

Leaner and more differentiated: Evonik with new Group structure

- Differentiated management of operating businesses
- Lean management model through elimination of divisions level
- Lauren Kjeldsen and Claudine Mollenkopf appointed to Executive Board

Essen, Germany. Evonik is putting in place a new segment structure and adopting a significantly leaner management model. The company's business lines, which so far have been bundled into four divisions, will now be led directly by members of the Executive Board. Going forward, the operating businesses will be managed in a significantly more differentiated manner, divided into two segments.

Evonik has progressively focused its portfolio on growth and resilience and geostrategic balance in recent years. After this extensive reorganization, the company is now taking the next step. "We have significantly improved the quality of our portfolio in recent years," says Christian Kullmann, Chairman of the Executive Board. "In our current structure, it is no longer sufficient to solely focus on the criterion of specialty chemicals to drive the company forward. Its meaning has been completely blurred and no longer sufficiently differentiates us in the eyes of our customers and the capital markets. Going forward, we will manage Evonik in a more differentiated manner by leveraging the strengths of our two pillars: solutions and innovation-driven businesses on the one hand, and technology and efficiency-driven businesses on the other. Our new management model takes this approach into account."

Custom Solutions and Advanced Technologies

Currently, Evonik manages its chemicals businesses in the growth divisions Specialty Additives, Nutrition & Care, and Smart Materials. Under the new structure, which will take effect on April 1, 2025, the Group will organize its business lines in two new segments: Custom Solutions and Advanced Technologies. This will

December 13, 2024

Jörg Wagner
Head of External Communications
Phone +49 201 177 3408
Mobile +49 152 563 86040
Joerg2.Wagner@evonik.com

Specialized press contact
Richard Weiss
External Communications
Mobile +49 174 233 8658
Richard.Weiss@evonik.com

Evonik Industries AG
Rellinghauser Straße 1-11
45128 Essen
Germany
Phone +49 201 177-01
Fax +49 201 177-3475
www.evonik.com

Supervisory Board
Bernd Tönjes, Chairman
Executive Board
Christian Kullmann, Chairman
Dr. Harald Schwager, Deputy Chairman,
Maïke Schuh, Thomas Wessel

Registered Office is Essen
Register Court Essen Local Court
Commercial Registry B 19474

allow for clearer strategic focus and resource allocation. It will also enable more differentiated management of the businesses according to their respective business models. The segments currently have annual sales of around €6 billion each.

“The Supervisory Board supports the Executive Board's strategy and the structural development of the Group,” says Bernd Tönjes, Chairman of the Supervisory Board. “We are convinced that Evonik will be able to exploit its full potential for profitable growth with the new structure.”

The Custom Solutions businesses are defined by innovation-driven business models. They operate in specific niche markets, have a strong customer proximity, and develop customized solutions, allowing for pricing power. The focus for acquisitions rests on this segment with around 7,000 employees, which includes additives for paints and coatings as well as products for the cosmetics and pharmaceutical industries.

The Advanced Technologies businesses are efficiency-driven, featuring a high level of technological expertise and operational excellence. This puts them in a globally leading cost position. The segment, with approximately 8,000 employees, includes high performance polymers and hydrogen peroxide production, amongst others.

The two segments ideally complement each other and play equally crucial roles for the Group's value creation. Custom Solutions businesses play a major role as growth drivers and contribute more than average to adjusted EBITDA growth. Advanced Technologies businesses play a stronger financing role and generate cash flow. The key indicator across all businesses is ROCE (return on capital employed). Driven by both segments, Evonik will earn its cost of capital at Group level.

At the same time, both segments are driving Evonik's sustainability transformation forward. Evonik aims to increase the share of so-called NextGen Solutions, products with outstanding sustainability benefits, to over 50 percent by 2030.

Lean management model

As the nucleus of the Group, the business lines are the focus of its entrepreneurial activities. The reorganization program “Evonik Tailor Made”, which runs until the end of 2026 and will significantly reduce costs in the long term, also follows this principle. After the completion of the planning phase, the first structural measures were already implemented this year. They will lead to faster decision-making and processes and drastically reduce bureaucracy. By the time the program is completed, Evonik will have reduced the number of management levels from an average of ten to a maximum of six across the group. At the same time, more than 3,000 organizational units will be eliminated.

This is reflected in the leaner management model that will be implemented with the new segment structure. With the elimination of the division management level, a complete layer in the operational business will be removed as of April 1, 2025. The business lines, bundled into the new segments, will then be managed directly by individual members of the Executive Board.

The Custom Solutions business lines will be led by Lauren Kjeldsen, an American citizen and currently head of the Smart Materials division. The Advanced Technologies business lines will be managed by Claudine Mollenkopf, a French national and currently head of the Specialty Additives division. Kjeldsen and Mollenkopf will be appointed to the Executive Board on April 1, 2025.

“The new management team with Christian Kullmann, Lauren Kjeldsen, Claudine Mollenkopf, Maike Schuh, and Thomas Wessel will lead the Group into a bright future,” says Supervisory Board Chairman Bernd Tönjes. “Lauren Kjeldsen and Claudine Mollenkopf are experienced business leaders. The decision to appoint them was unanimous.”

“Our Executive Board is becoming more international and will have more women,” says Kullmann. “Lauren and Claudine have been very successful leaders, and I look forward to working with them on the Executive Board. Together, we will make Evonik better.”

Kjeldsen will also take responsibility for innovation and for the Americas region on the Executive Board. Mollenkopf will be responsible for the region Asia–Pacific and for Operational Excellence, the continuous improvement of processes in the plants.

Thomas Wessel, Chief Human Resources Officer and Labor Director, will take on additional responsibilities at the start of the new year for Infrastructure, including the business line Performance Intermediates, and the new NextGen Technologies function, which will drive the technological sustainability transformation.

Harald Schwager, Deputy Chairman of the Executive Board since 2017, is retiring. Johann–Caspar Gammelin, head of the Nutrition & Care division, and Joachim Dahm, head of the Performance Materials division, are retiring as well.

“Harald Schwager has made lasting contributions to our company,” says Tönjes. “This applies particularly to Research and Development, which has steadily increased its innovation power under his leadership.”

Thomas Wessel's contract, which currently runs until the summer of 2026, is to be extended next year until the summer of 2028. “With his wealth of experience, Thomas will continue to ensure that the major transformation of our company is implemented consistently and with social integrity,” says Kullmann.

Kullmann praises Gammelin and Dahm as outstanding executives. “Johann–Caspar Gammelin recently set the Nutrition & Care division on a successful path for the future. Joachim Dahm successfully designed and drove the new structure of Technology & Infrastructure. I would like to sincerely thank them both.”

Kullmann also expressed his deep appreciation of Deputy Chairman Schwager: “For eight years, I worked very closely with Harald in an atmosphere of mutual trust. He has done a great job for our company, particularly in the areas of operational

excellence and innovation. Harald is an outstanding business leader and a wonderful person.”

Company information

Evonik is one of the world leaders in specialty chemicals. The company is active in more than 100 countries around the world and generated sales of €15.3 billion and an operating profit (adjusted EBITDA) of €1.66 billion in 2023. Evonik goes far beyond chemistry to create innovative, profitable, and sustainable solutions for customers. About 32,000 employees work together for a common purpose: We want to improve life today and tomorrow.

Disclaimer

In so far as forecasts or expectations are expressed in this press release or where our statements concern the future, these forecasts, expectations or statements may involve known or unknown risks and uncertainties. Actual results or developments may vary, depending on changes in the operating environment. Neither Evonik Industries AG nor its group companies assume an obligation to update the forecasts, expectations or statements contained in this release.