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Ladies and Gentlemen,

What is the key to an innovative company? That's exactly what we wanted to find out from customers, investors, politicians, scientists, and our employees. Furthermore, this is the reason why, earlier this year, we commissioned the Forsa Institute to conduct a survey on the innovative power of Evonik.

Over two thousand people responded, and more than fifty percent of participants said that "new and improved products" are a sign of how innovative a company is. This response is hardly surprising because our understanding of innovation continues to be heavily focused on technology.

However, this understanding is shifting – and that was evident in the survey results as well: Some twenty–five percent of survey respondents saw sustainability and environmental awareness as key characteristics of innovation.

As a matter of fact, today, innovation and sustainability have to become much more closely interlinked. As the global population continues to grow, there will be nearly 10 billion of us in 2050.

That means we must find solutions for the core challenges of health, nutrition, and resource efficiency. Innovation is an urgent prerequisite for that. That is the background when politicians, companies, scientists, and society as a whole discuss the transition from technical to social innovation.

The Federal Government's Commission of Experts for Research and Innovation presented a report earlier this year, in which it called for greater consideration for social innovation in government programs. In addition to new technologies, we also need changes in lifestyle and new business models. Customers and citizens should become the drivers of the innovation process.

Ladies and Gentlemen, The transition from technical to social innovation began a long time ago in the chemical industry. At Evonik, we have a broad definition of innovation.

- Innovation is much more than turning out a new product.
In fact, it means optimizing processes and technologies, searching for custom–tailored solutions and services, and identifying new business models.
- From our perspective, innovation means cooperation.
We look for creative solutions and new approaches, together with our customers, and our scientific partners and interdisciplinary teams.
- Innovation must create benefits.
It generates added value for customers and improves the quality of people's lives.
For Evonik, it is an essential growth driver and a cornerstone of our strategy.

Our Nutrition & Care Segment is active in markets that are driven by population growth, globalization, and growing awareness of health and sustainability.

We use these trends for guidance, and our activities in the areas of consumer goods, nutrition and health address many needs of daily living.

- Given the rapidly growing human population, demand for animal protein, and accordingly, for meat and fish, is on the increase.
We are searching for solutions for environmentally friendly aquaculture.
- The increasingly prosperous middle class in emerging economies drives the demand for cleaning and body care products.
- We are the first company to make environmentally friendly biosurfactants commercially available.
- People tend to live longer, which means that products for better health are gaining greater significance.
We are researching self-absorbent bone implants.

You will hear more about these topics from our experts this afternoon.

Ladies and Gentlemen, To us, innovation is not a purpose in and of itself, but an essential factor for Evonik. It is an important driver of profitable growth; it is the lever to develop new markets:

We invent new things, take creative action, and promote entrepreneurship. We want to prevail and stay ahead in a competitive environment. This is why we continue to make major investments in research & development. Over the past five years, we have increased the relevant annual expenditures by an average of 6 percent per year. In 2015 alone, our R&D expenditures were €434 million; in terms of our revenues, that works out to an R&D ratio of 3.2 percent.

We intend to maintain this ratio in the future, since innovations are the elixir of life for the specialty chemicals industry. Combining innovative power with proximity to customers is a crucial success factor. Accordingly, some ninety percent of our research & development costs are attributable to the activities within our segments. In these units, our experts address topics that are specifically aligned with our core technologies and markets to research and develop new business. The remaining ten percent go to strategic research for establishing new high-tech activities outside of the existing Group portfolio.

Our goal is clear: We want to be one of the world's most innovative companies. Innovations will have to make even larger contributions to sales and profits in the future.

Our goal is ambitious: In the medium term, we want sixteen percent of sales to come from products developed in the past five years.

A well-filled innovation pipeline is the prerequisite for these plans – and we want its value to increase significantly over the coming years.

Our strategy over the past few years has paved the way to achieve these innovation objectives. We started an ambitious innovation campaign and announced our intent to spend at least €4 billion on research & development in the next ten years.

These investments are now paying off: In 2015, we significantly increased the value of our innovation pipeline by half a billion euros compared to the previous year. In a next step, we completed the process of adjusting and redefining our growth fields. They are located in highly attractive markets, which we can serve with new products and solutions based on our core competences.

We have clear expectations: The six growth fields of our Group are expected to generate value exceeding €1 billion in addition to sales by the year 2025.

One of the growth fields involves our membrane business.

We are already developing attractive markets with innovative products and technologies in this field. That's why we are planning to build a new hollow fiber spinning plant in Schörfling, Austria, to manufacture membrane modules from our SEPURAN® brand for efficient gas separation.

The new plant will boost our position as a technology leader for efficient gas separation. With our highly selective membranes, we will be able to participate in the growth of the global gas market at an above-average rate.

Ladies and Gentlemen, We spend a lot of money on R&D and are aligning our innovation strategy even more clearly. But our employees are the true drivers of innovation. Their courage to innovate, their creativity, their willingness for self-renewal, their reliability, and their proximity to customers are the decisive factors.

Just over a week ago, we came together here in Essen at Zeche Zollverein to announce the winner of our in-house idea contest. Thanks to our advances in digitalization, all employees were able to take part in the contest through an online platform. The winner will now have the opportunity to exclusively focus on their idea and develop it further for one year.

Beyond that, we cooperate with research institutes, universities, and other industrial companies to quickly incorporate the latest chemical, biological, and physical insights into our innovations.

Our research and development efforts are supplemented by our venture capital activities.

Our investments target specialized technology funds and startup companies with strategic relevance for Evonik. Doing so gives us insights into the earliest development phases of innovative technologies and businesses that are a good match for our growth strategy. Because of that, we have recently expanded our venture capital portfolio – with 14 shareholdings added worldwide since 2012.

In the immediate future, the announced acquisition of the specialty additives business of the U.S.-based Air Products will strengthen the innovative power of Evonik in the area of specialty additives.

This acquisition is a major milestone for the further development of our company. The portfolio we will acquire from Air Products has strong market positions, which will be an ideal match for our own product portfolio. Like us, the specialty additives business of Air Products relies on a solution-oriented business model. It stands out for its close research and development cooperation with customers and for its excellent technical service. Moreover, the specialty additives line of Air Products boasts highly qualified R&D employees and a strong R&D pipeline.

Ladies and Gentlemen,

We are on a good path with our research and development.

You will hear further details about this path from our next speaker, our Chief Innovation Officer Ulrich Küsthardt.

By the way: Close to fifty percent of the respondents to the Forsa survey were confident that Evonik would become one of the world's most innovative companies in the medium term.

Their confidence not only strengthens our commitment, but is also a challenge to win over the other fifty percent.