Continental Increases Profit and Drives Forward Realignment in 2025

PUBLISHED MAR 3, 2025
BY CONTINENTAL AG

Consolidated sales of €39.7 billion (2023: €41.4 billion, -4.1 percent)

- Adjusted EBIT of €2.7 billion (2023: €2.5 billion, +6.6 percent)

- Adjusted EBIT margin of 6.8 percent (2023: 6.1 percent)

- Net income of €1.2 billion (2023: €1.2 billion, +1.0 percent)

- Adjusted free cash flow of €1.05 billion (2023: €1.3 billion, -18.6 percent)

- CEO Nikolai Setzer:

> Our priority is to create value. By rigorously implementing this strategy, we further improved our earnings in this challenging environment and achieved our annual targets for the Continental Group

- CFO Olaf Schick:

> Our goal is to continue to improve in 2025. Our cost and efficiency measures are proving effective. This is all the more important because we again do not expect any tailwinds from the market this year

- Automotive makes further gains: adjusted EBIT margin of 2.3 percent

- Tires remains strong: adjusted EBIT margin of 13.7 percent

- ContiTech within margin range: adjusted EBIT margin of 6.2 percent

- Expectations for fiscal 2025: consolidated sales of around €38.0 billion to €41.0 billion; adjusted EBIT margin of around 6.5 to 7.5

percent

- Dividend proposal of €2.50 per share (2023: €2.20 per share)

Hanover, Germany, March 4, 2025. Continental continued to improve its earnings and achieved its corporate targets in the past fiscal year. Against the backdrop of a weak macroeconomic environment, especially in its core market of Europe, and a global downturn in automotive production, the company’s focused implementation of its value-creation strategy is proving effective. The Executive Board’s decision to spin off the Automotive group sector is another important step toward leveraging Continental’s full potential for creating value. Despite a global automotive market that is expected to continue to decline, the technology company is targeting an increase in earnings for 2025 (consolidated sales of around €38.0 billion to €41.0 billion and an adjusted EBIT margin of around 6.5 to 7.5 percent). This will primarily be achieved through the measures taken to improve earnings. Continental therefore expects an increase in its adjusted earnings margin, particularly in the Automotive and ContiTech group sectors.

> Weak economic development, particularly in Europe, coupled with a decline in automotive production caused major headwinds last year. Our priority is to create value. By rigorously implementing this strategy, we further improved our earnings in this challenging environment and achieved our annual targets for the Continental Group,” said Continental CEO Nikolai Setzer at the annual press conference in Hanover on Tuesday, adding: “Following the Executive Board’s decision in favor of a spin-off, we have also initiated the realignment of the company. Our group sectors have each been set up with clear structures and are leading players in their product segments and markets. They have matured and are now ready for greater independence.

Adjusted operating result (adjusted EBIT) increases by 6.6 percent in 2024

In the past fiscal year, Continental achieved consolidated sales of €39.7 billion (2023: €41.4 billion, -4.1 percent). Its adjusted operating result was €2.7 billion (2023: €2.5 billion, +6.6 percent), corresponding to an improved adjusted EBIT margin of 6.8 percent (2023: 6.1 percent).

Net income totaled €1.2 billion in 2024 (2023: €1.2 billion, +1.0 percent). Adjusted free cash flow was €1.05 billion (2023: €1.3 billion, -18.6 percent).

> We achieved good results in 2024 despite the difficult economic environment. We even slightly exceeded our annual target for adjusted free cash flow, which was mainly due to our good tire business and the positive cash contribution from Automotive,

said Continental CFO Olaf Schick.

Dividend proposal of €2.50 per share

Based on the company's adjusted free cash flow and improved net income, Continental's Executive Board will propose a €0.30 increase in the dividend to €2.50 per share for the past fiscal year. This would amount to a distribution of around €500 million. At around 43 percent, the distribution to shareholders is slightly above the defined range of 20 to 40 percent due to one-off, non-cash tax effects. Without these tax effects, the distribution to shareholders would fall within the defined range. The Annual Shareholders' Meeting to be held on April 25, 2025, will decide on the dividend payment amount.

Market outlook and forecast for fiscal 2025

In 2025, Continental expects the global production of passenger cars and light commercial vehicles to change by -1 to +1 percent. In 2024, this decreased by around 1 percent to more than 89 million vehicles. For the global tire-replacement business, the technology company expects sales volumes to develop by 0 to +2 percent.

Based on these assumptions and given the exchange rates at the beginning of the fiscal year, Continental anticipates consolidated sales for 2025 of around €38.0 billion to €41.0 billion and an adjusted EBIT margin of around 6.5 to 7.5 percent.

Continental expects the Automotive group sector to generate sales of around €18.0 billion to €20.0 billion and an adjusted EBIT margin of around 2.5 to 4.0 percent.

For the Tires group sector, Continental forecasts sales of around €13.5 billion to €14.5 billion and an adjusted EBIT margin of around

13.3 to 14.3 percent.

Continental anticipates sales in the ContiTech group sector of around €6.3 billion to €6.8 billion and an adjusted EBIT margin of around 6.0 to 7.0 percent.

Capital expenditure before financial investments is forecast to be around 6.0 percent of sales.

Adjusted free cash flow is expected to be around €0.8 billion to €1.2 billion.

> Our goal is to continue to improve in 2025. Our cost and efficiency measures are proving effective. This is all the more important because we again do not expect any tailwinds from the market this year,

Automotive makes further gains: adjusted EBIT margin of 2.3 percent

In the Automotive group sector, sales fell by 4.3 percent to €19.4 billion (2023: €20.3 billion), hampered primarily by declining markets. Before exchange-rate effects and changes in the scope of consolidation, it posted organic sales growth of -2.6 percent. Parallel to this, Automotive increased its adjusted EBIT margin year-on-year to 2.3 percent (2023: 2.0 percent). This improvement was primarily attributable to the rigorous implementation of cost reduction measures, efficiency improvements and agreements from price negotiations with automotive manufacturers.

In connection with the plans to make the Automotive group sector an independent European company (Societas Europaea, SE) with listing on the Frankfurt stock exchange, new short and mid-term targets will be announced as part of the Capital Market Day in summer 2025.

The Automotive group sector has comprehensive technological and system expertise as well as a high level of vertical integration. It has carved out a strong market position for sensor solutions and displays as well as brake and comfort systems, and offers extensive know-how in software, architecture platforms and assistance systems for the rapidly growing future market of software-defined and autonomous vehicles. To date, Continental has put more than 277 million sensors and electronic control units for assisted and automated driving onto the roads worldwide. In addition, it has delivered well over 1 billion control units for body electronics to customers, including sunroof electronics as well as door and seat control units.

Continental also equips vehicles around the globe with high-performance computers. These are the central control element for a wide range of vehicles, such as the electric Volkswagen ID models. Not only international manufacturers, but also local producers in China source high-performance computers from Continental.

Tires remains strong: adjusted EBIT margin of 13.7 percent

In the past fiscal year, the Tires group sector remained strong and improved its earnings slightly compared with the previous year, achieving sales of €13.9 billion (2023: €14.0 billion, -0.7 percent). At 13.7 percent, its adjusted EBIT margin was up slightly on the previous year (2023: 13.5 percent), mainly on the back of the growing sales share of premium tires and a stronger winter tire business in Europe.

This increased demand was underpinned by the many awards that Continental received for its tires in 2024, with its summer, winter and all-season tires all achieving excellent ratings in various independent tests.

In addition, Continental is planning to increase its production capacity in the Asia-Pacific region by an additional 3 million tires per year to make the most of the area's potential for growth. For this purpose, the company will invest more than €300 million in progressively expanding its tire plant in Rayong, Thailand, over the coming years. Continental is already extremely successful in the region. Last year, for example, it supplied original equipment tires to nine of the 10 highest-volume manufacturers of electric vehicles in the Asia-Pacific area.

ContiTech within margin range: adjusted EBIT margin of 6.2 percent

Faced with a weak automotive and industrial environment, ContiTech saw a decline in earnings but nonetheless achieved its annual target thanks to a strong fourth quarter. It posted sales of €6.4 billion (2023: €6.8 billion, -6.7 percent) and an adjusted EBIT margin of 6.2 percent (2023: 6.7 percent).

The operating result of the Original Equipment Solutions (OESL) business area improved thanks to the implemented measures, closing fiscal 2024 with a positive adjusted EBIT margin, albeit at a low level.

The carve-out of OESL is also progressing according to plan. Continental started the sales process in the first quarter of 2025 as announced, and has already presented this business area to its first potential buyers and partners.

ContiTech’s strategy is aimed at strengthening its industrial business. The group sector’s industrial expertise is in demand, as evidenced, for example, by an order from an American customer for the world’s strongest conveyor belt. Measuring up to 3.2 meters wide, it can pull a total weight of 3,200 metric tons – equivalent to the weight of more than 300,000 car tires.

Spokesperson, Business & Finance

Press Pictures Annual Press Conference 2025

On March 4, 2025, Continental has presented the preliminary results of 2024 fiscal year.

Press release distributed by Wire Association on behalf of Continental AG, on Mar 3, 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-increases-profit-and-drives-forward-realignment-in-2025-2402

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