

Evonik realigns TI division and administration

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- TI division to set up technology and infrastructure activities separately
- Technology expertise to be bundled globally and strengthened further
- Marl, Wesseling and Antwerp sites will become legally independent entities
- Administration will become significantly leaner and tailored to needs of operating businesses

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Essen, Germany. Evonik is strategically realigning two major areas to focus its resources even more on the operating businesses of its three growth divisions. The Technology & Infrastructure (TI) division will be split into two units, for which Evonik is pursuing different perspectives in the future. In addition, the entire administration will be tailored to the needs of the operating businesses, following an extensive analysis.

"We have made great strides in transforming our portfolio toward specialty chemicals in recent years," says Chief Executive Officer Christian Kullmann. "Now we have to set up our infrastructure activities and our administration in a way that allows us to fully focus on what really differentiates Evonik from the competition: our operating businesses and their innovative strength, customer proximity, and sustainability."

The company plans to split TI into cross-site technology and site-specific infrastructure activities. This separation will enable a more differentiated management of the respective services, reduce TI's complexity, and better meet the distinct requirements of the technology and infrastructure activities.

The technology units possess unique specialist expertise in process technology, engineering, strategic energy management, and digitalization of production. This is where Evonik differentiates itself from the competition as a specialty chemicals company, as these units make important contributions to meeting its ambitious innovation and sustainability targets.

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"We are literally building Evonik's future here," says Christian Kullmann. This is why these activities surrounding process technology and engineering will be bundled globally and independent of their location to become a separate unit within TI.

"Specialty chemicals means top technology. The new structure will enable us to continuously develop our know-how during our sustainability transformation," says Thomas Wessel, Chief Human Resources Officer and Labor Director.

Infrastructure activities such as logistics, technical, repair and security services are site-specific. "Infrastructure is key to successfully running Evonik's operations," says Kullmann. " We need to develop it further so we can fully unleash its power."

In line with this development, TI is now taking the next step: The infrastructure units at the three sites in Marl and Wesseling, Germany, and Antwerp, Belgium, will become independent legal entities by the end of 2025. Managed locally as profit centers, consistently focusing on efficiency, they will be able to reduce complexity, develop their individual strategies, and generate value.

As independent legal entities with entrepreneurial autonomy, each individual site will have a greater scope for its own strategic development.

"In the future, Evonik will focus on investing in the operating businesses of specialty chemicals. Because one thing is clear: Every euro we invest in research and development and in our growth businesses will strengthen not only our operating businesses but also our sites," says Kullmann.

Evonik's infrastructure activities are stable in the long term, but they are also capital-intensive. It is, therefore, important that the sites can tap into alternative funding and financing options or enter into partnerships to a greater extent than so far. This also applies to necessary investments in the sustainability transformation. An individual setup at the three sites in Marl, Wesseling, and Antwerp creates the best preconditions for this.

"TI and its employees at our sites do a very good job 24/7," says Wessel. "We will give them the best perspective for the future."

Following the legal separation of the infrastructure activities at the three sites, Evonik will examine, without prejudging the possible outcomes, which individual model will offer the best financing options for each site. These include fully remaining within the Group, partnership and joint venture models, or divestments. This step will allow the sites to further build on their strengths and implement future investments. Evonik remains committed that TI will be part of the Group until mid-2027.

By the end of 2024, the reorganization into cross-site technology and site-specific infrastructure activities will be completed. In the second half of 2025, the infrastructure units at the Marl, Wesseling, and Antwerp sites will be set up as legally independent entities.

In parallel, Evonik is also reorganizing its administration. The program "Evonik Tailor Made" will launch on October 1. In its first phase, the current structures will be analyzed comprehensively. In a second phase next year, significantly leaner structures will be designed and implemented.

"Evonik has a very large number of organizational units, a comparatively small management span and complicated matrix structures," says Kullmann. "That's too complex and too expensive. So, we will sketch the administration on a clean sheet of paper and tailor it to focus on serving our operating businesses." The reorganization will start in 2024. The process will be completed in 2026.

Protection against compulsory redundancies at Evonik in Germany remains in place until the end of 2032 and applies to both the reorganization of TI and the program Evonik Tailor Made.

About Evonik

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 €18.5 billion and an operating profit (adjusted EBITDA) of €2.49 billion in 2022. Evonik goes far beyond chemistry to create innovative, profitable, and sustainable solutions for customers. About 34,000 employees work together for a common purpose: We want to improve life today and tomorrow.

About Technology and Infrastructure

Technology & Infrastructure (TI) bundles technical expertise and services related to production and is a driver of innovation and digitalization in the production-related environment. The division operates eight locations in Germany and Belgium. As a site operator, TI offers its services both internally at Evonik and to other companies on the factory premises. Customers around the world can access the services and know-how of Technology & Infrastructure via the hubs Mobile, USA, and Shanghai, China. In the 2022 financial year, the division generated external sales of EUR 1.5 billion with around 8,300 employees. Evonik's transformation, such as the planned sale of performance intermediates, will significantly change TI's customer structure in the future. At some locations, by far the largest share will then be external business.

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