

## Evonik to invest over €4 billion in research and development

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- Chairman of the Executive Board Klaus Engel: "Innovations are key drivers of sustained value creation at Evonik."
- R&D spending increased by 5 percent in 2014
- Chief Innovation Officer Ulrich Küsthardt introduces three-point plan

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"Our intention is to turn Evonik into one of the world's most innovative companies," affirmed Klaus Engel, the Chairman of the Executive Board, at today's R&D press conference in Wesseling. "Innovations are a key element of our growth strategy," noted Engel, who went on to announce continued high investments in research & development (R&D) for the future. Evonik plans to invest over €4 billion in R&D over the next decade. Engel referred to innovations as the 'elixir of life' for the specialty chemicals industry: "Innovations open up new business areas and strengthen our leading market and technology positions." In fiscal year 2014, Evonik's R&D spending amounted to €413 million, an increase of 5 percent over the previous year (€394 million). The R&D investment ratio was 3.2 percent (2013: 3.1 percent).

Evonik intends to make tangible improvements to its innovative power, as innovations are to make key contributions to revenues and earnings in the future. The company plans to significantly expand its innovation pipeline to keep up a steady flow of new products and solutions. Ulrich Küsthardt, who was appointed Chief Innovation Officer at Evonik earlier this year, presented a three-point plan for this purpose. "We must become more focused in our projects, more international in our research, and more open in our exchange of knowledge," said Küsthardt. The goal is to bring innovations to consumers with even greater speed and efficiency.

### Greater focus of R&D project portfolio

The Evonik R&D pipeline is well-filled with some 500 projects, with even greater focus to come from strategic innovation

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management. Promising innovation areas for Evonik include ingredients for the cosmetics industry, membranes, specialty materials for medical technology, food supplements and animal feed additives as well as composite materials.

### **More international research**

Küsthardt also plans to push for the expansion of international competence centers. The aim is to strengthen the competitiveness of customers, particularly in attractive growth regions, with research and applied technology that focuses on local needs. Evonik already supports customers with tailored solutions in laboratories and pilot centers around the world. Thus, an R&D center for coating additives with locations in Singapore and Shanghai develops products for coatings and paint manufacturers in Asia. The company also maintains a technology center in Taiwan to advise customers from the Asian display industry, and its Medical Devices Project House in the U.S. is working on innovations in medical technology.

### **Intensified external exchange of knowledge**

Evonik is deliberately opening up to external partners and cooperating with scientists and start-ups ("Open Innovation"), an effort Küsthardt plans to intensify further. This also includes corporate venture capital activities, for which a budget of some €100 million has been set aside. Such investments and shareholdings give Evonik insights into innovative technologies and businesses in the early development phases. The company's latest acquisition is Nanocomp, a Finnish company that develops nano-optical structures for applications in 3D gesture recognition, medical technology, and displays.

### **Sustainability as a key driver of innovation**

Evonik's innovation strategy is guided by the needs of a growing population—nutrition, health, access to new technologies, and conservative use of existing resources. Resource efficiency and climate protection are the basis for numerous energy-efficient

and environmentally sound products made by Evonik. The specialty chemicals company has multiple solutions on hand for environmentally friendly and resource-efficient mobility. The silica/silane system for “green tires” helps to reduce fuel consumption by up to 8 percent compared to conventional products while innovative additives for high-performance lubricants help to lower it by up to 4 percent. Furthermore, Evonik products for lightweight design such as composite materials hold the promise of further fuel savings.

### **R&D in figures**

The close connection between innovative power and proximity to customers is reflected in the breakdown of R&D spending. Some 80 percent goes to activities within the operative businesses, which are specifically aligned with their respective core technologies and markets. Another ten percent is used by the operative units to research and develop new business. The remaining ten percent goes to the strategic research of Evonik's innovation unit, Creavis, for establishing new high-tech activities outside of the existing Group portfolio.

The large number of first-time patent applications filed by Evonik places the company at the forefront of the specialty chemicals sector. The company held over 25,000 patents and patent applications in 2014. Some 250 new patents were filed last year—the equivalent of almost one invention per business day. With some 2,600 Evonik employees working in research at 35 sites, the company has continuously increased the value of its patent portfolio over the past years.

## R&D at Evonik

R&D spending	€413 million
R&D ratio	3.2%
R&D employees	approx. 2,600
Sites	approx. 35
R&D projects	approx. 500
Number of new patent applications submitted in 2014	approx. 250
Portfolio of patents and patent applications	over 25,000
Portfolio of pending and registered trademarks	over 7,000

### 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 2014 more than 33,000 employees generated sales of around €12.9 billion and an operating profit (adjusted EBITDA) of about €1.9 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 endeavour 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 €1.1 billion in 2014.

### Disclaimer

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