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

- 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

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.

"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.

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Tim Lange

Head of Investor Relations
Phone +49 201 177-3150
tim.lange@evonik.com

Evonik Industries AG

Rellinghauser Straße 1-11
45128 Essen
Germany
Phone +49 201 177-01
Telefax +49 201 177-3475
www.evonik.com

Supervisory Board

Dr. Werner Müller, Chairman

Executive Board

Dr. Klaus Engel, Chairman
Christian Kullmann, Deputy Chairman
Dr. Ralph Sven Kaufmann
Thomas Wessel
Ute Wolf

Registered office Essen
Registered court
Essen local court
Commercial registry B 19474
VAT ID no. DE 811160003

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

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| 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 | 35 |

More information on the specifics of today's R&D press briefing can be found in the following publications:

- Biodegradable composites: a significant advance in medical implant technology
- Sustainability in aquaculture: Evonik turns salmon, shrimp, and other marine animals into vegetarians
- Evonik commercializes biosurfactants

More information on biosurfactants is available in the current edition (No. 55) of "elements," Evonik's innovation magazine.

For more information you can visit our website:

<http://corporate.evonik.de/en/media/publications/elements/pages/default.aspx>

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.

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