

Embargoed until October 5, 2017 – 10.00 a.m.

October 5, 2017

Innovation drives growth at Evonik

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- New products and business models add fresh impetus to the Group
- Value of innovation pipeline increased by a third over the past five years
- Digital technology are further boosting innovation

Essen, Germany. Evonik plans to leverage additional growth potential with innovations. “New products, solutions and business models will make a significant contribution to the growth and profitability of Evonik. That is an essential part of our strategic agenda,” noted Harald Schwager, deputy chairman of the Evonik Industries Executive Board and responsible for innovation. Evonik’s innovation pipeline is well filled. The overall value of pipeline projects with detailed business plans has increased by a third over the past five years.

Schwager intends to quickly implement these business plans to generate additional sales from the value of the project pipeline. “We have to bring our innovation projects to customers in faster, even more targeted ways. We will achieve that with greater efficiency in research and development, working in close collaboration with our customers,” he said. In the intermediate term, Evonik’s goal is to increase the sales share from products and applications developed in the past five years to sixteen percent. This portion is currently ten percent.

Evonik wants to increasingly support customer success with digital technologies. The company announced this summer that it would make around €100 million available for digitalization projects. “Our focus is on new business models as well as bespoke solutions and services for customers. Digital change will be an essential innovation driver, moving through the supply chain to reach our customers’ industries,” Schwager emphasized.

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Research & development expenses will remain at a high level with over €400 million per year. However, Schwager does not consider research an end in itself. “It must occur in a targeted way in projects that promise more business and growth – in the short, intermediate and long term.” Accordingly, some ninety percent of funds are invested in the research efforts of the operative segments, and specifically in businesses with particularly high growth potential. The revenue share of R&D expenses (R&D ratio) in these businesses is already between 4 and 6 percent. Throughout the Group, the R&D ratio exceeds 3 percent.

“Innovation is the key to securing and expanding our market positions. On top of that, we are focusing on areas that will generate new business for us, driven by innovation,” says Ulrich Küsthardt, Chief Innovation Officer. Evonik places particular emphasis on six innovation growth fields: Sustainable Nutrition, Healthcare Solutions, Advanced Food Ingredients, Membranes, Cosmetic Solutions und Additive Manufacturing. Each of them is backed up by a clear strategy with business objectives, market goals and business models, up to and including the acquisition of competencies. “The innovations from these fields will generate another €1 billion in sales by the year 2025,” Küsthardt explains.

R&D at Evonik in 2016

R&D expenses	€438 million
R&D expenses 2011 - 2016	Average increase: 4% p.a.
R&D ratio	3.4%
Sales share from new products and applications developed in the past five years	approx. 10%
Value development of the innovation pipeline from 2012 to 2016	increase by one third
Patent-driven sales	56%
No. of new patent applications filed in 2016	approx. 230
Patents held and applications filed:	approx. 24,500
Registered / pending trademarks:	approx. 7,000
R&D employees	approx. 2,700
R&D locations	35

For further information on the specific topics of today's R&D press briefing, please refer to the following publications:

- Evonik brings digitalization to the chicken farm
- Best in class: Evonik develops the most efficient process for manufacturing methyl methacrylate
- Intelligent coatings: Evonik draws a cloak of invisibility over ships

Further information on the topics of the R&D press briefing can also be found in the current edition of “elements.”

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 35,000 employees. In fiscal 2016, the enterprise generated sales of around €12.7 billion and an operating profit (adjusted EBITDA) of about €2.165 billion.

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