

Evonik increases the value of its innovation pipeline by half a billion euros

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- Evonik innovation campaign bears fruit—innovative power considerably enhanced
- In the medium term, Evonik aims for products and applications developed in the past five years to account for over 16 percent of sales
- Growth fields should generate over €1 billion in additional sales by 2025

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Evonik Industries is strengthening its innovative power. Last year, the specialty chemicals company increased the value of its innovation pipeline by half a billion euros. This now places the value of the pipeline in the lower single-digit billion euro range—a figure that is expected to continue growing over the next few years. At today's R&D press briefing in Essen, Germany, Chairman of the Executive Board of Evonik Industries Klaus Engel said: "Our innovation campaign is bearing fruit. The constant flow of new products, applications, and business models is a major driver of profitable growth at Evonik. Innovations are to make an even larger contribution to sales and profit going forward." In the medium term, the Group aims for products and applications developed in the past five years to account for over 16 percent of sales. Currently, these constitute around 10 percent of sales.

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"It's an ambitious goal," said Evonik Chief Innovation Officer Ulrich Küsthardt, "and we have taken additional steps in order to meet it." Evonik has brought its innovation portfolio into focus, redefined its growth fields, and taken the development of its innovation culture still further. Küsthardt said, "We have a total of six growth fields, which we expect to contribute over €1 billion in additional sales by the year 2025." These fields are in highly attractive markets where Evonik can offer new products and solutions in line with its core competencies. Examples here include sustainable nutrition, healthcare solutions, and cosmetic solutions.

Reorganizing these growth fields goes hand in hand with focusing on the innovation portfolio. The streamlined innovation portfolio now includes a more significant portion of larger innovation projects, as

well as those to be carried out over the medium and long term. This will allow the company to make more efficient use of resources. Idea competitions and fostering entrepreneurship represent additional ways of improving the culture of innovation.

The planned acquisition of the specialty additives business (the Performance Materials Division) of US-based Air Products is likewise expected to strengthen Evonik’s innovative power in the field of specialty additives. Air Products’ specialty additives business employs excellent R&D personnel and maintains a powerful R&D pipeline.

“We want to become one of the most innovative companies in the world,” said Küsthardt, underscoring the ambitions of the specialty chemicals company. According to a Forsa survey, nearly 50 percent of those surveyed trust Evonik to meet this goal over the medium term. Over 75 percent of those surveyed see Evonik as an innovative company. Early this year, Evonik contracted Forsa, an independent opinion research institute, to conduct the survey among select target groups, such as customers, investors, politicians, scientists, and employees.

R&D at Evonik 2015

R&D expenditures	€434 million
R&D expenditures, 2010 - 2015	Average increase: 6% per year
Rate of R&D investment	3.2 %
Portion of sales tied to products and applications developed in the past five years	Roughly 10%
Development of innovation pipeline value, 2014 - 2015	Increase of €500 million
Sales of patented products	57%
Number of new patent applications submitted in 2015	Roughly 260
Portfolio of patents and patent applications	Over 25,000
Portfolio of pending and registered trademarks	Over 7,000
R&D employees	Roughly 2,700
R&D sites	3

Company information

Evonik, the creative industrial group from Germany, is one of the world leaders in specialty chemicals. Profitable growth and a sustained increase in the value of the company form the heart of Evonik's corporate strategy. Its activities focus on the key megatrends health, nutrition, resource efficiency and globalization. Evonik benefits specifically from its innovative prowess and integrated technology platforms. Evonik is active in over 100 countries around the world. In fiscal 2015 more than 33,500 employees generated sales of around €13.5 billion and an operating profit (adjusted EBITDA) of about €2.47 billion.

Evonik Industries has been producing specialty chemical products in the Greater China region (Mainland China, Hong Kong and Taiwan) since the late 1970's; with wide-ranging trading relations already in place prior to this in the region. Evonik regards Greater China as one of the driving forces of the global economy and we consequently endeavor to grow our business in the region. The company now has around 3,000 employees in the Greater China region, the regional sales reached over €1.3 billion in 2015.

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