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Evonik Industries AG

Statement

at the R&D Press Conference

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in Wesseling (Germany)

– Text as prepared for spoken delivery –

Ladies and gentlemen, mobility matters and I am very pleased that you were able to accept our invitation to come to Wesseling near Cologne today. We deliberately chose this Evonik site for this year's research and development press conference.

- Wesseling is located in the heart of one of Europe's most densely populated regions and has a highly developed transport network,
- Wesseling manufactures successful products for resource-efficient mobility, and
- Wesseling is a site that combines tradition with innovation.

Ladies and gentlemen, it frequently takes a lot of patience to reach Wesseling. The delays are caused by the long traffic jams on the beltway around Cologne. Traffic congestion, here and in other places around the country, consumes a lot of commuter time and causes considerable economic damage.

Rising mobility in conurbations with high population density and industrial settings comes at a price. Preventing traffic collapse requires investments in roads and bridges, but that is primarily a political challenge.

As one of the world's largest specialty chemicals companies, we also address the topic of mobility. Although we cannot offer you any solution for decreased traffic congestion on highways, we can present you with solutions for resource-efficient mobility and better climate protection. Take, for example, a product made in Wesseling:

This site is home to the world's largest silica production. Without silica, the tire industry would hardly be able to bridge the gap between low rolling resistance and good tire traction. Our products for "green tires" make an essential contribution to greater resource efficiency and climate protection. We will show you today how we do that.

Innovations to preserve resources have a long tradition in Wesseling.

More than 130 years ago, a procedure that made it feasible to generate valuable raw materials from the worthless byproducts of gas production became the reason for establishing this site. Today, the Wesseling site manufactures products that enjoy extraordinary market success. In addition to silica, these include methionine for animal nutrition and plastics. The fact that we invited you to a press conference on our R&D activities underscores the high priority of this topic for Evonik.

Today we need innovations more than ever. The cycles of new products keep getting shorter, while questions are becoming more complex, framework conditions more demanding, and competition tougher. Whenever I visit Asia, I am impressed with the pace of development. China filed more patents than Germany last year for the first time, and the quality of inventions is rising.

The country has long left its role as an extended workbench behind to become an innovative peer-level producer. For us as a specialty chemicals company, this development represents both a challenge and an opportunity.

Innovations are the elixir of life for the specialty chemicals industry.

Innovations are among the essential drivers of sustained value creation at Evonik. They are our most important growth engine. They open up new business areas and strengthen our

leading market and technology positions. Our claim reflects the significance of innovation for our future development:

Evonik wants to be one of the world's most innovative companies.

Ladies and gentlemen, Evonik already has a pronounced culture of innovation:

- We have the power to innovate.
- We have the creativity to innovate.
- We have the specialists to innovate.
- We link innovation with proximity to our customers.

That brings together the essential success factors to meet our claim in the long term. Let me cite some facts and specific examples to explain our current situation. In fiscal year 2014, we further increased our research and development spending, topping €400 million for the first time. That proves our power to innovate.

Some eighty percent of this amount was spent on activities within our segments, which are specifically aligned with their core technologies and markets. Another ten percent was used by the operative units for researching and developing new business. The remaining ten percent went to strategic research for establishing new high-tech activities outside of the existing Group portfolio.

Ladies and gentlemen, we will continue to strengthen innovative power and keep our research and development spending at a demanding level. Our plans for the next ten years call for research and development investments of over €4 billion. We have also earmarked some €100 million for our corporate venture capital activities.

This gives us insights into innovative technologies and businesses that are a good match for our growth strategy in the early development phases. We expanded our portfolio by three holdings in 2014. Our most recent acquisition is the Finnish company Nanocomp.

Nanocomp develops nano-optical structures for applications in 3D gesture recognition, medical technology, and displays. We also created the "Evonik Call for Research Proposals" to quickly recognize creative ideas and proposals. For the past two years, scientists at universities and research institutes have had the opportunity to propose solutions for special questions. The results show that unusual ideas lead to outstanding solutions.

At Evonik, we have the specialists to turn good ideas into new solutions, technologies, products, or technical processes. One example is a new production process for our high-performance polymer polyamide 12 on the basis of renewable resources. This idea came out of our strategic innovation unit, Creavis, in Marl.

The development of the innovative process was made possible by our knowledge of the plastics business and outstanding biotechnology expertise together with excellent in-house process technology. However, we need more than technology know-how and expert knowledge.

Combining innovative power with proximity to customers is a key success factor. For us, that also means expanding our R&D activities internationally. Currently, one sixth of our 2,600 R&D employees works outside of Germany. We are now going one step further in the Asian market, where we offer new materials for the semiconductor production for extremely high-

solution television models of the future. First customers in Asia are already testing ways to integrate the new material into their production.

We cooperate closely with our customers in these material and process development stages. If we can convince the display industry, we will have taken an important step from being a provider of products or solutions to being a system provider.

We are using similar approaches for composite materials employed in lightweight design and are currently working on a new technology system that involves a chemical trick. In a while, Ms. Reemers will explain to you in her presentation how this trick works.

Ladies and gentlemen, innovation and efficient research are the hallmarks of Evonik. To become one of the world's most innovative companies, we have to continuously expand these strengths.

By networking and globally positioning our research.

By opening up to ideas from the outside and thinking strategically.

We want to significantly increase the value of our innovation pipeline to ensure a permanent flow of innovations. The pipeline is already well-filled with some 500 R&D projects. Our goal also has to be for innovations to significantly contribute to revenues and profits. We want to further increase our innovative power and get innovations on the market at even greater speed.

Mr. Küsthardt, Mr. Rettig, and our employees will show you examples from the area of mobility today that demonstrate how Evonik thinks about the future.

I wish you an exciting and interesting time and thank you for your interest.