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Half-Year Financial Report
as at June 30, 2015



Continental Shares and Bonds

Boom followed by consolidation on European stock markets

On January 22, 2015, the announcement of the European Central Bank (ECB) asset purchasing program, which was considerably higher than expected at around €60 billion per month, brought about a boom on eurozone stock markets. The euro had already significantly declined in value against the U.S. dollar and other currencies prior to the announcement and it fell further in the following weeks. The announcement of good company figures for 2014 and rising investor expectations on the development of company profits in 2015 also had a positive effect. Reasons for these developments were improved export opportunities and lower prices for crude oil and other raw materials. The announcement by the U.S. Federal Reserve (Fed) that it is "not impatient" with regard to the interest rate hike, which is set to be implemented this year - meaning that the Fed does not intend to take action early - also received a positive response on the markets. The DAX, in particular, benefited from this environment of low interest rates, a weak euro and inexpensive raw materials. It set one record after another in the first quarter, and exceeded the levels of 11,000 and 12,000 points for the first time. The EURO STOXX 50 also rose substantially in the first quarter of 2015, reaching a new seven-year high. On March 31, 2015, the DAX closed up 22.0% on its level at the beginning of the year, while the EURO STOXX 50 posted an increase of 17.5%. By contrast, the stock market in the U.S.A. was negatively impacted by share price declines among companies in the energy sector, causing the Dow Jones Index to stagnate in the first quarter at the level from the end of 2014.

The DAX's new all-time high of 12,390.75 points during the course of April 10, 2015, marked the peak and also the end of the boom. In the following weeks and months, growing uncertainty due to the escalating debt crisis in Greece led to falling prices, particularly on the European stock markets.

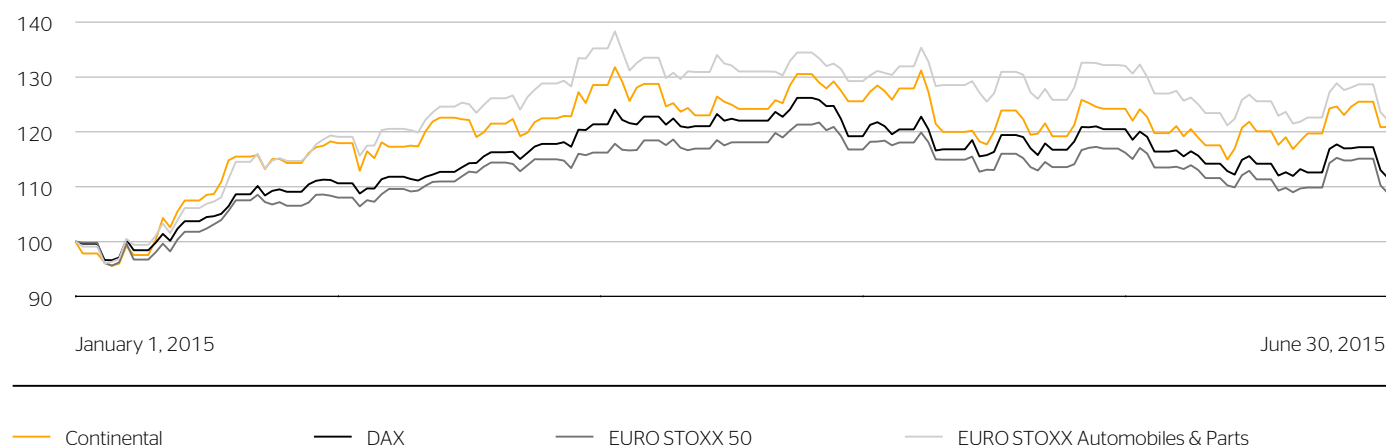
Weaker-than-anticipated economic data for the U.S.A. and China also had a negative impact on the stock markets towards the end of April. In mid-May, positive U.S. labor market data and the ECB's announcement that it would bring forward some of its bond purchases from the summer months to May and June brought about a temporary stabilization. In late May, uncertainty regarding the Greek debt crisis again led to price losses. The protracted negotiations between Greece and its creditors caused the DAX to fall below the level of 11,000 points by mid-June, before fresh hope of an agreement prompted a movement in the opposite direction. On June 30, 2015, after the negotiations between Greece and its creditors had been broken off, the DAX was quoting at 10,944.97 points. It thus fell by 8.5% in the second quarter but still ended the first half of the year with an increase of 11.6%. The EURO STOXX 50 declined by 7.4% to 3,424.30 points in the second quarter and recorded an 8.8% increase for the reporting period as a whole.

Substantial rise in Continental share price

In mid-January 2015, Continental shares benefited from the announcement of preliminary figures for fiscal 2014, climbing above the €200 mark for the first time later in the month. The better-than-expected number of new passenger car registrations in Western Europe in January and February strengthened the positive sentiment for the European automotive sector until mid-March 2015. In particular, the share prices of automotive manufacturers and suppliers from France and Italy posted above-average increases. The Continental share price also increased further in line with the sector, rising above the €220 mark for the first time in mid-February.

The announcement of the preliminary business figures for 2014 at the annual financial press conference on March 5, 2015, and the improvement in the outlook for fiscal 2015 resulted in a further increase in the Continental share price. During the course of March 16, it reached a new all-time high of €234.25.

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



	June 30, 2015	in % vs. December 31, 2014
Continental shares (XETRA price)	212.25	20.9
DAX	10,944.97	11.6
EURO STOXX 50	3,424.30	8.8
EURO STOXX Automobiles & Parts	584.94	22.2

At the end of the first quarter of 2015, Continental shares were quoting at €220.30. Compared to the beginning of the year, they were up 25.5%, outperforming the DAX (22.0%) and the EURO STOXX 50 (17.5%). The EURO STOXX Automobiles & Parts achieved an increase of 32.5% due to the above-average rise in French and Italian equities, thus outperforming Continental by seven percentage points.

In early April 2015, positive figures for new passenger car registrations in Western Europe in March led to rising share prices for automotive companies, before the general market consolidation then also took hold in the automotive sector at the end of April. Slower growth rates for Chinese passenger car business further dampened sentiment during the quarter. By contrast, there was a positive effect from the better-than-expected number of new passenger car registrations in Western Europe and the U.S.A. in April and May. Continental's share price had declined by more than €20 in a weak environment by the beginning of May, before stabilizing at €210 on May 7, 2015, as a result of the publication of Continental AG's good business figures for the first quarter of 2015. Shortly after this, the announcement of the acquisition of Elektrobit Automotive GmbH on May 19, 2015, brought about a rise in the share price to over €220, even though the automotive sector was suffering from increasingly negative news about the development of the Chinese automotive market. Over the remainder of the quarter, the price of Continental shares ranged between €200 and €220 in light of the Greek debt crisis. At the end of the second

quarter of 2015, they were quoting at €212.25, which is 3.7% below their closing price for the first quarter.

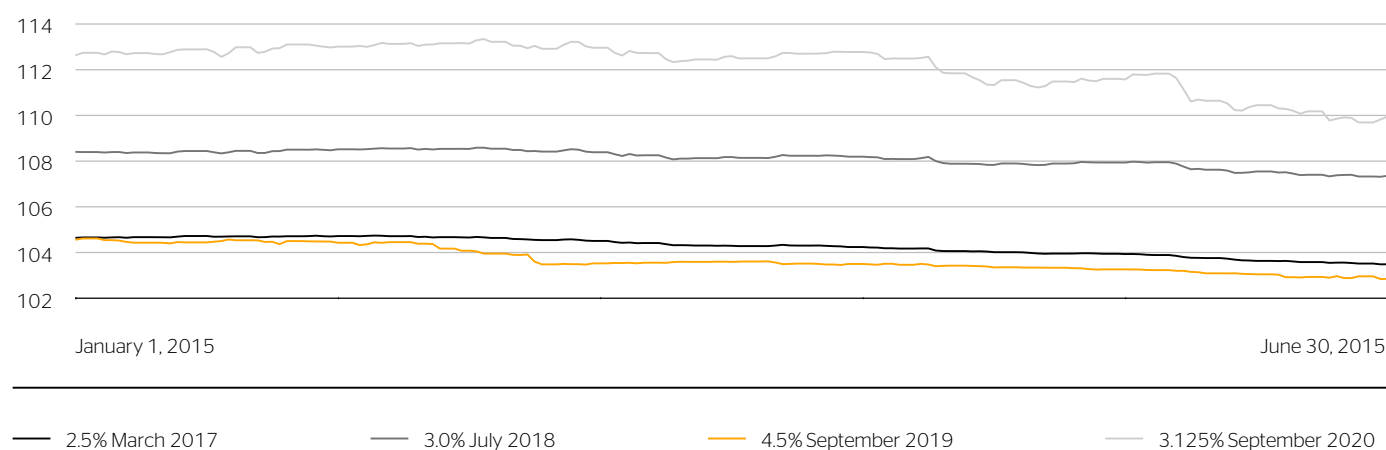
In the first half of 2015, Continental shares marked an increase of 20.9% in comparison to their 2014 closing price. They thus outperformed the DAX (11.6%) as well as the EURO STOXX 50 (8.8%) and only just fell short of the increase recorded by the EURO STOXX Automobiles & Parts (22.2%) at the end of the second quarter. Assuming the dividend distribution of €3.25 had been immediately reinvested, this would have resulted in a total yield from Continental shares of 22.8% for the first half of 2015.

At the start of the third quarter of 2015, the global stock markets were initially negatively impacted by the outcome of the Greek referendum and the related uncertainty as to whether Greece would remain in the eurozone. The significant slump in prices on the Chinese stock market was also unsettling investors. The stabilization of the Chinese stock market and the agreement reached between Greece and its creditors then led to a rapid recovery in share prices in mid-July. As at July 21, 2015, Continental shares were quoted at €218.00.

Euro bonds post price declines

After the substantial price increases of the past year, the three Continental euro bonds remained at a low yield level during the first quarter of 2015 and showed only very slight fluctuations in price. Starting from mid-April 2015, a sharp rise in interest rates

Price performance of Continental bonds



could be observed on the bond markets in Europe and the U.S.A., firstly affecting government bonds and then also spreading to corporate bonds. The Continental euro bonds also recorded corresponding price losses. At the end of the first half of 2015, the 2.5% euro bond, at 103.482%, was 115.4 basis points lower than its closing price from 2014. At 107.364% and 109.958% respectively, the longer-term 3.0% and 3.125% euro bonds were lower than their closing prices from the previous year by 95.2 and 267.0 basis points respectively.

U.S. dollar bond to be redeemed early

The price of the U.S. dollar bond fell by 171.5 basis points to 102.845% by the end of June 2015 compared to its closing price from 2014, since market participants were increasingly expecting Continental to redeem the bond early. On July 6, 2015, Continental announced the generally anticipated early redemption of the bond of U.S. \$950.0 million at 102.25% as at September 15, 2015, four years ahead of its maturity date in September 2019.

Slight increase in Continental CDS premium

Following the announcement of the ECB asset purchasing program, premiums for insuring against credit risks (credit default swap, CDS) in Europe initially decreased considerably. The five-year CDS premium for Continental fell from 56.348 basis points at the end of 2014 to below 40 basis points by the end of February 2015. Following the announcement of the sharper-than-expected decrease in Continental AG's net indebtedness on March 5, 2015, the Continental CDS premium fell again and marked a new eight-year low of 36.177 basis points on March 6. From mid-April onward, the rise in interest rates on the bond markets and the escalating debt crisis in Greece brought about an increase in credit risk premiums. As a result, the Continental

CDS premium also increased again. At the end of June 2015, it was quoting at 65.426 basis points, up nine basis points on its 2014 year-end value. The spread in relation to the Markit iTraxx Europe reference index amounted to -9.339 basis points at the end of June 2015 (December 31, 2014: -6.514 basis points).

Further improvement in Continental's credit rating

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

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

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

¹ Contracted rating since May 19, 2000.

² Contracted rating since November 7, 2013.

³ Non-contracted rating since February 1, 2014.

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

Key Figures for the Continental Corporation

in € millions	January 1 to June 30		Second Quarter	
	2015	2014	2015	2014
Sales	19,598.6	16,918.1	10,029.7	8,528.0
EBITDA	3,036.5	2,605.8	1,633.3	1,310.0
in % of sales	15.5	15.4	16.3	15.4
EBIT	2,161.2	1,810.1	1,183.3	906.9
in % of sales	11.0	10.7	11.8	10.6
Net income attributable to the shareholders of the parent	1,448.6	1,303.8	791.9	715.5
Earnings per share in €	7.24	6.52	3.96	3.58
EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects	2,242.8	1,955.2	1,232.6	1,002.7
in % of sales	11.4	11.6	12.3	11.8
Adjusted sales ¹	18,836.2	16,910.4	9,591.8	8,525.5
Adjusted operating result (adjusted EBIT) ²	2,304.1	1,958.7	1,250.2	1,004.0
in % of adjusted sales	12.2	11.6	13.0	11.8
Free cash flow	282.0	574.8	553.3	511.3
Net indebtedness as at June 30	4,235.6	4,272.8		
Gearing ratio in %	34.1	42.4		
Number of employees as at June 30 ³	205,288	186,278		

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

Automotive Group in € millions	January 1 to June 30		Second Quarter	
	2015	2014	2015	2014
Sales	11,908.3	10,304.8	5,996.2	5,176.0
EBITDA	1,504.1	1,245.9	776.7	611.7
in % of sales	12.6	12.1	13.0	11.8
EBIT	1,046.9	721.4	544.4	346.8
in % of sales	8.8	7.0	9.1	6.7
Depreciation and amortization ¹	457.2	524.5	232.3	264.9
thereof impairment ²	–	4.6	–	4.6
Capital expenditure ³	472.6	389.3	267.9	230.3
in % of sales	4.0	3.8	4.5	4.4
Operating assets as at June 30	10,898.3	10,570.6		
Number of employees as at June 30 ⁴	112,697	106,827		
Adjusted sales ⁵	11,790.1	10,304.8	5,938.3	5,176.0
Adjusted operating result (adjusted EBIT) ⁶	1,072.9	868.5	564.3	443.0
in % of adjusted sales	9.1	8.4	9.5	8.6

Rubber Group in € millions	January 1 to June 30		Second Quarter	
	2015	2014	2015	2014
Sales	7,714.7	6,633.1	4,045.4	3,361.8
EBITDA	1,612.6	1,414.0	903.7	724.9
in % of sales	20.9	21.3	22.3	21.6
EBIT	1,195.3	1,143.0	686.4	586.8
in % of sales	15.5	17.2	17.0	17.5
Depreciation and amortization ¹	417.3	271.0	217.3	138.1
thereof impairment ²	–	–	–	–
Capital expenditure ³	342.7	404.0	190.9	222.4
in % of sales	4.4	6.1	4.7	6.6
Operating assets as at June 30	8,724.9	6,314.9		
Number of employees as at June 30 ⁴	92,203	79,126		
EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects	1,271.6	1,145.2	733.1	587.9
in % of sales	16.5	17.3	18.1	17.5
Adjusted sales ⁵	7,070.5	6,625.4	3,665.4	3,359.3
Adjusted operating result (adjusted EBIT) ⁶	1,312.2	1,144.5	733.4	587.7
in % of adjusted sales	18.6	17.3	20.0	17.5

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.

Corporate Management Report as at June 30, 2015

Changes to Continental's Executive Board from May 1, 2015

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

Acquisition of Veyance Technologies

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

On July 1, 2015, the sale of the North American air springs operations of Veyance Technologies to U.S.-based EnPro Industries Inc. was concluded. The divestiture had been required by various antitrust authorities as part of ContiTech's acquisition of Veyance Technologies.

Software and systems expertise further expanded

On May 19, 2015, we announced the purchase of Elektrobit Automotive GmbH, which is headquartered in Erlangen, Germany, from the Finnish Elektrobit Corporation. Elektrobit Automotive is a specialist for highly innovative software solutions and has been working together with Continental for more than ten years. Elektrobit Automotive employs about 1,300 professionals, as well as around 600 engineers in the associated company e.solutions GmbH, Ingolstadt, Germany. Development focuses on powerful solutions for complex vehicle functions for leading carmakers and systems suppliers, such as advanced driver assistance systems and infotainment systems. With this acquisition, Continental is strengthening its development capacity while boosting its technology development of systems for automated driving. The purchase was concluded on July 1, 2015.

Expansion of car tire plant in Hefei, China

At the end of April 2015, we concluded an investment agreement with the provincial and local authorities in Hefei, China, which envisions gradual ramp-up of the current production capacity of five million car tires a year to 14 million units by 2019. At the Hefei locations, we are also making investments in the bicycle tire segment, where production capacity is to rise from its current level of two million units to 13 million tires by 2025.

Touch display with active haptic feedback

Operating touch screens requires some complex hand-eye coordination, which may temporarily distract the driver. To find the operating element, touch it, and ensure that the intended function has really been triggered, drivers sometimes divert their attention away from the road for several seconds. The novelty of this display with an integrated touch screen is that it provides feedback by means of a movement impulse that can be felt through one's fingers, indicating that the desired operation has been triggered and understood by the system. A finely tuned force recognition ensures that accidental touches can be distinguished from intentional operational commands.

Surround View camera technology can help avoid accidents while backing up

At the beginning of May 2015, we presented a new potential application for Surround View camera technology – a driver assistance function based exclusively on a camera. The back-up assistant uses the photo analysis of the rear camera and helps to avoid collisions while driving at low speeds in reverse. The technical basis is the Surround View camera technology, which encompasses the entirety of the vehicle's surroundings in a 360° view and can be used for various functions. So far, this fish eye camera technology has been used to assist drivers while parking. Continental envisions further applications for the surround view systems, including automatic brake intervention while backing up, an intersection assistant and automated parking.

New electric drive for the Chinese market

Even though the euphoria surrounding purely electric vehicles is currently somewhat muted, experts expect hybrid and electric vehicles to increase their global market share from 4% at present to approximately 20% by 2025. The focus will be on the Chinese automotive market, where an annual production volume of 34 million passenger cars is currently forecast for 2025. Continental has developed a new electric drive tailor-made for the Chinese market. The electric motor, transmission, and power electronics are combined in a single unit, saving many components. The compact and cost-effective system is scalable and covers all performance levels in the range of roughly 60 to 120 kW.

New VDO tachograph: more efficient and convenient

We have equipped our DTCO 2.2, a VDO-branded digital tachograph, with numerous new functions for more efficient and convenient use in commercial vehicles. These include new features for improved utilization of driving and rest periods as well as faster data downloads. In addition, the performance and stability of the system have been enhanced once again compared to the DTCO 2.1 model. This enables haulage companies and fleet managers not only to comply with existing regulations, but also to further boost the profitability of their fleets.

Economic Report

Macroeconomic development

The expansion of the German economy continued in the reporting period. After growth of 0.3% in the first quarter of 2015 compared to the fourth quarter of 2014, the figures for the second quarter, which are not yet available, are also expected to show an acceleration in growth. The main growth drivers are expected to have been rising private consumer spending, the expansion of industrial production and increasing exports, particularly to countries within the European Union. As regards the second half of the year, various sentiment indicators point to slightly more subdued expectations most recently. This is attributable to the Greek debt crisis and growing uncertainty with regard to the economic situation in China. In its July 2015 World Economic Outlook Update, the International Monetary Fund (IMF) confirmed its growth forecast for German gross domestic product (GDP) in 2015 of 1.6%.

At 0.4%, GDP growth in the eurozone in the first quarter of 2015 was slightly higher than Germany's, due primarily to the expansion of the Spanish and French economies. The expansive monetary policy of the European Central Bank (ECB) had a positive effect on the economy. In the reporting period, the ECB kept its key interest rate unchanged at 0.05% and in March 2015 began purchasing assets, which it had announced in January 2015. In the second quarter of 2015, the upturn in growth in the German economy is also likely to have had a positive impact on the eurozone. In its July forecast, the IMF also assessed the economic situation in Spain and Italy somewhat more positively than it had done in its World Economic Outlook from April 2015. It maintained its growth projection of 1.5% for the eurozone in 2015.

Economic activity in the U.S.A. was curbed significantly in the first quarter of 2015, both by the severe winter in the Midwest and on the East Coast as well as by the dock workers' strike on the West Coast. This had a particularly strong impact on the construction sector, but private consumption and industrial production also remained virtually unchanged at the previous year's level. Following a decline in GDP of 0.2% in the first quarter of 2015, the GDP figures for the second quarter, which are not yet available, are expected to show substantial growth again. The start of the turnaround in interest rates announced by the U.S. Federal Reserve (Fed) still has not been fixed and is currently anticipated in September or perhaps not until the end of the year. Owing to the very weak first quarter, the IMF lowered its projection for GDP growth in the U.S.A. again in July, this time by 0.6 percentage points to 2.5% for 2015.

As forecast, the level of production of the Japanese economy in the first quarter of 2015 did not match that of the same quarter of the previous year, which had been distorted considerably by pre-buy effects as a result of the increase in excise duties that took effect from April 1, 2014. However, it continued its recovery with growth of 1.0% in comparison to the fourth quarter of 2014. The Japanese economy continues to be supported by the very expansive monetary policy of the Japanese central bank, which maintained its quantitative measures, and by rising

exports due to the depreciation of the yen. By contrast, there was hardly any improvement in domestic demand, which is why the IMF lowered its growth projection for Japan for the current year by 0.2 percentage points to 0.8% in July.

For emerging and developing economies, the IMF lowered its forecast by 0.1 percentage points in July and now anticipates growth of 4.2% in 2015. China and India continue to be important growth drivers. For China, which posted economic growth of 7.0% year on year for both the first and the second quarter of 2015, the IMF continues to anticipate GDP growth of 6.8% for 2015 as a whole in its July projection. For India, the IMF confirmed its GDP forecast of 7.5% for 2015 due to positive data for the first half of the year. For Brazil, the IMF lowered its GDP forecast for 2015 by 0.5 percentage points to -1.5% due to weak economic data. In July, the IMF perceived the development of the recession in Russia to be less severe, raising its GDP forecast for 2015 by 0.4 percentage points to -3.4%.

In its July forecast, the IMF adjusted its growth projection for the global economy by 0.2 percentage points to 3.3% in the current year, primarily due to lower growth in the U.S.A. The IMF continues to see opportunities arising from growth stimuli due to decreased oil prices. It also cites considerable risks arising from the further appreciation of the U.S. dollar - especially for emerging and developing economies that have debts in U.S. dollars. In addition, the IMF warns of increasing volatility and asset price losses on the capital markets, particularly on the bond markets.

Development of new registrations of passenger cars

The recovery in demand for passenger cars in Europe (EU28 + EFTA) continued in the first half of 2015. On the basis of preliminary data from the German Association of the Automotive Industry (Verband der Automobilindustrie, VDA), the number of new registrations of passenger cars rose by 8% year on year in both quarters and in the first half of the year, reaching a level of 7.4 million units. Among the major markets, the highest growth in the first half of the year was posted by Spain with 22% and Italy with 15%. Demand for passenger cars rose by 7% in the U.K., 6% in France and 5% in Germany. On a quarterly basis, however, the pace of growth slowed in Germany, France, and Spain in the second quarter.

In the U.S.A., low fuel prices boosted sales of light commercial vehicles and pickup trucks, whereas the sales volumes for passenger cars posted a slight decline. With growth of 6% in the first quarter and 3% in the second quarter, new registrations increased by 4% overall to 8.5 million units in the first half of 2015.

After demand for passenger cars in Japan had fallen by 15% year on year to 1.3 million units in the first quarter of 2015 due to the effect of the increase in excise duty in the previous year, there was another year-on-year decline of 7% in the second quarter. New registrations of passenger cars were down 12% year on year in the first half of 2015.

New registrations/sales of passenger cars

in millions of units	H1 2015	H1 2014	Change	Q2 2015	Q2 2014	Change
Europe (EU28 + EFTA)	7.4	6.9	8%	3.8	3.5	8%
U.S.A.	8.5	8.1	4%	4.5	4.4	3%
Japan	2.3	2.6	-12%	0.9	1.0	-7%
Brazil	1.3	1.6	-20%	0.6	0.8	-23%
Russia	0.8	1.2	-36%	0.4	0.6	-36%
India	1.4	1.3	5%	0.7	0.6	6%
China	9.5	8.9	7%	4.5	4.4	2%
Worldwide	43.4	42.9	1%	21.7	21.6	1%

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

In China, new registrations of passenger cars reached new record highs of 5.0 million units in the first quarter (+11%) and 4.5 million units in the second quarter of 2015 (+2%). However, growth slackened considerably in the second quarter. Overall, new registrations of passenger cars in China increased by 7% in the reporting period. India posted a rise in demand for passenger cars of around 5% in the first half of 2015. On a quarterly basis, the growth rate increased from 5% in the first quarter to 6% in the second quarter. Demand for passenger cars in the other BRIC countries, Brazil and Russia, remained in the second quarter at the low level of the first quarter as a result of the general economic recession in both countries. Sales volumes fell by 20% in Brazil and by 36% in Russia in the reporting period.

According to preliminary data, global new passenger car registrations increased by around 1% to 43.4 million units in the reporting period. After growth of almost 2% in the first quarter of 2015, global demand only grew by just under 1% in the second quarter of 2015.

Development of production of passenger cars and light commercial vehicles

Higher demand for passenger cars in Western Europe and its key export markets U.S.A. and China more than offset the significant decline in demand primarily in Russia in the reporting period. Preliminary data indicate that production of passenger cars and light commercial vehicles weighing less than 6 metric tons in Europe consequently increased by 2% year on year in the first half of 2015. We now expect production volumes to be higher than the previous year's figures over the remainder of the reporting year, and are raising our estimate for 2015 as a whole from just under 1% to 2%.

In NAFTA, increased demand meant that production of passenger cars and light commercial vehicles was curbed only slightly by the severe winter in the U.S.A. and Canada in the first quarter of 2015 and increased again in the second quarter. Preliminary figures show that manufacturing grew by 2% year on year in the reporting period. Based on the development to date, we are raising our forecast from 17.3 million units to 17.5 million units, corresponding to growth of around 3% compared to our previous forecast of 2%.

In Asia, there was a mixed picture in the reporting period compared to the previous year. In China and India, there was a further increase in production as a result of increased local demand. However, the pace of growth in China dropped off considerably in the second quarter, amounting to just 2% after 8% in the first quarter. Production volumes fell significantly in Japan, as expected, but they were also down year on year in South Korea, Indonesia, and other countries. For Asia as a whole, preliminary data shows that production of passenger cars and light commercial vehicles increased by almost 1% year on year in the first half of 2015. We anticipate a stabilization in demand in Japan, South Korea and several ASEAN countries in the second half of the year. However, owing to the development in the second quarter, we now expect growth of only just under 3% compared to our previous forecast of 4% for 2015 as a whole.

In South America, the fall in demand in the reporting period led to a significant decline in production of passenger cars and light commercial vehicles. According to preliminary data, production volumes decreased by around 15% in the first half of 2015. There are currently no signs of a turnaround in the second half of the year, either. For 2015 as a whole, we are therefore lowering our forecast for production from -10% to -15%.

On the basis of preliminary data, global production of passenger cars and light commercial vehicles increased year on year by around 1% in the first half of 2015. This growth stems almost entirely from the first quarter. For 2015 as a whole, we still anticipate growth of around 2% to 89 million units, since the increase in production in Europe and NAFTA should largely compensate for the weaker development in Asia and South America. According to the latest figures, 87.4 million units were produced in 2014.

Development of production of medium and heavy commercial vehicles

Initial data shows that production of commercial vehicles weighing more than 6 metric tons in Europe in the first half of 2015 was up 2% on the previous year's level. Production in Eastern Europe, particularly Russia, decreased, whereas in Western Europe it recorded substantial growth as a result of the economic upturn. For 2015 as a whole, we now anticipate an

increase in commercial vehicle production of 3% compared to our previous forecast of 2%.

According to preliminary data, the pace of growth in commercial vehicle production in NAFTA slowed somewhat in the second quarter of 2015, as expected, due to the rising comparative figures. Nonetheless, the rise in production over the first half of the year was higher than expected at more than 12%. We are therefore increasing our forecast for 2015 as a whole from 8% to 9%, although we still anticipate a weaker development in the second half of the year due to higher prior-year figures.

Weaker economic growth in China is reflected in declining production volumes of commercial vehicles in the current year, which have been only partially offset to date by manufacturing growth in India as well as Indonesia and other ASEAN countries. For Asia as a whole, we are therefore lowering our forecast for commercial vehicle production in 2015 from +2% to -6%.

In South America, preliminary data show that the decline in commercial vehicle production of around 40% in the first quarter of 2015 also continued unabated in the second quarter. We now expect production volumes to only stabilize at a considerably lower level in the third and fourth quarters and anticipate a decline in commercial vehicle production of around 30% for the current year as a whole rather than the previously forecasted 10% decline.

Owing to lower than anticipated level of production in Asia and South America, we are revising our forecast for global production of commercial vehicles weighing more than 6 metric tons from +2% to -3% for 2015 in comparison to the previous year.

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

After the comparatively warm winter had resulted in only modest sales volumes of replacement tires for passenger cars and light commercial vehicles in Europe in the first quarter of 2015, demand in Western Europe then picked up in the second quarter. By contrast, sales volumes in Eastern Europe, and particularly in Russia, were lower than in the previous year. According to preliminary data, sales volumes of replacement tires for passenger cars and light commercial vehicles in Europe rose by 2% in the reporting period. For the following quarters, we continue to anticipate a slight increase in volumes and are still forecasting market growth of 2% for the year as a whole.

In NAFTA, sales volumes of passenger car and light commercial vehicle replacement tires fell by 6% year on year in the first quarter of 2015 as a result of the import duties imposed for tires imported from China to the U.S.A. The situation then normalized in the second quarter and Chinese imports were partly replaced by imports from Thailand and Indonesia. Due to this development, we are raising our forecast for the year as a whole from -2% back to +1%.

In Asia, there was a further increase in demand for replacement tires for passenger cars and light commercial vehicles in the reporting period. Preliminary data indicate that sales volumes in China - the most important market - climbed by 8% in the second quarter of 2015 after growth of 5% in the first quarter. India is also recording growing demand in the current year, as are Indonesia and other ASEAN states. We are therefore maintaining our previous projection of 6% growth in replacement passenger car and light commercial vehicle tire volumes for 2015.

In South America, the significant downward trend in new registrations and production volumes has not yet had any negative impact on demand for replacement tires. Preliminary figures show that demand for replacement tires for passenger cars and light commercial vehicles stagnated in the reporting period. For the year as a whole, we also continue to anticipate volumes at the same level as the previous year.

We are maintaining our previous overall forecast for 2015 of global growth in demand for replacement tires for passenger cars and light commercial vehicles of almost 3%.

Development of replacement tire markets for medium and heavy commercial vehicles

In the different European regions, demand for replacement tires for commercial vehicles weighing more than 6 metric tons reflected the economic development of each respective region over the reporting period. Preliminary figures show that while Russia and other Eastern European countries registered a significant fall in demand, Western Europe saw demand increase over the first half of the year. We still anticipate a rise in demand in the second half of the year, which should compensate for the slight decline in sales volumes in the first half. For Europe as a whole, we still expect sales volumes to be on par with the previous year.

According to preliminary data, demand in NAFTA - our other core market for replacement commercial vehicle tires alongside Europe - was up by 5% in the first half of 2015. For 2015 as a whole, we still anticipate growth of around 3% in line with the economic growth of the region.

In Asia, demand is also likely to follow the economic development of the individual countries. For Asia as a whole, we still expect demand for replacement tires for commercial vehicles weighing more than 6 metric tons to grow by 2% in 2015.

Similar to Russia, there was a decline in demand for replacement commercial vehicle tires in South America, too, over the reporting period due to weaker economic activity. For 2015, we still expect demand to decline by 2%.

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

Earnings, Financial and Net Assets Position of the Continental Corporation

in € millions	January 1 to June 30		Second Quarter	
	2015	2014	2015	2014
Sales	19,598.6	16,918.1	10,029.7	8,528.0
EBITDA	3,036.5	2,605.8	1,633.3	1,310.0
in % of sales	15.5	15.4	16.3	15.4
EBIT	2,161.2	1,810.1	1,183.3	906.9
in % of sales	11.0	10.7	11.8	10.6
Net income attributable to the shareholders of the parent	1,448.6	1,303.8	791.9	715.5
Earnings per share in €	7.24	6.52	3.96	3.58
Research and development expenses	1,274.3	1,073.8	631.3	529.7
Depreciation and amortization ¹	875.3	795.7	450.0	403.1
thereof impairment ²	–	4.6	–	4.6
Capital expenditure ³	815.8	793.9	459.0	453.0
in % of sales	4.2	4.7	4.6	5.3
Operating assets as at June 30	19,504.6	16,753.1		
Number of employees as at June 30 ⁴	205,288	186,278		
EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects	2,242.8	1,955.2	1,232.6	1,002.7
in % of sales	11.4	11.6	12.3	11.8
Adjusted sales ⁵	18,836.2	16,910.4	9,591.8	8,525.5
Adjusted operating result (adjusted EBIT) ⁶	2,304.1	1,958.7	1,250.2	1,004.0
in % of adjusted sales	12.2	11.6	13.0	11.8
Net indebtedness as at June 30	4,235.6	4,272.8		
Gearing ratio in %	34.1	42.4		

¹ Excluding impairment on financial investments.

² Impairment also includes necessary reversal of impairment losses.

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

⁴ Excluding trainees.

⁵ Before changes in the scope of consolidation.

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

Earnings Position

Sales up 15.8%

Sales up 3.7% before changes in the scope of consolidation and exchange rate effects

Consolidated sales for the first six months of 2015 climbed by 15.8% year-on-year to €19,598.6 million (PY: €16,918.1 million). Veyance Technologies contributed €562.8 million to sales growth. Before changes in the scope of consolidation and exchange rate effects, sales rose by 3.7%.

Adjusted EBIT up 17.6%

Adjusted EBIT for the corporation increased by €345.4 million or 17.6% year-on-year to €2,304.1 million (PY: €1,958.7 million) in the first six months of 2015, corresponding to 12.2% (PY: 11.6%) of adjusted sales.

EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects up 14.7%

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

The corporation's EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects increased in the first six months of 2015 by €287.6 million or 14.7% year-on-year to €2,242.8 million (PY: €1,955.2 million). The return on sales calculated from this fell to 11.4% (PY: 11.6%).

In the first six months of 2015, EBIT – as with EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects – was influenced by integration costs and non-recurring expenses for Veyance Technologies totaling €44.5 million.

EBIT up 19.4%

EBIT rose by €351.1 million or 19.4% compared to the previous year to €2,161.2 million (PY: €1,810.1 million) in the first half of 2015. The return on sales rose to 11.0% (PY: 10.7%).

Special effects in the first half of 2015

In the ContiTech division, the location in Salzgitter, Germany, will gradually be scaled back on account of follow-up orders not being received. There were restructuring expenses in this context totaling €13.8 million.

Minor special effects resulted in an expense of €0.3 million in the Tire division and an expense of €0.4 million in the ContiTech division.

Total consolidated expense from special effects in the first six months of 2015 amounted to €14.5 million.

Special effects in the first half of 2014

In the Powertrain division, the acquisition of the remaining shares in Emitec Gesellschaft für Emissionstechnologie mbH, Lohmar, Germany, made it necessary to recognize an impairment loss on the at-equity accounted investee, leading to an expense of €34.5 million.

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

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

In the ContiTech division, income totaling €2.4 million resulted from bargain purchases from purchase price allocations, of which €1.4 million was attributable to the Fluid Technology business unit and €1.0 million resulted from the final purchase price allocation of a transaction in 2013 in the Conveyor Belt Group business unit.

Minor positive special effects resulted in income totaling €0.3 million (Interior €0.1 million; Tires €0.2 million).

Total consolidated expense from special effects in the first six months of 2014 amounted to €43.3 million.

Research and development expenses

In the first six months of 2015, research and development expenses rose by 18.7% compared with the same period of the previous year to €1,274.3 million (PY: €1,073.8 million), representing 6.5% (PY: 6.3%) of sales. €1,100.8 million (PY: €921.4 million) of this relates to the Automotive Group, corresponding to 9.2% (PY: 8.9%) of sales, and €173.5 million (PY: €152.4 million) to the Rubber Group, corresponding to 2.2% (PY: 2.3%) of sales.

Net interest expense

Net interest expense fell by €41.5 million year-on-year to €99.0 million (PY: €140.5 million) in the first half of 2015. This decrease was due in particular to lower interest expenses for the syndicated loan.

Interest expense – not including the effects of foreign currency translation, changes in the fair value of derivative instruments and of available-for-sale financial assets – totaled €177.7 million in the first half of 2015, which was €29.7 million lower than the figure for the same period of the previous year of €207.4 million. At €97.4 million, interest expense resulting from bank borrowings, capital market transactions and other financing instruments was €33.6 million lower than the prior year figure of €131.0 million. The major portion related to expense of €54.6 million (PY: €50.3 million) from the bonds issued by Continental AG, Conti-Gummi Finance B.V., Maastricht, Netherlands, and Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., and to expense totaling €10.6 million (PY: €50.4 million) from the utilization of the syndicated loan.

The increase in interest expenses for the bonds is a result of the announcement at the start of July 2015 of the early redemption of the U.S. dollar bond issued by Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., in September 2012 with a volume of U.S. \$950.0 million. Early redemption is scheduled for September 15, 2015, i.e. four years before it matures in September 2019. The redemption price is 102.25%. Given the anticipated higher cash outflow associated with this, the carrying amount was adjusted as an expense, which will be amortized over the expected shorter remaining term of the bond, reducing expenses accordingly. This resulted in an interest expense of €11.0 million (PY: –) in the first half of 2015.

The decline in interest expense for the syndicated loan particularly resulted from a negative effect in the previous year that arose in relation to the early redemption of the existing syndicated loan at the end of April 2014 due to its successful refinancing. In addition, a further reduction in the margin level was achieved with the new syndicated loan agreement. The interest cost on expected pension obligations as well as on long-term employee benefits resulted in an interest expense totaling €80.3 million (PY: €76.4 million) in the first six months of 2015.

Interest income in the first half of 2015 increased slightly year-on-year to €49.3 million (PY: €46.3 million). Of this, expected income from long-term employee benefits and from pension funds amounted to €33.5 million in total as in the previous year.

Valuation effects from changes in the fair value of derivative instruments and from the development of exchange rates made a positive overall contribution to earnings of €19.6 million (PY: €19.2 million) in the first six months of 2015. Available-for-sale financial assets gave rise to a positive effect of €9.8 million (PY: €1.4 million).

Income tax expense

Income tax expense in the first half of 2015 amounted to €571.2 million (PY: €323.9 million). The tax rate in the reporting period was 27.7% after 19.4% for the same period of the previous year. The tax rate in the previous year was influenced in particular by the recognition of deferred tax assets on interest carryforwards in Germany of €98.0 million, the future utilization of which was considered likely.

Net income attributable to the shareholders of the parent

Net income attributable to the shareholders of the parent was up 11.1% to €1,448.6 million (PY: €1,303.8 million), with earnings per share of €7.24 (PY: €6.52).

Financial Position

Reconciliation of cash flow

EBIT increased by €351.1 million year-on-year to €2,161.2 million (PY: €1,810.1 million).

Interest payments resulting in particular from the syndicated loan and the bonds declined by €6.8 million to €90.6 million (PY: €97.4 million).

Income tax payments rose by €216.4 million to €568.4 million (PY: €352.0 million).

At €582.8 million as at June 30, 2015, the net cash outflow arising from the increase in operating working capital was €202.5 million lower than the figure for the previous year of €785.3 million.

At €1,713.8 million as at June 30, 2015, the net cash inflow arising from operating activities was €270.3 million higher than the previous year's figure of €1,443.5 million.

Cash flow arising from investing activities amounted to an outflow of €1,431.8 million (PY: €868.7 million) in the first six months of 2015. Capital expenditure on property, plant and equipment, and software was up €21.9 million from €793.9 million to €815.8 million before finance leases and the capitalization of borrowing costs. Acquisition and disposal of companies and business operations resulted in a total cash outflow of €601.9 million (PY: €67.4 million) in the first six months of 2015. This increase is almost solely attributable to the acquisition of Veyance Technologies that was closed at the end of January 2015.

The free cash flow in the first half of 2015 resulted in an inflow of €282.0 million (PY: €574.8 million), €292.8 million less than in the first six months of 2014.

Financing and indebtedness

As at June 30, 2015, the corporation's net indebtedness was down €37.2 million year-on-year from €4,272.8 million to €4,235.6 million. Net indebtedness was up €1,412.1 million in comparison to December 31, 2014, when it had amounted to €2,823.5 million. This increase is attributable mainly to the acquisition of Veyance Technologies that was closed at the end of January 2015. The acquisition was financed mostly from cash and cash equivalents, in addition to which the syndicated loan was also utilized. Despite the acquisition of Veyance Technologies, the gearing ratio improved to 34.1% (PY: 42.4%) as at the end of June 2015.

At the start of July 2015, Continental announced the early redemption of the U.S. dollar bond issued by Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., in September 2012 with a volume of U.S. \$950.0 million. Early redemp-

tion is scheduled for September 15, 2015, i.e. four years before it matures in September 2019. The redemption price is 102.25%. Given the anticipated higher cash outflow associated with this, the carrying amount was adjusted as an expense, which will be amortized over the expected shorter remaining term of the bond, reducing expenses accordingly. As at June 30, 2015, the negative value of the carrying amount adjustment is €11.0 million (PY: –).

The committed volume of the new syndicated loan concluded in April 2014 remains unchanged at €4.5 billion and still consists of a term loan of €1.5 billion and a revolving credit line of €3.0 billion. There was a contractual amendment to the revolving tranche in April 2015. All the banks involved approved a one-year extension. This financing commitment is therefore now available to Continental until April 2020. As at the end of the first half of 2015, the syndicated loan had been utilized by Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., and Continental AG at a total nominal amount of €1,745.9 million. In the previous year, it had been utilized only by Continental AG at a nominal amount of €1,500.0 million. The slightly higher utilization year-on-year is due to the acquisition of Veyance Technologies.

As at June 30, 2015, Continental had liquidity reserves totaling €6,413.8 million (PY: €5,847.6 million), consisting of cash and cash equivalents of €2,349.7 million (PY: €1,919.4 million) and committed, unutilized credit lines totaling €4,064.1 million (PY: €3,928.2 million).

The restrictions that may impact the availability of capital are also understood as comprising all existing restrictions on cash and cash equivalents. In the Continental Corporation, the aforementioned cash and cash equivalents are restricted with regard to pledged amounts, liquid funds from the contractual trust arrangements (CTAs), and balances in countries with foreign exchange restrictions or other barriers to accessing liquidity. Taxes to be paid on the transfer of cash assets from one country to another are not usually considered to represent a restriction on cash and cash equivalents. As at June 30, 2015, unrestricted cash and cash equivalents totaled €2,022.9 million.

Change in net indebtedness

in € millions	January 1 to June 30		Second Quarter	
	2015	2014	2015	2014
Cash flow arising from operating activities	1,713.8	1,443.5	1,030.2	1,024.7
Cash flow arising from investing activities	-1,431.8	-868.7	-476.9	-513.4
Cash flow before financing activities (free cash flow)	282.0	574.8	553.3	511.3
Dividends paid	-650.0	-500.0	-650.0	-500.0
Dividends paid to and cash changes from equity transactions with non-controlling interests	-40.9	-26.5	-39.0	-25.6
Non-cash changes	47.4	23.0	17.5	23.5
Other	-1,043.9	-48.8	-11.3	-47.5
Foreign exchange effects	-6.7	-6.0	-7.4	7.7
Change in net indebtedness	-1,412.1	16.5	-136.9	-30.6

Capital expenditure (additions)

In the first half of 2015, capital expenditure on property, plant and equipment, and software amounted to €815.8 million (PY: €793.9 million). The capital expenditure ratio after six months is 4.2% (PY: 4.7%).

A total of €472.6 million (PY: €389.3 million) of this capital expenditure was attributable to the Automotive Group, representing 4.0% (PY: 3.8%) of sales. The Automotive Group invested primarily in production facilities for the manufacture of new products and implementation of new technologies, with investments being focused on expanding and establishing manufacturing capacity at best-cost locations. In the Chassis & Safety division, there were major additions relating to the expansion of production capacity for the Vehicle Dynamics and Hydraulic Brake Systems business units. Manufacturing facilities for electronic brake systems were expanded in particular. In the Powertrain division, there were major investments in expanding production capacity for the Engine Systems, Sensors & Actuators, Fuel & Exhaust Management, and Transmission business units.

In the Interior division, production capacity was expanded for the Instrumentation & Driver HMI and Body & Security business units.

The Rubber Group invested €342.7 million (PY: €404.0 million), equivalent to 4.4% (PY: 6.1%) of sales. In the Tire division, production capacity was expanded in North America as well as at European best-cost locations. There were major additions relating to the expansion of existing sites in Mount Vernon, Illinois, U.S.A.; Puchov, Slovakia; Lousado, Portugal; Otrokovice, Czech Republic; and Timisoara, Romania. Quality assurance and cost-cutting measures were also implemented. In the ContiTech division, significant additions related to the expansion of production capacity in China and at German locations. At the locations in Changzhou, China, and Jorf Lasfar, Morocco, the division invested in the construction of new plants for the Benecke-Kaliko Group and Conveyor Belt Group business units. Investments were also made in all business units to rationalize existing production processes.

Net Assets Position

At €33,605.3 million (PY: €28,240.7 million), total assets as at June 30, 2015, were €5,364.6 million higher than on the same date in the previous year. The €562.9 million increase in goodwill to €6,168.3 million (PY: €5,605.4 million) and the €670.1 million rise in other intangible assets to €1,140.8 million (PY: €470.7 million) was chiefly a result of the Veyance Technologies acquisition and currency rate effects. Property, plant and equipment increased by €1,298.2 million to €9,222.2 million (PY: €7,924.0 million). Deferred tax assets climbed by €533.8 million compared to the previous year to €1,640.1 million (PY: €1,106.3 million), influenced in particular by the recognition of deferred tax assets in the U.S.A. and Germany as well as by the Veyance Technologies acquisition. Inventories rose by €426.9 million to €3,605.5 million (PY: €3,178.6 million). Trade accounts receivable also rose by €1,134.1 million to €7,084.3 million (PY: €5,950.2 million). Other short-term assets climbed by €168.8 million to €930.1 million (PY: €761.3 million) and cash and cash equivalents increased by €430.3 million to €2,349.7 million (PY: €1,919.4 million). This was countered by the €98.6 million decrease in investments in at-equity accounted investees to €312.0 million (PY: €410.6 million).

Equity including non-controlling interests was up €2,345.7 million at €12,421.8 million as compared to €10,076.1 million as at June 30, 2014. This was due primarily to the increase in the retained earnings of €1,863.8 million. Equity was reduced by dividends in the amount of €650.0 million resolved by the Annual Shareholders' Meeting. Other comprehensive income changed by €362.5 million to -€900.0 million (PY: -€1,262.5 million). Despite the acquisition of Veyance Technologies, the gearing ratio improved to 34.1% (PY: 42.4%). The equity ratio rose to 37.0% (PY: 35.7%).

At €33,605.3 million, total assets were up €3,364.2 million compared with December 31, 2014 (PY: €30,241.1 million). This is due primarily to the first-time consolidation of Veyance Technologies as well as exchange rate effects. In relation to the individual items of the statement of financial position, this is due to the rise in other intangible assets of €697.5 million to €1,140.8 million (PY: €443.3 million) and the €775.8 million increase in property, plant and equipment to €9,222.2 million (PY: €8,446.4 million). Moreover, inventories climbed by €617.9 million to €3,605.5 million (PY: €2,987.6 million) and trade accounts receivable by €1,238.1 million to €7,084.3 million (PY: €5,846.2 million). This was countered by the €894.1 million decrease in cash and cash equivalents to €2,349.7 million (PY: €3,243.8 million).

Equity including non-controlling interests was up €1,397.2 million at €12,421.8 million as compared to €11,024.6 million at the end of 2014. Equity was reduced by dividends in the amount of €650.0 million resolved by the Annual Shareholders' Meeting. The positive net income attributable to the shareholders of the parent increased to €1,448.6 million. Other compre-

hensive income changed by €499.8 million to -€900.0 million (PY: -€1,399.8 million). Due to the acquisition of Veyance Technologies, the gearing ratio rose to 34.1% (PY: 25.6%).

Employees

As at the end of the second quarter of 2015, the corporation had 205,288 employees, representing a rise of 16,120 in comparison to the end of 2014. The number of employees in the Automotive Group rose by 3,986 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 and the acquisition of Veyance Technologies by the ContiTech division led to an increase of 12,090 employees. Compared with the reporting date for the previous year, the number of employees in the corporation was up by a total of 19,010.

Development of the Divisions

Chassis & Safety in € millions	January 1 to June 30		Second Quarter	
	2015	2014	2015	2014
Sales	4,278.1	3,746.7	2,142.1	1,868.5
EBITDA	590.7	496.0	293.4	242.0
in % of sales	13.8	13.2	13.7	13.0
EBIT	424.2	331.6	209.3	159.3
in % of sales	9.9	8.9	9.8	8.5
Depreciation and amortization ¹	166.5	164.4	84.1	82.7
thereof impairment ²	–	–	–	–
Capital expenditure ³	168.2	148.6	95.9	91.2
in % of sales	3.9	4.0	4.5	4.9
Operating assets as at June 30	4,168.6	3,915.9		
Number of employees as at June 30 ⁴	38,948	37,766		
Adjusted sales ⁵	4,278.1	3,746.7	2,142.1	1,868.5
Adjusted operating result (adjusted EBIT) ⁶	424.6	345.7	209.4	166.6
in % of adjusted sales	9.9	9.2	9.8	8.9

¹ Excluding impairment on financial investments.

² Impairment also includes necessary reversal of impairment losses.

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

⁴ Excluding trainees.

⁵ Before changes in the scope of consolidation.

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

Chassis & Safety

Sales volumes

In the Vehicle Dynamics business unit, the number of electronic brake systems sold in the first six months of 2015 increased by 6% year-on-year. In the Hydraulic Brake Systems business unit, sales of brake boosters amounted to 10.2 million units. Sales of brake calipers were at the previous year's level. In the Passive Safety & Sensorics business unit, sales of air bag control units declined year-on-year. Unit sales of advanced driver assistance systems were up by approximately 53%.

Sales up 14.2%

Sales up 5.3% before changes in the scope of consolidation and exchange rate effects

Sales of the Chassis & Safety division were up 14.2% at €4,278.1 million (PY: €3,746.7 million) in the first six months of 2015 compared with the same period of the previous year. Before changes in the scope of consolidation and exchange rate effects, sales rose by 5.3%.

Adjusted EBIT up 22.8%

Adjusted EBIT for the Chassis & Safety division increased by €78.9 million or 22.8% year-on-year to €424.6 million (PY: €345.7 million) during the first six months of 2015, corresponding to 9.9% (PY: 9.2%) of adjusted sales.

EBIT up 27.9%

Compared with the same period of 2014, the Chassis & Safety division reported an increase in EBIT of €92.6 million or 27.9% to €424.2 million (PY: €331.6 million) in the first half of 2015. The return on sales rose to 9.9% (PY: 8.9%).

Special effects

There were no special effects in the Chassis & Safety division in either the first half of 2015 or the same period of the previous year.

Powertrain in € millions	January 1 to June 30		Second Quarter	
	2015	2014	2015	2014
Sales	3,646.3	3,177.5	1,819.8	1,598.4
EBITDA	360.7	282.3	183.5	125.3
in % of sales	9.9	8.9	10.1	7.8
EBIT	197.7	97.4	101.0	32.9
in % of sales	5.4	3.1	5.6	2.1
Depreciation and amortization ¹	163.0	184.9	82.5	92.4
thereof impairment ²	–	–	–	–
Capital expenditure ³	170.3	135.8	103.6	80.6
in % of sales	4.7	4.3	5.7	5.0
Operating assets as at June 30	2,729.7	2,835.0		
Number of employees as at June 30 ⁴	35,971	33,654		
Adjusted sales ⁵	3,528.1	3,177.5	1,761.9	1,598.4
Adjusted operating result (adjusted EBIT) ⁶	222.5	169.2	120.3	85.5
in % of adjusted sales	6.3	5.3	6.8	5.3

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.

Powertrain

Sales volumes

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

Sales up 14.8%

Sales up 2.4% before changes in the scope of consolidation and exchange rate effects

Sales of the Powertrain division were up 14.8% at €3,646.3 million (PY: €3,177.5 million) in the first six months of 2015 compared with the same period of the previous year. Before changes in the scope of consolidation and exchange rate effects, sales rose by 2.4%.

Adjusted EBIT up 31.5%

Adjusted EBIT for the Powertrain division increased by €53.3 million or 31.5% year-on-year to €222.5 million (PY: €169.2 million) in the first six months of 2015, corresponding to 6.3% (PY: 5.3%) of adjusted sales.

EBIT up 103.0%

Compared with the same period of the previous year, the Powertrain division reported an increase in EBIT of €100.3 million or 103.0% to €197.7 million (PY: €97.4 million) in the first six months of 2015. The return on sales rose to 5.4% (PY: 3.1%).

Special effects in the first half of 2015

There were no special effects in the Powertrain division in the first half of 2015.

Special effects in the first half of 2014

In the Powertrain division, the acquisition of the remaining shares in Emitec Gesellschaft für Emissionstechnologie mbH, Lohmar, Germany, made it necessary to recognize an impairment loss on the at-equity accounted investee, leading to an expense of €34.5 million.

Interior in € millions	January 1 to June 30		Second Quarter	
	2015	2014	2015	2014
Sales	4,032.2	3,433.0	2,057.0	1,733.9
EBITDA	552.7	467.7	299.8	244.5
in % of sales	13.7	13.6	14.6	14.1
EBIT	425.0	292.5	234.1	154.7
in % of sales	10.5	8.5	11.4	8.9
Depreciation and amortization ¹	127.7	175.2	65.7	89.8
thereof impairment ²	–	4.6	–	4.6
Capital expenditure ³	134.1	104.9	68.4	58.5
in % of sales	3.3	3.1	3.3	3.4
Operating assets as at June 30	4,000.0	3,819.8		
Number of employees as at June 30 ⁴	37,778	35,407		
Adjusted sales ⁵	4,032.2	3,433.0	2,057.0	1,733.9
Adjusted operating result (adjusted EBIT) ⁶	425.8	353.6	234.5	190.9
in % of adjusted sales	10.6	10.3	11.4	11.0

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 significantly above the previous year's level in the first half of 2015. There were particularly high increases in NAFTA and Asia. This was achieved thanks to new projects in the product groups seat control devices, lighting control, and body controllers. Growth in business with tire pressure monitoring systems and passive start and entry (PASE) systems was also considerably higher than in the previous year. Sales volumes were up significantly on the previous year's level in the Infotainment & Connectivity business unit. Unit sales of multimedia systems picked up significantly on account of new products on the U.S. market and in China. In radio systems as well, a significant increase in Asia and the Americas more than compensated for products discontinued in Europe. Sales volumes in the Commercial Vehicles & Aftermarket business unit were above the previous year's level. In the Instrumentation & Driver HMI business unit, sales figures in the first six months of 2015 were up compared to the same period of 2014. In addition to constant growth in China and North America, this was due mainly to production starts and increased demand in Europe. This increase related to the largest product group, instrument clusters, as well as to displays, head-up displays, and touchpads.

Sales up 17.5%

Sales up 8.6% before changes in the scope of consolidation and exchange rate effects

Sales of the Interior division were up 17.5% at €4,032.2 million (PY: €3,433.0 million) in the first six months of 2015 compared with the same period of the previous year. Before changes in the scope of consolidation and exchange rate effects, sales rose by 8.6%.

Adjusted EBIT up 20.4%

Adjusted EBIT for the Interior division increased by €72.2 million or 20.4% year-on-year to €425.8 million (PY: €353.6 million) in the first six months of 2015, corresponding to 10.6% (PY: 10.3%) of adjusted sales.

EBIT up 45.3%

Compared with the same period of 2014, the Interior division reported an increase in EBIT of €132.5 million or 45.3% to €425.0 million (PY: €292.5 million) in the first half of 2015. The return on sales rose to 10.5% (PY: 8.5%).

Special effects in the first half of 2015

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

Special effects in the first half of 2014

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

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

There was also a positive special effect in the amount of €0.1 million.

For the Interior division, the total negative impact from special effects in the first six months of 2014 amounted to €11.4 million.

Tires in € millions	January 1 to June 30		Second Quarter	
	2015	2014	2015	2014
Sales	5,064.2	4,724.2	2,644.4	2,405.9
EBITDA	1,314.3	1,137.3	734.6	591.9
in % of sales	26.0	24.1	27.8	24.6
EBIT	1,058.1	923.1	604.1	482.4
in % of sales	20.9	19.5	22.8	20.1
Depreciation and amortization ¹	256.2	214.2	130.5	109.5
thereof impairment ²	–	–	–	–
Capital expenditure ³	233.0	316.6	132.1	174.3
in % of sales	4.6	6.7	5.0	7.2
Operating assets as at June 30	5,402.2	4,896.4		
Number of employees as at June 30 ⁴	49,079	47,715		
Adjusted sales ⁵	5,002.9	4,716.5	2,613.5	2,403.4
Adjusted operating result (adjusted EBIT) ⁶	1,071.8	924.2	612.6	483.2
in % of adjusted sales	21.4	19.6	23.4	20.1

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.

Tires

Sales volumes

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

Sales up 7.2%

Sales down 0.6% before changes in the scope of consolidation and exchange rate effects

Sales of the Tire division were up 7.2% at €5,064.2 million (PY: €4,724.2 million) in the first six months of 2015 compared with the same period of the previous year. Before changes in the scope of consolidation and exchange rate effects, sales decreased by 0.6%.

Adjusted EBIT up 16.0%

Adjusted EBIT for the Tire division climbed by €147.6 million or 16.0% year-on-year to €1,071.8 million (PY: €924.2 million) in the first six months of 2015, corresponding to 21.4% (PY: 19.6%) of adjusted sales.

EBIT up 14.6%

Compared with the same period of 2014, the Tire division reported an increase in EBIT of €135.0 million or 14.6% to €1,058.1 million (PY: €923.1 million) in the first half of 2015. The return on sales rose to 20.9% (PY: 19.5%).

Special effects in the first half of 2015

For the Tire division, the total negative impact from special effects in the first six months of 2015 amounted to €0.3 million.

Special effects in the first half of 2014

The positive impact from special effects in the Tire division amounted to €0.2 million in the first six months of 2014.

ContiTech in € millions	January 1 to June 30		Second Quarter	
	2015	2014	2015	2014
Sales	2,687.1	1,952.0	1,418.8	978.6
EBITDA	298.3	276.6	169.1	132.9
in % of sales	11.1	14.2	11.9	13.6
EBIT	137.2	219.8	82.3	104.3
in % of sales	5.1	11.3	5.8	10.7
Depreciation and amortization ¹	161.1	56.8	86.8	28.6
thereof impairment ²	–	–	–	–
Capital expenditure ³	109.7	87.4	58.8	48.0
in % of sales	4.1	4.5	4.1	4.9
Operating assets as at June 30	3,322.7	1,418.5		
Number of employees as at June 30 ⁴	43,124	31,411		
EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects	209.3	220.3	126.5	104.5
in % of sales	7.8	11.3	8.9	10.7
Adjusted sales ⁵	2,104.2	1,952.0	1,069.7	978.6
Adjusted operating result (adjusted EBIT) ⁶	240.4	220.3	120.9	104.5
in % of adjusted sales	11.4	11.3	11.3	10.7

1 Excluding impairment on financial investments.

2 Impairment also includes necessary reversal of impairment losses.

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

4 Excluding trainees.

5 Before changes in the scope of consolidation.

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

ContiTech

Sales up 37.7%

Sales up 3.7% before changes in the scope of consolidation and exchange rate effects

Sales of the ContiTech division were up 37.7% year-on-year at €2,687.1 million (PY: €1,952.0 million) in the first six months of 2015. Veyance Technologies contributed €562.8 million to sales growth. Before changes in the scope of consolidation and exchange rate effects, sales rose by 3.7%. Sales growth in original equipment business in the Fluid Technology, Air Spring Systems and Power Transmission Group business units and in the Benecke-Kaliko Group business unit contributed to this increase. Sales in the Conveyor Belt Group business unit matched the previous year's level. The Compounding Technology business unit experienced a decline in sales as a result of falling prices.

Adjusted EBIT up 9.1%

Adjusted EBIT for the ContiTech division rose by €20.1 million or 9.1% year-on-year to €240.4 million (PY: €220.3 million) in the first six months of 2015, corresponding to 11.4% (PY: 11.3%) of adjusted sales.

EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects down 5.0%

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

Compared with the same period of the previous year, the ContiTech division reported a decline in EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects of €11.0 million or 5.0% to €209.3 million (PY: €220.3 million) in the first six months of 2015. The return on sales calculated from this fell to 7.8% (PY: 11.3%).

In the first six months of 2015, EBIT – as with EBIT before amortization of intangible assets from purchase price allocation (PPA) and special effects – was influenced by integration costs and non-recurring expenses for Veyance Technologies totaling €44.5 million.

EBIT down 37.6%

Compared with the same period of 2014, the ContiTech division reported a decrease in EBIT of €82.6 million or 37.6% to €137.2 million (PY: €219.8 million) in the first half of 2015. The return on sales fell to 5.1% (PY: 11.3%).

Special effects in the first half of 2015

In the ContiTech division, the location in Salzgitter, Germany, will gradually be scaled back on account of follow-up orders not being received. There were restructuring expenses in this context totaling €13.8 million.

In addition, smaller special effects resulted in expense totaling €0.4 million.

For the ContiTech division, the total negative impact from special effects in the first six months of 2015 amounted to €14.2 million.

Special effects in the first half of 2014

In the ContiTech division, income totaling €2.4 million resulted from bargain purchases from purchase price allocations, of which €1.4 million was attributable to the Fluid Technology business unit and €1.0 million resulted from the final purchase price allocation of a transaction in 2013 in the Conveyor Belt Group business unit.

Report on Risks and Opportunities

There were no material changes in risks and opportunities during the reporting period. For details of the main risks and

opportunities, please refer to our comments in the 2014 Annual Report.

Report on Expected Developments and Outlook

The solid business performance in the first half of the year fully confirmed our estimate for the planned sales development in 2015. Therefore, our sales forecast for 2015 is still around €23.5 billion for the Automotive Group and more than €15.5 billion for the Rubber Group. For consolidated sales, we continue to anticipate growth of around 14% to more than €39 billion.

Based on the positive earnings development in the first half of the year and the continued favorable development of various raw material prices that are important to Continental, we are raising our forecast for the adjusted EBIT margin from the previous level of more than 10.5% to around 11%. For the Automotive Group, we still expect an adjusted EBIT margin in excess of 8.5%. Due to the continued better-than-expected development in prices for crude oil and natural rubber (TSR 20), we are raising our forecast for the Rubber Group from more than 15% to around 16%. We are increasing our estimate for the positive effect from lower raw material costs from around €150 million to about €200 million in the current year. This relates mainly to the Rubber Group. We are lowering our estimate for the average price of natural rubber again, from U.S. \$1.62 per kilogram to U.S. \$1.58 per kilogram. By contrast, we are slightly raising

our forecast for the average price of butadiene, a base material for synthetic rubber, from U.S. \$0.95 per kilogram to U.S. \$1.00 per kilogram.

We are also confirming the following elements of our forecast published on March 5, 2015: We still anticipate negative special effects of around €100 million. Amortization of intangible assets from purchase price allocations, resulting primarily from the acquisition of Veyance Technologies, is expected to be about €125 million. In fiscal 2015, the capital expenditure ratio before acquisitions will make up around 6% of sales. Despite the early redemption of the bond of U.S. \$950 million, the negative net interest expense will come to approximately €300 million and the corporation's tax rate will be around 30%.

By contrast, we are increasing the outlook for free cash flow before acquisitions in 2015 from at least €1.5 billion to at least €1.8 billion.

There is currently no reason to believe that the business performance in the second half of 2015 will not be similarly positive to the development in the first half of 2015.

Consolidated Financial Statements as at June 30, 2015

Consolidated Statement of Income

in € millions	January 1 to June 30		Second Quarter	
	2015	2014	2015	2014
Sales	19,598.6	16,918.1	10,029.7	8,528.0
Cost of sales	-14,501.2	-12,694.9	-7,355.1	-6,400.5
Gross margin on sales	5,097.4	4,223.2	2,674.6	2,127.5
Research and development expenses	-1,274.3	-1,073.8	-631.3	-529.7
Selling and logistics expenses	-1,074.7	-873.4	-553.8	-442.5
Administrative expenses	-459.3	-381.2	-244.8	-202.3
Other expenses and income	-156.1	-67.3	-78.4	-20.3
Income from at-equity accounted investees	27.8	-17.7	16.6	-26.1
Other income from investments	0.4	0.3	0.4	0.3
Earnings before interest and taxes	2,161.2	1,810.1	1,183.3	906.9
Interest income	49.3	46.3	21.5	19.7
Interest expense	-148.3	-186.8	-64.8	-80.2
Net interest expense	-99.0	-140.5	-43.3	-60.5
Earnings before taxes	2,062.2	1,669.6	1,140.0	846.4
Income tax expense	-571.2	-323.9	-326.8	-108.3
Net income	1,491.0	1,345.7	813.2	738.1
Non-controlling interests	-42.4	-41.9	-21.3	-22.6
Net income attributable to the shareholders of the parent	1,448.6	1,303.8	791.9	715.5
Basic earnings per share in €	7.24	6.52	3.96	3.58
Diluted earnings per share in €	7.24	6.52	3.96	3.58

Consolidated Statement of Comprehensive Income

in € millions	January 1 to June 30		Second Quarter	
	2015	2014 ¹	2015	2014 ¹
Net income	1,491.0	1,345.7	813.2	738.1
Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit plans ²	105.2	-166.6	393.6	-105.6
Fair value adjustments ²	204.4	-239.6	566.1	-146.5
Portion for at-equity accounted investees ³	–	0.2	–	0.2
Currency translation	-32.1	-4.1	13.0	-5.0
Tax on other comprehensive income	-67.1	76.9	-185.5	45.7
Items that may be reclassified subsequently to profit or loss				
Currency translation ²	420.5	95.6	-323.9	132.1
Difference from currency translation ²	413.5	96.8	-330.9	133.6
Reclassification adjustments to profit and loss	–	0.3	–	–
Portion for at-equity accounted investees	7.0	-1.5	7.0	-1.5
Available-for-sale financial assets	-10.1	8.6	-6.2	5.5
Fair value adjustments	-0.3	10.0	-5.7	6.6
Reclassification adjustments to profit and loss	-9.8	-1.4	-0.5	-1.1
Tax on other comprehensive income	9.6	-2.9	3.3	-2.0
Other comprehensive income	525.2	-65.3	66.8	30.0
Comprehensive income	2,016.2	1,280.4	880.0	768.1
Attributable to non-controlling interests	-71.1	-47.4	-1.1	-30.8
Attributable to the shareholders of the parent	1,945.1	1,233.0	878.9	737.3

¹ The prior-year comparative figures have been restated in accordance with the 2015 structure.

² Including non-controlling interests.

³ Including taxes.

Consolidated Statement of Financial Position

Assets in € millions	June 30, 2015	Dec. 31, 2014	June 30, 2014
Goodwill	6,168.3	5,769.1	5,605.4
Other intangible assets	1,140.8	443.3	470.7
Property, plant and equipment	9,222.2	8,446.4	7,924.0
Investment property	17.4	17.5	19.9
Investments in at-equity accounted investees	312.0	298.5	410.6
Other investments	12.9	10.7	10.6
Deferred tax assets	1,640.1	1,573.4	1,106.3
Defined benefit assets	3.0	1.6	7.5
Long-term derivative instruments and interest-bearing investments	312.6	301.2	299.8
Other long-term financial assets	35.4	41.9	33.4
Other long-term assets	20.5	19.7	21.2
Non-current assets	18,885.2	16,923.3	15,909.4
Inventories	3,605.5	2,987.6	3,178.6
Trade accounts receivable	7,084.3	5,846.2	5,950.2
Other short-term financial assets	464.5	382.5	381.0
Other short-term assets	930.1	731.3	761.3
Income tax receivables	128.4	60.3	67.0
Short-term derivative instruments and interest-bearing investments	106.3	63.1	41.9
Cash and cash equivalents	2,349.7	3,243.8	1,919.4
Assets held for sale	51.3	3.0	31.9
Current assets	14,720.1	13,317.8	12,331.3
Total assets	33,605.3	30,241.1	28,240.7

Equity and liabilities in € millions	June 30, 2015	Dec. 31, 2014	June 30, 2014
Subscribed capital	512.0	512.0	512.0
Capital reserves	4,155.6	4,155.6	4,155.6
Retained earnings	8,202.9	7,404.3	6,339.1
Other comprehensive income	-900.0	-1,399.8	-1,262.5
Equity attributable to the shareholders of the parent	11,970.5	10,672.1	9,744.2
Non-controlling interests	451.3	352.5	331.9
Total equity	12,421.8	11,024.6	10,076.1
Provisions for pension liabilities and similar obligations	3,507.1	3,483.7	2,682.9
Deferred tax liabilities	276.4	178.5	152.0
Long-term provisions for other risks and obligations	326.9	306.3	283.4
Long-term portion of indebtedness	2,775.0	5,077.4	5,041.6
Other long-term financial liabilities	88.0	48.7	44.9
Other long-term liabilities	54.9	46.4	42.9
Non-current liabilities	7,028.3	9,141.0	8,247.7
Trade accounts payable	5,552.8	4,861.6	4,728.0
Income tax payables	677.7	577.3	619.9
Short-term provisions for other risks and obligations	811.6	732.7	591.5
Indebtedness	4,229.2	1,354.2	1,492.3
Other short-term financial liabilities	1,669.9	1,649.2	1,405.6
Other short-term liabilities	1,194.8	900.2	1,078.7
Liabilities held for sale	19.2	0.3	0.9
Current liabilities	14,155.2	10,075.5	9,916.9
Total equity and liabilities	33,605.3	30,241.1	28,240.7

Consolidated Statement of Cash Flows

in € millions	January 1 to June 30		Second Quarter	
	2015	2014	2015	2014
Net income	1,491.0	1,345.7	813.2	738.1
Income tax expense	571.2	323.9	326.8	108.3
Net interest expense	99.0	140.5	43.3	60.5
EBIT	2,161.2	1,810.1	1,183.3	906.9
Interest paid	-90.6	-97.4	-18.9	-36.6
Interest received	16.1	12.6	7.4	5.6
Income tax paid	-568.4	-352.0	-299.0	-173.7
Dividends received	27.8	16.1	10.6	0.5
Depreciation, amortization, impairment and reversal of impairment losses	875.3	795.7	450.0	403.1
Income from at-equity accounted and other investments, incl. impairment and reversal of impairment losses	-28.2	17.4	-17.0	25.8
Gains from the disposal of assets, companies and business operations	-12.1	-3.4	-6.0	3.6
Changes in				
inventories	-263.0	-294.3	-82.1	-26.2
trade accounts receivable	-713.8	-578.0	141.3	181.8
trade accounts payable	394.0	87.0	-110.5	-90.2
pension and similar obligations	30.3	4.3	13.4	3.8
other assets and liabilities	-114.8	25.4	-242.3	-179.7
Cash flow arising from operating activities	1,713.8	1,443.5	1,030.2	1,024.7
Cash flow from the disposal of property, plant and equipment, and intangible assets	19.9	26.0	9.7	8.2
Capital expenditure on property, plant and equipment, and software	-815.8	-793.9	-459.0	-453.0
Capital expenditure on intangible assets from development projects and miscellaneous	-34.0	-33.4	-16.8	-18.7
Cash flow from the disposal of companies and business operations	-1.7	0.2	–	–
Acquisition of companies and business operations	-600.2	-67.6	-10.8	-49.9
Cash flow arising from investing activities	-1,431.8	-868.7	-476.9	-513.4
Cash flow before financing activities (free cash flow)	282.0	574.8	553.3	511.3
Change in indebtedness	-582.6	-185.4	186.1	-101.9
Successive purchases	-11.1	–	-11.1	–
Dividends paid	-650.0	-500.0	-650.0	-500.0
Dividends paid to and cash changes from equity transactions with non-controlling interests	-40.9	-26.5	-39.0	-25.6
Cash and cash equivalents arising from first consolidation of subsidiaries	–	0.2	–	–
Cash flow arising from financing activities	-1,284.6	-711.7	-514.0	-627.5
Change in cash and cash equivalents	-1,002.6	-136.9	39.3	-116.2
Cash and cash equivalents at the beginning of the reporting period	3,243.8	2,044.8	2,372.3	2,008.0
Effect of exchange rate changes on cash and cash equivalents	108.5	11.5	-61.9	27.6
Cash and cash equivalents at the end of the reporting period	2,349.7	1,919.4	2,349.7	1,919.4

Consolidated Statement of Changes in Equity

in € millions	Subscribed capital ¹	Capital reserves	Retained earnings	Successive purchases ²	Difference from			Subtotal	Non-controlling interests	Total
					remeasurement of defined benefit plans ³	currency translation ⁴	financial instruments ⁵			
As at Jan. 1, 2014	512.0	4,155.6	5,535.3	-18.4	-741.2	-435.9	3.8	9,011.2	311.0	9,322.2
Net income	–	–	1,303.8	–	–	–	–	1,303.8	41.9	1,345.7
Comprehensive income	–	–	–	–	-166.4	89.5	6.1	-70.8	5.5	-65.3
Net profit for the period	–	–	1,303.8	–	-166.4	89.5	6.1	1,233.0	47.4	1,280.4
Dividends paid/resolved	–	–	-500.0	–	–	–	–	-500.0	-26.5	-526.5
Other changes ⁶	–	–	–	0.0	–	–	–	0.0	–	0.0
As at June 30, 2014	512.0	4,155.6	6,339.1	-18.4	-907.6	-346.4	9.9	9,744.2	331.9	10,076.1
As at Jan. 1, 2015	512.0	4,155.6	7,404.3	-19.4	-1,339.6	-51.1	10.3	10,672.1	352.5	11,024.6
Net income	–	–	1,448.6	–	–	–	–	1,448.6	42.4	1,491.0
Comprehensive income	–	–	–	–	105.2	397.9	-6.6	496.5	28.7	525.2
Net profit for the period	–	–	1,448.6	–	105.2	397.9	-6.6	1,945.1	71.1	2,016.2
Dividends paid/resolved	–	–	-650.0	–	–	–	–	-650.0	-46.3	-696.3
Successive purchases	–	–	–	3.3	–	–	–	3.3	-5.2	-1.9
Other changes ⁶	–	–	–	–	–	–	–	–	79.2	79.2
As at June 30, 2015	512.0	4,155.6	8,202.9	-16.1	-1,234.4	346.8	3.7	11,970.5	451.3	12,421.8

1 Divided into 200,005,983 shares outstanding.

2 The amount in the reporting period resulted from the successive purchases of shares in consolidated companies.

3 Includes shareholder's portion of €– million (PY: €0.2 million) in non-realized gains and losses from pension obligations of at-equity accounted investees.

4 Includes shareholder's portion of €7.0 million (PY: -€1.5 million) in the foreign currency translation of at-equity accounted investees.

5 The difference arising from financial instruments, including deferred taxes, was mainly due to available-for-sale financial assets.

6 Other changes in non-controlling interests due to changes in the scope of consolidation and to capital increases.

Explanatory Notes to the Consolidated Financial Statements

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

in € millions	Chassis & Safety	Powertrain	Interior
External sales	4,265.0	3,610.6	4,028.1
Intercompany sales	13.1	35.7	4.1
Sales (total)	4,278.1	3,646.3	4,032.2
EBITDA	590.7	360.7	552.7
in % of sales	13.8	9.9	13.7
EBIT (segment result)	424.2	197.7	425.0
in % of sales	9.9	5.4	10.5
Depreciation and amortization ¹	166.5	163.0	127.7
thereof impairment ²	–	–	–
Capital expenditure ³	168.2	170.3	134.1
in % of sales	3.9	4.7	3.3
Operating assets as at June 30	4,168.6	2,729.7	4,000.0
Number of employees as at June 30 ⁴	38,948	35,971	37,778

in € millions	Tires	ContiTech	Other/Consolidation	Continental Corporation
External sales	5,053.6	2,641.3	–	19,598.6
Intercompany sales	10.6	45.8	-109.3	–
Sales (total)	5,064.2	2,687.1	-109.3	19,598.6
EBITDA	1,314.3	298.3	-80.2	3,036.5
in % of sales	26.0	11.1	–	15.5
EBIT (segment result)	1,058.1	137.2	-81.0	2,161.2
in % of sales	20.9	5.1	–	11.0
Depreciation and amortization ¹	256.2	161.1	0.8	875.3
thereof impairment ²	–	–	–	–
Capital expenditure ³	233.0	109.7	0.5	815.8
in % of sales	4.6	4.1	–	4.2
Operating assets as at June 30	5,402.2	3,322.7	-118.6	19,504.6
Number of employees as at June 30 ⁴	49,079	43,124	388	205,288

¹ Excluding impairment on financial investments.

² Impairment also includes necessary reversal of impairment losses.

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

⁴ Excluding trainees.

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

in € millions	Chassis & Safety	Powertrain	Interior
External sales	3,728.7	3,144.7	3,430.0
Intercompany sales	18.0	32.8	3.0
Sales (total)	3,746.7	3,177.5	3,433.0
EBITDA	496.0	282.3	467.7
in % of sales	13.2	8.9	13.6
EBIT (segment result)	331.6	97.4	292.5
in % of sales	8.9	3.1	8.5
Depreciation and amortization ¹	164.4	184.9	175.2
thereof impairment ²	–	–	4.6
Capital expenditure ³	148.6	135.8	104.9
in % of sales	4.0	4.3	3.1
Operating assets as at June 30	3,915.9	2,835.0	3,819.8
Number of employees as at June 30 ⁴	37,766	33,654	35,407

in € millions	Tires	ContiTech	Other/Consolidation	Continental Corporation
External sales	4,716.9	1,897.8	–	16,918.1
Intercompany sales	7.3	54.2	-115.3	–
Sales (total)	4,724.2	1,952.0	-115.3	16,918.1
EBITDA	1,137.3	276.6	-54.1	2,605.8
in % of sales	24.1	14.2	–	15.4
EBIT (segment result)	923.1	219.8	-54.3	1,810.1
in % of sales	19.5	11.3	–	10.7
Depreciation and amortization ¹	214.2	56.8	0.2	795.7
thereof impairment ²	–	–	–	4.6
Capital expenditure ³	316.6	87.4	0.6	793.9
in % of sales	6.7	4.5	–	4.7
Operating assets as at June 30	4,896.4	1,418.5	-132.5	16,753.1
Number of employees as at June 30 ⁴	47,715	31,411	325	186,278

¹ Excluding impairment on financial investments.

² Impairment also includes necessary reversal of impairment losses.

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

⁴ Excluding trainees.

Reconciliation of EBIT to net income

in € millions	January 1 to June 30		Second Quarter	
	2015	2014	2015	2014
Chassis & Safety	424.2	331.6	209.3	159.3
Powertrain	197.7	97.4	101.0	32.9
Interior	425.0	292.5	234.1	154.7
Tires	1,058.1	923.1	604.1	482.4
ContiTech	137.2	219.8	82.3	104.3
Other/consolidation	-81.0	-54.3	-47.5	-26.7
EBIT	2,161.2	1,810.1	1,183.3	906.9
Net interest expense	-99.0	-140.5	-43.3	-60.5
Earnings before taxes	2,062.2	1,669.6	1,140.0	846.4
Income tax expense	-571.2	-323.9	-326.8	-108.3
Net income	1,491.0	1,345.7	813.2	738.1
Non-controlling interests	-42.4	-41.9	-21.3	-22.6
Net income attributable to the shareholders of the parent	1,448.6	1,303.8	791.9	715.5

Accounting principles

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

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

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

Although certain elements of the corporation's business are seasonal, the overall comparability of the interim consolidated financial statements is not compromised. All significant effects in the current period are shown in this report. Changes in the recognition or measurement of assets and liabilities within the scope of company acquisitions are presented retrospectively once the final purchase price allocation has been determined.

The consolidated financial statements have been prepared in euro. Unless otherwise stated, all amounts are shown in millions of euro. Please note that differences may arise as a result of the use of rounded amounts and percentages.

Provisions for pension liabilities and similar obligations

Compared to December 31, 2014, the remeasurement of defined benefit pension plans as at June 30, 2015, resulted in a €138.1 million increase in reserves recognized directly in equity due to the rise in discount rates. The corresponding increase in equity contrasted with a reduction in pension liabilities and similar obligations of €204.5 million.

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

in € millions	January 1 to June 30, 2015						January 1 to June 30, 2014					
	Germany	U.S.A.	CAN	U.K.	Other	Total	Germany	U.S.A.	CAN	U.K.	Other	Total
Current service cost	75.6	3.5	1.3	2.3	9.9	92.6	52.0	0.0	0.2	1.7	8.7	62.6
Interest on defined benefit obligations	40.3	24.6	2.7	7.2	3.9	78.7	45.0	20.4	1.5	6.5	4.7	78.1
Expected return on plan assets	-3.6	-17.2	-2.3	-7.1	-1.6	-31.8	-5.5	-17.1	-1.4	-6.5	-2.5	-33.0
Effect of change of asset ceiling	–	–	0.0	–	0.2	0.2	–	–	0.1	–	0.1	0.2
Other pension income and expenses	–	0.8	0.0	–	0.3	1.1	–	0.4	0.0	–	0.3	0.7
Net pension cost	112.3	11.7	1.7	2.4	12.7	140.8	91.5	3.7	0.4	1.7	11.3	108.6

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

in € millions	January 1 to June 30	
	2015	2014
Current service cost	1.2	0.7
Interest on healthcare and life insurance benefit obligations	4.8	4.1
Net cost of obligations similar to pensions	6.0	4.8

Cash changes in pension and similar obligations

Pension funds exist solely for pension obligations, particularly in Germany, the U.S.A., Canada and the U.K., and not for other benefit obligations. In the period from January 1 to June 30, 2015, the companies of the Continental Corporation paid €15.4 million (PY: €18.0 million) into these pension funds.

Payments for retirement benefit obligations totaled €107.4 million (PY: €96.1 million) in the period from January 1 to June 30, 2015. Payments for obligations similar to pensions totaled €8.4 million (PY: €6.8 million).

Companies consolidated

In addition to the parent company, the consolidated financial statements include 496 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, 381 are fully consolidated and 115 are accounted for using the equity method.

The number of consolidated companies has increased by a total of 38 since December 31, 2014. A total of 37 companies were acquired, two new companies were founded, two not yet consolidated entities were included in consolidation for the first time, and three companies were merged. The additions to the consolidated group essentially resulted from the acquisition of Veyance Technologies.

Since June 30, 2014, the number of consolidated companies has increased by a total of 43. The additions to the consolidated group essentially resulted from the acquisition of Veyance Technologies and the newly formed companies of the Automotive Group. Companies no longer included in the scope of consolidation relate to disposals of the Automotive Group in particular.

Acquisition and disposal of companies and business operations

Once all agreed conditions had been met, the agreement that was concluded on February 10, 2014, with The Carlyle Group, Washington D.C., U.S.A., regarding the acquisition of Veyance Technologies, was closed on January 30, 2015. The acquisition took place by way of the merger of South Acquisition Corp., Inc., Wilmington, Delaware, U.S.A., a wholly owned subsidiary of the Continental Corporation, with EPD Holdings Inc., Wilmington, Delaware, U.S.A., which up to then had been a wholly owned subsidiary of The Carlyle Group, Washington D.C., U.S.A. Veyance Technologies operates globally in the field of rubber and plastics technology. It posted sales in 2014 of approximately €1.5 billion, around 90% of which was generated in the industrial business. At the end of 2014, it had a workforce of about 8,500 employees in its 27 plants worldwide. Conveyor belts, hoses and power transmission belts are the focus of its product range. The acquisition should strengthen in particular the ContiTech segment's Conveyor Belt Group, Fluid Technology

and Power Transmission Group business units in regions where ContiTech has little or no representation. With the additional business in markets such as the U.S.A. and South America, but also in Mexico, Canada, China, Australia, and South Africa, ContiTech will in the future achieve some 60% of its sales with customers outside of the automotive original equipment sector. In doing so, Continental has taken another step toward achieving its strategic goal of further increasing sales from industrial customers and the aftermarket. The provisional purchase price was €678.0 million and was paid in cash. The total incidental acquisition costs incurred since 2013 of €19.8 million were recognized as other expenses. The provisional purchase price allocation resulted in intangible assets of €720.7 million and goodwill of €282.9 million for the ContiTech segment. This goodwill resulted from the skills and professional aptitude of the workforce and from expectations regarding the improved geographical market coverage of the group of companies following the transaction. This particularly relates to regions in which ContiTech operated only to a limited extent in the past, such as North America, Latin America, China and South Africa. Furthermore, synergies are expected in the procurement of manufacturing materials and from the production processes. If the transaction had already been completed as at January 1, 2015, net income after taxes would have been €21.1 million lower and sales would have been up by €122.5 million. Since the transaction was closed on January 30, Veyance Technologies has generated sales of €562.8 million and contributed net income after taxes of -€85.2 million. Other than this, there was no material effect on the net assets, financial and earnings position of the Continental Corporation as at June 30, 2015.

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

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

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

Two acquisitions of non-controlling interests were completed in the first half of the year. The resulting difference between the respective purchase price and the value of the shares acquired of €3.3 million in total was offset against equity. These transactions had no material effect on the net assets, financial and earnings position of the Continental Corporation as at June 30, 2015.

As part of an asset deal effective January 1, 2015, Profi Reifen- und Autoservice GmbH, Wiener Neudorf, Austria, sold its complete-wheel assembly activity at the site in Kalsdorf, Austria, to PTG Automotive Solutions and Services GmbH, Kalsdorf, Austria. This transaction resulted in a loss of €0.1 million that was reported under other expenses and income.

Impairment

The corporation immediately reviews other intangible assets and property, plant and equipment, investment property, financial investments and goodwill as soon as there is an indication of impairment (triggering event). No significant impairment resulted from these reviews in the reporting period.

In the previous year, the acquisition of the outstanding 50% of shares in the exhaust technology specialist Emitec Gesellschaft für Emissionstechnologie mbH, Lohmar, Germany, from the former co-partner GKN Driveline International GmbH, Lohmar, Germany, resulted in the recognition of an impairment loss of €34.5 million on the carrying amount of the at-equity accounted investee.

Appropriation of net income

As at December 31, 2014, Continental AG reported net retained earnings of €749.2 million (PY: €913.4 million). On April 30, 2015, the Annual Shareholders' Meeting resolved to distribute a dividend of €3.25 per share to the shareholders of Continental AG for the past fiscal year. With 200,005,983 shares entitled to dividends, the total distribution thus amounted to €650,019,444.75. The remaining amount was carried forward to new account.

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

Earnings per share

Basic earnings per share increased to €7.24 (PY: €6.52) in the first half of 2015 and to €3.96 (PY: €3.58) in the period from April 1 to June 30, 2015. These figures were the same for the diluted earnings per share.

Contingent liabilities and other financial obligations

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

Transactions with related parties

In the period under review there were no material changes in transactions with related parties compared to December 31, 2014. For further information, please refer to the comments in the 2014 Annual Report.

German Corporate Governance Code

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

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, 2015.

Indebtedness and net interest expense

The committed volume of the new syndicated loan concluded in April 2014 remains unchanged at €4.5 billion and still consists of a term loan of €1.5 billion and a revolving credit line of €3.0 billion. There was a contractual amendment to the revolving tranche in April 2015. All the banks involved approved a one-year extension. This financing commitment is therefore now available to Continental until April 2020. As at the end of the first half of 2015, the syndicated loan had been utilized by Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., and Continental AG at a total nominal amount of €1,745.9 million. In the previous year, it had been utilized only by Continental AG at a nominal amount of €1,500.0 million. The slightly higher utilization year-on-year is due to the acquisition of Veyance Technologies.

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

Financial instruments

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

in € millions	Measurement category in acc. with IAS 39	Carrying amount as at June 30, 2015	Fair value as at June 30, 2015	Carrying amount as at Dec. 31, 2014	Fair value as at Dec. 31, 2014
Other investments	AFS	12.9	12.9	10.7	10.7
Derivative instruments and interest-bearing investments					
Derivative instruments not accounted for as hedging instruments	HfT	102.1	102.1	80.2	80.2
Available-for-sale financial assets	AFS	311.6	311.6	266.8	266.8
Other receivables with a financing character	LaR	5.2	5.2	17.3	17.3
Trade accounts receivable	LaR	7,084.3	7,084.3	5,846.2	5,846.2
Other financial assets	LaR	499.9	499.9	424.4	424.4
Cash and cash equivalents					
Cash and cash equivalents	LaR	2,327.3	2,327.3	2,960.5	2,960.5
Available-for-sale financial assets	AFS	22.4	22.4	283.3	283.3
Financial assets		10,365.7	10,365.7	9,889.4	9,889.4
Indebtedness					
Derivative instruments accounted for as hedging instruments	n. a.	3.7	3.7	4.9	4.9
Derivative instruments not accounted for as hedging instruments	HfT	18.2	18.2	17.4	17.4
Financial lease liabilities	n. a.	45.9	51.2	48.0	54.2
Other indebtedness	FLAC	6,936.4	7,132.5	6,361.3	6,609.1
Trade accounts payable	FLAC	5,552.8	5,552.8	4,861.6	4,861.6
Other financial liabilities	FLAC	1,757.9	1,757.3	1,697.9	1,697.2
Financial liabilities		14,314.9	14,515.7	12,991.1	13,244.4
Aggregated according to categories as defined in IAS 39:					
Financial assets held for trading (HfT)		102.1		80.2	
Loans and receivables (LaR)		9,916.7		9,248.4	
Available-for-sale financial assets (AFS)		346.9		560.8	
Financial liabilities held for trading (HfT)		8.7		17.4	
Financial liabilities measured at amortized cost (FLAC)		14,247.1		12,920.8	

Abbreviations

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

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

- › Level 1: quoted prices on the active market for identical instruments.
- › Level 2: quoted prices on the active market for a similar instrument or a measurement method for which all major input factors are based on observable market data.

› Level 3: measurement method for which the major input factors are not based on observable market data.

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

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

in € millions		June 30, 2015	Level 1	Level 2	Cost
Other investments	AFS	12.9	–	–	12.9
Available-for-sale financial assets	AFS	334.0	324.5	9.5	0.0
Derivative instruments not accounted for as hedging instruments	HFT	102.1	–	102.1	–
Financial assets measured at fair value		449.0	324.5	111.6	12.9
Derivative instruments accounted for as hedging instruments	n. a.	3.7	–	3.7	–
Derivative instruments not accounted for as hedging instruments	HFT	18.2	–	18.2	–
Financial liabilities measured at fair value		21.9	–	21.9	–
Financial lease liabilities	n. a.	51.2	–	51.2	–
Other indebtedness	FLAC	7,132.5	3,285.2	2,127.1	1,720.2
Other financial liabilities	FLAC	1,757.3	–	18.2	1,739.1
Financial liabilities not measured at fair value		8,941.0	3,285.2	2,196.5	3,459.3

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

Income tax expense

Income tax expense in the first half of 2015 amounted to €571.2 million (PY: €323.9 million). The tax rate in the reporting period was 27.7% after 19.4% for the same period of the previous year. The tax rate in the previous year was influenced in particular by the recognition of deferred tax assets on interest carryforwards in Germany of €98.0 million, the future utilization of which was considered likely.

Litigation and compensation claims

In the proceedings against Continental Automotive Korea Ltd., Seongnam-si, South Korea, and Continental Automotive Electronics LLC, Bugan-myeon, South Korea (CAE), as well as other companies in connection with suspected antitrust violations in

the instrument cluster business, on April 1, 2015, the competent U.S. court confirmed the agreement in which the two companies admit to charges of violating U.S. antitrust law and agree to pay a fine of U.S. \$4.0 million (about €3.6 million). On June 25, 2015, the Seoul High Court, Seoul, South Korea, vacated the administrative fine imposed on CAE by the Korean Fair Trade Commission (KFTC) on CAE's appeal against the amount of the fine. The KFTC has filed an appeal.

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

Significant Events after June 30, 2015

The Continental Corporation is systematically expanding its systems and software expertise for solutions in the automotive industry. An agreement to acquire Elektrobot Automotive GmbH based in Erlangen, Germany, was signed on May 18, 2015. Elektrobot Automotive was owned by the Finnish Elektrobot Corporation, Helsinki, Finland. The acquisition was closed on July 1, 2015, following approval by the antitrust authorities.

Elektrobot Automotive is a specialist for highly innovative software solutions and has been working together with Continental for more than ten years. Sales of €171.4 million were generated in fiscal 2014. Elektrobot Automotive had around 1,300 professionals as at December 31, 2014, at its nine locations. In addition, its associated company e.solutions GmbH, Ingolstadt, Germany, employs approximately 600 engineers.

The purchase price was €600 million and was paid in cash. The net assets to be acquired are expected to amount to around €20 million. According to initial calculations, intangible assets of around €240 million are expected in the Interior segment. After taking deferred taxes into account, provisional goodwill therefore amounts to around €400 million, which will be distributed among the cash-generating units of the Automotive Group in line with the anticipated synergies.

Owing to time restrictions in light of the closing having taken place only a few days before the preparation of the interim report, there is no further data available yet that is subject to disclosure requirements.

Hanover, July 21, 2015

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 assets, liabilities, financial position and profit or loss 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 21, 2015

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 Income and Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and selected Explanatory Notes to the Consolidated Financial Statements - together with the interim corporate management report of Continental Aktiengesellschaft, for the period from January 1 to June 30, 2015, that are part of the semi annual report according to § 37w German Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS 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 accept-

ed 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 the IFRS 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 the IFRS 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 30, 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Marc Ufer
Wirtschaftsprüfer

Dirk Papenberg
Wirtschaftsprüfer

Financial Calendar

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

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

Contact details

This Half-Year Financial Report has also been published in German. The 2014 Annual Report is available in English and German.

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