

Evonik is streamlining processes and reducing administrative and selling expenses

- Next step towards a performance-oriented corporate culture with a healthy cost structure
- Up to 1,000 jobs to be cut worldwide in administration and sales by year-end 2020
- Agreement with employee representatives on key points

Essen. Evonik is reducing bureaucracy, streamlining processes, and cutting administrative and selling expenses. To achieve the target of permanently reducing the cost base by €200 million by the end of 2020, management and employee representatives have agreed on key points. The associated analysis of all administrative and sales functions has been completed.

“Our goal is to build a best-in-class specialty chemicals company,” said Christian Kullmann, Chairman of Evonik's Board of Management. “To get there we need three things: a balanced portfolio, leading innovative capability, and a new, performance-oriented corporate culture. To this end, we are now making a big step forward on the cost side. We want to accelerate decision-making and strengthen cost-awareness.”

In fall 2017, Evonik set itself the target of permanently reducing administrative and selling expenses by €200 million worldwide. About two-thirds of the cost savings will come from administration and a third will come from sales functions.

The first €50 million of these permanent savings will be achieved this year and will mainly comprise material costs. To realize the remaining €150 million, a detailed analysis of all administrative support functions was carried out in recent months.

As a result of this analysis, up to 1,000 jobs will be cut in administration and sales by the end of 2020. Management and employee representatives have agreed to implement the process in a socially acceptable manner. The agreement that rules out business-related dismissals for employees in Germany has been extended until mid-2023. Evonik will also be using natural fluctuation to

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reduce the number of jobs in administration and sales worldwide. Vacant positions will be examined to see whether it is necessary to fill them.

“Within the bounds of a policy document we will agree on important and proven social-plan instruments as well as starting with new, innovative ones,” said Martin Albers, Chairman of the General Works Council. “At the same time, within this framework, we have managed to achieve the greatest possible job security for our colleagues with the ruling out of business-related dismissals for a period of five years. In doing so, the executive board, the employee representatives and the IG BCE union have demonstrated that trustworthy cooperation and a collaborative set-up can lead to success, even for difficult processes.”

Company information

Evonik is one of the world leaders in specialty chemicals. The focus on more specialty businesses, customer-orientated innovative prowess and a trustful and performance-oriented corporate culture form the heart of Evonik’s corporate strategy. They are the lever for profitable growth and a sustained increase in the value of the company. Evonik benefits specifically from its customer proximity and leading market positions. Evonik is active in over 100 countries around the world with more than 36,000 employees. In fiscal 2017, the enterprise generated sales of €14.4 billion and an operating profit (adjusted EBITDA) of €2.36 billion.

Evonik’s international activities are organized into six regions. The Asia Pacific North region is headquartered in Shanghai. Sales in Asia Pacific North reached 2,158 million euros in 2017. Evonik regards China as one of the driving forces of the global economy and we consequently endeavor to grow our business here. The company now employs about 3,000 employees and has in total of 10 production sites in China.

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