

Continental Generates Profit and Expects Further Improvement in Results



PUBLISHED MAR 8, 2022
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Not including these risks, Continental expects that the global production of passenger cars and light commercial vehicles will increase by 6 to 9 percent in 2022. In 2021, this increased year on year by only around 3 percent to approximately 77 million vehicles as a result of the semiconductor shortage. The company also anticipates higher procurement and logistics costs of around €2.3 billion.

On the basis of our assumptions regarding the trends in our markets and industries for 2022, Continental anticipates consolidated sales of around €38 billion to €40 billion and an adjusted EBIT margin of around 5.5 to 6.5 percent. Continental however expects that business will gradually improve following a subdued start to the year.

For the Automotive group sector, Continental forecasts sales of around €18 billion to €19 billion with an adjusted EBIT margin of around 0 to 1.5 percent.

For the Tires group sector, Continental expects sales of between around €13.3 billion and €13.8 billion with an adjusted EBIT margin ranging between 13.5 and 14.5 percent.

For the ContiTech group sector, Continental expects sales of between around €6.0 billion and €6.3 billion with an adjusted EBIT margin ranging between 7.0 and 8.0 percent.

Capital expenditure before financial investments is forecast to be below 7 percent of sales.

Free cash flow before acquisitions and divestments (adjusted free cash flow) of between around €0.7 billion and €1.2 billion is expected.

“We are in the midst of a fundamental transformation. And we want to emerge from it as winners. We are not satisfied with our current

financial performance. Accordingly, we will rigorously implement our strategy and increase our profitability. We therefore firmly stand by the medium-term targets that we published at the end of 2020," Dürrfeld said.

These include an adjusted EBIT margin of between 8 and 11 percent.

Last year, Continental continued to make focused investments in its research and development activities. The DAX company's total expenditure for this purpose amounted to around €2.6 billion (2020: €2.7 billion). The ratio fell to 7.7 percent (2020: 8.5 percent).

Continental is well positioned in terms of purchase-relevant technologies for the mobility of the future. The large number of orders that the company received during the past fiscal year are evidence of this.

The sales volume of new orders for display solutions currently amounts to more than €5.5 billion. Continental, for example, only introduced the innovative ShyTech Display at the end of last year. Its wood or leather-look surface enables a completely new interior design. The screen only appears when needed. Recently, Continental presented a further innovative display featuring a private mode that allows information to be displayed for selected vehicle occupants only. This technology allows the front passenger, for instance, to enjoy infotainment functions without distracting the driver.

The order volume for fully connected central high-performance computers rose to a total of around €5.5 billion. These computers form a crucial link between the vehicle and the digital world. Continental's InCar Application Server (ICAS1), for example, is being used by Volkswagen for its ID. vehicle models, which are based on the brand's modular electric drive platform.

In total, incoming orders for the Automotive group sector amount to €18.6 billion (previous year: €18.1 billion).

Back in 2020, Continental adopted one of the most comprehensive sustainability roadmaps in the vehicle supplier industry. All electricity procured has been carbon neutral since 2020. By 2040, all of its production processes are to be made carbon neutral. And the technology company aims to be 100% carbon neutral across its entire business by 2050 at the latest. Continental develops sustainable and

future-oriented products and generated around €1 billion in sales with emission-free mobility and emission-free industries.

Press release distributed by Wire Association on behalf of Continental AG, on Mar 8, 2022. For more information subscribe and [follow us](#).

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