

Networking

2018 Annual Report of
Continental Aktiengesellschaft

The management report of Continental Aktiengesellschaft is combined with the management report of the Continental Corporation in accordance with Section 315 (5) of the German Commercial Code (*Handelsgesetzbuch*) and published in Continental's Annual Report for 2018.

The annual financial statements and the combined management report of Continental Aktiengesellschaft for fiscal 2018 are published in the electronic German Federal Gazette (*elektronischer Bundesanzeiger*).

Annual Report of Continental Aktiengesellschaft

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Continental Aktiengesellschaft

Income Statement

€ millions	See Note	2018	2017
Sales	13	260.4	237.7
Cost of sales		-252.9	-230.9
Gross margin on sales		7.5	6.8
General administrative expenses		193.7	182.3
Other operating income	14	25.5	35.8
Other operating expenses	15	59.4	39.2
Net investment income	16	1,462.7	1,737.1
Income from other securities and long-term loans		11.6	10.3
Amortization of investments and of securities under current assets		0.8	–
Net interest result	17	-65.5	-85.6
Result from activities		1,187.9	1,482.9
Income tax expense	18	0.2	-265.6
Net income		1,188.1	1,217.3
Accumulated profits brought forward from the previous year		570.4	253.1
Retained earnings		1,758.5	1,470.4

Balance Sheet

Assets

€ millions	See Note	Dec. 31, 2018	Dec. 31, 2017
Intangible assets	1	19.1	26.4
Property, plant and equipment	1	22.2	6.8
Investments	2	13,454.4	10,995.4
Non-current assets		13,495.7	11,028.6
Inventories	3	0.0	0.0
Receivables and other assets	4	7,042.3	7,487.1
Cash and cash equivalents	5	452.3	257.2
Current assets		7,494.6	7,744.3
Prepaid expenses and deferred charges	6	42.8	28.6
Total assets		21,033.1	18,801.5

Equity and liabilities

€ millions	See Note	Dec. 31, 2018	Dec. 31, 2017
Subscribed capital	8	512.0	512.0
Capital reserves	9	4,179.1	4,179.1
Revenue reserves	10	54.7	54.7
Accumulated profits brought forward from the previous year		570.4	253.1
Net income		1,188.1	1,217.3
Shareholders' equity		6,504.3	6,216.2
Provisions	11	936.4	963.1
Liabilities	12	13,591.9	11,622.2
Deferred income		0.5	–
Total equity and liabilities		21,033.1	18,801.5

Statement of Changes in Non-Current Assets

€ millions	Purchase and production costs				Dec. 31, 2018
	Jan. 1, 2018	Additions	Transfers	Disposals	
Acquired concessions, industrial and similar rights and assets, and licenses in such rights and assets	148.5	7.6	0.0	–	156.1
Prepayments	0.0	–	0.0	–	–
Intangible assets	148.5	7.6	–	–	156.1
Land, land rights and buildings including buildings on third-party land	2.0	1.1	0.0	0.5	2.6
Technical equipment and machinery	4.4	0.5	0.1	0.0	5.0
Other equipment, factory and office equipment	9.0	0.1	0.4	3.4	6.1
Advances to suppliers and assets under construction	2.3	15.4	-0.5	–	17.2
Property, plant and equipment	17.7	17.1	–	3.9	30.9
Shares in affiliated companies	10,789.4	2,451.1	–	1.0	13,239.5
Other long-term equity investments	39.2	–	–	–	39.2
Assets of Continental Pension Trust e. V.	111.3	–	–	–	111.3
Long-term securities	62.8	28.6	–	18.9	72.5
Investments	11,002.7	2,479.7	–	19.9	13,462.5
Non-current assets	11,168.9	2,504.4	–	23.8	13,649.5

Depreciation, amortization and write-downs				Book value		
Jan. 1, 2018	Additions	Disposals	Dec. 31, 2018	Dec. 31, 2018	Dec. 31, 2017	
122.1	14.9	–	137.0	19.1	26.4	
–	–	–	–	–	0.0	
122.1	14.9	–	137.0	19.1	26.4	
1.5	0.2	0.5	1.2	1.4	0.5	
1.0	1.2	0.0	2.2	2.8	3.4	
8.4	0.3	3.4	5.3	0.8	0.6	
–	–	–	–	17.2	2.3	
10.9	1.7	3.9	8.7	22.2	6.8	
0.1	0.0	–	0.1	13,239.4	10,789.3	
7.2	–	–	7.2	32.0	32.0	
–	–	–	–	111.3	111.3	
–	0.8	–	0.8	71.7	62.8	
7.3	0.8	–	8.1	13,454.4	10,995.4	
140.3	17.4	3.9	153.8	13,495.7	11,028.6	

Continental Aktiengesellschaft Notes to the Annual Financial Statements

Continental Aktiengesellschaft has been entered in the commercial register of Hanover Local Court (*Amtsgericht*) under *HRB* No. 3527.

The annual financial statements of Continental Aktiengesellschaft have been prepared in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch - HGB*) and the supplementary provisions of the German Stock Corporation Act (*Aktiengesetz - AktG*).

Individual items of the balance sheet and income statement have been combined to improve the clarity of presentation. These items are explained separately in the notes.

The income statement has been prepared using the cost of sales method in accordance with standard international practice.

Please note that differences may arise as a result of the use of rounded amounts and percentages.

Accounting Policies

Assets

Purchased intangible assets are carried at acquisition cost and amortized on a straight-line basis in accordance with the expected useful life. Internally generated intangible assets are not capitalized.

Tangible assets are measured at the cost of acquisition or production less depreciation if applicable. Movable assets that were acquired before fiscal 2008 are depreciated using the diminishing balance method, while all other assets are depreciated on a straight-line basis. Where depreciation is carried out using the diminishing balance method, this switches to the straight-line basis when this results in higher depreciation. Diminishing balance depreciation takes place at the maximum taxably permissible level. Low-value asset items with an acquisition cost of less than €1,500 each are fully recognized as an expense in the year of addition.

The expected useful lives of intangible assets and tangible assets are based on the tax depreciation tables.

Shares in affiliated companies, other long-term equity investments, long-term securities and trust assets transferred to Continental Pension Trust e. V., Hanover, that do not represent plan assets are carried at their acquisition costs less the write-down entailed by expected permanent impairment. Write-downs are reversed up to the maximum of historical cost if the reasons for permanent impairment no longer apply.

Interest-bearing loans are carried at their nominal value while non-interest-bearing and low-interest loans are discounted to their net present value.

Raw materials and supplies are measured at the lower of cost or fair value. The inventory risks resulting from decreased marketability or excessive storage periods are taken into account by means of appropriate value deductions.

Receivables and other assets are carried at nominal amount. All discernible specific risks are taken into account by means of appropriate discounts. Global discounts are recognized for general credit risk. Non-interest-bearing and low-interest receivables with a remaining term of more than one year are discounted to the balance sheet date. If hedged, receivables in foreign currencies are measured at the hedging rate.

Securities classified as current assets are carried at the lower of cost or market on the balance sheet date.

Expenses before the reporting date are reported as prepaid expenses if they represent expense for a certain subsequent period.

Deferred taxes include expected tax payments and refunds from temporary differences between the commercial and tax values of assets, liabilities, deferred income and prepaid expenses and from the use of loss carryforwards. Deferred tax assets are not recognized in the balance sheet.

Equity and liabilities

The amount of provisions for pension-related obligations is determined on the basis of actuarial calculations using the projected unit credit method and the 2018 G Heubeck mortality tables. Future increases in compensation and pensions are included in the calculation. The discount rate is based on the average market interest rate of the past 10 fiscal years published by Deutsche Bundesbank where a remaining term of 15 years is assumed. Assets that serve to fulfill pension obligations only and that are withdrawn from access by all other creditors are stated at their fair value and offset against the corresponding obligations from the old-age pension. Any surplus obligations are recognized in provisions.

The other provisions have been recognized for all identifiable risks, uncertain obligations and expected losses on the basis of prudent business practice at their respective fulfillment amount. Future price and cost increases are taken into consideration if there are indications of their occurrence. Provisions with a remaining term of more than one year are discounted according to the average market interest rate of the past seven fiscal years published by Deutsche Bundesbank in line with their remaining term.

The liabilities are recognized at their settlement amounts unless they are hedged. Hedged liabilities in foreign currencies are measured at the hedging rate.

Income statement

General administrative expenses relate to function costs for the finance, administration, human resources and holding functions.

Net investment income includes income and expense from profit and loss transfer agreements, income from investments, the result from the disposal of investments, and write-downs and reversals of write-downs on investments.

Transactions in foreign currencies are measured using the exchange rate at the date of addition or, if hedged, at the hedging rates. If unrealized losses result from the mean spot rates as at the balance sheet date, earnings-reducing provisions are recognized. Unrealized exchange gains are accounted for only if they pertain to receivables and liabilities with a remaining term of less than one year.

Notes to the Balance Sheet, Assets

1. Intangible Assets and Tangible Assets

The breakdown of asset items and their development in the year under review are shown in the statement of changes in non-current assets.

2. Investments

New subsidiaries were established in fiscal 2018 in relation to the transformation of the Powertrain division into an independent group of legal entities. Shares held in affiliated companies went up accordingly by €2,450.1 million.

As at December 31, 2018, the trust assets reported under investments and transferred to Continental Pension Trust e. V. are invested in shares in ContiTech AG, Hanover, Germany, an indirect subsidiary of Continental AG.

3. Inventories

€ thousands	Dec. 31, 2018	Dec. 31, 2017
Operating supplies	8	7
Inventories	8	7

4. Receivables and Other Assets

€ thousands	Dec. 31, 2018		Dec. 31, 2017	
	Total	With term to maturity over 1 year	Total	With term to maturity over 1 year
Trade accounts receivable	3	–	43	–
Receivables from affiliated companies	6,987,739	–	7,442,506	–
Receivables from companies in which the company has a participating interest	36	–	7	–
Other assets	54,566	–	44,599	–
Receivables and other assets	7,042,344	–	7,487,155	–

Receivables from affiliated companies relate mainly to financial receivables from the provision of loans or call deposits and receivables from the transfer of profits from subsidiaries.

5. Cash and Cash Equivalents

€ thousands	Dec. 31, 2018	Dec. 31, 2017
Bank balances	452,286	257,189
Cash and cash equivalents	452,286	257,189

6. Prepaid Expenses and Deferred Charges

€ thousands	Dec. 31, 2018	Dec. 31, 2017
Syndicated loan fees	2,879	4,114
Other deferred charges	39,930	24,492
Prepaid expenses and deferred charges	42,809	28,606

In fiscal 2014, expenses for the revolving credit facility originally amounting to €9.6 million were recognized as prepaid expenses for expenses in connection with the conclusion of the syndicated loan agreement.

The prepaid expenses will be reversed until April 2021 using the straight line method in line with the term of the revolving credit

facility under the syndicated loan. Reversals in the fiscal year amounted to €1.2 million.

Other prepaid expenses mainly comprise advance payments of fees, insurance premiums and prepaid costs.

7. Deferred Tax Assets

The temporary measurement differences calculated between the commercial accounts and the tax accounts result in a future tax reduction overall. They mainly relate to intangible assets, non-current assets, pension provisions and other provisions. An asset item for this future tax relief has not been recognized as per the option un-

der Section 274 (1) Sentence 2 *HGB*. The average tax rate used in measuring deferred taxes was 30.6%. This reflects a corporation tax rate of 15.0%, a solidarity surcharge of 5.5% and a trade tax rate of 14.8%.

Notes to the Balance Sheet, Equity and Liabilities

8. Subscribed Capital

The subscribed capital of Continental AG was unchanged year- on-year. At the end of the reporting period it amounted to €512,015,316.48 and was composed of 200,005,983 no-par-value bearer shares with a notional value of €2.56 per share.

9. Capital Reserves

Capital reserves were unchanged at €4,179.1 million as at December 31, 2018.

10. Revenue Reserves

The other revenue reserves were unchanged at €54.7 million as at December 31, 2018.

Information on the block on distribution

The pension obligations of €390.1 million, discounted at the average market interest rate of the past ten years, are €54.5 million lower than the recognition of the pension obligations of €444.6 million, discounted at the average market interest rate of the past seven years.

To safeguard pension obligations, funds have been earmarked and transferred to Continental Pension Trust e. V. with protection against insolvency. These plan assets are measured at fair value. As of the end of the reporting period, they amounted to €123.1 million and were thus €0.5 million higher than the acquisition cost of €122.6 million.

The difference from the calculation of the pension obligations at the average market interest rate of the past ten years compared with the average market interest rate of the past seven years and the difference from the fair value and the acquisition costs of the Continental Pension Trust e. V. assets totaling €55.0 million were offset by freely available revenue reserves and capital reserves of €78.4 million. There is therefore no block on the distribution of the retained earnings of €1,758.5 million.

11. Provisions

€ thousands	Dec. 31, 2018	Dec. 31, 2017
Provisions for pensions and similar obligations	210,564	175,260
Provisions for taxes	624,415	697,025
Other provisions	101,463	90,769
Provisions	936,442	963,054

Pension obligations were calculated using a discount rate of 3.21% (PY: 3.68%) applying the projected unit credit method. As in the previous year, an annual salary increase of 3.00% and an annual pension increase of 1.75% were assumed.

The difference from the calculation of the pension obligations at the average market interest rate of the past ten years (€390.1 million) compared with the pension obligation discounted at the average market interest rate of the past seven years (€444.6 million) amounted to €54.5 million.

Pension obligations of €390.1 million (PY: €348.5 million) were offset against the fair value of corresponding claims from reinsurance policies of €56.4 million (PY: €57.4 million). The fair value is the cost of acquisition.

The trust assets transferred to Continental Pension Trust e. V., with the exception of the shares in ContiTech AG, Hanover, Germany, serve exclusively to fund the employee pension plan and are protected against insolvency in line with the legal requirements and access has been withdrawn from all other creditors.

The plan assets consist of securities and cash and cash equivalents. They were measured at fair value in the amount of €123.1 million (PY: €115.8 million) and offset against the underlying pension obligations. The costs of acquisition of the plan assets amount to €122.6 million (PY: €111.5 million). The fair value is the market price.

Other provisions cover recognizable risks and other uncertain obligations. In particular, they include provisions for personnel and social security expenses (€42.9 million) and for outstanding invoices (€22.5 million).

As at the balance sheet date, there were obligations to employees on long-term work accounts of €1.7 million. The claims are hedged with a trustee agreement. The fair value of the claims is €1.7 million and is offset against the corresponding obligations as the trust assets are earmarked and access by all other creditors has been withdrawn. The acquisition costs of the trust assets amount to €1.7 million.

12. Liabilities

€ thousands	Dec. 31, 2018	With term to maturity			Dec. 31, 2017	With term to maturity		
		<1 year	>1 Year	>5 years		<1 year	>1 year	>5 years
Bonds, non convertible	2,207,944	807,944	1,400,000	50,000	2,168,192	768,192	1,400,000	50,000
Liabilities to banks	295,747	295,747	–	–	214,002	214,002	–	–
Trade accounts payable	60,886	60,886	–	–	25,509	25,509	–	–
Liabilities to affiliated companies	11,022,405	11,022,405	–	–	9,208,099	9,208,099	–	–
Other liabilities	4,903	4,657	246	–	6,448	6,082	366	–
thereof taxes	2,318				1,908			
thereof social security obligations	1,247				1,406			
Liabilities	13,591,885	12,191,639	1,400,246	50,000	11,622,250	10,221,884	1,400,366	50,000

From a sale of receivables, liabilities to banks in the amount of €119.2 million have been secured by collateral in kind consisting of ceded receivables.

The syndicated loan comprises a revolving credit facility of €3.0 billion as at the end of the reporting period. This revolving credit facility is available to Continental AG until April 2021 and had not been utilized as at the reporting date.

Liabilities to affiliated companies mainly relate to financial liabilities from loans or call deposits provided to Continental AG by subsidiaries.

Contingent liabilities

Guarantees, sureties and warranty liabilities have been provided only on behalf of subsidiaries except for the amount of €3.7 million. Pension-related obligations account for €169.0 million. €1,043.4 million of additional warranty liabilities relate to capital market finance of Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., and Continental Tire the Americas LLC, Columbus, Ohio, U.S.A. To the best of our knowledge, the underlying obligations will be fulfilled by the companies concerned in all cases. Utilization is not anticipated.

€ thousands	Dec. 31, 2018	Dec. 31, 2017
Liabilities on guarantees and guarantees for checks and bills of exchange	36,146	37,130
Liabilities on warranties	1,913,560	1,761,245

Other financial obligations

Other financial obligations amounted to a total of €17.0 million. Obligations scheduled for 2019 and later relate primarily to outsourced hardware and software (€3.6 million; €3.6 million of which in 2019) and machinery, operating and office equipment

(€1.8 million; €1.1 million of which in 2019). There are also obligations for fiscal 2019 from the purchase of land in the amount of €10.5 million. Purchase commitments for tangible assets and major repairs amount to €1.1 million.

Notes to the Income Statement

13. Sales

€ thousands	2018	2017
By area of activity		
from corporate services	257,695	234,858
from sales of licenses	2,456	2,140
from other services	233	709
Sales	260,384	237,707
By region		
Germany	235,384	216,174
Rest of Europe	11,115	9,651
Outside Europe	13,885	11,882
Sales	260,384	237,707

14. Other Operating Income

€ thousands	2018	2017
Income from reversal of provisions	9,483	5,364
Income from currency translation	6,291	17,930
Other income	9,690	12,558
Other operating income	25,464	35,852

Other income for the fiscal year contains mainly the general cost allocation to other corporation companies of €3.6 million (PY: €8.9 million).

15. Other Operating Expenses

€ thousands	2018	2017
Expenses arising from currency translation	7,455	18,292
Losses due to write-downs on current assets (except inventories)	1	0
Other expenses	51,553	20,371
Other taxes	402	513
Other operating expenses	59,411	39,176

Other expenses for the fiscal year chiefly include cost allocation expenses of €3.5 million (PY: €4.6 million) and expenses and commitment fees for the syndicated loan in the amount of €4.3 million (PY:

€4.2 million). This item also contains expenses of €30.6 million in connection with corporation companies.

16. Income from Investments

€ thousands	2018	2017
Income from profit transfer agreements	1,440,697	1,751,787
Income from long-term equity investments		
from affiliated companies	35	49
from associated companies	21,944	21,275
from other companies	3	12
Cost of loss absorption	–	-36,034
Amortization on investments	-1	-12
Net investment income	1,462,678	1,737,077

17. Net Interest Result

€ thousands	2018	2017
Other interest and similar income		
from affiliated companies	20,708	31,182
from other companies	21,955	1,541
thereof negative interest income	-3	-4
Interest and similar expense		
to affiliated companies	-45,327	-50,286
to other companies	-50,049	-60,866
thereof positive interest expense	1,395	1,040
from interest cost from pensions and long-term provisions (net)	-12,739	-7,212
Net interest result	-65,452	-85,641

Expenses of €12.6 million from the interest cost for pension provisions and long-term provisions have been offset against interest income from reinsurance policies in the amount of €2.2 million, inter-

est income from plan assets in the amount of €1.4 million and expenses from the measurement of the plan assets from Continental Pension Trust e. V. at market value in the amount of €3.7 million.

18. Income Tax Expense

The tax income of €0.2 million resulted primarily from tax refunds and the reversal of provisions for previous years, which was due in particular to the resolution of a legal dispute in the fiscal year.

Current expenses in Germany and non-imputable foreign withholding tax offset this income by nearly the same amount.

Other Disclosures

Cost of materials

€ thousands	2018	2017
Expenses for raw materials and supplies and for purchased goods	3,250	3,046
Expenses for purchased services	181,353	163,816
Cost of materials	184,603	166,862

Personnel expenses

€ thousands	2018	2017
Wages and salaries	100,453	112,472
Social security, post-employment and other employee benefit costs	57,258	34,770
thereof pension costs	45,564	24,286
Personnel expenses	157,711	147,242

Number of employees (quarterly average)

	2018	2017
Salary recipients	914	844
Number of employees (quarterly average)	914	844

Derivative instruments

Continental AG and the companies of the Continental Corporation are exposed to interest and exchange-rate risks due to their business activities. These risks are hedged on a case-by-case basis by using derivative instruments. The specified fair value of derivative instruments is generally calculated by discounting the expected cash flows on the basis of yield curves. For example, the fair value of currency forwards is calculated as the difference from the nominal amounts discounted with the risk-free interest rates of the respective currencies and translated at the current spot exchange rate. The value of forex options is determined by applying recognized option pricing models. To calculate the fair value of interest-

rate swaps and cross-currency interest-rate swaps, the future cash flows are discounted with the interest rates for the respective maturities, with deposit rates used as short-term interest rates while long-term interest rates are based on the swap rates in the respective currency.

As at December 31, 2018, the nominal volume of the derivatives concluded was €1,814.5 million. This comprises only micro hedges and portfolio hedges.

The derivative instruments were composed of the following items as at the reporting date:

€ millions	Dec. 31, 2018			Dec. 31, 2017		
	Nominal value	Market value		Nominal value	Market value	
		Active	Passive		Active	Passive
Forex future transactions	814.5	12.8	-4.9	1,278.7	12.8	-21.8
Cross-currency interest-rate swaps	1,000.0	28.2	-28.2	1,000.0	51.5	-51.5
Derivative instruments	1,814.5	41.0	-33.1	2,278.7	64.3	-73.3

For the purposes of currency management, Continental AG nets actual foreign-currency cash flows from the operations of its subsidiaries around the world with those expected in the future. The net cash flow per currency on a trailing 12-month basis determines the corporation's overall transaction risk.

The interest-rate and currency committee meets weekly to decide on the hedging measures, which may not exceed 30% of the 12-month exposure without the express authorization of the Executive Board.

In currency management, forex future, forex swap and forex option transactions in particular are utilized for the purpose of risk control. The selection and use of instruments depends on the individual hedging purpose. The basis for the utilization of hedging instruments comprises the Foreign Exchange Management Policy, adherence to which is regularly reviewed by the Corporate Audit department. The interest-rate and currency committee convenes weekly to review and initiate hedging measures.

Continental AG has taken out forex swaps with external contractual partners with a nominal amount of €382.5 million to hedge the currency risks from corporate loans taken out and distributed in foreign currencies by Continental AG and to pay interest due on maturity. The net fair value is €7.9 million. The foreign-currency loans with the same nominal amount issued and borrowed by Continental AG and the hedging forex swaps form a hedge until they mature in 2019. The hedges are considered highly effective due to the consistency of the value-determining parameters. This is demonstrated using the critical terms match method. The transactions are not recognized on the balance sheet.

To hedge currency risks from foreign-currency loans at corporation companies, whose currency risks are transferred to Continental AG by means of internal forex swaps, the hedges are combined with their counterpart transactions that were entered into by Continental AG with external banks for hedging purposes. The nominal values of the intra-corporate forex swaps and the external counterpart hedges are each €216.0 million. The net fair values as at the balance sheet date were -€3.5 million for intra-corporate forex swaps and €3.5 million for forex swaps outside the corporation. The hedges are considered highly effective due to the consistency of the value-determining parameters. This is demonstrated using the critical terms match method. The transactions mature in 2019 and are not recognized in the balance sheet.

Interest-rate swaps, interest-rate options and combined cross-currency interest-rate swaps in particular are utilized for the purpose of interest management. Above all, they serve to manage interest-rate risks, especially those arising from financial liabilities with floating interest rates, and to optimize financing costs. The Interest-Rate Management Policy forms the basis for interest management.

Continental AG had cross-currency interest-rate swaps as at the balance sheet date. These serve to hedge currency risks. They were not used to hedge interest-rate risk. The cross-currency interest-rate swaps relate to hedging of the bond issued on November 19, 2015, by Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A. The currency risks for Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., from the denomination in euros are hedged and the euro fixed interest rate is swapped for a U.S.-dollar-based fixed interest rate.

To hedge these currency risks transferred from Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A., to Continental AG by means of internal cross-currency interest-rate swaps, the hedges are combined with their counterpart transactions that were entered into by Continental AG with external banks for hedging purposes.

The nominal values of the intra-corporate cross-currency interest-rate swaps and the external counterpart hedges are each €500.0 million. The net fair values as at the reporting date were -€28.2 million for intra-corporate cross-currency interest-rate swaps and €28.2 million for cross-currency interest-rate swaps outside the corporation. The hedges are considered highly effective due to the consistency of the value-determining parameters. This is demonstrated using the critical terms match method. The transactions mature in 2019 and are not recognized in the balance sheet.

Besides these cross-currency interest-rate swaps, Continental AG had no other interest-rate swaps or interest-rate options as at the reporting date.

Auditor's fees

The Annual Shareholders' Meeting on April 27, 2018, elected KPMG AG Wirtschaftsprüfungsgesellschaft, Hanover, Germany, as the auditor for fiscal 2018. Details of the auditor's fees in fiscal 2018 can be found in Note 38 of the Notes to the Consolidated Financial Statements of Continental AG.

Accounting in accordance with Section 6b of the German Energy Industry Act (*Energiewirtschaftsgesetz - EnWG*)

On the coming into effect of the law for new regulations on the energy industry on August 4, 2011, all former property grids are subject to the supplementary accounting regulations pursuant to *EnWG*. The *EnWG* regulatory requirements do not apply if the former property grid is classified as a "customer installation." There are material arguments that the energy installations operated by Continental AG in Germany are "customer installations" as defined by the law.

Notices in Accordance with the German Securities Trading Act (*Wertpapierhandelsgesetz - WpHG*)

From the start of the fiscal year to the time of the preparation of the financial statements, we received the following notifications in accordance with Section 40 (1) *WpHG* on holdings in Continental AG. In the event of the threshold stated in this provision being reached, exceeded or falling below on multiple occasions by the same party, only the most recent notification has been shown here. Notifications from earlier fiscal years about the existence of voting rights shares of at least 3% are still disclosed as at the end of the reporting period. In these cases, the provisions relate to the version of the *WpHG* valid until January 2, 2018.

BlackRock, Inc., Wilmington, Delaware, United States, notified us that its share of voting rights in Continental AG on November 22, 2018, amounted to 3.09%.

- 2.99% of these voting rights (5,980,485 voting rights) are attributed to the company in accordance with Section 34 *WpHG*.
- 0.08% of these voting rights (160,558 voting rights) are attributed to the company as instruments in accordance with Section 38 (1) No. 1 *WpHG* (Lent Securities).
- 0.02% of these voting rights (40,717 voting rights) are attributed to the company as instruments in accordance with Section 38 (1) No. 2 *WpHG* (Contract for Difference).

Harris Associates L.P., Wilmington, Delaware, United States, notified us that the share of voting rights in Continental AG held by Harris Associates Investment Trust on November 2, 2018, amounted to 5.02%.

- › 5.02% of these voting rights (10,031,823 voting rights) are attributed to the company in accordance with Section 34 *WpHG*.

By way of a letter dated January 4, 2016, we received notification that:

- › the share of voting rights in Continental AG held by Schaeffler Familienholding Eins GmbH, Herzogenaurach, Germany, fell below the threshold of 3% of voting rights on December 31, 2015, due to restructuring within the corporation and amounted to 0.00% at this time.
- › the share of voting rights in Continental AG held by Schaeffler Familienholding Zwei GmbH, Herzogenaurach, Germany, fell below the threshold of 3% of voting rights on December 31, 2015, due to restructuring within the corporation and amounted to 0.00% at this time.
- › the share of voting rights in Continental AG held by IHO Verwaltungs GmbH (still operating as Schaeffler Verwaltung Zwei GmbH as at December 31, 2015), Herzogenaurach, Germany, on December 31, 2015, amounted to 35.99%.
- › the share of voting rights in Continental AG held by IHO Beteiligungs GmbH (still operating as Schaeffler Verwaltungs GmbH as at December 31, 2015), Herzogenaurach, Germany, on December 31, 2015, amounted to 10.01%. Another 35.99% of the voting rights in Continental AG are attributed to the company in accordance with Section 22 (1) Sentence 1 No. 1 *WpHG*.
- › 46.00% of the voting rights in Continental AG are attributed to IHO Holding GmbH & Co. KG (still operating as Schaeffler Holding GmbH & Co. KG as at December 31, 2015), Herzogenaurach, Germany, on December 31, 2015, in accordance with Section 22 (1) Sentence 1 No. 1 *WpHG*.
- › 46.00% of the voting rights in Continental AG are attributed to IHO Management GmbH (still operating as Schaeffler Management GmbH as at December 31, 2015), Herzogenaurach, Germany, on December 31, 2015, in accordance with Section 22 (1) Sentence 1 No. 1 *WpHG*.
- › 46.00% of the voting rights in Continental AG are attributed to INA-Holding Schaeffler GmbH & Co. KG, Herzogenaurach, Germany, on December 31, 2015, in accordance with Section 22 (1) Sentence 1 No. 1 *WpHG*.
- › 46.00% of the voting rights in Continental AG are attributed to Schaeffler Holding LP, Dallas, Texas, U.S.A., on December 31, 2015, in accordance with Section 22 (1) Sentence 1 No. 1 *WpHG*.
- › 46.00% of the voting rights in Continental AG are attributed to Mrs. Maria-Elisabeth Schaeffler-Thumann on December 31, 2015, in accordance with Section 22 (1) Sentence 1 No. 1 *WpHG*.

- › 46.00% of the voting rights in Continental AG are attributed to Mr. Georg F. W. Schaeffler on December 31, 2015, in accordance with Section 22 (1) Sentence 1 No. 1 *WpHG*.

As a result of the withdrawal of Schaeffler Familienholding Drei GmbH & Co. KG, Herzogenaurach, Germany, from Schaeffler Beteiligungsholding GmbH & Co. KG, Herzogenaurach, Germany, on December 31, 2015, the investment held by Schaeffler Beteiligungsholding GmbH & Co. KG, Herzogenaurach, Germany, in Continental AG accrued to IHO Verwaltungs GmbH (still operating as Schaeffler Verwaltung Zwei GmbH as at December 31, 2015), Herzogenaurach, Germany. The investment held by Schaeffler Familienholding Drei GmbH & Co. KG, Herzogenaurach, Germany, as well as the investment by its co-owner; by Schaeffler Familienholding Eins GmbH, Herzogenaurach, Germany; and by Schaeffler Familienholding Zwei GmbH, Herzogenaurach, Germany, in Continental AG accordingly ceased to exist. As a result of a subsequent further accrual and termination without liquidation of Schaeffler Familienholding Drei GmbH & Co. KG, Herzogenaurach, Germany, this company's notification obligation in accordance with *WpHG* ceased to apply on January 1, 2016.

In 2018 and until March 1, 2019, inclusively, the members of the Executive Board held shares representing a total interest of less than 1% of the share capital of the company. Shares representing 46.0% of the share capital of the company were attributable to the members of the Supervisory Board Mrs. Maria-Elisabeth Schaeffler-Thumann and Mr. Georg F. W. Schaeffler. In 2018 and until March 1, 2019, inclusively, the other members of the Supervisory Board held shares representing a total interest of less than 1% of the share capital of the company.

Consolidated Financial Statements

Continental AG is the parent company that prepares the consolidated financial statements for the smallest group of companies. Continental AG is also included in the consolidated financial statements of INA-Holding Schaeffler GmbH & Co. KG, Herzogenaurach, Germany, which prepares the consolidated financial statements for the largest group of companies. These consolidated financial statements are published in the electronic German Federal Gazette (*elektronischer Bundesanzeiger*).

German Corporate Governance Code/dDeclaration in Accordance with Section 161 of the German Stock Corporation Act (Aktengesetz)

The declaration required in accordance with Section 161 AktG was issued by the Executive Board and the Supervisory Board in December 2018, and is available to our shareholders on the following website: www.continental-corporation.com in the Company section under Corporate Governance.

Remuneration of the Executive Board and the Supervisory Board

The basic elements of the Executive Board remuneration system and the amounts granted to the Executive Board and the Supervisory Board in the year under review are explained in the Remuneration report, which supplements the Corporate Governance report and is part of the combined management report with the Continental Corporation.

The total remuneration granted to the Executive Board of Continental AG in 2018 amounted to €20.5 million (PY: €35.8 million). That total remuneration also includes, in addition to short-term benefits of €11.0 million (PY: €17.3 million), a newly granted long-term incentive plan totaling €7.1 million (PY: €7.3 million) and the long-term component of variable remuneration totaling €2.4 million (PY: €6.1 million), which is converted into virtual shares of the company.

In 2018, this resulted in the long-term component for 2017 being converted into 27,026 virtual shares.

Moreover, former members of the Executive Board and their surviving dependents received payments totaling €8.3 million (PY: €6.8 million). Provisions for pension obligations for former members of the Executive Board and their surviving dependents amounted to €131.6 million (PY: €121.5 million).

Remuneration paid to the members of Continental AG's Supervisory Board, including meeting fees, totaled €5.3 million in the past fiscal year (PY: €5.2 million).

As in 2017, no advances or loans were granted to members of Continental AG's Executive Board or Supervisory Board in 2018.

List of Shareholdings of Continental AG

I. Affiliated companies

Continental AG's list complies with Section 285 No. 11 in conjunction with Section 286 (3) of the German Commercial Code (Handelsgesetzbuch – HGB). The share of capital is the share held by

Continental AG or by one or more of its dependent companies. The share of capital calculated therefore fully takes into account the shares held by subsidiaries, even if the corporation's share in these subsidiaries is less than 100%.

Company	Footnote	Registered office	Share of capital in %	Equity in €'000s	Annual result in €'000s
Germany					
ADC Automotive Distance Control Systems GmbH	2)	Lindau	100.00	1,080	0
Alfred Teves Beteiligungsgesellschaft mbH	22)	Frankfurt am Main	100.00	126	67
A-Z Formen- und Maschinenbau GmbH	22)	Runding-Langwitz	100.00	14,688	1,659
balance GmbH, Handel und Beratungsservice im Gesundheitswesen	2)	Hanover	100.00	38	0
Benecke-Kaliko AG	2)	Hanover	100.00	46,084	0
Carrel Grundstücksverwaltungsgesellschaft mbH Co. Vermietungs KG	4) 22)	Mainz	94.00	-72	3
CAS München GmbH	2)	Hanover	100.00	25	0
CAS-One Holdinggesellschaft mbH	2)	Hanover	100.00	3,076,882	0
Conseo GmbH	2)	Hamburg	100.00	102	0
Conti Temic microelectronic GmbH	2)	Nuremberg	100.00	266,964	0
Conti Versicherungsdienst Versicherungsvermittlungsges. mbH	2)	Hanover	100.00	26	0
Continental Aftermarket GmbH	2)	Eschborn	100.00	40	0
Continental Automotive GmbH	2)	Hanover	100.00	2,954,847	0
Continental Automotive Grundstücksbes. mbH	22)	Frankfurt am Main	100.00	22,001	2,115
Continental Automotive Grundstücksvermietungsges. mbH & Co. KG	1) 22)	Frankfurt am Main	100.00	2,620	1,462
Continental Bicycle Systems GmbH & Co. KG	1) 22)	Hofheim am Taunus	100.00	-13,264	311
Continental Bicycle Systems Verwaltungs GmbH	4) 22)	Hofheim am Taunus	100.00	19	1
Continental Caoutchouc-Export-GmbH	2)	Hanover	100.00	1,863,196	0
Continental Emitec GmbH	2)	Lohmar	100.00	740	0
Continental Emitec Verwaltungs GmbH	22)	Lohmar	100.00	53,374	381
Continental Engineering Services & Products GmbH	2)	Ingolstadt	100.00	25	0
Continental Engineering Services GmbH	2)	Frankfurt am Main	100.00	3,038	0
Continental Finance GmbH	2)	Hanover	100.00	847,581	0
Continental Mechanical Components Germany GmbH	2)	Roding	100.00	364	0
Continental Reifen Deutschland GmbH	2)	Hanover	100.00	120,033	0
Continental Safety Engineering International GmbH	2)	Alzenau	100.00	4,500	0
Continental Secure Data Germany GmbH	22)	Regensburg	100.00	-6,092	-684
Continental Teves AG & Co. OHG	1) 5) 22)	Frankfurt am Main	100.00	987,035	-6,305
Continental Trading GmbH	2)	Schwalbach am Taunus	100.00	57,879	0
ContiTech AG	2)	Hanover	75.10	491,960	0
ContiTech Antriebssysteme GmbH	2)	Hanover	100.00	5,138	0
ContiTech Elastomer-Beschichtungen GmbH	2)	Hanover	100.00	6,195	0
ContiTech Kühner Beteiligungsgesellschaft mbH	2)	Hanover	100.00	3,350	0
ContiTech Kühner GmbH & Cie. KG	1) 22)	Oppenweiler	86.00	2,045	-7,925
ContiTech Luftfedersysteme GmbH	2)	Hanover	100.00	26	0
ContiTech MGW GmbH	2)	Hannoversch Münden	100.00	8,773	0
ContiTech Schlauch GmbH	2)	Hanover	100.00	1,595	0
ContiTech Techno-Chemie GmbH	2)	Karben	100.00	18,581	0
ContiTech Transportbandsysteme GmbH	2)	Hanover	100.00	657	0

Company	Footnote	Registered office	Share of capital in %	Equity in €'000s	Annual result in €'000s
ContiTech Verwaltungs-GmbH	2)	Hanover	100.00	751,846	0
ContiTech Vibration Control GmbH	2)	Hanover	100.00	22,717	0
ContiTech-Universe Verwaltungs-GmbH	2)	Hanover	100.00	1,055,967	0
co-pace GmbH	2)	Hanover	100.00	3,096	0
Correx Handelsgesellschaft für Kautschukprodukte mbH	22)	Hanover	100.00	66	0
CPT Beteiligungs GmbH	24)	Hanover	100.00	n/s	n/s
CPT Group GmbH	24)	Hanover	100.00	n/s	n/s
CPT Industriebeteiligungs GmbH & Co. KG	24)	Hanover	100.00	n/s	n/s
CPT Verwaltungs GmbH	24)	Hanover	100.00	n/s	n/s
CPT Zwei GmbH	24)	Hanover	100.00	n/s	n/s
DEGETRINUM Grundstücksverwaltungsgesellschaft mbH & Co. Immobilien-Vermietungs KG	4) 22)	Mainz	94.00	25	29
Eddelbüttel + Schneider GmbH	2)	Hamburg	100.00	308	0
Elektrobit Automotive GmbH	2)	Erlangen	100.00	5,912	13,218
Emitec Eisenach Verwaltungs GmbH	2)	Hörselberg-Hainich	100.00	5,138	0
Formpolster GmbH	2)	Hanover	100.00	348,852	0
FUCATUS Vermietungsgesellschaft mbH & Co. Objekt Schwalbach Kommanditgesellschaft	1) 4) 22)	Frankfurt am Main	94.90	10	41
Göppinger Kaliko GmbH	2)	Eislingen	100.00	17,485	0
Grundstücksverwaltungsgesellschaft Butan GmbH & Co. Objekt Waltershausen OHG	4) 22)	Mainz	94.00	-146	-69
Hornschuch Consulting GmbH	4) 22)	Weißbach	100.00	111	10
Hornschuch GmbH	2)	Weißbach	100.00	68,301	0
Hornschuch Group GmbH	22)	Weißbach	100.00	131,415	31,360
Hornschuch Stolzenau GmbH	2)	Stolzenau	100.00	1,910	0
Hornschuch-Markt GmbH	2) 4)	Weißbach	100.00	105	0
inotec Innovative Technologie GmbH	2)	Kohren-Sahlis	100.00	2,690	0
INTECH Thüringen GmbH	4) 22)	Waltershausen	100.00	-990	-1
kek-Kaschierungen GmbH	2)	Herbolzheim	100.00	1,559	0
Konrad Hornschuch AG	2)	Weißbach	100.00	22,272	0
Konrad Hornschuch International GmbH	22)	Weißbach	100.00	850	336
MISA-Beteiligungs GmbH	24)	Munich	100.00	n/s	n/s
MISA GmbH & Co. KG	24)	Munich	100.00	n/s	n/s
OTA Grundstücks- und Beteiligungsverwaltung GmbH	2)	Frankfurt am Main	100.00	12,587	0
Phoenix Beteiligungsgesellschaft mbH	2)	Hamburg	100.00	43	0
Phoenix Compounding Technology GmbH	2)	Hamburg	100.00	16,304	0
Phoenix Conveyor Belt Systems GmbH	2)	Hamburg	100.00	69,942	0
Phoenix Fluid Handling Industry GmbH	2)	Hamburg	100.00	42,497	0
Phoenix Service GmbH & Co. KG	1) 22)	Hamburg	100.00	52,963	2,409
Phoenix Vermögensverwaltungsgesellschaft mbH	2)	Hamburg	100.00	-475	0
Präzisionstechnik Geithain GmbH	2)	Geithain	100.00	847	0
REG Reifen-Entsorgungsgesellschaft mbH	2)	Hanover	100.00	4,534	0
Reifen Apel GmbH	4) 22)	Korbach	89.86	483	308
Reifen Kauffmann GmbH	4) 22)	Wilhelmshaven	60.00	433	62
Reifen-Service Clemens & Hegel GmbH	4) 22)	Bielefeld	100.00	275	100
ROSEA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Hannover-Stöcken KG	4) 22)	Grünwald nr. Munich	100.00	12	-3
Senior Experts Services GmbH	2)	Hanover	100.00	21	0
STEINEBRONN BETEILIGUNGS-GMBH	22)	Oppenweiler	86.00	90	3
TON Tyres Over Night Trading GmbH	2)	Schondra-Schildeck	100.00	1,377	0
Trebbin GmbH & Co. KG Sondermaschinenbau	24)	Ingolstadt	100.00	n/s	n/s
Trebbin Verwaltungs- und Beteiligungs-GmbH	24)	Ingolstadt	100.00	n/s	n/s

Company	Footnote	Registered office	Share of capital in %	Equity in €'000s	Annual result in €'000s
UMG Beteiligungsgesellschaft mbH	2)	Hanover	100.00	335,673	0
Union-Mittelland-Gummi-GmbH & Co. Grundbesitz KG	22)	Hanover	100.00	8,000	0
Unterstützungskasse mbH der Göppinger Kaliko- und Kunstleder-Werke GmbH	4) 22)	Eislingen	100.00	514	-9
Vergölst GmbH	2)	Bad Nauheim	75.00	19,061	0
Vogtländische Reifenwerke Sitz Bad Nauheim GmbH	22)	Bad Nauheim	100.00	-103	0

Company	Footnote	Registered office	Country	Share of capital in %	Local currency	Equity in '000s	Annual result in '000s
Outside Germany							
Adam Touring GmbH	22)	Aarau	Switzerland	100.00	CHF	10,554	-412
Advance Tyre Company Ltd.	22)	Dublin	Ireland	100.00	EUR	985	-1,310
Advanced Imaging Technologies (Pty) Ltd	4) 14)	Pinetown	South Africa	100.00	ZAR	n/s	n/s
AIMutlak Continental Company, Limited Liability Company	6)	Jeddah	Saudi Arabia	51.00	SAR	35,274	-4,726
ALPHALOR 3 EURL	4) 22)	Sarreguemines	France	100.00	EUR	0	0
Application Solutions (Electronics and Vision) Ltd.	22)	Lewes	United Kingdom	100.00	GBP	6,282	212
Argus Cyber Security Ltd	22)	Tel Aviv	Israel	100.00	ILS	17,301	-47,113
AZ-CZECH s.r.o.	22)	Horšovský Týn	Czechia	100.00	CZK	75,431	13,866
Bandvulc Tyres Limited	22)	Ivybridge	United Kingdom	100.00	GBP	18,081	3,985
Belt Concepts of America, Inc.	25)	Wilmington, DE	U.S.A.	100.00	USD	38,782	49
BeltTrade, Inc.	25)	Wilmington, DE	U.S.A.	100.00	USD	36,153	-161
Benecke Changshun Auto Trim (Zhangjiagang) Co., Ltd.	22)	Zhangjiagang	China	51.00	CNY	515,897	148,906
Benecke Changshun Eco Trim (Changzhou) Co., Ltd.	22)	Changzhou	China	75.00	CNY	163,604	-4,753
BENECKE-KALIKO S.A.	22)	Wągrowiec	Poland	100.00	PLN	11,864	-7,238
BENECKE-KALIKO, S.A.	22)	Pamplona	Spain	100.00	EUR	11,247	1,216
BEST DRIVE CTM, S.A. de C.V.	25)	San Luis Potosí	Mexico	100.00	MXN	23,701	-5,336
Bestdrive Benelux B.V.B.A.	22)	Leuven	Belgium	100.00	EUR	3,187	-1,773
BestDrive Sverige AB	22)	Hisings Kärra	Sweden	100.00	SEK	10,891	0
BestDrive, LLC	25)	Wilmington, DE	U.S.A.	100.00	USD	-17,664	-8,674
BV Environmental Limited	22)	Ivybridge	United Kingdom	100.00	GBP	0	5,428
BV F1rst Limited	22)	Ivybridge	United Kingdom	100.00	GBP	-3	242
CAC Philippines, Inc.	22)	Calamba	Philippines	100.00	PHP	-330,352	-228,900
CAS UK Holding Ltd.	22)	Ebbw Vale	United Kingdom	100.00	GBP	-24,352	-16,346
CGH Holding B.V.	22)	Maastricht	Netherlands	100.00	EUR	1,377,560	1,330,193
CGT Referral Resources, Inc.	15)	Charlotte, NC	U.S.A.	100.00	USD	342	0
Changshu ContiTech Trading Ltd.	22)	Changshu	China	100.00	CNY	12,949	75
Conti Automotive Servicios, S.A. de C.V.	22)	Silao	Mexico	100.00	MXN	77,049	20,153
Conti Trade Australia Pty. Ltd.	22)	Bundoora	Australia	100.00	AUD	317	-629
Conti Trade Italia S.r.l.	4) 22)	Milan	Italy	100.00	EUR	73	0
Conticlub SAS	4) 22)	La Croix-Saint-Ouen	France	100.00	EUR	237	63
Conti-Gummi Finance B.V.	22)	Maastricht	Netherlands	100.00	EUR	7,514	21
Continental - Indústria Textil do Ave, S.A.	22)	Lousado	Portugal	100.00	EUR	19,608	8,190
Continental Adria pnevmatike d.o.o.	22)	Maribor	Slovenia	100.00	EUR	2,019	1,382
Continental Advanced Lidar Solutions US, LLC	25)	Wilmington, DE	U.S.A.	100.00	USD	73,712	8,104
Continental Automotive (Thailand) Co., Ltd.	22)	Rayong	Thailand	100.00	THB	2,577,171	1,128,962

Company	Footnote	Registered office	Country	Share of capital in %	Local currency	Equity in '000s	Annual result in '000s
Continental Automotive AB	22)	Gothenburg	Sweden	100.00	SEK	283	233
Continental Automotive Aguascalientes, S.A. de C.V.	24)	Mexico City	Mexico	100.00	MXN	n/s	n/s
Continental Automotive Austria GmbH	22)	Vienna	Austria	100.00	EUR	16,111	4,232
Continental Automotive Bajio, S.A. de C.V.	22)	Silao	Mexico	100.00	MXN	93,098	21,077
Continental Automotive Bangkok Co., Ltd.	24)	Bangkok	Thailand	100.00	THB	n/s	n/s
Continental Automotive Benelux BVBA	22)	Mechelen	Belgium	99.99	EUR	83,994	14,110
Continental Automotive Brake Systems (I) Private Limited	7)	Manesar	India	100.00	INR	2,347,540	-354,488
Continental Automotive Changchun Co., Ltd.	22)	Changchun	China	100.00	CNY	4,159,696	1,421,915
Continental Automotive Components (India) Private Ltd.	8)	Bangalore	India	100.00	INR	6,894,810	203,310
Continental Automotive Components Malaysia Sdn. Bhd.	22)	Prai	Malaysia	100.00	MYR	302,203	40,316
Continental Automotive Corporation	22)	Yokohama	Japan	65.00	JPY	53,609,163	7,062,805
Continental Automotive Corporation (Lianyungang) Co., Ltd.	22)	Lianyungang	China	64.68	CNY	1,107,268	225,185
Continental Automotive Czech Republic s.r.o.	22)	Jičín	Czechia	100.00	CZK	12,375,872	2,185,253
Continental Automotive d.o.o. Novi Sad	22)	Belgrade	Serbia	100.00	RSD	35,019	5,101
Continental Automotive do Brasil Ltda.	21)	Várzea Paulista	Brazil	100.00	BRL	29,347	-31,381
Continental Automotive Electronics, LLC	22)	Sejong-si	South Korea	100.00	KRW	138,473,467	54,784,971
Continental Automotive Engineering (Chongqing) Co., Ltd.	25)	Chongqing	China	100.00	CNY	69,846	-154
Continental Automotive France SAS	22)	Toulouse	France	100.00	EUR	497,721	116,650
Continental Automotive Funding Corp.	22)	Wilmington, DE	U.S.A.	100.00	USD	908,287	5,798
Continental Automotive Guadalajara México, S. de R.L. de C.V.	22)	Tlajomulco de Zuñiga	Mexico	100.00	MXN	11,283,939	1,362,871
Continental Automotive Holding (Shanghai) Co., Ltd.	22)	Shanghai	China	100.00	CNY	7,717,627	2,543,845
Continental Automotive Holding Netherlands B.V.	22)	Maastricht	Netherlands	100.00	EUR	2,252,391	-51,659
Continental Automotive Holding Spain S.L.	21)	Rubí	Spain	100.00	EUR	9,797	0
Continental Automotive Holdings UK Ltd.	22)	Birmingham	United Kingdom	100.00	GBP	13,718	-43
Continental Automotive Hungary Kft.	22)	Veszprém	Hungary	100.00	HUF	23,479,090	-11,445,664
Continental Automotive Instruments Malaysia Sdn. Bhd.	22)	Prai	Malaysia	100.00	MYR	35,568	545
Continental Automotive Interior Wuhu Co., Ltd.	22)	Wuhu	China	100.00	CNY	856,249	178,444
Continental Automotive Italy S.p.A.	22)	Pisa	Italy	100.00	EUR	57,925	-1,640
Continental Automotive Japan K.K.	22)	Yokohama	Japan	100.00	JPY	4,004,276	673,178
Continental Automotive Jinan Co., Ltd.	22)	Jinan	China	100.00	CNY	-63,698	26,446
Continental Automotive Korea Ltd.	22)	Seongnam-si	South Korea	100.00	KRW	9,361,041	595,790
Continental Automotive Lithuania UAB	22)	Vilnius	Lithuania	100.00	EUR	61	-191
Continental Automotive Malaysia Sdn. Bhd.	22)	Prai	Malaysia	100.00	MYR	12,488	1,642
Continental Automotive Maquila Mexico S. de R.L. de C.V.	22)	Silao	Mexico	100.00	MXN	659,951	126,259
Continental Automotive Mexicana, S. de R.L. de C.V.	22)	Morelos	Mexico	100.00	MXN	4,281,392	1,507,509
Continental Automotive Occidente S.A. de C.V.	22)	Tlajomulco de Zuñiga	Mexico	100.00	MXN	554,988	119,159
Continental Automotive Rambouillet France SAS	22)	Rambouillet	France	100.00	EUR	33,378	1,356
Continental Automotive Romania SRL	22)	Timișoara	Romania	100.00	RON	1,131,715	287,260
Continental Automotive Singapore Pte. Ltd.	22)	Singapore	Singapore	100.00	SGD	25,552	10,256
Continental Automotive SLP, S.A. de C.V.	22)	San Luis Potosí	Mexico	100.00	MXN	6,692	12,095
Continental Automotive Spain S.A.	22)	Rubí	Spain	100.00	EUR	10,278	-20,825
Continental Automotive Systems (Shanghai) Co., Ltd.	22)	Shanghai	China	100.00	CNY	6,032,102	1,050,234
Continental Automotive Systems (Tianjin) Co., Ltd.	22)	Tianjin	China	100.00	CNY	1,537,173	97,392
Continental Automotive Systems Changsha Co., Ltd.	24)	Changsha	China	100.00	CNY	n/s	n/s
Continental Automotive Systems Changshu Co., Ltd.	22)	Changshu	China	100.00	CNY	700,733	217,961
Continental Automotive Systems Corporation	22)	Icheon-si	South Korea	65.00	KRW	141,964,265	74,945,099
Continental Automotive Systems Costa Rica S.A.	9)	Alajuela	Costa Rica	100.00	CRC	n/s	n/s

Company	Footnote	Registered office	Country	Share of capital in %	Local currency	Equity in '000s	Annual result in '000s
Continental Automotive Systems Holding US, Inc.	18)	Wilmington, DE	U.S.A.	100.00	USD	4,132,308	43,707
Continental Automotive Systems Slovakia s.r.o.	22)	Zvolen	Slovakia	100.00	EUR	70,952	22,986
Continental Automotive Systems SRL	25)	Sibiu	Romania	100.00	RON	568,185	284,993
Continental Automotive Systems, Inc.	17)	Wilmington, DE	U.S.A.	100.00	USD	337,817	139,405
Continental Automotive Telford UK Ltd.	22)	Birmingham	United Kingdom	100.00	GBP	19,912	107
Continental Automotive Trading France SAS	22)	Rambouillet	France	100.00	EUR	7,215	323
Continental Automotive Trading Italia S.r.l.	22)	Milan	Italy	100.00	EUR	9,635	269
Continental Automotive Trading Nederland BV.	22)	Eindhoven	Netherlands	100.00	EUR	1,221	167
Continental Automotive Trading Österreich GmbH	22)	Vienna	Austria	100.00	EUR	1,298	319
Continental Automotive Trading UK Ltd.	21)	Birmingham	United Kingdom	100.00	GBP	3,241	-182
Continental Automotive UK Ltd.	22)	Birmingham	United Kingdom	100.00	GBP	17,951	587
Continental Automotive Wuhu Co., Ltd.	22)	Wuhu	China	100.00	CNY	1,397,801	518,934
Continental Automotive, Inc.	21)	Wilmington, DE	U.S.A.	100.00	USD	1,755,560	239,590
Continental Barum s.r.o.	22)	Otrokovice	Czechia	70.00	CZK	24,419,152	3,593,327
Continental Benelux SPRL	22)	Herstal-lez-Liège	Belgium	99.99	EUR	85,175	7,076
Continental Brake Systems (Shanghai) Co., Ltd.	22)	Shanghai	China	51.00	CNY	132,857	71,313
Continental Brakes Italy S.p.A.	22)	Cairo Montenotte	Italy	100.00	EUR	22,180	6,409
Continental Brasil Indústria Automotiva Ltda.	17)	Guarulhos	Brazil	100.00	BRL	431,601	11,693
Continental ContiTech de Chihuahua S. de R.L. de C.V.	22)	San Luis Potosí	Mexico	100.00	MXN	136,090	8,305
Continental ContiTech de México, S. de R.L. de C.V.	22)	San Luis Potosí	Mexico	100.00	MXN	155,930	-20,173
Continental Däck Sverige AB	22)	Gothenburg	Sweden	100.00	SEK	262,209	28,640
Continental Daek Danmark A/S	22)	Brøndby	Denmark	100.00	DKK	63,450	6,522
Continental Dekk Norge A/S	22)	Oslo	Norway	100.00	NOK	187,182	12,737
Continental Digital Services France SAS	22)	Toulouse	France	100.00	EUR	6,094	2,130
Continental do Brasil Produtos Automotivos Ltda.	22)	Camaçari	Brazil	100.00	BRL	1,682,146	164,334
Continental Engineering Services Ltd.	22)	Lichfield	United Kingdom	100.00	GBP	2,475	0
Continental France SNC	1) 22)	Sarreguemines	France	100.00	EUR	385,146	50,193
Continental Funding México, S.A. de C.V., SOFOM, E.N.R.	22)	Tlajomulco de Zuñiga	Mexico	100.00	MXN	941,854	189,195
Continental Global Business Services Manila, Inc.	22)	Taguig City	Philippines	100.00	USD	3,110	557
Continental Global Holding Netherlands B.V.	22)	Maastricht	Netherlands	100.00	EUR	4,984,269	1,064,191
Continental Holding France SAS	22)	Sarreguemines	France	100.00	EUR	637,803	267,337
Continental HT Tyres, s.r.o.	22)	Otrokovice	Czechia	100.00	CZK	4,803,667	4,633,811
Continental Hungária Kft.	22)	Budaörs	Hungary	100.00	HUF	3,585,358	287,204
Continental India Private Limited	7)	New Delhi	India	100.00	INR	6,792,000	-1,192,000
Continental Indústria e Comércio Automotivos Ltda.	17)	Manaus	Brazil	100.00	BRL	20,955	-28,360
Continental Indústria e Comércio de Peças de Reposicao Automotivas Ltda.	17)	Barueri	Brazil	100.00	BRL	57,262	8,049
CONTINENTAL INDUSTRIAL SERVICES S A (Pty.) Ltd.	24)	Port Elizabeth	South Africa	65.40	ZAR	n/s	n/s
Continental Industrias del Caucho S.A.	22)	Madrid	Spain	100.00	EUR	30,582	759
Continental Intelligent Transportation Systems (Shanghai) Co., Ltd.	22)	Shanghai	China	100.00	CNY	63,563	373
Continental Intelligent Transportation Systems, LLC	25)	Wilmington, DE	U.S.A.	100.00	USD	-41,578	-17,969
Continental Investment Ltd.	22)	West Drayton	United Kingdom	100.00	GBP	20,687	114
Continental Italia S.p.A.	22)	Milan	Italy	100.00	EUR	33,445	1,957
Continental Lemmerz (Portugal)-Componentes para Automóveis Lda.	22)	Palmela	Portugal	51.00	EUR	1,673	100

Company	Footnote	Registered office	Country	Share of capital in %	Local currency	Equity in '000s	Annual result in '000s
Continental Llantera Potosina, S.A. de C.V.	22)	Mexico City	Mexico	100.00	MXN	97,502	16,438
Continental Mabor Indústria de Pneus S.A.	22)	Lousado	Portugal	100.00	EUR	300,523	211,571
Continental Matador Rubber, s.r.o.	22)	Púchov	Slovakia	100.00	EUR	652,013	175,297
Continental Matador Truck Tires s.r.o.	22)	Púchov	Slovakia	100.00	EUR	178,469	61,471
Continental Middle East DMCC	22)	Dubai	U.A.E.	100.00	EUR	6,446	3,050
Continental of Taiwan Co., Ltd.	22)	Taipei City	Taiwan	100.00	TWD	116,304	41,588
Continental Opony Polska Sp. z o.o.	22)	Warsaw	Poland	100.00	PLN	147,142	18,263
Continental Pneus (Portugal) S.A.	22)	Lousado	Portugal	100.00	EUR	8,810	886
Continental Powertrain Czech Republic s.r.o.	24)	Trutnov	Czechia	100.00	CZK	n/s	n/s
CONTINENTAL POWERTRAIN ENGINEERING S.R.L.	24)	Timișoara	Romania	100.00	RON	n/s	n/s
Continental Powertrain Hungary Kft.	24)	Debrecen	Hungary	100.00	HUF	n/s	n/s
Continental Powertrain Romania SRL	21)	Ghimbav	Romania	100.00	RON	27,586	-88,354
CONTINENTAL POWERTRAIN SINGAPORE PTE. LTD.	24)	Singapore	Singapore	100.00	SGD	n/s	n/s
Continental Powertrain USA, LLC	24)	Wilmington, DE	U.S.A.	100.00	USD	n/s	n/s
Continental Pty Ltd	22)	Bundoora	Australia	100.00	AUD	682	9,760
Continental Rengas Oy	22)	Espoo	Finland	100.00	EUR	7,860	47
Continental Rubber of America, Corp.	22)	Wilmington, DE	U.S.A.	100.00	USD	65,605	2,892
Continental Secure Data Headquarter B.V.	22)	Maastricht	Netherlands	100.00	EUR	18	-10
Continental Secure Data USA LLC	25)	Wilmington, DE	U.S.A.	100.00	USD	43	-3
Continental Serviços de Vulcanização do Brasil Ltda.	22)	Ouro Preto	Brazil	100.00	BRL	-4,915	-4,886
Continental Suisse S.A.	22)	Dietikon	Switzerland	100.00	CHF	15,985	3,763
CONTINENTAL SURFACE SOLUTIONS INDIA PRIVATE LIMITED	8)	Bangalore	India	100.00	INR	121,627	2,064
Continental Temic Electronics (Phils.), Inc.	22)	Calamba	Philippines	100.00	PHP	9,438,167	4,938,570
Continental Teves Portugal - Sistemas de Travagem Lda.	22)	Palmela	Portugal	100.00	EUR	21,709	1,201
Continental Teves UK, Ltd.	22)	Ebbw Vale	United Kingdom	100.00	GBP	16,392	-1,715
Continental Tire Andina S.A.	22)	Cuenca	Ecuador	51.04	USD	90,505	9,640
Continental Tire Canada, Inc.	25)	Mississauga	Canada	100.00	CAD	83,472	5,646
Continental Tire Chile SpA	21)	Santiago de Chile	Chile	100.00	USD	1,270	173
Continental Tire Colombia S.A.S.	22)	Bogota	Colombia	100.00	COP	11,775,727	1,221,856
Continental Tire de México, S.A. de C.V.	22)	San Luis Potosí	Mexico	100.00	MXN	8,308,864	1,574,492
Continental Tire Holding US LLC	21)	Wilmington, DE	U.S.A.	100.00	USD	498,501	276,522
Continental Tire Japan Co. Ltd.	22)	Tokyo	Japan	100.00	JPY	441,164	67,646
Continental Tire Korea Co., Ltd.	22)	Seoul	South Korea	100.00	KRW	3,717,836	1,723,890
Continental Tire Servicios, S.A. de C.V.	22)	San Luis Potosí	Mexico	100.00	MXN	-97,646	1,377
Continental Tire Sumter LLC	22)	Wilmington, DE	U.S.A.	100.00	USD	-8,935	-1,997
Continental Tire the Americas, LLC	19)	Columbus, OH	U.S.A.	100.00	USD	357,373	74,920
Continental Tire Toronto, Inc.	24)	Toronto	Canada	100.00	CAD	n/s	n/s
Continental Tire West Africa Limited	22)	Accra	Ghana	100.00	GHS	7,451	1,529
Continental Tires (China) Co., Ltd.	22)	Hefei	China	100.00	CNY	1,423,689	362,913
Continental Tires (Shanghai) Co., Ltd.	22)	Shanghai	China	100.00	CNY	-61,327	-8,200
Continental Tires España S.L.	22)	Madrid	Spain	100.00	EUR	57,930	5,457
Continental Tires Holding Singapore Pte. Ltd.	22)	Singapore	Singapore	100.00	USD	258,097	21,343
Continental Tyre AS Malaysia Sdn. Bhd.	22)	Petaling Jaya	Malaysia	100.00	MYR	184,047	14,693
Continental Tyre Group Ltd.	22)	West Drayton	United Kingdom	100.00	GBP	50,891	9,841
Continental Tyre Investment UK Ltd.	22)	West Drayton	United Kingdom	100.00	GBP	0	0
Continental Tyre Malaysia Sdn. Bhd.	22)	Petaling Jaya	Malaysia	100.00	MYR	930,458	-12

Company	Footnote	Registered office	Country	Share of capital in %	Local currency	Equity in '000s	Annual result in '000s
Continental Tyre Management Malaysia Sdn. Bhd.	22)	Petaling Jaya	Malaysia	100.00	MYR	15,371	-10
Continental Tyre Marketing Malaysia Sdn. Bhd.	22)	Petaling Jaya	Malaysia	100.00	MYR	13,192	-13
Continental Tyre North Africa SARL	4) 22)	Casablanca	Morocco	100.00	MAD	3,380	820
Continental Tyre PJ Malaysia Sdn. Bhd.	22)	Petaling Jaya	Malaysia	100.00	MYR	148,195	-135,070
Continental Tyre Services Malaysia Sdn. Bhd.	22)	Petaling Jaya	Malaysia	100.00	MYR	6,735	-7
Continental Tyre South Africa (Pty) Ltd.	22)	Port Elizabeth	South Africa	100.00	ZAR	1,280,473	29,956
Continental Tyre Technology Centre Malaysia Sdn. Bhd.	22)	Petaling Jaya	Malaysia	100.00	MYR	8,697	669
Continental Tyres (Thailand) Co., Ltd.	22)	Bangkok	Thailand	100.00	THB	3,550,461	-84,193
Continental Tyres Ltd.	22)	West Drayton	United Kingdom	100.00	GBP	2,659	-2
Continental Tyres of Australia Pty Ltd	22)	Bundoora	Australia	100.00	AUD	6,905	1,529
Continental UK Group Holdings Ltd.	22)	West Drayton	United Kingdom	100.00	GBP	51,527	29,672
Continental VÜK s.r.o.	24)	Otrokovice	Czechia	100.00	CZK	n/s	n/s
Continental výroba pneumatik, s.r.o.	22)	Otrokovice	Czechia	100.00	CZK	2,620,349	2,412,285
ContiTech (Shandong) Engineered Rubber Products Co., Ltd.	21)	Yanzhou	China	60.00	CNY	642,030	-17,164
ContiTech Africa (Pty) Ltd.	22)	Uitenhage	South Africa	100.00	ZAR	278,202	-23,146
ContiTech Anoflex SAS	22)	Caluire-et-Cuire	France	100.00	EUR	10,913	1,789
ContiTech Australia Pty Ltd	12)	Bayswater	Australia	100.00	AUD	n/s	n/s
ContiTech Belgium BVBA	22)	Berchem	Belgium	100.00	EUR	405	36
Contitech Botswana (Pty) Ltd	4) 22)	Gaborone	Botswana	100.00	BWP	7,025	-74
ContiTech Canada, Inc.	12)	Mississauga	Canada	100.00	CAD	n/s	n/s
CONTITECH Chile S.A.	22)	Santiago de Chile	Chile	100.00	CLP	29,733,993	650,716
ContiTech China Rubber & Plastics Technology Ltd.	22)	Changshu	China	100.00	CNY	949,327	149,842
ContiTech Consulting Mexicana, S.A. de C.V.	22)	San Luis Potosí	Mexico	100.00	MXN	-40,205	89
ContiTech Dae Won Airspring Systems, Ltd.	22)	Cheonan	South Korea	51.00	KRW	13,067,852	1,335,274
ContiTech de Venezuela, C.A.	4) 22)	Carrborra	Venezuela	100.00	VEF	182,304,466	56,361,158
ContiTech Finland Oy	22)	Tampere	Finland	100.00	EUR	4,313	585
ContiTech Fluid Automotive CZ s.r.o.	22)	Ostrava	Czechia	100.00	CZK	316,288	13,339
ContiTech Fluid Automotive Hungária Kft.	21)	Makó	Hungary	100.00	HUF	32,098,499	3,792,069
ContiTech Fluid Distribuidora S.A. de C.V.	22)	Tlajomulco de Zúñiga	Mexico	100.00	MXN	91,917	1,959
ContiTech Fluid Korea Ltd.	22)	Jeonju	South Korea	100.00	KRW	16,747,948	-2,018,092
ContiTech Fluid Mexicana Servicios, S.A. de C.V.	22)	Tlalnepantla	Mexico	100.00	MXN	-28,281	-7,106
ContiTech Fluid Mexicana, S.A. de C.V.	22)	Tlalnepantla	Mexico	100.00	MXN	150,740	4,212
ContiTech Fluid Monterrey Servicios, S.A. de C.V.	4) 22)	Tlajomulco de Zúñiga	Mexico	100.00	MXN	13,082	51,429
ContiTech Fluid Oil & Marine Middle East FZE	22)	Dubai	U.A.E.	100.00	AED	4,808	1,020
ContiTech Fluid Serbia D.O.O.	22)	Subotica	Serbia	100.00	RSD	527,289	1,142,389
ContiTech Fluid Shanghai Co., Ltd.	21)	Shanghai	China	100.00	CNY	50,917	-3,024
ContiTech France SNC	1) 22)	Gennevilliers	France	100.00	EUR	1,278	258
ContiTech Global Holding Netherlands B.V.	22)	Maastricht	Netherlands	100.00	EUR	666,878	3,061
ContiTech Grand Ocean Fluid (Changchun) Co., Ltd.	22)	Changchun	China	51.00	CNY	66,838	20,868
ContiTech Holding (Shanghai) Co., Ltd	22)	Shanghai	China	100.00	CNY	18,495	-4,628
ContiTech Holding Netherlands B.V.	22)	Maastricht	Netherlands	100.00	EUR	262,903	32,010
ContiTech IMAS A.E.	22)	Volos	Greece	100.00	EUR	21,749	-746
ContiTech India Pvt. Ltd.	7)	New Delhi	India	100.00	INR	1,128,027	233,115
ContiTech Japan Co., Ltd.	4) 22)	Yokohama	Japan	100.00	JPY	297,061	23,180
ContiTech Kautschuk- und Kunststoffvertriebsges. mbH	22)	Wiener Neudorf	Austria	100.00	EUR	2,810	409
ContiTech Lastik Sanayi ve Ticaret AS	22)	Bursa	Turkey	100.00	TRY	113,475	68,464

Company	Footnote	Registered office	Country	Share of capital in %	Local currency	Equity in '000s	Annual result in '000s
ContiTech Magyarország Kft.	22)	Nyiregyháza	Hungary	100.00	HUF	16,028,857	3,524,771
ContiTech Maroc SARL	22)	Casablanca	Morocco	100.00	MAD	66,135	-28,488
ContiTech Mexicana, S.A. de C.V.	22)	San Luis Potosí	Mexico	100.00	MXN	2,488,115	470,774
ContiTech North America, Inc.	16)	Wilmington, DE	U.S.A.	100.00	USD	4,637	1,149
ContiTech Oil & Marine Corp.	22)	Dallas, TX	U.S.A.	100.00	USD	20,261	892
ContiTech Power Transmission (Ninghai) Ltd.	22)	Ninghai	China	100.00	CNY	155,099	28,715
ContiTech Power Transmission (Sanmen) Ltd.	22)	Taizhou	China	100.00	CNY	29,925	15,201
ContiTech Power Transmission Korea Co., Ltd.	22)	Yangsan	South Korea	100.00	KRW	45,105,401	-815,869
ContiTech Print Service (S) Pte. Ltd.	4) 22)	Singapore	Singapore	100.00	SGD	427	87
ContiTech Printing Blanket Shanghai Ltd.	4) 22)	Shanghai	China	100.00	CNY	1,059	-37
ContiTech Roulunds Rubber A/S	22)	Odense	Denmark	100.00	DKK	229,659	-2,255
ContiTech Rubber Industrial Korlátolt Felelősségű Társaság	22)	Szeged	Hungary	100.00	HUF	37,982,957	4,549,696
ContiTech Scandinavia AB	22)	Kista	Sweden	100.00	SEK	64,294	2,398
ContiTech Services (Pty.) Ltd.	22)	Uitenhage	South Africa	100.00	ZAR	39,908	11,754
ContiTech Shanghai Rubber & Plastics Technology Ltd.	22)	Shanghai	China	100.00	CNY	252,508	8,579
ContiTech Singapore Pte. Ltd.	22)	Singapore	Singapore	100.00	USD	2,205	204
ContiTech Slovenija, družba za proizvodnjo gumenih tehničnih izdelkov, d.o.o.	22)	Kranj	Slovenia	100.00	EUR	66,636	11,880
ContiTech South Africa (Pty) Ltd.	22)	Uitenhage	South Africa	74.90	ZAR	16,583	829
ContiTech Thermopol LLC	25)	Somersworth, NH	U.S.A.	100.00	USD	-70,879	-2,877
ContiTech Thermopol Romania S.R.L.	22)	Nadab	Romania	100.00	RON	124,629	16,987
ContiTech Tianjin Conveyor Belt Ltd.	22)	Tianjin	China	100.00	CNY	-161,329	-21,906
ContiTech United Kingdom Ltd.	22)	Wigan	United Kingdom	100.00	GBP	51,445	9,689
ContiTech USA, Inc.	12)	Wilmington, DE	U.S.A.	100.00	USD	n/s	n/s
ContiTech Vibration Control France SAS	22)	Andrézieux-Bouthéon	France	100.00	EUR	8,300	3,342
ContiTech Vibration Control s.r.o.	22)	Dolné Vestenice	Slovakia	100.00	EUR	11,546	12
ContiTech Vibration Control Slovakia s.r.o.	22)	Dolné Vestenice	Slovakia	100.00	EUR	38,175	12,457
ContiTrade (Shanghai) Co., Ltd.	22)	Shanghai	China	100.00	CNY	16,694	-10,225
ContiTrade Africa (Pty) Ltd	21)	Port Elizabeth	South Africa	100.00	ZAR	16,342	-9,381
Contitrade España S.A.U.	22)	Madrid	Spain	100.00	EUR	1,381	-217
Contitrade Holding	22)	Aubenas	France	100.00	EUR	937	-12
ContiTrade Services s.r.o.	22)	Otrokovice	Czechia	100.00	CZK	1,690,547	62,398
ContiTrade Slovakia s.r.o.	22)	Púchov	Slovakia	100.00	EUR	2,892	309
Contitread Servicios México, S.A. de C.V.	22)	San Luis Potosí	Mexico	100.00	MXN	382	-197
Cosmoflex, Inc.	25)	Wilmington, DE	U.S.A.	100.00	USD	-4,421	-2,233
CPT Brasil Automotiva Ltda.	24)	Sao Paulo	Brazil	100.00	BRL	n/s	n/s
CPT France SAS	24)	Toulouse	France	100.00	EUR	n/s	n/s
CPT Global Holding Netherlands B.V.	24)	Maastricht	Netherlands	100.00	EUR	n/s	n/s
CPT GUADALAJARA, S. de R. L. de C.V.	24)	Mexico City	Mexico	100.00	MXN	n/s	n/s
CPT Holding China Co., Ltd.	24)	Shanghai	China	100.00	CNY	n/s	n/s
CPT Holdings Canada 1, Inc.	24)	Chatham	Canada	100.00	CAD	n/s	n/s
CPT Holdings Canada 2, Inc.	24)	Chatham	Canada	100.00	CAD	n/s	n/s
CPT Italy S.r.L.	24)	Pisa	Italy	100.00	EUR	n/s	n/s
CPT JAPAN K.K.	24)	Yokohama	Japan	100.00	JPY	n/s	n/s
CPT MANUFACTURING MEXICO, S. de R. L. de C.V.	24)	Mexico City	Mexico	100.00	MXN	n/s	n/s
CPT MAQUILA MEXICO, S. de R. L. de C.V.	24)	Mexico City	Mexico	100.00	MXN	n/s	n/s
Custom Machining Services, Inc.	25)	Valparaiso, IN	U.S.A.	100.00	USD	15,355	247
CZ Holdings, Inc.	13)	Wilmington, DE	U.S.A.	80.58	USD	n/s	n/s

Company	Footnote	Registered office	Country	Share of capital in %	Local currency	Equity in '000s	Annual result in '000s
Dan-Belt S.A.	22)	Barcelona	Spain	100.00	EUR	2,516	533
Dekkmann A/S	22)	Oslo	Norway	100.00	NOK	28,516	-21,846
Dunlop Oil & Marine Ltd.	22)	Grimsby	United Kingdom	100.00	GBP	10,581	2,302
DynaGen, Inc.	15)	Charlotte, NC	U.S.A.	100.00	USD	0	0
Elektrobit Austria GmbH	22)	Vienna	Austria	100.00	EUR	2,709	423
Elektrobit Automotive Americas Inc.	22)	Wilmington, DE	U.S.A.	100.00	USD	17,828	1,887
Elektrobit Automotive Finland Oy	21)	Oulu	Finland	100.00	EUR	323	306
Elektrobit Automotive Korea Limited	22)	Seongnam-si	South Korea	100.00	KRW	100,000	0
Elektrobit Automotive Romania SRL	22)	Braşov	Romania	100.00	RON	4,962	1,851
Elektrobit Automotive Software (Shanghai) Co., Ltd.	21)	Shanghai	China	100.00	CNY	9,110	3,335
Elektrobit France SAS	22)	Carrières-sur-Seine	France	100.00	EUR	2,381	327
Elektrobit India Private Ltd.	7)	Bangalore	India	100.00	INR	100,676	4,697
Elektrobit Nippon K.K.	22)	Tokyo	Japan	100.00	JPY	82,887	22,199
Emitec Denmark A/S	22)	Randers	Denmark	100.00	DKK	327,529	16,482
Emitec Emission Control Technologies India Pvt. Ltd.	8)	Pune	India	100.00	INR	2,245,726	523,164
Emitec Emission Treatment System (Shanghai) Co., Ltd.	3) 18)	Shanghai	China	100.00	CNY	2,384	231
Emitec France SAS	22)	Faulquemont	France	100.00	EUR	-42,953	-14,341
EPD Holdings, Inc.	12)	Wilmington, DE	U.S.A.	100.00	USD	n/s	n/s
Eu-Retec (Private) Ltd.	22)	Kalutara	Sri Lanka	51.00	LKR	1,325,066	385,546
FSC Franchising Service Company S.p.A.	22)	Milan	Italy	91.69	EUR	873	122
General Tire International Company	15)	Charlotte, NC	U.S.A.	100.00	USD	3,863	0
Granite Investments Limited	22)	Ivybridge	United Kingdom	100.00	GBP	0	126
Holding ContiTech SAS	22)	Sarreguemines	France	100.00	EUR	12,761	2,363
Hoosier Racing Tire Corp.	25)	Indianapolis, IN	U.S.A.	100.00	USD	140,254	5,964
Hornschuch (Shanghai) Surface Technology Co., Ltd.	22)	Shanghai	China	100.00	CNY	16,953	-756
Hornschuch France SARL	22)	Neuilly Plaisance	France	100.00	EUR	717	318
Hornschuch Italia S.r.l.	22)	Arese	Italy	100.00	EUR	1,029	-113
Hornschuch UK Ltd.	4) 22)	Purley Surrey	United Kingdom	100.00	EUR	44	5
I.T.U. Sarl	4) 22)	Luxembourg	Luxembourg	51.00	EUR	232	-4
Kolubara-Univerzal D.O.O.	22)	Veliki Crljeni	Serbia	100.00	RSD	1,517	7
Legg Company, Inc.	22)	Halstead, KS	U.S.A.	100.00	USD	37,951	1,717
Libra Associates (Properties) Limited	22)	Ivybridge	United Kingdom	100.00	GBP	0	132
O' Sullivan Films, Inc.	21)	Winchester, VA	U.S.A.	100.00	USD	5,425	-3,532
OOO "Continental Automotive RUS"	22)	Moscow	Russia	76.00	RUB	663,229	-91,792
OOO "Continental Automotive Systems RUS"	22)	Kaluga	Russia	100.00	RUB	514,913	-226,587
OOO "Continental Kaluga"	22)	Kaluga	Russia	100.00	RUB	8,078,456	-1,605,757
OOO "Continental Tires RUS"	22)	Moscow	Russia	100.00	RUB	4,724,487	770,911
OOO "ContiTech RUS"	22)	Moscow	Russia	100.00	RUB	218,085	18,110
OOO Hornschuch RUS	4) 22)	Moscow	Russia	100.00	RUB	47,615	2,545
OTA keys S.A.	21)	Ixelles	Belgium	100.00	EUR	-621	-2,154
Otomotiv Lastikleri Tevzi AS (OLTAS)	22)	Istanbul	Turkey	99.97	TRY	81,320	9,465
Phoenix Conveyor Belt India Private Ltd.	22)	Kalyani	India	100.00	INR	3,032,300	-284,200
Phoenix Conveyor Belt Solutions, Inc.	25)	Glen Allen, VA	U.S.A.	100.00	USD	44,970	269
Phoenix Oil & Marine Ltd.	22)	Grimsby	United Kingdom	100.00	GBP	14,509	-44
Phoenix Shanxi Conveyor Belt Co., Ltd.	25)	Changzhi	China	52.00	CNY	259,056	2,058

Company	Footnote	Registered office	Country	Share of capital in %	Local currency	Equity in '000s	Annual result in '000s
Pneu Egger AG	22)	Aarau	Switzerland	100.00	CHF	23,276	1,516
POWERTRAIN GDL, S. DE R.L. DE C.V.	24)	Mexico City	Mexico	100.00	MXN	n/s	n/s
POWERTRAIN MANUFACTURING MEXICO, S. DE R.L. DE C.V.	24)	Mexico City	Mexico	100.00	MXN	n/s	n/s
POWERTRAIN MAQUILA MEXICO, S. DE R.L. DE C.V.	24)	Mexico City	Mexico	100.00	MXN	n/s	n/s
Profi Reifen- und Autoservice Gesellschaft mbH	22)	Wiener Neudorf	Austria	100.00	EUR	13,330	-3,486
PT Continental Tyre Indonesia	25)	Jakarta	Indonesia	100.00	IDR	-35,761,660	-12,469,905
PT Quantum Inventions Indonesia	22)	Jakarta	Indonesia	100.00	IDR	2,982,504	-344,420
Quantum Inventions Private Limited	22)	Singapore	Singapore	100.00	SGD	6,470	-1,737
QUANTUM INVENTIONS SDN. BHD.	22)	Selangor	Malaysia	100.00	MYR	234	-1
Rengasmaailma Oy	22)	Espoo	Finland	100.00	EUR	-1,146	-52
RENOR SARL	22)	Alençon	France	100.00	EUR	425	-10
REPARATION PNEUMATIQUES DU SUD EST (REPNEU) SAS	4) 22)	Grasse	France	100.00	EUR	1,610	10
Road-Braad Automotive Electronics (Qufu) Co. Ltd.	22)	Qufu	China	51.00	CNY	112,419	33,117
Rundpneu Beteiligungsges. mbH	22)	Vienna	Austria	100.00	EUR	621	1
S.C. Continental Automotive Products SRL	22)	Timișoara	Romania	100.00	RON	1,164,483	697,541
S.C. ContiTech Fluid Automotive Romania S.R.L.	22)	Carei	Romania	100.00	RON	339,370	43,875
S.C. ContiTech Romania S.R.L.	22)	Timișoara	Romania	100.00	RON	244,217	71,450
SAS CONTITRADE FRANCE	22)	Aubenas	France	100.00	EUR	98,570	-24,004
Semperit (Ireland) Ltd.	3) 4) 22)	Dublin	Ireland	100.00	EUR	40	0
Semperit (UK) Ltd.	22)	West Drayton	United Kingdom	100.00	GBP	3,831	0
Semperit Reifen Gesellschaft mbH	22)	Wiener Neudorf	Austria	100.00	EUR	27,959	1,532
Specialised Belting Supplies Ltd.	22)	Thetford	United Kingdom	100.00	GBP	-432	1,160
Specialty Fabrics & Converting, Inc.	25)	Wilmington, DE	U.S.A.	100.00	USD	-20,428	103
Specialty Yarn & Converting, Inc.	25)	Wilmington, DE	U.S.A.	100.00	USD	-2,376	-172
Stable One Insurance Company LLC	25)	Lansing, MI	U.S.A.	100.00	USD	27,247	2,247
Synerject LLC	19)	Newport News, VA	U.S.A.	100.00	USD	36,727	8,964
Synerject Motorcycle Systems Changchun Co., Ltd.	21)	Changchun	China	100.00	CNY	31,324	690
Synerject Taiwan Co., Ltd.	4) 22)	Taipei City	Taiwan	100.00	TWD	9,814	1,121
Syrma A.E.	22)	Volos	Greece	100.00	EUR	13,445	816
Temic Automotive (Phils), Inc.	22)	Taguig	Philippines	100.00	PHP	2,112,086	1,370,360
Temic Servicios, S.A. de C.V.	22)	Silao	Mexico	100.00	MXN	67,999	25,584
Tikka Spikes Oy	22)	Tikkakoski	Finland	100.00	EUR	5,847	1,545
TOO "Continental Matador KZ"	22)	Almaty	Kazakhstan	100.00	KZT	651,395	102,835
Tyre and Auto Pty Ltd	24)	Melbourne	Australia	100.00	AUD	n/s	n/s
Tyre Maintenance Limited	22)	Leeds	United Kingdom	100.00	GBP	1,276	-647
Tyre Reinsurance (Ireland) DAC	22)	Dublin	Ireland	100.00	EUR	46,966	7,600
Vanvulc Tyres Limited	4) 22)	Ivybridge	United Kingdom	100.00	GBP	0	0
Vaysse SAS	22)	Paris	France	99.94	EUR	-1,321	-2,443
Veyance Distribuidora de Produtos de Engenharia Ltda.	4) 12)	Itapevi	Brazil	100.00	BRL	n/s	n/s
Veyance Hong Kong Co. Ltd.	21)	Hong Kong	China	100.00	USD	-75,447	-2,376
Veyance Industrial Services, Inc.	25)	Wilmington, DE	U.S.A.	100.00	USD	10,297	2,400
Veyance Mining Services SpA	4) 12)	Santiago de Chile	Chile	100.00	CLP	n/s	n/s
Veyance Qingdao Engineered Elastomers Company Ltd.	22)	Qingdao	China	100.00	CNY	335,691	13,864
Veyance Technologies Argentina S.R.L.	22)	Buenos Aires	Argentina	100.00	ARS	24,044	-10,083
Veyance Technologies Australia Pty., Ltd.	12)	Bayswater	Australia	100.00	AUD	n/s	n/s
Veyance Technologies Canada (NS), ULC	12)	Halifax	Canada	100.00	CAD	n/s	n/s

Company	Footnote	Registered office	Country	Share of capital in %	Local currency	Equity in '000s	Annual result in '000s
Veyance Technologies Chile Ltda.	12)	Santiago de Chile	Chile	100.00	CLP	n/s	n/s
Veyance Technologies do Brasil Produtos de Engenharia Ltda.	12)	Vila Maria Zélia	Brazil	100.00	BRL	n/s	n/s
Veyance Technologies Hong Kong Co. Ltd.	21)	Hong Kong	China	100.00	USD	-13,082	-631
Veyance Technologies Zambia Ltd.	4) 22)	Lusaka	Zambia	100.00	ZMW	41	-172
Viking Tyres (UK) Ltd.	22)	West Drayton	United Kingdom	100.00	GBP	0	0
Vulcanite Holdings Pty Ltd	25)	Regents Park	Australia	100.00	AUD	18,384	2,863
Vulcanite Malaysia Sdn. Bhd.	22)	Seremban	Malaysia	100.00	MYR	9,652	2,460
Vulcanite Pty Ltd	25)	Regents Park	Australia	100.00	AUD	7,953	-1,975
Wohlfahrtseinrichtung für die Arbeiter und Angestellten der Semperit Reifen AG, GmbH	4) 22)	Wiener Neudorf	Austria	100.00	EUR	155	0
Zonar Systems, Inc.	25)	Turnwater, WA	U.S.A.	100.00	USD	333,061	-22,134
Zytek Automotive Ltd.	22)	Lichfield	United Kingdom	100.00	GBP	3,254	438
Zytek Group Ltd.	22)	Lichfield	United Kingdom	100.00	GBP	1,808	0

II. Associated companies/joint ventures

Company	Footnote	Registered office	Share of capital in %	Equity in €'000s	Annual result in €'000s
Germany					
"Kienzle-Rheinapp" Rheinische Apparate Gesellschaft mit beschränkter Haftung	22)	Düsseldorf	22.88	2,453	490
Containertransporte Wesseler GmbH	22)	Melle	24.90	5,482	51
ContiTech-INA Beteiligungsgesellschaft mbH	22)	Hanover	50.00	38	-5
ContiTech-INA GmbH & Co. KG	22)	Hanover	50.00	213	-2
Deutsche Gasrußwerke GmbH	22)	Dortmund	37.84	150	20
e.solutions GmbH	22)	Ingolstadt	51.00	39,541	20,213
IAV GmbH Ingenieurgesellschaft Auto und Verkehr	22)	Berlin	20.00	164,254	-182
Kienzle Argo GmbH	22)	Leipzig	23.00	1,863	33
Kommanditgesellschaft Deutsche Gasrußwerke G.m.b.H. & Co.	22)	Dortmund	33.70	8,600	921
OSRAM CONTINENTAL GmbH	24)	Munich	50.00	n/s	n/s
SAS Autosystemtechnik GmbH & Co. KG	22)	Karlsruhe	50.00	87,339	48,771
SupplyOn AG	22)	Hallbergmoos	24.60	15,048	2,974
vogtronics GmbH	22)	Oberzell	26.00	23,512	1,297

Company	Footnote	Registered office	Country	Share of capital in %	Local currency	Equity in '000s	Annual result in '000s
Outside Germany							
Andujar S.A.	22)	Quito	Ecuador	49.98	USD	30,290	1,751
Bando-Scholtz Corp.	22)	Kakogawa	Japan	50.00	JPY	367,999	44,274
BAWE spol. s r.o.	22)	Děčín	Czechia	49.00	CZK	43,406	-64
Bekaert Slatina S.R.L.	22)	Slatina	Romania	20.00	RON	246,210	27,213
CNX Motion, LLC	22)	Grand Blanc, MI	U.S.A.	50.00	USD	1,930	-2,694
Continental Huayu Brake Systems (Chongqing) Co., Ltd.	22)	Chongqing	China	50.00	CNY	53,393	-87,033
Continental Teves Taiwan Co., Ltd.	3) 16)	Tainan	Taiwan	51.00	TWD	93,503	-33,168
D. M. Services SARL	4) 22)	Esch-Sur-Alzette	Luxembourg	52.10	EUR	-89	22
EasyMile SAS	22)	Toulouse	France	13.04	EUR	10,937	-4,021
ECO Anvelope S.A.	22)	Bucharest	Romania	20.00	RON	2,813	70
ELT Management Company Slovakia s. r. o.	22)	Bratislava	Slovakia	20.00	EUR	1,459	888
F & M Co. Limited Partnership	22)	Akron, OH	U.S.A.	22.50	USD	1,347	594
General Tire & Rubber Company of Morocco S.A.	3)	Casablanca	Morocco	34.17	MAD	n/s	n/s
Highway 2, LLC	21)	Wilmington, DE	U.S.A.	50.00	USD	1,761	259
MC Projects B.V.	22)	Maastricht	Netherlands	50.00	EUR	145,518	25,172
Napino Continental Vehicle Electronics Private Limited	24)	Gurgaon	India	50.00	INR	n/s	n/s
Napino Control Systems Private Limited	8)	Gurgaon	India	30.00	INR	254,922	-20,613
Nisshinbo-Continental Precision Machining (Yangzhou) Co., Ltd.	22)	Yangzhou	China	30.00	CNY	257,045	24,333
Noisetier SAS	22)	Paris	France	51.03	EUR	1,235	-27
Obnova JaK s.r.o.	22)	Slaný	Czechia	41.32	CZK	10,954	60
OOO "VDO-METTEM"	22)	Moscow	Russia	25.00	RUB	760	-9,240
Phoenix Vibration Controls B.V.	22)	Stellendam	Netherlands	50.00	EUR	574	52
PT Indo VDO Instruments Co., Ltd.	3) 17)	Bekasi	Indonesia	50.00	IDR	6,649,417	2,146,476
Shanghai Automotive Brake Systems Co., Ltd.	22)	Shanghai	China	49.00	CNY	1,459,726	435,906
Signus Ecovalor S.L.	22)	Madrid	Spain	20.00	EUR	205	0
SIXAN PTE LTD.	24)	Singapore	Singapore	20.00	EUR	n/s	n/s
Unicom Continental Intelligent Transportation Technology (Shanghai) Co., Ltd.	22)	Shanghai	China	50.00	CNY	39,289	-711
VIPO a.s.	22)	Partizánske	Slovakia	24.84	EUR	5,466	318

III. Other shares in large limited companies

In addition, Continental AG directly or indirectly holds a share of voting rights of more than 5% in the following large corporations that are not included in the list above (disclosure in accordance with Section 285 No. 11 b in conjunction with Section 286 (3) HGB):

Company	Registered office	Share
Investments in large corporations		
TecAlliance GmbH	Ismaning	9.28

- 1) Disclosure in accordance with Section 313(2) no. 6 HGB: Continental AG or a company included in the consolidated financial statements is a partner with unlimited liability.
- 2) Figures for fiscal 2017. Profit and loss transfer agreements in place with these companies.
- 3) In liquidation.
- 4) Not included in the consolidated financial statements.
- 5) Disclosure in accordance with Section 285 no. 11a HGB: Continental AG is the personally liable partner.
- 6) Net income September 19, 2017 - December 31, 2017.
- 7) Net income April 1, 2016 - March 31, 2017.
- 8) Net income April 1, 2017 - March 31, 2018.
- 9) Company founded/acquired in 2008. Figures for 2008 not yet available.
- 10) Company founded/acquired in 2012. Figures for 2012 not yet available.
- 11) Company founded/acquired in 2014. Figures for 2014 not yet available.

- 12) Company founded/acquired in 2015. Figures for 2015 not yet available.
- 13) Company founded/acquired in 2016. Figures for 2016 not yet available.
- 14) Company founded/acquired in 2017. Figures for 2017 not yet available.
- 15) Figures for fiscal 2007.
- 16) Figures for fiscal 2009.
- 17) Figures for fiscal 2012.
- 18) Figures for fiscal 2013.
- 19) Figures for fiscal 2014.
- 20) Figures for fiscal 2015.
- 21) Figures for fiscal 2016.
- 22) Figures for fiscal 2017.
- 23) Disclosure in accordance with Section 285 no. 11b HGB.
- 24) Company founded/acquired in 2018. Figures for 2018 not yet available.
- 25) Figures for fiscal 2017 (figures according to IFRS).

Report on Subsequent Events

As at March 1, 2019, there had been no events or developments that would have resulted in a significant change in the recognition or valuation of the individual assets and liabilities as at December 31, 2018.

Appropriation of Net Income

A dividend of €900.0 million was distributed in 2018 for fiscal 2017. Taking into account the accumulated profits brought forward from the previous year of €570.4 million, the accumulated profits for fiscal 2018 amounted to €1,758,445,119.03. The Supervisory Board and the Executive Board will propose to the Annual Shareholders' Meeting the distribution of a dividend of €4.75 per share.

With 200,005,983 no-par-value shares entitled to dividends, the total distribution thus amounts to €950,028,419.25. The remaining amount is to be carried forward to new account.

Hanover, March 1, 2019

Continental Aktiengesellschaft

The Executive Board

Independent Auditor's Report

To Continental Aktiengesellschaft, Hanover

Report on the Audit of the Annual Financial Statements and of the Management Report

Opinions

We have audited the annual financial statements of Continental Aktiengesellschaft, Hanover, which comprise the balance sheet as at December 31, 2018, and the statement of profit and loss for the fiscal year from January 1, 2018, to December 31, 2018, and the notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Continental Aktiengesellschaft for the fiscal year from January 1, 2018, to December 31, 2018. In line with the German legal regulations for the statutory annual audit, we have not audited the content of the combined non-financial statement, which is included in the corresponding section of the management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- › the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the company as at December 31, 2018, and of its financial performance for the fiscal year from January 1, 2018, to December 31, 2018, in compliance with German legally required accounting principles, and
- › the accompanying management report as a whole provides an appropriate view of the company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report for the statutory annual audit does not cover the content of the above-mentioned combined non-financial statement.

Pursuant to Section 322 (3) sentence 1 HGB (*Handelsgesetzbuch – German Commercial Code*), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the *Institut der Wirtschaftsprüfer* (Institute of Public Auditors in Germany, IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled

our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the fiscal year from January 1, 2018, to December 31, 2018. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Recoverability of the carrying amount of shares held in affiliated companies

The accounting policies are disclosed in the notes to the financial statements.

THE FINANCIAL STATEMENT RISK

In the financial statements of Continental Aktiengesellschaft as at December 31, 2018, the long-term financial assets included shares held in affiliated companies in the amount of €13,239 million. Shares held in affiliated companies account for 63% of the balance sheet total and thereby have a significant influence on the company's financial position.

Shares held in affiliated companies are presented on the balance sheet at acquisition costs or, in case of a reduction in value which is expected to be permanent, at their lower value. The company determines the value of shares held in affiliated companies using the German discounted earnings approach.

The cash flows utilized for the German discounted earnings approach are based on entity specific projections up to five years. The discount rate is derived from the return on alternative investments with a commensurate level of risk. When the value is lower than the carrying amount, quantitative and qualitative criteria are assessed to determine whether the impairment is expected to be permanent in nature.

The calculation of the value using the German discounted earnings approach is complex and, in terms of the assumptions made, heavily dependent on the company's estimates and judgments. This is particularly the case for estimates of future cash flows, the determination of discount rates as well as the assessments with respect to the longevity of the impairment.

There is the financial statement risk that the carrying amount of the shares held in affiliated companies may not be recoverable. The company recorded impairment of shares held in affiliated companies in the amount of €1 thousand in the 2018 fiscal year.

OUR AUDIT APPROACH

We initially obtained an understanding of the company's process for assessing the recoverability of the carrying amount of shares held in affiliated companies on the basis of explanations provided by the company as well as by assessing documentation. This included an intensive review of the company's approach to the determination of impairment and, based on the information obtained within the scope of our audit, an assessment as to whether there was an indication of the need to record impairment not identified by the company. Subsequently, with the involvement of our valuation specialists, we assessed the appropriateness of the discount rate as prepared by the company. We discussed the expected cash flows as well as the assumed long-term growth rates with those responsible for the planning process. Furthermore, reconciliations were made with the annual planning prepared by the Executive Board, which was approved by the Supervisory Board, and the long-term planning of which the Supervisory Board took note. We also assessed the consistency of the assumptions with external market expectations.

Moreover, we assessed the company's planning accuracy on the basis of affiliated companies selected in a risk-orientated manner by comparing projections for previous fiscal years with the actual results realized and analyzing deviations.

We compared the assumptions and parameters underlying the discount rate - in particular the risk-free interest rate, the market risk premium and the beta factor - with own assumptions and data which is publicly available. To account for the uncertainty of forecast information, we then assessed for these companies reasonably possible changes in the discount rate and in the expected cash flows on the value (sensitivity analysis) by calculating alternative scenarios and comparing these with the company's valuation results. To provide for the mathematical accuracy of the valuation model utilized, we recalculated the company's calculations on the basis of elements selected in a risk-orientated manner.

OUR OBSERVATIONS

The approach to the impairment test of shares in affiliated companies is appropriate and consistent with the applicable valuation principles. The assumptions and parameters applied by the company are appropriate.

Other information

The legal representatives are responsible for the other information. The other information includes:

- › the combined non-financial statement and
- › the remaining parts of the annual report, with the exception of the audited annual financial statements and the management report and our auditor's report.

Our audit opinions regarding the annual financial statements and the management report do not extend to the other information, and accordingly we provide neither an audit opinion nor any other form of audit conclusion in this regard.

As part of our audit, we have a responsibility to read the other information and to evaluate whether it

- › exhibits material discrepancies with the annual financial statements, the management report or the knowledge we have obtained during our audit, or
- › otherwise seems significantly incorrect.

In accordance with our engagement, we performed a separate operational audit of the combined non-financial statement. The type, scope and results of this operational audit are disclosed in our unqualified audit opinion dated February 20, 2019.

Responsibilities of the Executive Board and the Supervisory Board for the annual financial statements and the management report

The Executive Board is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the company in compliance with German legally required accounting principles. In addition, the Executive Board is responsible for such internal control as they, in accordance with German legally required accounting principles, as it has deemed necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Executive Board is responsible for assessing the company's ability to continue as a going concern. It is also responsible for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the Executive Board is responsible for the preparation of the management report that as a whole provides an appropriate view of the company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Executive Board is responsible for such arrangements and measures (systems) that it considers necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development, as

well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the *Institut der Wirtschaftsprüfer* (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- › Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.
- › Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the company.
- › Evaluate the appropriateness of accounting policies used by the Executive Board and the reasonableness of estimates made by the Executive Board and related disclosures.
- › Draw conclusions about the appropriateness of the going concern principle applied by the legal representatives and, on the basis of the audit evidence obtained, about whether there is material uncertainty regarding events or circumstances that could cause significant doubt regarding the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to be able to continue as a going concern.
- › Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in such a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the company in compliance with German legally required accounting principles.

- › Evaluate the consistency of the management report with the annual financial statements, its conformity with German law and the view of the company's position it provides.
- › Perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Executive Board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements for the current period and that are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the Annual Shareholders' Meeting on April 27, 2018. We were engaged by the Supervisory Board on December 27, 2018. We have been the auditor of Continental Aktiengesellschaft without interruption for more than thirty years.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

We have provided to the corporation's entities the following services that are not disclosed in the consolidated financial statements or the corporate management report:

In addition to the audit of the consolidated and annual financial statements as well as the review of the half-year financial statements of Continental Aktiengesellschaft, we conducted various audits of financial statements as well as reviews of half-year financial

statements of subsidiaries. Audit-related IT services, audits of various IT systems and IT processes as well as migration tests were carried out. We also provided other attestation services, such as the granting of a comfort letter, legal or contractual attestation services, such as audits according to the EEG, EMIR audits in accordance with Section 20 WpHG, the audit of the summarized corporate non-financial statement, the audit of transfer prices, the audit of the treasury management process and audits of the use of funds. We issued confirmations of compliance with contractual arrangements. We provided advisory services related to the first-time adoption of new accounting standards, such as IFRS 9, IFRS 15 and IFRS 16, and supported the implementation of regulatory requirements in a quality-assured manner. Furthermore, workshops on accounting-related issues and tax issues were conducted. Tax advisory services provided by us also include support services in the preparation of tax returns and in tax audits, as well as income tax and sales tax advice on individual matters.

German public auditor responsible for the engagement

The German public auditor responsible for the engagement is Dirk Papenberg.

Hanover, March 5, 2019

KPMG AG
Wirtschaftsprüfungsgesellschaft

Ufer
Wirtschaftsprüfer

Papenberg
Wirtschaftsprüfer

Responsibility Statement in Accordance with Sections 264 (2) and 289 (1) of the German Commercial Code (*Handelsgesetzbuch - HGB*)

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Continental AG, and the management report for Continental AG and the corporation includes a fair review of the development and performance of the business and the position of Continental AG and the corporation, together with a description of the principal

opportunities and risks associated with the expected development of Continental AG and the corporation.

Hanover, March 1, 2019
Continental Aktiengesellschaft

The Executive Board

Members of the Executive Board and Their Directorships

List of the positions held by the Executive Board members on statutory supervisory boards and on comparable controlling bodies of companies in Germany and abroad in accordance with Section 285 No. 10 of the German Commercial Code (*Handelsgesetzbuch – HGB*):

Dr. Elmar Degenhart

Chairman

Corporate Communications

Corporate Quality and Environment

Continental Business System

Automotive Central Functions

- › ContiTech AG, Hanover* (Chairman)

José A. Avila

Powertrain Division (until September 30, 2018)

Hans-Jürgen Duensing

ContiTech Division

- › Benecke-Kaliko AG, Hanover* (Chairman)
- › ContiTech Antriebssysteme GmbH, Hanover* (Chairman)
- › ContiTech Elastomer Beschichtungen GmbH, Hanover* (Vice Chairman)
- › ContiTech Luftfedersysteme GmbH, Hanover* (Vice Chairman)
- › ContiTech MGW GmbH, Hann. Münden* (Vice Chairman)
- › ContiTech Schlauch GmbH, Hanover* (Vice Chairman)
- › ContiTech Techno-Chemie GmbH, Karben* (Vice Chairman)
- › ContiTech Transportbandsysteme GmbH, Hanover* (Vice Chairman)
- › ContiTech Vibration Control GmbH, Hanover* (Vice Chairman)
- › Phoenix Compounding Technology GmbH, Hamburg* (Vice Chairman)
- › ContiTech North America, Inc., Wilmington, Delaware, U.S.A.*
- › EPD Holdings, Inc., Wilmington, Delaware, U.S.A.*
- › ContiTech USA, Inc., Fairlawn, Ohio, U.S.A.*

Frank Jourdan

Chassis & Safety Division

- › Continental Automotive Corporation, Yokohama, Japan*
- › Continental Automotive Mexicana, S. de R.L. de C.V., Morelos, Mexico*
- › Conti Automotive Servicios, S.A. de C.V., Silao Guanajuato, Mexico*
- › Continental Automotive Bajío, S.A. de C.V., Silao Guanajuato, Mexico*
- › Temic Servicios, S.A. de C.V., Villa de Alaya, Mexico*
- › Continental Automotive Maquila Mexico, S. de R.L. de C.V., Silao, Mexico*
- › ContiTech Fluid Mexicana Servicios, S.A. de C.V., Tlalneantla, Mexico*
- › ContiTech Fluid Monterrey Servicios, S.A. de C.V., Tlajomulco de Zuñiga, Mexico*

Helmut Matschi

Interior Division

- › Continental Automotive GmbH, Hanover* (Chairman)
- › Argus Cyber Security Ltd, Tel Aviv, Israel*

Dr. Ariane Reinhart

Human Relations and Sustainability,

Director of Labor Relations;

- › Vonovia SE, Düsseldorf

Wolfgang Schäfer

Finance, Controlling, Compliance, Law and IT

- › Continental Reifen Deutschland GmbH, Hanover*
- › Continental Automotive, Inc., Wilmington, Delaware, U.S.A.*
- › Continental Automotive Systems, Inc., Wilmington, Delaware, U.S.A.*
- › Continental Rubber of America, Corp., Wilmington, Delaware, U.S.A.*

Nikolai Setzer

Tire Division

Corporate Purchasing

- › Continental Reifen Deutschland GmbH, Hanover* (Chairman)
- › Continental Tire Holding US, LLC, Wilmington, Delaware, U.S.A.*
- › Continental Tire the Americas, LLC, Columbus, Ohio, U.S.A.*

* Companies pursuant to Section 100 (2) of the German Stock Corporation Act (*Aktiengesetz – AktG*).

Members of the Supervisory Board and Their Directorships

Memberships of other statutory supervisory boards and of comparable controlling bodies of companies in Germany and abroad in accordance with Section 285 No. 10 of the German Commercial Code (*Handelsgesetzbuch – HGB*):

Prof. Dr.-Ing. Wolfgang Reitzle, Chairman

Chairman of the Supervisory Board of Linde AG

- › Ivoclar Vivadent AG, Schaan, Liechtenstein
- › Axel Springer SE, Berlin
- › Medical Park AG, Amerang (Chairman)
- › Willy Bogner GmbH & Co. KGaA, Munich (Chairman, since January 16, 2018)
- › Linde plc, Dublin, Ireland (Chairman, since October 22, 2018)

Hartmut Meine*, Vice Chairman (until February 28, 2018)

District manager of IG Metall (Metalworkers' Union) for Lower Saxony and Saxony-Anhalt (until December 31, 2016)

Christiane Benner*, Vice Chairperson (since March 1, 2018)

Second Chairperson, IG Metall

- › BMW AG, Munich

Dr. Gunter Dunkel

Chairman European Private Debt, Muzinich & Co, London, United Kingdom

Francesco Grioli* (since November 1, 2018)

Member of the Central Board of Executive Directors, IG Bergbau, Chemie, Energie (Mining, Chemical and Energy Industries Union)

- › Villeroy & Boch AG, Mettlach (until March 23, 2018)
- › Villeroy & Boch Fliesen GmbH, Merzig (until May 31, 2018)
- › BASF SE, Ludwigshafen (until May 4, 2018)
- › Gerresheimer AG, Düsseldorf (Vice Chairman)

Prof. Dr.-Ing. Peter Gutzmer

Deputy Chief Executive Officer and Member of the Executive Board, Chief Technology Officer of Schaeffler AG, Herzogenaurach

Peter Hausmann* (until October 31, 2018)

Member of the Central Board of Executive Directors, IG Bergbau, Chemie, Energie (Mining, Chemical and Energy Industries Union)

- › Henkel AG & Co. KGaA, Düsseldorf (until March 31, 2018)
- › 50Hertz Transmission GmbH, Berlin (Vice Chairman)
- › Vivawest GmbH, Gelsenkirchen (Vice Chairman, until April 30, 2018)
- › Covestro AG, Leverkusen

Michael Iglhaut*

Chairman of the Works Council for the Frankfurt Location

Prof. Dr. Klaus Mangold

Chairman of the Supervisory Board of Knorr-Bremse AG (since September 1, 2018)

- › Rothschild GmbH (Chairman, until December 31, 2018)
- › TUI AG, Hanover (Chairman)
- › Alstom S.A., Paris, France
- › Baiterek JSC, Astana, Kazakhstan

Sabine Neuß

Chief Operation Officer of Kelvion Holding GmbH, Bochum

- › Juli Motorenwerk, s.r.o., Moravany, Czechia (until August 27, 2018)
- › Linde Xiamen Forklift Truck Corp., Xiamen, China (until November 30, 2018)
- › Atlas Copco AB, Nacka, Sweden

Prof. Dr. Rolf Nonnenmacher

Certified Accountant, self-employed, Berg

- › ProSiebenSat.1 Media SE, Unterföhring
- › Covestro AG, Leverkusen
- › Covestro Deutschland AG, Leverkusen

Dirk Nordmann*

Chairman of the Works Council for the Vahrenwald Plant, ContiTech Antriebssysteme GmbH, Hanover

- › ContiTech Luftfedersysteme GmbH, Hanover

Klaus Rosenfeld

Chief Executive Officer of Schaeffler AG, Herzogenaurach

- › Schaeffler India Limited, Vadodara, India** (until April 24, 2018)
- › Siemens Gamesa Renewable Energy S.A., Zamudio, Spain

Georg F. W. Schaeffler

Co-owner of INA-Holding Schaeffler GmbH & Co. KG, Herzogenaurach

Managing Director, IHO Verwaltungs GmbH, Herzogenaurach

- › Schaeffler AG, Herzogenaurach** (Chairman)

Maria-Elisabeth Schaeffler-Thumann

Co-owner of INA-Holding Schaeffler GmbH & Co. KG, Herzogenaurach

Managing Director, IHO Verwaltungs GmbH, Herzogenaurach

- › Schaeffler AG, Herzogenaurach** (Vice Chairperson)

Jörg Schönfelder*

Chairman of the Works Council for the Korbach Plant and Chairman of the European Works Council

- › Continental Reifen Deutschland GmbH, Hanover

Stefan Scholz***Head of Finance & Treasury**

- › Phoenix Pensionskasse von 1925, Hamburg (until July 8, 2018)
- › Pensionskasse für Angestellte der Continental Aktiengesellschaft VVaG, Hanover

Gudrun Valten***Member of the Works Council of Continental Automotive GmbH, Regensburg****Kirsten Vörkel***

Chairperson of the Works Council of CPT Group GmbH, Dortmund
Member of the Central Works Council of CPT Group GmbH, Hanover
Member of the Corporate Works Council of Continental AG, Hanover

Elke Volkmann***Second Authorized Representative of the IG Metall, Administrative Office for North Hesse, Kassel**

- › Krauss-Maffei Wegmann Verwaltungs GmbH, Munich

Erwin Wörle***Engineer in the Development Department, Quality Management of Conti Temic microelectronic GmbH, Ingolstadt**

- › Conti Temic microelectronic GmbH, Nuremberg (Vice Chairman)

Prof. KR Ing. Siegfried Wolf**Entrepreneur**

- › Banque Eric Sturdza SA, Geneva, Switzerland
- › SBERBANK Europe AG, Vienna, Austria (Chairman)
- › UC RUSAL Plc, Moscow, Russia (until June 28, 2018)
- › Schaeffler AG, Herzogenaurach
- › MIBA AG Mitterbauer Beteiligungs AG, Laakirchen, Austria

Members of the Supervisory Board Committees:**1. Chairman's Committee**

- › Prof. Dr.-Ing. Wolfgang Reitzle (Chairman)
- › Hartmut Meine (until February 28, 2018)
- › Christiane Benner (since March 13, 2018)
- › Georg F. W. Schaeffler
- › Jörg Schönfelder

2. Audit Committee

- › Prof. Dr. Rolf Nonnenmacher (Chairman)
- › Peter Hausmann (until October 31, 2018)
- › Francesco Grioli (since November 1, 2018)
- › Michael Iglhaut
- › Dirk Nordmann
- › Klaus Rosenfeld
- › Georg F. W. Schaeffler

3. Nomination Committee

- › Prof. Dr.-Ing. Wolfgang Reitzle (Chairman)
- › Prof. Dr. Rolf Nonnenmacher
- › Georg F. W. Schaeffler
- › Maria-Elisabeth Schaeffler-Thumann

4. Mediation Committee required under Section 27 (3) of the German Co-determination Act (Mitbestimmungsgesetz)

- › Prof. Dr.-Ing. Wolfgang Reitzle (Chairman)
- › Hartmut Meine (until February 28, 2018)
- › Christiane Benner (since March 13, 2018)
- › Georg F. W. Schaeffler
- › Jörg Schönfelder

* Employee representative.

** Companies pursuant to Section 100 (2) of the German Stock Corporation Act (Aktengesetz - AktG).

Financial Calendar

2019	
Preliminary Figures for Fiscal 2018	January 14
Annual Financial Press Conference	March 7
Analyst and Investor Conference Call	March 7
Annual Shareholders' Meeting (including key data for Q1 2019)	April 26
Financial Report as at March 31, 2019	May 9
Half-Year Financial Report as at June 30, 2019	August 6
Financial Report as at September 30, 2019	November 12

2020	
Preliminary Figures for Fiscal 2019	January
Annual Financial Press Conference	March
Analyst and Investor Conference Call	March
Annual Shareholders' Meeting (including key data for Q1 2020)	April 30
Financial Report as at March 31, 2020	May
Half-Year Financial Report as at June 30, 2020	August
Financial Report as at September 30, 2020	November

Publication Details

Information

These financial statements of Continental Aktiengesellschaft are also published in German. The Annual Report for the Continental Corporation is also available in English and German.

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If you wish to receive copies of any of these reports, please contact:

Continental AG, Corporate Communications

P.O. Box 1 69, 30001 Hanover, Germany

Phone: +49 511 938 - 1146

Fax: +49 511 938 - 1055

E-mail: prkonzern@conti.de

The Annual Report and the interim reports are available on the internet at:

www.continental-ir.com

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