Continental Continues Solid Development and Further Improves Automotive Earnings

PUBLISHED AUG 5, 2025
BY CONTINENTAL AG

Consolidated sales of €9.6 billion (Q2 2024: €10.0 billion, -4.1 percent)

- Adjusted EBIT of €834 million; without application of IFRS 5, adjusted EBIT would have been €597 million (Q2 2024: €711 million)

- Adjusted EBIT margin of 8.7 percent; without application of IFRS 5, adjusted EBIT margin would have been 6.2 percent (Q2 2024: 7.1 percent)

- Net income of €506 million (Q2 2024: €305 million, +66.0 percent)

- Adjusted free cash flow Q2 2025: -€166 million (Q2 2024: €147 million); H1 2025: up year-on-year

- CEO Nikolai Setzer:

> We’ve worked hard to make our group sectors more resilient and more agile. As a result, the Automotive group sector has positive momentum ahead of its spin-off in September

- CFO Olaf Schick:

> We continue to see solid earnings in all areas. Our adjusted operating result and adjusted free cash flow increased year-on-year in the first half of 2025

- Listing of Automotive on the stock exchange planned for September 18, 2025

Hanover, Germany, August 5, 2025. Continental proved resilient in the second quarter of 2025, with earnings in the Automotive group sector improving significantly both year-on-year and compared with the

successful start to 2025. The Tires group sector achieved a double-digit adjusted EBIT margin, underlining the stability of the business despite the strong headwinds from tariffs and exchange rates. In a weak industrial environment, ContiTech increased its adjusted EBIT margin compared with the first quarter of the year. In the second half of the year, Continental aims to make improvements in the Tires and ContiTech group sectors compared with the second quarter. Continental plans to take the Automotive group sector public as an independent company on September 18, 2025.

> We've worked hard to make our group sectors more resilient and more agile. In a highly volatile economic environment, this hard work is now paying off. As a result, the Automotive group sector has positive momentum ahead of its spin-off in September,

said Continental CEO Nikolai Setzer in Hanover on Tuesday.

Consolidated sales of €9.6 billion

In the second quarter of 2025, Continental achieved consolidated sales of €9.6 billion (Q2 2024: €10.0 billion, -4.1 percent). Its adjusted operating result was €834 million, corresponding to an adjusted EBIT margin of 8.7 percent. Without the application of IFRS 5, the adjusted operating result would have been €597 million (Q2 2024: €711 million) and the adjusted EBIT margin would have been 6.2 percent (Q2 2024: 7.1 percent). Due to the planned spin-off of the Automotive group sector, the accounting standard IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) has been applied as required. Consequently, since the Supervisory Board approved the spin-off on March 12, 2025, depreciation on those parts of the business earmarked for spin-off is no longer taken into account.

Net income in the second quarter amounted to €506 million (Q2 2024: €305 million, +66.0 percent). Net income was also positively influenced by the ceasing of depreciation. Adjusted free cash flow was down year-on-year at -€166 million (Q2 2024: €147 million). In the same quarter of the previous year, a one-off effect due to changed payment terms in the Contract Manufacturing group sector had a positive impact on cash flow. Nevertheless, in the first half of 2025 Continental improved its adjusted free cash flow by more than €450 million compared with the first half of 2024.

> We continue to see solid earnings in all areas. Our adjusted operating result and adjusted free cash flow increased year-on-year in the first half of 2025. Continental is on the right track – despite constantly changing conditions,

said Continental CFO Olaf Schick.

Global automotive production up slightly year-on-year

In the second quarter of 2025, the global production of passenger cars and light commercial vehicles was up slightly year-on-year, improving by around 3 percent to 22.7 million units (Q2 2024: 22.1 million units). However, due to the weak European and North American markets, automotive production weighted for regional sales of the Automotive group sector was only on a par with the same quarter of the previous year.

Automotive production in Europe continued to decline in the second quarter, falling by 2 percent year-on-year to around 4.3 million units. North America followed a similar downtrend, with a drop of 3 percent to 4.0 million vehicles. China, by contrast, recorded an increase of more than 9 percent to 7.6 million units.

Automotive: significant improvement in earnings; EBIT margin at upper end of guidance

The Automotive group sector recorded sales of €4.7 billion in the second quarter (Q2 2024: €5.0 billion, -5.0 percent). Before exchange-rate effects and changes in the scope of consolidation, it posted organic sales growth of -1.2 percent. Its adjusted EBIT margin was 9.0 percent. Even without the application of IFRS 5, its adjusted EBIT margin would have improved significantly to 4.0 percent (Q2 2024: 2.9 percent). Automotive's earnings in the second quarter were therefore at the upper end of the outlook for the year (adjusted EBIT margin outlook for Automotive: 2.5 to 4.0 percent). It achieved this despite declining automotive markets in Europe and North America. The year-on-year improvement was due to the rigorous implementation of measures to reduce costs as well as sustained price adjustments.

Order intake for the Automotive group sector amounted to €5.7 billion in the second quarter of 2025 and was therefore significantly higher than sales during the quarter. With a volume exceeding €3 billion,

orders for satellite cameras, brake systems and electronic control units made a major contribution.

Furthermore, Automotive has established a new unit to develop semiconductors for vehicle electronics, with the aim of further reducing its dependence on suppliers for its future requirements and bringing new technologies to market faster. The Advanced Electronics and Semiconductor Solutions unit will focus on the development of semiconductors, while production will be handled by partner Global Foundries.

The company has also launched an updated, second-generation smart tachograph for trucks. The device automatically detects when a truck crosses a border and securely stores position data thanks to European satellite technology. This innovation helps authorities with conducting checks and fleet operators with planning. In doing so, it meets the requirements of the EU Mobility Package, which stipulates gradual retrofitting of the second-generation smart tachograph: by August 19, 2025, all commercial vehicles over 3.5 tons used in international transport must be equipped with a latest-generation device.

Tires: resilient despite changing conditions

The Tires group sector recorded sales of €3.3 billion in the second quarter (Q2 2024: €3.4 billion,

-2.0 percent). It achieved a double-digit adjusted EBIT margin and was only slightly below the previous year’s level for the first half of the year. In the second quarter, its adjusted EBIT margin was 12.0 percent (Q2 2024: 14.7 percent). The main reasons for the year-on-year decline were US tariff increases, exchange-rate effects and positive catch-up effects in the second quarter of last year.

Tires from Continental are repeatedly recognized for their high quality. In June 2025, Continental’s tires were voted “Quality Winner 2025” following a survey of around 45,000 consumers in Germany conducted by the German Institute for Service Quality (DISQ) in collaboration with news channel n-tv. Furthermore, Continental tires took first place 10 times and second place four times in independent comparison tests in Europe. The SportContact 7 was voted the winner in seven out of eight tests, while the UltraContact NXT achieved top marks for safety and sustainability. The PremiumContact 7 also scored highly in

the current season, with British magazine Tyre Reviews declaring it the winner of its summer tire test.

This is also why Continental has a strong position in the market for ultra-high-performance (UHP) tires. UHP tires are technologically sophisticated, available in sizes from 18 inches and designed for safe and dynamic driving at high speeds. Between 2019 and 2024, Continental increased sales of these tires in the passenger car and light truck segment by around 15 percentage points worldwide. Over the same period, the share of sales of UHP tires for all Continental brands rose from 38 to 52 percent, and to 60 percent for the core Continental brand. Five years ago, this figure sat at 46 percent.

ContiTech: increase in adjusted EBIT margin compared with the start of the year

The ContiTech group sector achieved sales of €1.6 billion in the second quarter of 2025 (Q2 2024: €1.6 billion, -5.2 percent). Its adjusted EBIT margin was 5.8 percent (Q2 2024: 7.1 percent), higher than in the first quarter of the year (Q1 2025: 5.4 percent). Earnings improved compared with the start of the year, especially due to higher industrial demand for ContiTech products and stricter cost discipline. The market environment remains gloomy, although there are signs of improvement in Europe as well as North and South America. Exchange rates are also affecting earnings.

Despite the challenging conditions, ContiTech continues to focus on innovation and future-oriented solutions. For example, it introduced new premium cooling hoses for data centers in the past quarter, which ensure stable temperatures for servers and help save energy, prevent malfunctions and extend equipment life. The hoses are extremely heat-resistant and meet strict fire safety standards. They are designed for modern cooling methods, such as direct-to-chip single-phase cooling, and help to reduce energy costs and carbon emissions in data centers.

Spokesperson, Business & Finance

Head of Group Communications

Press release distributed by Wire Association on behalf of Continental AG, on Aug 5, 2025. For more information subscribe and follow us.

Media Assets

Embedded Media

Visit the online press release to interact with the embedded media.

https://wireassociation.eu/newsroom/continental-ag/releases/en/continental-continues-solid-development-and-further-improves-automotive-earnings-2578

Continental AG

Newsroom: https://wireassociation.eu/newsroom/continental-ag
Website: https://www.continental.com/
Primary Email: silke.bernhardt@conti.de

Social Media

Facebook - https://www.facebook.com/Continental
Twitter - https://twitter.com/Conti_Press
Youtube - https://www.youtube.com/c/ContinentalCorporation
Instagram - https://www.instagram.com/continental_career/
Linkedin - https://www.linkedin.com/company/continental
Glassdoor - https://www.glassdoor.com/Overview/Working-at-Continental-EI_IE3768.11,22.htm