the high prior-year basis for the second half-year, we currently anticipate commercial-vehicle production in Asia for 2018 on the whole to decrease by 3%, instead of 5% as previously thought.

Global production of medium and heavy commercial vehicles in 2018 is currently expected to remain at about the same level as in the previous year. Previously we anticipated a slight decrease.

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

In Europe – Continental's most important market for replacement tires for passenger cars and light commercial vehicles weighing less than 6 metric tons – preliminary data indicates that sales volumes rose by 3% compared with the previous year. This growth was particularly driven by the strong increase in demand in Russia, France, and Turkey. We continue to expect a 2% increase in sales volumes for the year as a whole.

In North America, sales volumes of replacement tires for passenger cars and light commercial vehicles posted growth at the previous year's level in the first half of 2018. According to preliminary figures, tire sales volumes increased by 1% in the reporting period. For the remainder of the year, we still expect demand for replacement tires to grow in light of the slight rise in the number of miles driven. For the year as a whole, we are still maintaining our forecast of 2% growth.

In South America, preliminary figures indicate that the stabilization of the economic situation in the reporting period led to an increase in demand for replacement tires for passenger cars and light commercial vehicles of around 4%. For 2018 as a whole, we still foresee a 4% increase in replacement tire volumes for passenger cars and light commercial vehicles.

After the very strong growth in the first half of the previous year, Asia recorded only slight growth of 2% in the period under review, according to preliminary data. Owing to the lower comparative basis, we anticipate an increase in demand, particularly in China, in the second half of the year. For 2018 as a whole, we are lowering our forecast for the increase in replacement tire volumes for passenger and light trucks in Asia from 5% to 3% due to the weaker development in the first half of the year.

Global demand for replacement tires for passenger cars and light commercial vehicles rose in the first six months of 2018 to almost 2%. As a result, we now expect growth of 2% for the year as a whole, instead of 3%.

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

According to preliminary data, demand for replacement tires for medium and heavy commercial vehicles in Europe increased by 2% in the period under review. We anticipate the same level of growth for the second half of 2018. For the year as a whole, we still anticipate market growth of 2% for Europe.

In North America, the low comparative basis resulted in a 5% increase in sales volumes of replacement tires for medium and heavy commercial vehicles in the first half of 2018 according to preliminary data. For the year as a whole, we are raising our forecast for the increase in demand from 3% to 4%.

After the very strong start to the year, the growth in demand in South America for replacement tires for medium and heavy commercial vehicles weakened over the course of the reporting period as expected. After 4% growth in the first half of 2018, we now expect a 4% increase in demand for the entire year as well, after 5% previously.

In Asia, sales volumes of replacement tires for medium and heavy commercial vehicles were up more than 1% in the first half of 2018 according to preliminary data. For the year as a whole as well, we now expect demand in Asia to increase by more than 1% instead of 2% as previously thought.

According to preliminary data, there was an increase of around 2% in global demand for replacement tires for medium and heavy commercial vehicles in the period under review. For the year as a whole, we are leaving our forecast unchanged at growth of 2%.

Earnings, Financial and Net Assets Position of the Continental Corporation

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

	January 1 to June 30		Second Quarter	
€ millions	**2018**	2017	**2018**	2017
Sales	22,386.5	22,032.9	11,373.8	11,033.0
EBITDA	3,212.4	3,290.9	1,657.4	1,652.4
in % of sales	14.3	14.9	14.6	15.0
EBIT	2,138.2	2,267.4	1,119.0	1,132.3
in % of sales	9.6	10.3	9.8	10.3
Net income attributable to the shareholders of the parent	1,559.7	1,495.0	822.1	745.4
Basic earnings per share in €	7.80	7.48	4.11	3.73
Diluted earnings per share in €	7.80	7.48	4.11	3.73
Research and development expenses (net)	1,712.9	1,579.4	864.9	798.7
in % of sales	7.7	7.2	7.6	7.2
Depreciation and amortization[1]	1,074.2	1,023.5	538.4	520.1
thereof impairment[2]	3.9	2.6	-1.7	1.6
Capital expenditure[3]	1,174.4	1,158.1	715.0	655.4
in % of sales	5.2	5.3	6.3	5.9
Operating assets as at June 30	23,720.7	22,063.9		
Number of employees as at June 30[4]	243,311	230,527		
Adjusted sales[5]	22,287.3	22,025.9	11,363.9	11,029.2
Adjusted operating result (adjusted EBIT)[6]	2,220.2	2,330.7	1,161.3	1,166.8
in % of adjusted sales	10.0	10.6	10.2	10.6
Net indebtedness as at June 30	2,858.1	3,468.6		
Gearing ratio in %	16.8	22.8		

1 Excluding impairment on financial investments.
2 Impairment also includes necessary reversal of impairment losses.
3 Capital expenditure on property, plant and equipment, and software.
4 Excluding trainees.
5 Before changes in the scope of consolidation.
6 Before amortization of intangible assets from purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

Earnings Position

Sales up 1.6%
Sales up 5.4% before changes in the scope of consolidation and exchange-rate effects
Consolidated sales for the first six months of 2018 climbed by 1.6% year-on-year to €22,386.5 million (PY: €22,032.9 million). Before changes in the scope of consolidation and exchange-rate effects, sales rose by 5.4%.

Adjusted EBIT down 4.7%
Adjusted EBIT for the corporation declined by €110.5 million or 4.7% year-on-year to €2,220.2 million (PY: €2,330.7 million) in the first six months of 2018, corresponding to 10.0% (PY: 10.6%) of adjusted sales.

EBIT down 5.7%
The corporation's EBIT fell by €129.2 million or 5.7% compared to the previous year to €2,138.2 million (PY: €2,267.4 million) in the first six months of 2018. The return on sales fell to 9.6% (PY: 10.3%).

Special effects in the first half of 2018
Impairment on property, plant and equipment resulted in expense of €6.4 million in the Powertrain division.

Moreover, an expense of €0.2 million likewise resulted from impairment on property, plant and equipment in the Interior division.

In connection with restructuring, there was a reversal of impairment losses on property, plant and equipment in the amount of €2.9 million in the Interior division.

In the Interior division, an asset deal resulted in income of €2.9 million.

An impairment loss on property, plant and equipment in connection with restructuring resulted in expense of €0.2 million for the ContiTech division.

Total consolidated expense from special effects in the first six months of 2018 amounted to €1.0 million.

Special effects in the first half of 2017
Impairment on property, plant and equipment resulted in expense of €2.6 million in the Powertrain division.

In addition, the reversal of restructuring provisions no longer required resulted in income totaling €0.2 million in the Powertrain division.

In the Tire division, the disposal of equity interests held as financial assets resulted in income totaling €14.0 million.

In addition, a first-time consolidation resulted in a gain of €0.5 million in the Tire division.

The reversal of a restructuring provision that was no longer required resulted in income of €10.0 million in the Tire division.

The ContiTech division incurred restructuring expenses totaling €0.1 million.

In addition, disposals of companies resulted in income totaling €0.1 million in the ContiTech division.

Total consolidated income from special effects in the first half of 2017 amounted to €22.1 million.

Research and development
In the first six months of 2018, research and development expenses (net) rose by 8.5% compared with the same period of the previous year to €1,712.9 million (PY: €1,579.4 million), representing 7.7% (PY: 7.2%) of sales. €1,486.7 million (PY: €1,369.7 million) of this related to the Automotive Group, corresponding to 10.8% (PY: 10.2%) of sales, and €226.2 million (PY: €209.7 million) to the Rubber Group, corresponding to 2.6% (PY: 2.4%) of sales.

Financial result
The negative financial result decreased by €52.7 million year-on-year to €111.1 million (PY: €163.8 million) in the first half of 2018. This is attributable primarily to the sum of the effects from changes in the fair value of derivative instruments and from currency translation.

Interest income declined by €2.0 million year-on-year to €44.6 million (PY: €46.6 million) in the first half of 2018. Of this, expected income from long-term employee benefits and from pension funds amounted to €28.5 million (PY: €33.1 million). This does not include the interest income from the plan assets of the pension contribution funds.

Interest expense totaled €131.5 million in the first half of 2018 (PY: €140.6 million). At €60.8 million, interest expense resulting from bank borrowings, capital market transactions and other financing instruments was €4.5 million lower than the prior-year figure of €65.3 million. The major portion related to expense of €33.0 million (PY: €37.7 million) from the bonds issued by Continental AG and Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A. The year-on-year decline in this expense is attributable to the repayment of the €750.0 million euro bond from Conti-Gummi Finance B.V., Maastricht, Netherlands, on March 20, 2017. The 3.5-year bond bore interest at a rate of 2.5% p.a. The interest expense from long-term employee benefits totaled €70.7 million (PY: €75.3 million) in the first half of 2018. This does not include the interest expense from the defined benefit obligations of the pension contribution funds.

The effects from currency translation resulted in a negative contribution to earnings of €40.9 million (PY: €106.9 million) in the first six months of 2018. This was countered by effects from changes in the fair value of derivative instruments, and other valuation effects, which resulted in earnings of €16.7 million (PY: €37.1 million). Other valuation effects accounted for €1.7 million of this (PY: €1.1 million). Taking into account the sum of the effects from currency translation and changes in the fair value of derivative instruments, earnings in the first half of 2018 were negatively impacted by €25.9 million (PY: €70.9 million). In the first half of 2018, this was mainly attributable to the development of the Brazilian real in relation to the euro and the U.S. dollar and the development of the euro in relation to the renminbi. In the previous year, by contrast, the effects were primarily attributable to the development of the Mexican peso in relation to the U.S. dollar.

Income tax expense
Income tax expense in the first half of 2018 amounted to €439.8 million (PY: €577.7 million). The tax rate in the reporting period amounted to 21.7% (PY: 27.5%).

Net income attributable to the shareholders of the parent
Net income attributable to the shareholders of the parent increased by 4.3% to €1,559.7 million (PY: €1,495.0 million). After the first six months of 2018, basic earnings per share amounted to €7.80 (PY: €7.48), the same amount as diluted earnings per share.

Financial Position

Reconciliation of cash flow

EBIT for the first six months of 2018 declined by €129.2 million year-on-year to €2,138.2 million (PY: €2,267.4 million).

Interest payments resulting largely from bonds decreased by €20.3 million to €41.0 million (PY: €61.3 million).

Income tax payments fell by €147.8 million to €450.1 million (PY: €597.9 million).

At €835.7 million as at June 30, 2018, the net cash outflow arising from the increase in operating working capital was €67.1 million higher than the figure for the previous year of €768.6 million.

At €1,467.5 million as at June 30, 2018, cash provided by operating activities was €237.3 million lower than the previous year's figure of €1,704.8 million.

Cash flow arising from investing activities amounted to an outflow of €1,345.1 million (PY: €1,413.0 million) in the first six months of 2018. Capital expenditure on property, plant and equipment, and software was up €16.3 million from €1,158.1 million to €1,174.4 million before finance leases and the capitalization of borrowing costs. The acquisition and disposal of interests in companies and business operations resulted in a total cash outflow of €174.0 million (PY: €218.7 million).

The free cash flow in the first half of 2018 resulted in an inflow of €122.4 million (PY: €291.8 million), €169.4 million less than in the same period of the previous year.

Financing and indebtedness

At €2,858.1 million as at June 30, 2018, the Continental Corporation's net indebtedness was €610.5 million lower than the previous year's level of €3,468.6 million. Compared to the figure of €2,047.6 million as at December 31, 2017, it had increased by €810.5 million. The gearing ratio improved to 16.8% (PY: 22.8%) as at the end of the first half of 2018.

The syndicated loan comprises a revolving tranche of €3.0 billion. This credit line is available to Continental until April 2021 and had not been utilized at the end of June 2018. In the previous year, Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., had utilized this credit line in the amount of €622.6 million.

As at June 30, 2018, Continental had liquidity reserves totaling €5,799.8 million (PY: €4,921.2 million), consisting of cash and cash equivalents of €2,131.5 million (PY: €1,806.4 million) and committed, unutilized credit lines totaling €3,668.3 million (PY: €3,114.8 million).

The restrictions that may impact the availability of capital are also understood as comprising all existing restrictions on the cash and cash equivalents. In the Continental Corporation, the aforementioned cash and cash equivalents are restricted with regard to pledged amounts and balances in countries with foreign-exchange restrictions or other barriers to accessing liquidity. Taxes to be paid on the transfer of cash assets from one country to another are not usually considered to represent a restriction on cash and cash equivalents. As at June 30, 2018, unrestricted cash and cash equivalents totaled €1,982.3 million (PY: €1,363.3 million).

Reconciliation of net indebtedness

€ millions	June 30, 2018	December 31, 2017	June 30, 2017
Long-term indebtedness	1,460.8	2,017.8	2,762.4
Short-term indebtedness	3,692.9	2,072.2	2,595.6
Long-term derivative instruments and interest-bearing investments	-21.5	-113.3	-42.8
Short-term derivative instruments and interest-bearing investments	-142.6	-47.6	-40.2
Cash and cash equivalents	-2,131.5	-1,881.5	-1,806.4
Net indebtedness	**2,858.1**	**2,047.6**	**3,468.6**

Reconciliation of change in net indebtedness

	January 1 to June 30		Second Quarter	
€ millions	**2018**	2017	**2018**	2017
Net indebtedness at the beginning of the reporting period	**2,047.6**	**2,797.8**	**1,983.8**	**2,767.6**
Cash flow arising from operating activities	1,467.5	1,704.8	833.4	840.5
Cash flow arising from investing activities	-1,345.1	-1,413.0	-751.9	-681.7
Cash flow before financing activities (free cash flow)	**122.4**	**291.8**	**81.5**	**158.8**
Dividends paid	-900.0	-850.0	-900.0	-850.0
Dividends paid to and cash changes from equity transactions with non-controlling interests	-27.5	-26.9	-21.1	-26.5
Non-cash changes	27.9	17.9	15.3	-8.8
Other	-2.5	-150.3	0.6	-0.2
Exchange-rate effects	-30.8	46.7	-50.6	25.7
Change in net indebtedness	**-810.5**	**-670.8**	**-874.3**	**-701.0**
Net indebtedness at the end of the reporting period	**2,858.1**	**3,468.6**	**2,858.1**	**3,468.6**

Capital expenditure (additions)

In the first half of 2018, capital expenditure on property, plant and equipment, and software amounted to €1,174.4 million (PY: €1,158.1 million). The capital expenditure ratio after six months was 5.2% (PY: 5.3%).

A total of €706.0 million (PY: €674.0 million) of this capital expenditure was attributable to the Automotive Group, representing 5.1% (PY: 5.0%) of sales. The Automotive Group invested primarily in production equipment for the manufacture of new products and implementation of new technologies, with manufacturing capacity being expanded in Germany, in China, in the U.S.A. and at European best-cost locations. In the Chassis & Safety division, the production facilities for all business units were expanded. Important additions related to the expansion of manufacturing capacity for electronic brake systems. In the Powertrain division, investments focused on the expansion of manufacturing capacity for the Engine Systems and Sensors & Actuators business units. In the Interior division, production capacity was expanded in particular for the Instrumentation & Driver HMI and Body & Security business units.

The Rubber Group invested €459.3 million (PY: €483.1 million), equivalent to 5.3% (PY: 5.6%) of sales. There were major additions relating to the new plant buildings in Rayong, Thailand, and Clinton, Mississippi, U.S.A. Production capacity was also increased at existing plants in Sumter, South Carolina, U.S.A., and in Hefei, China. Quality assurance and cost-cutting measures were implemented as well. In the ContiTech division, there were major investments relating to the expansion of production capacity for the Mobile Fluid Systems, Benecke-Hornschuch Surface Group, and Power Transmission Group business units. Furthermore, investments were made in all business units to rationalize existing production processes.

Net Assets Position

At €39,379.3 million (PY: €37,276.4 million), total assets as at June 30, 2018, were €2,102.9 million higher than on the same date in the previous year. Goodwill, at €7,019.2 million, was up by €153.3 million compared to the previous year's figure of €6,865.9 million. Other intangible assets decreased by €40.1 million to €1,510.3 million (PY: €1,550.4 million). By contrast, property, plant and equipment rose by €749.7 million to €11,423.9 million (PY: €10,674.2 million). Deferred tax assets were down €230.9 million at €1,531.2 million (PY: €1,762.1 million). Inventories increased by €308.6 million to €4,547.2 million (PY: €4,238.6 million). Trade accounts receivable rose by €433.0 million to €8,359.4 million (PY: €7,926.4 million). Short-term derivative instruments and interest-bearing investments increased by €102.4 million to €142.6 million (PY: €40.2 million). At €2,131.5 million, cash and cash equivalents were up €325.1 million from €1,806.4 million on the same date in the previous year.

Equity including non-controlling interests was up €1,852.9 million at €17,037.6 million as compared to €15,184.7 million as at June 30, 2017. This was primarily due to the increase in retained earnings of €2,180.0 million. Other comprehensive income changed by -€345.3 million to -€2,455.7 million (PY: -€2,110.4 million). The gearing ratio improved from 22.8% to 16.8%. The equity ratio rose to 43.3% (PY: 40.7%).

Total assets, at €39,379.3 million, were up €1,938.8 million compared with December 31, 2017 (PY: €37,440.5 million). In relation to the individual items of the statement of financial position, this is due primarily to the €221.8 million increase in property, plant and equipment to €11,423.9 million (PY: €11,202.1 million), the €419.0 million increase in inventories to €4,547.2 million (PY: €4,128.2 million) and the €690.1 million increase in trade accounts receivable to €8,359.4 million (PY: €7,669.3 million), as well as the €250.0 million increase in cash and cash equivalents to €2,131.5 million (PY: €1,881.5 million).

Equity including non-controlling interests was up €747.3 million at €17,037.6 million as compared to €16,290.3 million at the end of 2017. Equity was reduced by the payment of the dividends in the amount of €900.0 million resolved by the Annual Shareholders' Meeting. The positive net income attributable to the shareholders of the parent resulted in an increase of €1,559.7 million. Other comprehensive income changed by €52.8 million to -€2,455.7 million (PY: -€2,508.5 million). The gearing ratio changed from 12.6% to 16.8%.

Employees

As at the end of the second quarter of 2018, the corporation had 243,311 employees, representing a rise of 7,838 in comparison to the end of 2017. The number of employees in the Automotive Group rose by 5,007 as a result of increased production volumes and expansion of research and development. In the Rubber Group, further expansion of production capacity and sales channels led to an increase of 2,840 employees. Compared with the reporting date for the previous year, the number of employees in the corporation was up by a total of 12,784.

Reconciliation to operating assets as at June 30, 2018

€ millions	Chassis & Safety	Powertrain	Interior	Tires	ContiTech	Other/ consolidation	Continental Corporation
Total assets	**7,633.6**	**5,774.9**	**8,020.7**	**8,859.7**	**4,546.3**	**4,544.1**	**39,379.3**
Cash and cash equivalents	–	–	–	–	–	2,131.5	2,131.5
Short- and long-term derivative instruments, interest-bearing investments	–	–	–	–	–	164.1	164.1
Other financial assets	12.4	49.4	25.9	19.2	5.6	5.4	117.9
Less financial assets	**12.4**	**49.4**	**25.9**	**19.2**	**5.6**	**2,301.0**	**2,413.5**
Less other non-operating assets	**0.0**	**1.6**	**-38.5**	**-0.2**	**5.9**	**487.8**	**456.6**
Deferred tax assets	–	–	–	–	–	1,531.2	1,531.2
Income tax receivables	–	–	–	–	–	175.5	175.5
Less income tax assets	**–**	**–**	**–**	**–**	**–**	**1,706.7**	**1,706.7**
Segment assets	**7,621.2**	**5,723.9**	**8,033.3**	**8,840.7**	**4,534.8**	**48.6**	**34,802.5**
Total liabilities and provisions	**3,904.1**	**2,858.6**	**3,175.6**	**3,305.7**	**1,874.8**	**7,222.9**	**22,341.7**
Short- and long-term indebtedness	–	–	–	–	–	5,153.7	5,153.7
Interest payable and other financial liabilities	–	–	–	–	–	94.8	94.8
Less financial liabilities	**–**	**–**	**–**	**–**	**–**	**5,248.5**	**5,248.5**
Deferred tax liabilities	–	–	–	–	–	354.0	354.0
Income tax payables	–	–	–	–	–	899.9	899.9
Less income tax liabilities	**–**	**–**	**–**	**–**	**–**	**1,253.9**	**1,253.9**
Less other non-operating liabilities	**1,182.2**	**830.6**	**679.2**	**895.3**	**534.7**	**635.5**	**4,757.5**
Segment liabilities	**2,721.9**	**2,028.0**	**2,496.4**	**2,410.4**	**1,340.1**	**85.0**	**11,081.8**
Operating assets	**4,899.3**	**3,695.9**	**5,536.9**	**6,430.3**	**3,194.7**	**-36.4**	**23,720.7**

Reconciliation to operating assets as at June 30, 2017

€ millions	Chassis & Safety	Powertrain	Interior	Tires	ContiTech	Other/ consolidation	Continental Corporation
Total assets	**7,229.3**	**5,322.6**	**7,249.1**	**8,488.5**	**4,502.4**	**4,484.5**	**37,276.4**
Cash and cash equivalents	–	–	–	–	–	1,806.4	1,806.4
Short- and long-term derivative instruments, interest-bearing investments	–	–	–	–	–	83.0	83.0
Other financial assets	12.6	54.0	18.2	19.7	8.0	4.7	117.2
Less financial assets	**12.6**	**54.0**	**18.2**	**19.7**	**8.0**	**1,894.1**	**2,006.6**
Less other non-operating assets	**0.0**	**0.4**	**-43.2**	**-11.6**	**14.2**	**578.9**	**538.7**
Deferred tax assets	–	–	–	–	–	1,762.1	1,762.1
Income tax receivables	–	–	–	–	–	195.5	195.5
Less income tax assets	**–**	**–**	**–**	**–**	**–**	**1,957.6**	**1,957.6**
Segment assets	**7,216.7**	**5,268.2**	**7,274.1**	**8,480.4**	**4,480.2**	**53.9**	**32,773.5**
Total liabilities and provisions	**3,981.5**	**2,774.2**	**2,960.6**	**3,319.2**	**1,790.1**	**7,266.1**	**22,091.7**
Short- and long-term indebtedness	–	–	–	–	–	5,358.0	5,358.0
Interest payable and other financial liabilities	–	–	–	–	–	95.1	95.1
Less financial liabilities	**–**	**–**	**–**	**–**	**–**	**5,453.1**	**5,453.1**
Deferred tax liabilities	–	–	–	–	–	430.9	430.9
Income tax payables	–	–	–	–	–	835.7	835.7
Less income tax liabilities	**–**	**–**	**–**	**–**	**–**	**1,266.6**	**1,266.6**
Less other non-operating liabilities	**1,251.8**	**827.7**	**667.2**	**921.8**	**523.5**	**470.4**	**4,662.4**
Segment liabilities	**2,729.7**	**1,946.5**	**2,293.4**	**2,397.4**	**1,266.6**	**76.0**	**10,709.6**
Operating assets	**4,487.0**	**3,321.7**	**4,980.7**	**6,083.0**	**3,213.6**	**-22.1**	**22,063.9**

Development of the Divisions

Chassis & Safety in € millions	January 1 to June 30		Second Quarter	
	2018	2017	**2018**	2017
Sales	4,966.4	4,935.2	2,455.2	2,437.8
EBITDA	681.4	663.8	324.6	326.9
in % of sales	13.7	13.5	13.2	13.4
EBIT	471.1	466.3	218.2	227.4
in % of sales	9.5	9.4	8.9	9.3
Depreciation and amortization[1]	210.3	197.5	106.4	99.5
thereof impairment[2]	–	–	–	–
Capital expenditure[3]	263.5	239.1	169.6	138.3
in % of sales	5.3	4.8	6.9	5.7
Operating assets as at June 30	4,899.3	4,487.0		
Number of employees as at June 30[4]	48,750	45,462		
Adjusted sales[5]	4,966.4	4,935.2	2,455.2	2,437.8
Adjusted operating result (adjusted EBIT)[6]	471.1	466.3	218.2	227.4
in % of adjusted sales	9.5	9.4	8.9	9.3

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 six months of 2018 increased by 4% year-on-year. In the Hydraulic Brake Systems business unit, sales figures for brake boosters were up 5% compared to the previous year. Sales of brake calipers with integrated electric parking brakes increased by 23% year-on-year, more than compensating for the decline in sales figures for conventional brake calipers, which decreased by 8% year-on-year. In the Passive Safety & Sensorics business unit, the sales volume of air-bag control units rose by 6% year-on-year. Unit sales of advanced driver assistance systems were up 36%.

Sales up 0.6%
Sales up 5.0% before changes in the scope of consolidation and exchange-rate effects

Sales of the Chassis & Safety division were up 0.6% at €4,966.4 million (PY: €4,935.2 million) in the first six months of 2018 compared with the same period of the previous year. Before changes in the scope of consolidation and exchange-rate effects, sales rose by 5.0%.

Adjusted EBIT up 1.0%

Adjusted EBIT for the Chassis & Safety division increased by €4.8 million or 1.0% year-on-year to €471.1 million (PY: €466.3 million) during the first six months of 2018, corresponding to 9.5% (PY: 9.4%) of adjusted sales.

EBIT up 1.0%

Compared with the same period of the previous year, the Chassis & Safety division reported an increase in EBIT of €4.8 million or 1.0% to €471.1 million (PY: €466.3 million) in the first six months of 2018. The return on sales rose to 9.5% (PY: 9.4%).

Special effects

There were no special effects in the Chassis & Safety division in either the first half of 2018 or the same period of the previous year.

Powertrain in € millions	January 1 to June 30		Second Quarter	
	2018	2017	**2018**	2017
Sales	3,970.8	3,950.3	2,025.2	1,947.2
EBITDA	426.5	428.3	219.2	214.4
in % of sales	10.7	10.8	10.8	11.0
EBIT	210.1	231.2	110.7	114.1
in % of sales	5.3	5.9	5.5	5.9
Depreciation and amortization[1]	216.4	197.1	108.5	100.3
thereof impairment[2]	6.4	2.6	1.0	1.6
Capital expenditure[3]	253.2	244.8	152.1	146.0
in % of sales	6.4	6.2	7.5	7.5
Operating assets as at June 30	3,695.9	3,321.7		
Number of employees as at June 30[4]	42,608	39,538		
Adjusted sales[5]	3,970.8	3,950.3	2,025.2	1,947.2
Adjusted operating result (adjusted EBIT)[6]	222.4	239.6	114.7	118.5
in % of adjusted sales	5.6	6.1	5.7	6.1

1 Excluding impairment on financial investments.
2 Impairment also includes necessary reversal of impairment losses.
3 Capital expenditure on property, plant and equipment, and software.
4 Excluding trainees.
5 Before changes in the scope of consolidation.
6 Before amortization of intangible assets from purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

Powertrain

Sales volumes

In the Engine Systems business unit, sales volumes of engine control units, injectors, pumps and turbochargers increased in the first six months of 2018. The Sensors & Actuators business unit is continuing to record growth. Emissions legislation has resulted in rising sales of exhaust-gas sensors in particular. The Hybrid Electric Vehicle business unit started to deliver 48-volt drive systems. The sales volume of power electronics and on-board power supply systems was up year-on-year, whereas that of battery systems was down slightly year-on-year. Sales figures of the Transmission business unit were up slightly year-on-year in the first six months of 2018. Sales volumes in the Fuel & Exhaust Management business unit increased in comparison to the previous year.

Sales up 0.5%
Sales up 4.1% before changes in the scope of consolidation and exchange-rate effects

Sales of the Powertrain division were up 0.5% at €3,970.8 million (PY: €3,950.3 million) in the first six months of 2018 compared with the same period of the previous year. Before changes in the scope of consolidation and exchange-rate effects, sales rose by 4.1%.

Adjusted EBIT down 7.2%

Adjusted EBIT for the Powertrain division fell by €17.2 million or 7.2% year-on-year to €222.4 million (PY: €239.6 million) during the first six months of 2018, corresponding to 5.6% (PY: 6.1%) of adjusted sales.

EBIT down 9.1%

Compared with the same period of the previous year, the Powertrain division reported a decline in EBIT of €21.1 million or 9.1% to €210.1 million (PY: €231.2 million) in the first six months of 2018. The return on sales fell to 5.3% (PY: 5.9%).

Special effects in the first half of 2018

Impairment on property, plant and equipment resulted in expense of €6.4 million in the Powertrain division.

Special effects in the first half of 2017

Impairment on property, plant and equipment resulted in expense of €2.6 million.

In addition, the reversal of restructuring provisions no longer required resulted in income totaling €0.2 million.

For the Powertrain division, the total negative impact from special effects in the first half of 2017 amounted to €2.4 million.

	January 1 to June 30		Second Quarter	
Interior in € millions	**2018**	2017	**2018**	2017
Sales	4,941.0	4,612.3	2,539.3	2,318.4
EBITDA	595.5	561.7	312.1	288.1
in % of sales	12.1	12.2	12.3	12.4
EBIT	400.1	382.0	215.6	196.3
in % of sales	8.1	8.3	8.5	8.5
Depreciation and amortization[1]	195.4	179.7	96.5	91.8
thereof impairment[2]	-2.7	–	-2.9	–
Capital expenditure[3]	189.3	190.1	108.0	102.4
in % of sales	3.8	4.1	4.3	4.4
Operating assets as at June 30	5,536.9	4,980.7		
Number of employees as at June 30[4]	47,935	44,515		
Adjusted sales[5]	4,935.4	4,612.3	2,534.8	2,318.4
Adjusted operating result (adjusted EBIT)[6]	430.1	405.0	228.0	207.7
in % of adjusted sales	8.7	8.8	9.0	9.0

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.

Interior

Sales volumes

Sales volumes in the Body & Security business unit were at the previous year’s level in the first half of 2018. Sales figures in the Infotainment & Connectivity business unit considerably exceeded the previous year’s figure. The growth was posted in the multimedia and connectivity areas. Sales volumes in the Commercial Vehicles & Aftermarket business unit were above the previous year’s level overall. Replacement parts and aftermarket business significantly exceeded the previous year’s figures, while sales in commercial-vehicles business were stable year-on-year. In the Instrumentation & Driver HMI business unit, sales volumes in the first half of 2018 were higher than in the same period of the previous year.

Sales up 7.1%
Sales up 10.4% before changes in the scope of consolidation and exchange-rate effects

Sales of the Interior division were up 7.1% at €4,941.0 million (PY: €4,612.3 million) in the first six months of 2018 compared with the same period of the previous year. Before changes in the scope of consolidation and exchange-rate effects, sales rose by 10.4%.

Adjusted EBIT up 6.2%

Adjusted EBIT for the Interior division increased by €25.1 million or 6.2% year-on-year to €430.1 million (PY: €405.0 million) during the first six months of 2018, corresponding to 8.7% (PY: 8.8%) of adjusted sales.

EBIT up 4.7%

Compared with the same period of the previous year, the Interior division reported an increase in EBIT of €18.1 million or 4.7% to €400.1 million (PY: €382.0 million) in the first six months of 2018. The return on sales fell to 8.1% (PY: 8.3%).

Special effects in the first half of 2018

An expense of €0.2 million resulted from impairment on property, plant and equipment.

In connection with restructuring, there was a reversal of impairment losses on property, plant and equipment in the amount of €2.9 million.

In the Interior division, an asset deal resulted in income of €2.9 million.

For the Interior division, the total positive impact from special effects in the first six months of 2018 amounted to €5.6 million.

Special effects in the first half of 2017

There were no special effects in the Interior division in the first half of 2017.

	January 1 to June 30		Second Quarter	
Tires in € millions	**2018**	2017	**2018**	2017
Sales	5,437.1	5,572.0	2,801.6	2,815.7
EBITDA	1,190.8	1,326.1	645.0	674.8
in % of sales	21.9	23.8	23.0	24.0
EBIT	889.1	1,032.0	493.6	526.9
in % of sales	16.4	18.5	17.6	18.7
Depreciation and amortization[1]	301.7	294.1	151.4	147.9
thereof impairment[2]	–	–	–	–
Capital expenditure[3]	342.2	390.7	212.1	218.5
in % of sales	6.3	7.0	7.6	7.8
Operating assets as at June 30	6,430.3	6,083.0		
Number of employees as at June 30[4]	55,239	54,119		
Adjusted sales[5]	5,432.7	5,572.0	2,798.8	2,815.7
Adjusted operating result (adjusted EBIT)[6]	897.5	1,017.1	497.3	520.7
in % of adjusted sales	16.5	18.3	17.8	18.5

1 Excluding impairment on financial investments.
2 Impairment also includes necessary reversal of impairment losses.
3 Capital expenditure on property, plant and equipment, and software.
4 Excluding trainees.
5 Before changes in the scope of consolidation.
6 Before amortization of intangible assets from purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

Tires

Sales volumes
After the first six months of 2018, sales figures for passenger and light truck tires were down slightly year-on-year, both in original equipment business and in tire replacement business. Sales figures in commercial-vehicle tire business were 2% lower than the high level of the previous year.

Sales down 2.4%
Sales up 2.5% before changes in the scope of consolidation and exchange-rate effects
Sales of the Tire division were down 2.4% at €5,437.1 million (PY: €5,572.0 million) in the first six months of 2018 compared with the same period of the previous year. Before changes in the scope of consolidation and exchange-rate effects, sales rose by 2.5%.

Adjusted EBIT down 11.8%
Adjusted EBIT for the Tire division decreased by €119.6 million or 11.8% year-on-year to €897.5 million (PY: €1,017.1 million) during the first six months of 2018, corresponding to 16.5% (PY: 18.3%) of adjusted sales.

EBIT down 13.8%
Compared with the same period of the previous year, the Tire division reported a decline in EBIT of €142.9 million or 13.8% to €889.1 million (PY: €1,032.0 million) in the first six months of 2018. The return on sales fell to 16.4% (PY: 18.5%).

Special effects in the first half of 2018
There were no special effects in the Tire division in the first half of 2018.

Special effects in the first half of 2017
The disposal of equity interests held as financial assets resulted in income totaling €14.0 million.

In addition, a first-time consolidation resulted in a gain of €0.5 million.

The reversal of a restructuring provision that was no longer required resulted in income of €10.0 million.

For the Tire division, the total positive impact from special effects in the first half of 2017 amounted to €24.5 million.

	January 1 to June 30		Second Quarter	
ContiTech in € millions	**2018**	2017	**2018**	2017
Sales	3,231.6	3,108.9	1,629.9	1,587.5
EBITDA	382.4	366.9	186.5	175.6
in % of sales	11.8	11.8	11.4	11.1
EBIT	233.4	212.5	111.5	95.4
in % of sales	7.2	6.8	6.8	6.0
Depreciation and amortization[1]	149.0	154.4	75.0	80.2
thereof impairment[2]	0.2	–	0.2	–
Capital expenditure[3]	117.1	92.4	67.7	49.6
in % of sales	3.6	3.0	4.2	3.1
Operating assets as at June 30	3,194.7	3,213.6		
Number of employees as at June 30[4]	48,350	46,462		
Adjusted sales[5]	3,142.4	3,101.9	1,627.3	1,583.7
Adjusted operating result (adjusted EBIT)[6]	264.7	259.3	133.7	120.3
in % of adjusted sales	8.4	8.4	8.2	7.6

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 3.9%
Sales up 5.9% before changes in the scope of consolidation and exchange-rate effects

Sales of the ContiTech division were up 3.9% at €3,231.6 million (PY: €3,108.9 million) in the first six months of 2018 compared with the same period of the previous year. Before changes in the scope of consolidation and exchange-rate effects, sales rose by 5.9%. The Industrial Fluid Solutions and Conveyor Belt Group business units posted significant year-on-year sales increases. In addition, sales in the Air Spring Systems and Benecke-Hornschuch Surface Group business units were also higher than in the previous year. The Power Transmission Group, Vibration Control and Mobile Fluid Systems business units also exceeded the comparative basis from the previous year.

Adjusted EBIT up 2.1%

Adjusted EBIT for the ContiTech division increased by €5.4 million or 2.1% year-on-year to €264.7 million (PY: €259.3 million) during the first six months of 2018, corresponding to 8.4% (PY: 8.4%) of adjusted sales.

EBIT up 9.8%

Compared with the same period of the previous year, the ContiTech division reported an increase in EBIT of €20.9 million or 9.8% to €233.4 million (PY: €212.5 million) in the first six months of 2018. The return on sales climbed to 7.2% (PY: 6.8%).

Special effects in the first half of 2018

An impairment loss on property, plant and equipment in connection with restructuring resulted in expense of €0.2 million for the ContiTech division.

Special effects in the first half of 2017

Restructuring expenses resulted in a negative special effect totaling €0.1 million.

In addition, disposals of companies resulted in income totaling €0.1 million.

For the ContiTech division, the total negative impact from special effects in the first half of 2017 amounted to €0.0 million.

Report on Risks and Opportunities

Due to the current increase in protectionist tendencies around the world, Continental sees itself at risk from additional or higher tariffs on automobiles and on the products, components and raw materials it supplies or purchases. These tariffs could lead to a decrease in the sales of vehicles, causing demand for Continental's products to drop and costs to increase.

Apart from that, 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 2017 Annual Report.

Report on Expected Developments and Outlook

As announced on April 18, 2018, exchange-rate and inventory-valuation effects impacted earnings by around €150 million in the first half of 2018. This related mainly to the Tire division.

Due to these effects, the forecast for the Rubber Group's adjusted EBIT margin in 2018 was lowered from around 15% to more than 14% on April 18, 2018. For the corporation, this also resulted in the forecast for the adjusted EBIT margin being lowered from around 10.5% to more than 10%.

On July 18, 2018, Continental announced the realignment of the corporate structure. As part of this reorganization, the Powertrain division will be transformed into an independent group of legal entities by the beginning of 2019. This transformation will lead to estimated operational costs of approximately €350 million. The majority of these costs will be incurred in 2018 and 2019. In addition, this is expected to result in negative tax effects totaling about €100 million, which will be incurred primarily in 2019. This has no effect on the outlook for the Continental Corporation's adjusted EBIT margin for 2018.

In the Interior division, we expect a positive special effect of about €160 million, which is attributable to the founding of OSRAM Continental GmbH.

Owing to the change in U.S. tax laws, it was possible for the corporation to fund most of the plan assets for pensions in the U.S.A. while benefiting from tax breaks. This will result in a one-off outflow of liquidity of about €165 million in 2018, including the associated tax refunds. The pension obligations reported for the corporation will therefore be reduced and the corresponding plans nearly fully funded.

Based on our market assumptions and provided that exchange rates remain constant in comparison to 2017, we still anticipate an increase in the Rubber Group's sales to around €18.5 billion and an adjusted EBIT margin of more than 14%. Under the same conditions, for the Automotive Group we still anticipate sales to increase to approximately €28.5 billion with an adjusted EBIT margin of around 8.5%.

This still results in sales of around €47 billion for the Continental Corporation for 2018, assuming constant exchange rates in comparison to 2017. In the first half of 2018, exchange-rate effects had a negative impact on sales of €932 million. If the current level of exchange rates persists until the end of the year, this could have a negative effect on consolidated sales of more than €1 billion.

For the Rubber Group, every U.S. $10 increase in the average price of crude oil equates to a negative annual gross effect on EBIT of around U.S. $50 million. The average price of North Sea Brent was around U.S. $54 in 2017 and U.S. $71 in the first half of 2018. As a result, we expect costs for carbon black and other chemicals to increase by more than 10% compared to the average prices in 2017. For butadiene, a base material for synthetic rubber, we are increasing our forecast for the average price for the year from U.S. $1.51 per kilogram to U.S. $1.60 per kilogram. The average price for the year for natural rubber is currently expected to be below the previous year's level (2017: U.S. $1.67 per kilogram for TSR 20). We are lowering our forecast from U.S. $1.60 per kilogram to U.S. $1.44 per kilogram. For 2018 on the whole, we anticipate a negative impact of more than €50 million in the Rubber Group due to the price increase for oil and rising prices for synthetic rubber, after we had previously expected effects from raw-material price trends to be nearly balanced for the Rubber Group.

In 2018, we still expect the negative financial result before effects from currency translation, effects from changes in the fair value of derivative instruments, and other valuation effects to be less than €180 million. Owing in part to the tax breaks from the funding of the U.S. pension plans in 2018, the tax rate will be approximately 25% (after previous assumption of under 30%).

Due to these effects (current negative special effects in an amount of €100 million, carve-out costs for Powertrain, and a positive special effect for Interior), we expect negative special effects totaling €50 million for the corporation in 2018. Amortization from purchase price allocations, resulting primarily from the acquisitions of Veyance Technologies (acquired in 2015), Elektrobit Automotive (acquired in 2015), and the Hornschuch Group (acquired in 2017), is still expected to total approximately €180 million and to affect mainly the ContiTech and Interior divisions.

In fiscal 2018, the capital expenditure ratio before financial investments is still forecast to increase to around 7% of sales. Approximately 60% of capital expenditure will be attributable to the Automotive Group and 40% to the Rubber Group. For 2018, we are planning on free cash flow of approximately €2 billion before acquisitions and before the outflow for the funding of the U.S. pension plans.

Consolidated Financial Statements

Due to the application of the modified retrospective approach during the first-time adoption of IFRS 9, *Financial Instruments*, and IFRS 15, *Revenue from Contracts with Customers*, as at January 1, 2018, all the following figures from comparative periods are shown unadjusted.

Consolidated Statement of Income

	January 1 to June 30		Second Quarter	
€ millions	**2018**	2017	**2018**	2017
Sales	**22,386.5**	**22,032.9**	**11,373.8**	**11,033.0**
Cost of sales	-16,656.8	-16,338.3	-8,435.0	-8,203.1
Gross margin on sales	**5,729.7**	**5,694.6**	**2,938.8**	**2,829.9**
Research and development expenses[1]	-2,103.9	-1,579.4	-1,077.4	-798.7
Selling and logistics expenses	-1,235.2	-1,208.9	-627.0	-608.4
Administrative expenses	-574.1	-596.4	-287.0	-298.6
Other income[1]	605.2	231.1	318.3	178.5
Other expenses	-324.6	-309.9	-172.6	-192.9
Income from equity-accounted investees	40.6	36.1	25.5	22.3
Other income from investments	0.5	0.2	0.4	0.2
EBIT	**2,138.2**	**2,267.4**	**1,119.0**	**1,132.3**
Interest income	44.6	46.6	22.6	23.2
Interest expense	-131.5	-140.6	-67.2	-68.4
Effects from currency translation	-40.9	-106.9	-25.4	-36.5
Effects from changes in the fair value of derivative instruments, and other valuation effects	16.7	37.1	7.2	1.5
Financial result	**-111.1**	**-163.8**	**-62.8**	**-80.2**
Earnings before tax	**2,027.1**	**2,103.6**	**1,056.2**	**1,052.1**
Income tax expense	-439.8	-577.7	-220.4	-290.7
Net income	**1,587.3**	**1,525.9**	**835.8**	**761.4**
Non-controlling interests	-27.6	-30.9	-13.7	-16.0
Net income attributable to the shareholders of the parent	1,559.7	1,495.0	822.1	745.4
Basic earnings per share in €	**7.80**	**7.48**	**4.11**	**3.73**
Diluted earnings per share in €	**7.80**	**7.48**	**4.11**	**3.73**

1 Please see the "Revenue from contracts with customers" section regarding the changes in these items resulting from the first-time adoption of new IFRS standards.

Consolidated Statement of Comprehensive Income

	January 1 to June 30		Second Quarter	
€ millions	**2018**	2017	**2018**	2017
Net income	**1,587.3**	**1,525.9**	**835.8**	**761.4**
Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit plans[1]	32.9	144.6	4.6	60.9
Fair value adjustments[1]	41.3	170.0	21.4	53.7
Currency translation[1]	-8.4	22.2	-16.8	20.3
Tax on other comprehensive income	n. a.	-47.6	n. a.	-13.1
Tax on other comprehensive income	-12.0	n. a.	-5.8	n. a.
Items that may be reclassified subsequently to profit or loss				
Currency translation[1]	44.4	-316.4	102.9	-489.0
Difference from currency translation[1]	44.2	-316.4	102.7	-489.0
Reclassification adjustments to profit and loss	0.2	–	0.2	–
Available-for-sale financial assets	n. a.	1.0	n. a.	0.8
Fair value adjustments	n. a.	2.1	n. a.	1.6
Reclassification adjustments to profit and loss	n. a.	-1.1	n. a.	-0.8
Cash flow hedges	-0.1	-2.9	-1.3	0.5
Fair value adjustments	-15.4	34.9	-31.3	31.5
Reclassification adjustments to profit and loss	15.3	-37.8	30.0	-31.0
Tax on other comprehensive income	0.7	-21.2	2.9	-6.4
Other comprehensive income	**65.9**	**-194.9**	**103.3**	**-433.2**
Comprehensive income	**1,653.2**	**1,331.0**	**939.1**	**328.2**
Attributable to non-controlling interests	-34.1	-12.9	-17.8	7.7
Attributable to the shareholders of the parent	1,619.1	1,318.1	921.3	335.9

1 Including non-controlling interests.

Consolidated Statement of Financial Position

Assets in € millions	June 30, 2018	Dec. 31, 2017	June 30, 2017
Goodwill	7,019.2	7,010.1	6,865.9
Other intangible assets	1,510.3	1,607.3	1,550.4
Property, plant and equipment	11,423.9	11,202.1	10,674.2
Investment property	10.4	10.5	10.8
Investments in equity-accounted investees	461.0	414.8	392.9
Other investments	197.2	51.0	44.9
Deferred tax assets	1,531.2	1,517.2	1,762.1
Defined benefit assets	27.0	16.0	36.0
Long-term contract assets	0.0	n. a.	n. a.
Long-term derivative instruments and interest-bearing investments	21.5	113.3	42.8
Long-term other financial assets	85.5	68.8	65.0
Long-term other assets	25.3	27.3	25.3
Non-current assets	**22,312.5**	**22,038.4**	**21,470.3**
Inventories	4,547.2	4,128.2	4,238.6
Trade accounts receivable	8,359.4	7,669.3	7,926.4
Short-term contract assets	72.1	n. a.	n. a.
Short-term other financial assets[1]	348.1	297.0	295.1
Short-term other assets[1]	1,288.4	1,186.8	1,300.9
Income tax receivables	175.5	178.2	195.5
Short-term derivative instruments and interest-bearing investments	142.6	47.6	40.2
Cash and cash equivalents	2,131.5	1,881.5	1,806.4
Assets held for sale	2.0	13.5	3.0
Current assets	**17,066.8**	**15,402.1**	**15,806.1**
Total assets	**39,379.3**	**37,440.5**	**37,276.4**

1 From the 2018 reporting year, the presentation of financial assets is made more transparent by reclassifying deferred costs from the sale of customer tooling from short-term other financial assets to short-term other assets among these items of the statement of financial position. The figures from the comparative periods have been adjusted accordingly.

Equity and liabilities in € millions	**June 30, 2018**	*Dec. 31, 2017*	June 30, 2017
Subscribed capital	512.0	*512.0*	512.0
Capital reserves	4,155.6	*4,155.6*	4,155.6
Retained earnings	14,359.7	*13,669.3*	12,179.7
Other comprehensive income	–2,455.7	*–2,508.5*	–2,110.4
Equity attributable to the shareholders of the parent	**16,571.6**	***15,828.4***	**14,736.9**
Non-controlling interests	466.0	*461.9*	447.8
Total equity	**17,037.6**	***16,290.3***	**15,184.7**
Long-term employee benefits	4,451.2	*4,394.1*	4,327.4
Deferred tax liabilities	354.0	*348.5*	430.9
Long-term provisions for other risks and obligations	163.9	*139.6*	189.3
Long-term indebtedness	1,460.8	*2,017.8*	2,762.4
Long-term other financial liabilities	35.3	*36.1*	40.5
Long-term contract liabilities	15.0	*n. a.*	n. a.
Long-term other liabilities	15.1	*25.4*	15.0
Non-current liabilities	**6,495.3**	***6,961.5***	**7,765.5**
Short-term employee benefits	1,364.9	*1,490.6*	1,292.1
Trade accounts payable	6,889.4	*6,798.5*	6,608.6
Short-term contract liabilities	1,081.5	*n. a.*	n. a.
Income tax payables	899.9	*889.7*	835.7
Short-term provisions for other risks and obligations	866.3	*943.0*	976.7
Short-term indebtedness	3,692.9	*2,072.2*	2,595.6
Short-term other financial liabilities	335.7	*1,276.8*	1,208.3
Short-term other liabilities	715.8	*717.9*	809.2
Current liabilities	**15,846.4**	***14,188.7***	**14,326.2**
Total equity and liabilities	**39,379.3**	***37,440.5***	**37,276.4**

Consolidated Statement of Cash Flows

	January 1 to June 30		Second Quarter	
€ millions	**2018**	2017	**2018**	2017
Net income	**1,587.3**	**1,525.9**	**835.8**	**761.4**
Income tax expense	439.8	577.7	220.4	290.7
Financial result	111.1	163.8	62.8	80.2
EBIT	**2,138.2**	**2,267.4**	**1,119.0**	**1,132.3**
Interest paid	-41.0	-61.3	-12.8	-13.7
Interest received	15.9	13.5	8.3	6.7
Income tax paid	-450.1	-597.9	-259.8	-337.6
Dividends received	15.6	21.0	0.4	10.8
Depreciation, amortization, impairment and reversal of impairment losses	1,074.2	1,023.5	538.4	520.1
Income from equity-accounted investees and other investments, incl. impairment and reversal of impairment losses	-41.1	-36.3	-25.9	-22.5
Gains/losses from the disposal of assets, companies and business operations	-8.9	-23.5	-2.2	-5.4
Changes in				
inventories	-402.5	-505.1	-148.2	-256.5
trade accounts receivable	-518.4	-703.1	22.1	176.4
trade accounts payable	85.2	439.6	114.7	-8.8
employee benefits and other provisions	-154.8	-93.6	-426.9	-432.1
other assets and liabilities	-244.8	-39.4	-93.7	70.8
Cash flow arising from operating activities	**1,467.5**	**1,704.8**	**833.4**	**840.5**
Cash flow from the disposal of property, plant and equipment, and intangible assets	35.8	23.7	10.9	10.3
Capital expenditure on property, plant and equipment, and software	-1,174.4	-1,158.1	-715.0	-655.4
Capital expenditure on intangible assets from development projects and miscellaneous	-32.5	-59.9	-18.8	-29.6
Cash flow from the disposal of companies and business operations	-0.2	20.2	-0.2	1.1
Acquisition of companies and business operations	-173.8	-238.9	-28.8	-8.1
Cash flow arising from investing activities	**-1,345.1**	**-1,413.0**	**-751.9**	**-681.7**
Cash flow before financing activities (free cash flow)	**122.4**	**291.8**	**81.5**	**158.8**
Change in indebtedness	1,064.2	345.6	676.5	707.3
Successive purchases	-2.6	-0.8	0.0	-0.2
Dividends paid	-900.0	-850.0	-900.0	-850.0
Dividends paid to and cash changes from equity transactions with non-controlling interests	-27.5	-26.9	-21.1	-26.5
Cash and cash equivalents arising from first-time consolidation of subsidiaries	0.5	0.6	0.5	–
Cash flow arising from financing activities	**134.6**	**-531.5**	**-244.1**	**-169.4**
Change in cash and cash equivalents	**257.0**	**-239.7**	**-162.6**	**-10.6**
Cash and cash equivalents at the beginning of the reporting period	1,881.5	2,107.0	2,288.6	1,895.7
Effect of exchange-rate changes on cash and cash equivalents	-7.0	-60.9	5.5	-78.7
Cash and cash equivalents at the end of the reporting period	**2,131.5**	**1,806.4**	**2,131.5**	**1,806.4**

Consolidated Statement of Changes in Equity

					Difference from					
€ millions	Subscribed capital[1]	Capital reserves	Retained earnings	Successive purchases[2]	remeasurement of defined benefit plans	currency translation	financial instruments[3]	Subtotal	Non-controlling interests	**Total**
As at January 1, 2017	**512.0**	**4,155.6**	**11,534.7**	**-181.9**	**-1,783.8**	**30.0**	**3.4**	**14,270.0**	**464.8**	**14,734.8**
Net income	–	–	1,495.0	–	–	–	–	1,495.0	30.9	**1,525.9**
Comprehensive income	–	–	–	–	144.4	-318.6	-2.7	-176.9	-18.0	**-194.9**
Net profit for the period	**–**	**–**	**1,495.0**	**–**	**144.4**	**-318.6**	**-2.7**	**1,318.1**	**12.9**	**1,331.0**
Dividends paid/resolved	–	–	-850.0	–	–	–	–	-850.0	-30.9	**-880.9**
Successive purchases	–	–	–	-1.2	–	–	–	-1.2	0.5	**-0.7**
Other changes[4]	–	–	–	–	–	–	–	–	0.5	**0.5**
As at June 30, 2017	**512.0**	**4,155.6**	**12,179.7**	**-183.1**	**-1,639.4**	**-288.6**	**0.7**	**14,736.9**	**447.8**	**15,184.7**
As at January 1, 2018	**512.0**	**4,155.6**	**13,669.3**	**-183.3**	**-1,720.7**	**-610.2**	**5.7**	**15,828.4**	**461.9**	**16,290.3**
Effects of the first-time adoption of new standards (IFRS 9/15)[5]	–	–	30.8	–	–	–	-3.4	27.4	-0.1	**27.3**
Adjusted as at Jan. 1, 2018	**512.0**	**4,155.6**	**13,700.1**	**-183.3**	**-1,720.7**	**-610.2**	**2.3**	**15,855.8**	**461.8**	**16,317.6**
Net income	–	–	1,559.7	–	–	–	–	1,559.7	27.6	**1,587.3**
Comprehensive income	–	–	-0.1	–	20.9	39.7	-1.1	59.4	6.5	**65.9**
Net profit for the period	**–**	**–**	**1,559.6**	**–**	**20.9**	**39.7**	**-1.1**	**1,619.1**	**34.1**	**1,653.2**
Dividends paid/resolved	–	–	-900.0	–	–	–	–	-900.0	-29.8	**-929.8**
Successive purchases	–	–	–	-1.9	–	–	–	-1.9	-0.1	**-2.0**
Other changes	–	–	–	-1.4	–	–	–	-1.4	–	**-1.4**
As at June 30, 2018	**512.0**	**4,155.6**	**14,359.7**	**-186.6**	**-1,699.8**	**-570.5**	**1.2**	**16,571.6**	**466.0**	**17,037.6**

1 Divided into 200,005,983 shares outstanding.
2 Includes an amount of -€1.6 million (PY: -€0.5 million) from successive purchases of shares in fully consolidated companies, an amount of €0.0 million in the previous year from a subsequent purchase price adjustment, and an amount of -€1.4 million (PY: —) relating to effects from the first-time consolidation of previously non-consolidated subsidiaries. The reporting period also includes the change in value of a put option of -€0.3 million (PY: -€0.7 million) for the acquisition of remaining shares in a fully consolidated company.
3 The change in the difference arising from financial instruments, including deferred taxes, was due mainly to changes in the fair values of the cash flow hedges of -€1.1 million (PY: -€3.5 million) for interest and currency hedging and in the previous year to available-for-sale financial assets of €0.8 million.
4 Other changes in non-controlling interests due to changes in the scope of consolidation and capital increases.
5 Please see our comments in the "Revenue from contracts with customers" and "Financial instruments" sections.

Explanatory Notes to the Consolidated Financial Statements

Segment report for the period from January 1 to June 30, 2018

€ millions	Chassis & Safety	Powertrain	Interior	Tires	ContiTech	Other/ consolidation	Continental Corporation
External sales	4,951.5	3,905.8	4,925.1	5,420.0	3,184.1	–	22,386.5
Intercompany sales	14.9	65.0	15.9	17.1	47.5	-160.4	–
Sales (total)	**4,966.4**	**3,970.8**	**4,941.0**	**5,437.1**	**3,231.6**	**-160.4**	**22,386.5**
EBIT (segment result)	471.1	210.1	400.1	889.1	233.4	-65.6	2,138.2
in % of sales	9.5	5.3	8.1	16.4	7.2	–	9.6
Depreciation and amortization[1]	210.3	216.4	195.4	301.7	149.0	1.4	1,074.2
thereof impairment[2]	–	6.4	-2.7	–	0.2	–	3.9
Capital expenditure[3]	263.5	253.2	189.3	342.2	117.1	9.1	1,174.4
in % of sales	5.3	6.4	3.8	6.3	3.6	–	5.2
Operating assets as at June 30	4,899.3	3,695.9	5,536.9	6,430.3	3,194.7	-36.4	23,720.7
Number of employees as at June 30[4]	48,750	42,608	47,935	55,239	48,350	429	243,311
Adjusted sales[5]	4,966.4	3,970.8	4,935.4	5,432.7	3,142.4	-160.4	22,287.3
Adjusted operating result (adjusted EBIT)[6]	471.1	222.4	430.1	897.5	264.7	-65.6	2,220.2
in % of adjusted sales	9.5	5.6	8.7	16.5	8.4	–	10.0

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.

Segment report for the period from January 1 to June 30, 2017

€ millions	Chassis & Safety	Powertrain	Interior	Tires	ContiTech	Other/ consolidation	Continental Corporation
External sales	4,919.1	3,889.9	4,600.2	5,561.7	3,062.0	–	22,032.9
Intercompany sales	16.1	60.4	12.1	10.3	46.9	-145.8	–
Sales (total)	**4,935.2**	**3,950.3**	**4,612.3**	**5,572.0**	**3,108.9**	**-145.8**	**22,032.9**
EBIT (segment result)	466.3	231.2	382.0	1,032.0	212.5	-56.6	2,267.4
in % of sales	9.4	5.9	8.3	18.5	6.8	–	10.3
Depreciation and amortization[1]	197.5	197.1	179.7	294.1	154.4	0.7	1,023.5
thereof impairment[2]	–	2.6	–	–	–	–	2.6
Capital expenditure[3]	239.1	244.8	190.1	390.7	92.4	1.0	1,158.1
in % of sales	4.8	6.2	4.1	7.0	3.0	–	5.3
Operating assets as at June 30	4,487.0	3,321.7	4,980.7	6,083.0	3,213.6	-22.1	22,063.9
Number of employees as at June 30[4]	45,462	39,538	44,515	54,119	46,462	431	230,527
Adjusted sales[5]	4,935.2	3,950.3	4,612.3	5,572.0	3,101.9	-145.8	22,025.9
Adjusted operating result (adjusted EBIT)[6]	466.3	239.6	405.0	1,017.1	259.3	-56.6	2,330.7
in % of adjusted sales	9.4	6.1	8.8	18.3	8.4	–	10.6

1 Excluding impairment on financial investments.
2 Impairment also includes necessary reversal of impairment losses.
3 Capital expenditure on property, plant and equipment, and software.
4 Excluding trainees.
5 Before changes in the scope of consolidation.
6 Before amortization of intangible assets from purchase price allocation (PPA), changes in the scope of consolidation, and special effects.

Reconciliation of sales to adjusted sales and of EBITDA to adjusted operating result (adjusted EBIT) from January 1 to June 30, 2018

€ millions	Chassis & Safety	Powertrain	Interior	Tires	ContiTech	Other/ consolidation	Continental Corporation
Sales	**4,966.4**	**3,970.8**	**4,941.0**	**5,437.1**	**3,231.6**	**-160.4**	**22,386.5**
Changes in the scope of consolidation[1]	–	–	-5.6	-4.4	-89.2	–	-99.2
Adjusted sales	**4,966.4**	**3,970.8**	**4,935.4**	**5,432.7**	**3,142.4**	**-160.4**	**22,287.3**
EBITDA	**681.4**	**426.5**	**595.5**	**1,190.8**	**382.4**	**-64.2**	**3,212.4**
Depreciation and amortization[2]	-210.3	-216.4	-195.4	-301.7	-149.0	-1.4	-1,074.2
EBIT	**471.1**	**210.1**	**400.1**	**889.1**	**233.4**	**-65.6**	**2,138.2**
Amortization of intangible assets from purchase price allocation (PPA)	0.0	5.9	25.4	8.8	44.8	–	84.9
Changes in the scope of consolidation[1]	–	–	10.2	-0.4	-13.7	–	-3.9
Special effects							
Impairment[3]	–	6.4	0.2	–	–	–	6.6
Restructuring[4]	–	–	-2.9	–	0.2	–	-2.7
Gains and losses from disposals of companies and business operations	–	–	–	–	–	–	–
Other	–	–	-2.9	–	–	–	-2.9
Adjusted operating result (adjusted EBIT)	**471.1**	**222.4**	**430.1**	**897.5**	**264.7**	**-65.6**	**2,220.2**

1 Changes in the scope of consolidation include additions and disposals as part of share and asset deals. Adjustments were made for additions in the reporting year and for disposals in the comparative period of the prior year.
2 Excluding impairment on financial investments.
3 Impairment also includes necessary reversal of impairment losses. This item does not include impairment that arose in connection with a restructuring and impairment on financial investments.
4 This includes an impairment loss of €0.2 million in the ContiTech segment and a reversal of impairment losses of €2.9 million in the Interior segment.

Reconciliation of sales to adjusted sales and of EBITDA to adjusted operating result (adjusted EBIT) from January 1 to June 30, 2017

€ millions	Chassis & Safety	Powertrain	Interior	Tires	ContiTech	Other/ consolidation	Continental Corporation
Sales	**4,935.2**	**3,950.3**	**4,612.3**	**5,572.0**	**3,108.9**	**-145.8**	**22,032.9**
Changes in the scope of consolidation[1]	–	–	–	–	-7.0	–	-7.0
Adjusted sales	**4,935.2**	**3,950.3**	**4,612.3**	**5,572.0**	**3,101.9**	**-145.8**	**22,025.9**
EBITDA	**663.8**	**428.3**	**561.7**	**1,326.1**	**366.9**	**-55.9**	**3,290.9**
Depreciation and amortization[2]	-197.5	-197.1	-179.7	-294.1	-154.4	-0.7	-1,023.5
EBIT	**466.3**	**231.2**	**382.0**	**1,032.0**	**212.5**	**-56.6**	**2,267.4**
Amortization of intangible assets from purchase price allocation (PPA)	0.0	6.0	23.0	9.6	46.9	–	85.5
Changes in the scope of consolidation[1]	–	–	–	–	-0.1	–	-0.1
Special effects							
Impairment[3]	–	2.6	–	–	–	–	2.6
Restructuring	–	-0.2	–	-10.0	0.1	–	-10.1
Gains and losses from disposals of companies and business operations	–	–	–	-14.0	-0.1	–	-14.1
Other	–	–	–	-0.5	–	–	-0.5
Adjusted operating result (adjusted EBIT)	**466.3**	**239.6**	**405.0**	**1,017.1**	**259.3**	**-56.6**	**2,330.7**

1 Changes in the scope of consolidation include additions and disposals as part of share and asset deals. Adjustments were made for additions in the reporting year and for disposals in the comparative period of the prior year.
2 Excluding impairment on financial investments.
3 Impairment also includes necessary reversal of impairment losses. This item does not include impairment that arose in connection with a restructuring and impairment on financial investments.

Reconciliation of EBIT to net income

	January 1 to June 30		Second Quarter	
€ millions	**2018**	2017	**2018**	2017
Chassis & Safety	471.1	466.3	218.2	227.4
Powertrain	210.1	231.2	110.7	114.1
Interior	400.1	382.0	215.6	196.3
Tires	889.1	1,032.0	493.6	526.9
ContiTech	233.4	212.5	111.5	95.4
Other/consolidation	-65.6	-56.6	-30.6	-27.8
EBIT	**2,138.2**	**2,267.4**	**1,119.0**	**1,132.3**
Financial result	-111.1	-163.8	-62.8	-80.2
Earnings before tax	**2,027.1**	**2,103.6**	**1,056.2**	**1,052.1**
Income tax expense	-439.8	-577.7	-220.4	-290.7
Net income	**1,587.3**	**1,525.9**	**835.8**	**761.4**
Non-controlling interests	-27.6	-30.9	-13.7	-16.0
Net income attributable to the shareholders of the parent	**1,559.7**	**1,495.0**	**822.1**	**745.4**

Segment reporting

Given the affinity of certain products, these have been combined as segments. This can mainly be seen in product requirements, market trends, customer groups and distribution channels.

Information on the development of Continental Corporation's five divisions can be found in the Corporate Management Report as at June 30, 2018.

Accounting principles

These interim financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at the end of the reporting period and endorsed by the European Union. These also include the International Accounting Standards (IAS) and the interpretations issued by the International Financial Reporting Standards Interpretations Committee or its predecessor the International Financial Reporting Interpretations Committee (IFRIC) and the former Standing Interpretations Committee (SIC). The interim financial statements were prepared in compliance with IAS 34, *Interim Financial Reporting*. The same accounting policies have been applied in the interim financial statements as in the consolidated financial statements for 2017. These accounting policies are described in detail in the 2017 Annual Report. In addition, the IFRS amendments and new regulations effective as at June 30, 2018, have also been applied in the interim financial statements. A detailed description of these mandatory IFRS amendments and new regulations can be found in the 2017 Annual Report.

The first-time adoption of IFRS 9, *Financial Instruments*, and IFRS 15, *Revenue from Contracts with Customers*, affected the reporting period. The new standards effective in the 2018 fiscal year, IFRS 9 and IFRS 15, are described in detail in the 2017 Annual Report. As explained in the 2017 Annual Report, the corresponding accounting policy choices were made. Expected effects from the interpretation of the standards on the business models in the corporation materialized accordingly. Please see the "Financial instruments" and the "Revenue from contracts with customers" sections for information on the specific effects in the reporting period.

All other IFRS amendments and new regulations effective as at June 30, 2018, had no material effect on the reporting of the Continental Corporation.

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

Although certain elements of the 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 euros. Unless otherwise stated, all amounts are shown in millions of euros. 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 533 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, 413 are fully consolidated and 120 are accounted for using the equity method.

The number of consolidated companies has increased by a total of six since December 31, 2017. Six companies were acquired, eight were founded, and two previously unconsolidated units were included in consolidation for the first time. At the same time, the number of companies consolidated decreased by ten as a result of three mergers and seven liquidations.

Since June 30, 2017, the number of consolidated companies has increased by a total of eleven. The additions to the scope of consolidation essentially resulted from founded companies and acquisitions by the Automotive Group. Companies no longer included in the scope of consolidation are mostly attributable to liquidations and mergers.

Acquisition and disposal of companies and business operations

One asset deal took place in the Tire segment. €2.0 million of the purchase price of €2.2 million was paid in cash. The remaining amount is recorded as a purchase price liability of €0.2 million. The purchase price allocation resulted in intangible assets of €1.8 million. Other than this, there was no material effect on the earnings, financial and net assets position of the Continental Corporation as at June 30, 2018.

One asset deal took place in the Interior segment. The purchase price of €0.0 million was paid in cash. The purchase price allocation resulted in a bargain purchase effect of €2.9 million, which was recognized in profit or loss under other income. Other than this, there was no material effect on the earnings, financial and net assets position of the Continental Corporation as at June 30, 2018.

Revenue from contracts with customers

The first-time adoption of IFRS 15, *Revenue from Contracts with Customers*, resulted in the following effects on the earnings, financial and net assets position:

- Due to the application of the modified retrospective approach, the cumulative effect of the first-time adoption of IFRS 15 in the amount of €30.3 million before taxes (€21.9 million after taxes) was recognized as an increase in the opening carrying amount of retained earnings as of the date of the first-time adoption. The values of comparative periods are based on the accounting principles of IAS 18, *Revenue*, and IAS 11, *Construction Contracts*, and are shown unadjusted.

If IFRS 15 had not been applied, the application of the former accounting methods would have had the following effects in the current reporting period:

- Net income would have amounted to €1,523.1 million (€1,587.3 million with IFRS 15 applied).

- Sales would have amounted to €22,350.2 million (€22,386.5 million with IFRS 15 applied) and the cost of sales would have come to €16,642.5 million (€16,656.8 million with IFRS 15 applied).

- Research and development expenses (net) amounted to €1,712.9 million. With IFRS 15 applied, research and development expenses amounted to €2,103.9 million. These figures include the capitalization of development costs in inventories in the amount of €68.8 million. By contrast, other income would have totaled €214.2 million (€605.2 million with IFRS 15 applied).

- Income tax expense would have amounted to €413.2 million (€439.8 million with IFRS 15 applied).

- Not taking into account contract assets, trade accounts receivable would have been reported in the amount of €8,368.6 million (€8,359.4 million with IFRS 15 applied) and inventories, not including the capitalization of development costs, would have been reported in the amount of €4,488.3 million (€4,547.2 million with IFRS 15 applied).

- Contract liabilities of €1,096.5 million would have been recognized in the amount of €154.9 million under other liabilities and in the amount of €941.6 million under other financial liabilities. Overall, this would therefore have resulted in other liabilities of €885.8 million (€730.9 million with IFRS 15 applied) and other financial liabilities of €1,312.6 million (€371.0 million with IFRS 15 applied).

- Consolidated equity would have amounted to €16,950.9 million if IFRS 15 had not been applied (€17,037.6 million with IFRS 15 applied).

Revenue from contracts with customers from January 1 to June 30, 2018

€ millions	Chassis & Safety	Powertrain	Interior	Tires	ContiTech	Other/ consolidation	Continental Corporation
Germany	1,049.6	765.3	1,351.6	803.5	733.4	-89.8	4,613.6
Europe excluding Germany	1,141.7	1,120.7	1,358.4	2,281.7	879.8	-31.6	6,750.7
North America	1,115.0	878.7	1,064.2	1,365.8	860.9	-22.2	5,262.4
Asia	1,583.6	1,145.7	1,005.3	630.0	562.7	-13.3	4,914.0
Other countries	76.5	60.4	161.5	356.1	194.8	-3.5	845.8
Sales by region	**4,966.4**	**3,970.8**	**4,941.0**	**5,437.1**	**3,231.6**	**-160.4**	**22,386.5**
Automotive original-equipment business	4,964.8	3,929.2	4,474.7	1,627.2	1,673.4	-124.4	16,544.9
Industrial/replacement business	1.6	41.6	466.3	3,809.9	1,558.2	-36.0	5,841.6
Sales by customer type	**4,966.4**	**3,970.8**	**4,941.0**	**5,437.1**	**3,231.6**	**-160.4**	**22,386.5**

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.

Income tax expense
Income tax expense in the first half of 2018 amounted to €439.8 million (PY: €577.7 million). The tax rate in the reporting period amounted to 21.7% (PY: 27.5%).

Long-term employee benefits
Compared to December 31, 2017, the remeasurement of defined benefit pension plans as at June 30, 2018, led to a €35.9 million increase in other comprehensive income, which resulted from a rise in discount rates. The corresponding increase in equity contrasted with a fall in long-term employee benefits of €47.4 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 United Kingdom, and not for other benefit obligations. These pension funds qualify as plan assets. In the period from January 1 to June 30, 2018, the companies of the Continental Corporation made regular payments totaling €33.4 million (PY: €29.2 million) into these pension funds.

Payments for retirement benefit obligations totaled €102.3 million (PY: €105.5 million) in the period from January 1 to June 30, 2018. Payments for obligations similar to pensions totaled €7.2 million (PY: €7.9 million).

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

	January 1 to June 30, 2018						January 1 to June 30, 2017					
€ millions	**Germany**	**U.S.A.**	**CAN**	**U.K.**	**Other**	**Total**	Germany	U.S.A.	CAN	U.K.	Other	Total
Current service cost	111.6	2.5	0.8	1.2	11.0	**127.1**	111.6	2.7	0.7	1.4	11.8	128.2
Interest on defined benefit obligations	39.3	19.0	1.8	4.7	4.8	**69.6**	39.2	23.8	2.7	5.0	3.5	74.2
Expected return on the plan assets	-11.2	-13.3	-1.5	-4.8	-2.4	**-33.2**	-10.0	-17.0	-2.4	-5.0	-1.3	-35.7
Effect of change of asset ceiling	–	–	–	–	0.1	**0.1**	–	–	0.0	–	0.1	0.1
Other pension income and expenses	–	0.6	0.2	–	-0.1	**0.7**	–	0.6	0.3	–	0.0	0.9
Net pension cost	**139.7**	**8.8**	**1.3**	**1.1**	**13.4**	**164.3**	**140.8**	**10.1**	**1.3**	**1.4**	**14.1**	**167.7**

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

	January 1 to June 30	
€ millions	**2018**	2017
Current service cost	0.7	0.8
Interest on healthcare and life-insurance benefit obligations	3.6	4.3
Net cost of obligations similar to pensions	**4.3**	**5.1**

Indebtedness

Since April 2016, the syndicated loan has consisted only of a revolving tranche of €3.0 billion. This credit line is available to Continental until April 2021 and had not been utilized at the end of June 2018. In the previous year, Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., had utilized this credit line in the amount of €622.6 million.

For more information on indebtedness and the financial result, please refer to the Corporate Management Report as at June 30, 2018.

Financial instruments

The first-time adoption of IFRS 9, *Financial Instruments*, resulted in the following effects on the earnings, financial and net assets position:

- In this context, Continental uses the modified retrospective approach. The cumulative effect of the first-time adoption of IFRS 9 in the amount of €10.9 million before taxes (€8.9 million after taxes) as of the date of first-time adoption was recognized as an increase in the opening carrying amount of retained earnings. The cumulative effect resulted from the following matters:

  - The cumulated gains of €3.4 million (including related deferred tax effects) in other comprehensive income from the previous measurement category “available-for-sale financial assets” were reclassified to retained earnings.

  - In cash and cash equivalents, there was an effect of -€0.1 million from financial instruments which were measured at amortized cost in accordance with IAS 39 and are classified as FVPL (fair value through profit and loss) in accordance with IFRS 9.

  - Impairment on financial instruments decreased by a total of €7.6 million before taxes. This was firstly due to the increase in impairment as a result of the impairment model implemented in accordance with IFRS 9, which takes account of expected losses. Secondly, impairment that had been recognized as at December 31, 2017, on the basis of portfolio valuation allowances using experience-based values in accordance with IAS 39 was derecognized.

The new regulations for hedge accounting in accordance with IFRS 9, which are generally to be applied prospectively, were applied to the cash flow hedges in place as at December 31, 2017, in accordance with IAS 39. The fulfilment of hedge effectiveness conditions as required under IFRS 9 was demonstrated prospectively in this context. Effectiveness is calculated by comparing the present value development of the hedged transactions and the fair value development of the hedging instruments. Ineffectiveness generally results from different recognition of credit risk and of currency basis spreads. There was no accounting effect as at the transition date on January 1, 2018.

Due to the insignificant effects of IFRS 9, adjustments to systems, processes and control workflows are insignificant as well.

As at January 1, 2018, the Continental Corporation classified other investments as measured at FVOCIwoR (fair value through other comprehensive income without reclassification) and classified accordingly, as these investments are held over a long term for strategic purposes. In 2017, other investments were classified as AfS (available for sale).

The values of comparative periods are based on the accounting principles of IAS 39, *Financial Instruments: Recognition and Measurement*, and are shown unadjusted.

Classification of financial assets and financial liabilities at the date of transition to IFRS 9

The table below shows the original measurement categories according to IAS 39 and the new measurement categories according to IFRS 9 for each adjusted class of financial assets and liabilities as at January 1, 2018, in € million.

Classification in acc. with IAS 39	Classification in acc. with IFRS 9	Measurement category in acc. with IAS 39	Carrying amount in acc. with IAS 39	Measurement category in acc. with IFRS 9	Carrying amount in acc. with IFRS 9
Financial assets	**Financial assets**				
Other investments	Other investments	AfS	51.0	FVOCIwoR	51.0
Derivative instruments and interest-bearing investments	Derivative instruments and interest-bearing investments				
Derivative instruments accounted for as effective hedging instruments	Derivative instruments accounted for as effective hedging instruments	n. a.	51.5	n. a.	51.5
Derivative instruments not accounted for as effective hedging instruments	Derivative instruments not accounted for as effective hedging instruments	HfT	18.5	FVPL	18.5
Available-for-sale financial assets	Debt instruments measured at fair value through profit and loss	AfS	37.8	FVPL	37.8
Other receivables with a financing character	Debt instruments measured at amortized cost	LaR	53.1	At cost	53.1
Trade accounts receivable	Trade accounts receivable				
Trade accounts receivable	Trade accounts receivable measured at amortized cost	LaR	7,469.4	At cost	7,473.3
Trade accounts receivable	Bank drafts	LaR	193.2	FVOCIwR	193.2
Trade accounts receivable	Trade accounts receivable measured at fair value through profit and loss	LaR	6.7	FVPL	6.7
Other financial assets[1]	Other financial assets[1]	LaR	365.8	At cost	365.7
Cash and cash equivalents	Cash and cash equivalents				
Cash and cash equivalents	Cash and cash equivalents measured at amortized cost	LaR	1,682.1	At cost	1,618.0
Available-for-sale financial assets	Cash and cash equivalents measured at fair value through profit and loss	AfS	199.4	FVPL	263.6
Financial liabilities	**Financial liabilities**				
Derivative instruments not accounted for as effective hedging instruments	Derivative instruments not accounted for as effective hedging instruments	HfT	16.9	FVPL	16.9

1 Starting from the 2018 reporting year, deferred costs from the sale of customer tooling are no longer included in order to make the presentation of other financial assets more transparent.

Abbreviations

- AfS: available for sale
- At cost: measured at amortized cost
- FVOCIwR: fair value through other comprehensive income with reclassification
- FVOCIwoR: fair value through other comprehensive income without reclassification
- FVPL: fair value through profit and loss
- HfT: held for trading
- LaR: loans and receivables
- OL: other liability, financial liabilities measured at amortized cost
- n. a.: not applicable, not assigned to any measurement category

Levels of the fair value hierarchy according to IFRS 13:

- 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

The tables below show the carrying amounts and fair values of financial assets and liabilities, whereby non-current and current items are presented together. The structure of the table for the previous year, which was in accordance with IAS 39, was adapted to the new format.

€ millions	Measurement category in acc. with IFRS 9	**Carrying amount as at June 30, 2018**	**Fair value as at June 30, 2018**	thereof Level 1	thereof Level 2	thereof Level 3
Other investments	FVOCIwoR	197.2	197.2	–	–	197.2
Derivative instruments and interest-bearing investments						
Derivative instruments accounted for as effective hedging instruments	n. a.	36.9	36.9	–	36.9	–
Derivative instruments not accounted for as effective hedging instruments	FVPL	21.2	21.2	–	21.2	–
Debt instruments	FVPL	36.6	36.6	26.6	10.0	–
Debt instruments	At cost	69.4	69.4	–	–	–
Trade accounts receivable						
Trade accounts receivable	At cost	7,937.3	7,937.3	–	–	–
Bank drafts	FVOCIwR	415.2	415.2	–	415.2	–
Trade accounts receivable	FVPL	6.9	6.9	–	6.9	–
Other financial assets						
Other financial assets	FVPL	0.3	0.3	–	0.3	–
Miscellaneous financial assets[1]	At cost	433.3	433.3	–	–	–
Cash and cash equivalents						
Cash and cash equivalents	At cost	1,870.0	1,870.0	–	–	–
Cash and cash equivalents	FVPL	261.5	261.5	196.5	65.0	–
Financial assets		**11,285.8**	**11,285.8**	**223.1**	**555.5**	**197.2**
Indebtedness						
Derivative instruments not accounted for as effective hedging instruments	FVPL	6.4	6.4	–	6.4	–
Finance lease liabilities	n. a.	14.5	14.5	–	14.5	–
Other indebtedness	OL	5,132.8	5,202.5	2,654.1	288.7	–
Trade accounts payable	OL	6,889.4	6,889.4	–	–	–
Other financial liabilities						
Liabilities to related parties from finance leases	n. a.	7.1	6.8	–	6.8	–
Miscellaneous financial liabilities	OL	363.9	363.8	–	3.3	–
Financial liabilities		**12,414.1**	**12,483.4**	**2,654.1**	**319.7**	**–**
Aggregated according to measurement categories as defined in IFRS 9:						
Financial assets (FVOCIwR)		415.2				
Financial assets (FVOCIwoR)		197.2				
Financial assets (FVPL)		326.5				
Financial assets (At cost)		10,310.0				
Financial liabilities (FVPL)		6.4				
Financial liabilities (OL)		12,386.1				

1 Starting from the 2018 reporting year, deferred costs from the sale of customer tooling are no longer included in order to make the presentation of other financial assets more transparent.

€ millions	Measurement category in acc. with IAS 39	Carrying amount as at Dec. 31, 2017	Fair value as at Dec. 31, 2017	thereof Level 1	thereof Level 2
Other investments	AfS	51.0	51.0	–	–
Derivative instruments and interest-bearing investments					
Derivative instruments accounted for as effective hedging instruments	n. a.	51.5	51.5	–	51.5
Derivative instruments not accounted for as effective hedging instruments	HfT	18.5	18.5	–	18.5
Available-for-sale financial assets	AfS	37.8	37.8	28.3	9.5
Other receivables with a financing character	LaR	53.1	53.1	–	–
Trade accounts receivable	LaR	7,669.3	7,669.3	–	–
Other financial assets[1]	LaR	365.8	365.8	–	–
Cash and cash equivalents					
Cash and cash equivalents	LaR	1,682.1	1,682.1	–	–
Available-for-sale financial assets	AfS	199.4	199.4	199.4	–
Financial assets		**10,128.5**	**10,128.5**	**227.7**	**79.5**
Indebtedness					
Derivative instruments not accounted for as effective hedging instruments	HfT	16.9	16.9	–	16.9
Finance lease liabilities	n. a.	16.4	16.6	–	16.6
Other indebtedness	OL	4,056.7	4,155.3	2,680.6	298.9
Trade accounts payable	OL	6,798.5	6,798.5	–	–
Other financial liabilities					
Liabilities to related parties from finance leases	n. a.	7.3	7.1	–	7.1
Miscellaneous financial liabilities	OL	1,305.6	1,305.5	–	4.9
Financial liabilities		**12,201.4**	**12,299.9**	**2,680.6**	**344.4**
Aggregated according to measurement categories as defined in IAS 39:					
Financial assets held for trading (HfT)		18.5			
Loans and receivables (LaR)		9,770.3			
Available-for-sale financial assets (AfS)		288.2			
Financial liabilities held for trading (HfT)		16.9			
Financial liabilities measured at amortized cost (OL)		12,160.8			

1 Starting from the 2018 reporting year, deferred costs from the sale of customer tooling are no longer included in order to make the presentation of other financial assets more transparent. The figures as at December 31, 2017, have been adjusted accordingly.

For other investments for which there are no quoted prices on the active market for identical instruments (level 1) or for a similar instrument, or for which there is no applicable measurement method in which all major input factors are based on observable market data (level 2), the fair value is calculated with a measurement method for which the major input factors are not based on observable market data (level 3). The measurement is performed according to the measurement method that is deemed appropriate in each case.

Litigation and compensation claims

In the proceedings against Continental Automotive Electronics LLC, Bugan-myeon, South Korea (CAE), as well as other companies in connection with antitrust violations in the instrument cluster business, the Supreme Court of South Korea had rejected the appeal by the Korean Fair Trade Commission (KFTC) on May 31, 2017, meaning that the Seoul High Court's cancellation of the administrative fine imposed on CAE by the KFTC in the amount of KRW 45,992 million (around €35 million) was final. On May 21, 2018, the KFTC adjusted the fine to KRW 32,101 million (around €25 million). This decision is final. Other than this, there were no significant new findings or developments in the reporting period with regard to the litigation and compensation claims described in the 2017 Annual Report.

Contingent liabilities and other financial obligations

As at June 30, 2018, there were no material changes in the contingent liabilities and other financial obligations as described in the 2017 Annual Report.

Appropriation of net income
As at December 31, 2017, Continental AG reported net retained earnings of €1,470.4 million (PY: €1,103.1 million). On April 27, 2018, the Annual Shareholders' Meeting in Hanover resolved to distribute a dividend of €4.50 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 €900,026,923.50. The remaining amount was carried forward to new account.

Earnings per share
Basic earnings per share increased to €7.80 (PY: €7.48) in the first half of 2018 and to €4.11 (PY: €3.73) in the period from April 1 to June 30, 2018. 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, 2017. For further information, please refer to the comments in the 2017 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.

Significant Events after June 30, 2018

OSRAM Continental GmbH founded
Following the successful conclusion of all negotiations and the granting of the required merger control authorizations, OSRAM Continental GmbH, Munich, commenced global operations on July 2, 2018.

OSRAM Continental GmbH is an associate of Continental in which Continental Automotive GmbH, Hanover, and OSRAM GmbH, Munich, each hold a 50% stake. Continental will account for this shareholding using the equity method. OSRAM Continental GmbH will combine Continental's and Osram's expertise in the field of lights, light control, and electronics. At the start of its business activities, OSRAM Continental GmbH has around 1,500 employees at 16 locations worldwide and is aiming for annual sales in the mid hundreds of millions of euros. It is expected that Continental will contribute net assets, including intangible assets, with a preliminary value of about €400 million to OSRAM Continental GmbH. We anticipate a one-off gain, currently estimated at about €200 million, from this contribution.

Plan assets for pensions in the U.S.A.
Owing to the change in U.S. tax laws, it was possible for the corporation to fund most of the plan assets for pensions in the U.S.A. while benefiting from tax breaks. On July 11, 2018, about €209 million was transferred to the corresponding plan assets. The pension obligations reported for the corporation will be reduced accordingly in the third quarter.

3.0% euro bond redeemed
The €750.0 million 3.0% euro bond that matured on July 16, 2018, was redeemed on the due date.

Continental realigns for the mobility of the future
On July 18, 2018, we announced that Continental would be realigning for the mobility of the future. A holding structure of Continental AG will be created under the new "Continental Group" umbrella brand. It will be supported by the three "group sectors": "Continental Rubber," "Continental Automotive" and "Powertrain." The reporting structure and the new names are to be used starting 2020.

Furthermore, the Chassis & Safety and Interior divisions will be reorganized by the beginning of 2020. They will become two business areas newly named "Autonomous Driving Technologies" and "Vehicle Networking Technologies," with their business results being reported under the new "Continental Automotive" group sector. The two areas will be supported by a newly created central "Automotive Research and Development" function.

The independent organizational structure of the two current divisions Tires ("Tire Technologies" in the future) and ContiTech will remain unchanged. Their business results will be reported in the future "Continental Rubber" group sector.

As part of the realignment, the Powertrain division will be transformed into an independent group of legal entities with a new name at the beginning of 2019. In addition to the combustion engine business, our future "Powertrain" group sector will continue to be in charge of all future business involving hybrid and electric drive systems and all current battery activities. At the same time, we are preparing a partial initial public offering (IPO) for the new Powertrain company, which could take place possibly starting mid-2019. Continental does not, however, plan to relinquish control of the Powertrain business in the medium or long term.

Hanover, July 23, 2018

Continental Aktiengesellschaft
The Executive Board

Responsibility Statement by the Company's Legal Representatives

To the best of our knowledge, and in accordance with the applicable accounting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the earnings, financial and net assets of the corporation, and the interim management report of the corporation includes a fair review of the development and performance of the business and the position of the corporation, together with a description of the principal opportunities and risks associated with the expected development of the corporation for the remaining months of the fiscal year.

Hanover, July 23, 2018

Continental Aktiengesellschaft
The Executive Board

Review Report

To Continental Aktiengesellschaft, Hanover

We have reviewed the condensed interim consolidated financial statements of Continental Aktiengesellschaft – comprising the consolidated statement of financial position, consolidated statement of income and comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and explanatory notes to the consolidated financial statements – together with the interim corporate management report of Continental Aktiengesellschaft, Hanover, for the period from January 1 to June 30, 2018, that are part of the semi annual report according to section 115 of the German Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*). The preparation of the condensed interim consolidated financial statements in accordance with the International Accounting Standard IAS 34, *Interim Financial Reporting*, applicable to interim financial reporting as adopted by the EU, and of the interim corporate management report in accordance with the requirements of the *WpHG* applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim corporate management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim corporate management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, *Interim Financial Reporting*, applicable to interim financial reporting as adopted by the EU, and that the interim corporate management report has not been prepared, in material respects, in accordance with the requirements of the *WpHG* applicable to interim corporate management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, *Interim Financial Reporting*, applicable to interim financial reporting as adopted by the EU, or that the interim corporate management report has not been prepared, in material respects, in accordance with the requirements of the *WpHG* applicable to interim corporate management reports.

Hanover, July 31, 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

Ufer	Papenberg
Wirtschaftsprüfer	Wirtschaftsprüfer

Financial Calendar

2018	
Preliminary figures for fiscal 2017	January 9
Annual Financial Press Conference	March 8
Analyst and Investor Conference Call	March 8
Annual Shareholders' Meeting (including key figures for the first quarter of 2018)	April 27
Financial Report as at March 31, 2018	May 8
Half-Year Financial Report as at June 30, 2018	August 2
Financial Report as at September 30, 2018	November 8

2019	
Preliminary figures for fiscal 2018	January
Annual Financial Press Conference	March
Analyst and Investor Conference Call	March
Annual Shareholders' Meeting (including key figures for the first quarter of 2019)	April 26
Financial Report as at March 31, 2019	May
Half-Year Financial Report as at June 30, 2019	August
Financial Report as at September 30, 2019	November

Publication Details

Published by:
Continental Aktiengesellschaft, Hanover, Germany

This Half-Year Financial Report has also been published in German.
The 2017 Annual Report is available in English and German.

Continental AG, Corporate Communications
P.O. Box 1 69, 30001 Hanover, Germany
Phone: +49 511 938-1146
Fax: +49 511 938-1055
E-mail: prkonzern@conti.de

Annual and interim reports are available on the internet at:
www.continental-ir.com

Continental Aktiengesellschaft
P.O. Box 1 69, 30001 Hanover, Germany
Vahrenwalder Strasse 9, 30165 Hanover, Germany
Phone: +49 511 938 - 01, Fax: +49 511 938 - 81770
mailservice@conti.de
www.continental-corporation.com

Continental
The Future in Motion