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Presentation of the 2017 Annual Report

The Fraunhofer-Gesellschaft continues its successful course

2017 was another successful year for the Fraunhofer-Gesellschaft and its institutes, during which the employees generated a financial volume of around 2.3 billion euros. The continuous development of the research portfolio expanded the range of services as well as the existing expertise, initiating new trends in technology and integrating them into its own research. In addition, the Executive Board of the Fraunhofer-Gesellschaft has developed the Fraunhofer 2022 Agenda: its goal is to further increase the impact on business and society through excellence and synergies.

The Fraunhofer-Gesellschaft zur Förderung der angewandten Forschung e.V., headquartered in Munich, operates 72 Fraunhofer institutes and facilities throughout Germany. Around 25,000 employees, most of whom have natural science or engineering qualifications, generate an annual financial volume of 2.3 billion euros. Of this amount, almost 2.0 billion euros are attributable to the service area of contract research. With a share of around 90 percent, this area is the core business of the Fraunhofer-Gesellschaft. The contract research budget grew in 2017 by 6 percent to 1992 million euros compared to the previous year. Overall, the financial volume in 2017 was more strongly influenced by investments than in the previous year. With a total of 346 million euros, Fraunhofer invested 52 percent more than in the previous year and was therefore able to catch up with the high level of previous years.

Among the research institutions in Germany, Fraunhofer remains at the forefront in terms of the number of inventions, newly registered patents and the total number of industrial property rights. Fraunhofer also occupies an excellent position compared to industrial companies. In 2017, the employees of the Fraunhofer-Gesellschaft applied for patents for 756 inventions. Of these, 602 were filed as priority-based patent applications with the patent offices; this is more than two patent applications per working day.

Strategic development and future-oriented expansion

Fraunhofer is continually developing its own research portfolio and initiating new trends in technology, not only in existing Fraunhofer Institutes, but also through the

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integration of external facilities as well as the development of new project groups and their transfer to independent Fraunhofer Institutes. "Research and innovation are core elements of Germany's economic strength. This always has to be worked out anew and secured. Therefore, it's essential not only to conduct research excellently and efficiently, but also to identify new topics at an early stage so as to actively capitalize upon and promote them," explains Prof. Reimund Neugebauer, President of the Fraunhofer-Gesellschaft.

In 2017, the integration of two external institutions, the establishment of two Fraunhofer institutes and a Fraunhofer facility was initiated, leading to Fraunhofer operating a total of 72 Fraunhofer Institutes and Research Institutions since the beginning of 2018. "The new facilities are important building blocks in the expansion of the competencies of the Fraunhofer-Gesellschaft in strategically important areas, such as additive manufacturing, microstructure technology, nanotechnology and wind energy", says Prof. Neugebauer.

Framework for scientific policy

After the general election, the promotion of education and research remains an important political focus. The budget of the Federal Ministry of Education and Research (BMBF) rose to 17.6 billion euros in 2017, an increase of 8 percent over the previous year. And the Fraunhofer-Gesellschaft was able to benefit from this, too. With effect for the first time in 2017, the Bundestag adopted an increase in basic funding by 60 million euros from federal funds. The federal states of Germany joined the increase and added another 7 million euros as part of the 90:10 financing. As a result of sustained strong growth in project revenues, the share of basic funding in the total budget of the Fraunhofer-Gesellschaft has tended to decline in recent years and has now been increased again to around one third, according to the Fraunhofer model.

Fraunhofer 2022 Agenda: sustainable over the long term

New developments in the economy, society and technology always present new challenges. This includes the increasing complexity of globally networked value chains as well as the penetration of digital transformation in many sectors of the economy and society. In order to be able to make the most of such opportunities, the Executive Board has created the Fraunhofer 2022 Agenda, divided into the action fields of research, transfer, good business management and digitization. In this environment, Fraunhofer wants to design its own growth in such a way that both productivity and added value increase even further, while new qualities emerge in the form of disruptive innovations.

The Fraunhofer 2022 Agenda is based on the mission of the Fraunhofer-Gesellschaft. "Its general objective is to increase the impact on business and society through excellence and synergy. As a networked innovator with efficient research and transfer structures, we want to expand our unique selling points and thereby increase our attractiveness for clients even more," Neugebauer explains.

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Spin-offs and investments

The investment portfolio was very dynamic in 2017. As of the balance sheet date, the Fraunhofer-Gesellschaft was involved in a total of 85 companies from a wide variety of industries. The Fraunhofer-Gesellschaft invested a total of one million euros in the equity of its investments. Eight companies were added in which the Fraunhofer-Gesellschaft participates in the share capital/capital stock.

Spin-offs are also an integral part of the commercializing activities at Fraunhofer. In 2017, Fraunhofer supported 33 new spin-off projects; 25 spin-offs came out of the Fraunhofer-Gesellschaft. Fraunhofer has set itself the goal of increasing the number of spin-offs as well as the share of economic return with spin-offs in relation to the total economic return.

At an international level, success is reflected in the persistently high level of foreign earnings. In 2017, these totaled 311 million euros (excluding license income), an increase of 2 percent over the previous year.

New executive vice president for controlling and digital business processes

After around 15 years in office, Prof. Alfred Gossner concluded his mandate as executive vice president of Finances, Controlling and IT on December 31, 2017. Fraunhofer thanks Alfred Gossner for his many years of successful work. As a successor, the Fraunhofer Senate unanimously elected Diplom-Kaufmann Andreas Meuer as the new executive vice president of Controlling and Digital Business Processes. Andreas Meuer has been with Fraunhofer since 1992 and has held various senior roles ever since. Most recently, he was Director of Finances, Accounting and Economic Planning. The new naming of the division reflects the future focus of the department. Within the Fraunhofer 2022 Agenda, the Fraunhofer Digital project, which is anchored in the Controlling and Digital Business Processes division, is pursuing the strategic goal of establishing at Fraunhofer the most efficient digital administration among the research organizations.

Further information:

The full Fraunhofer Annual Report and other Fraunhofer-Gesellschaft publications can be found at: <https://www.fraunhofer.de/de/mediathek.html>

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