

Letter from the Chairman

The commitment to innovation and ongoing improvement: the keys of our value proposals

Once again this year, I am honoured to present the Cosentino Corporate Social Responsibility Report, thus fulfilling our commitment to transparency with regard to economic, social, environmental and ethical sustainability. We present our CSR report with the purpose of communicating to our stakeholders how we have contributed to society wherever we have become established. In doing so, we confirm our commitment to sustainability, which involves achieving the best possible balance between financial results, environmental protection and community engagement.

We are striving to be more transparent and for the first time this year we are publishing our non-financial and diversity information statement, including it in the annex of our Management Report and thereby upholding the same quality standards as our financial information.

We end the year having grown as a business and, more importantly, with more employees around the world. Our family now consists of over 4,300 people, all linked by strong ties and working tirelessly to realise our goal of inspiring people through innovative spaces.

Thanks to our hard work, teamwork and talent we have succeeded in creating an appealing, inspirational and successful working environment. We have consolidated the concept of People as a philosophy that offers a comprehensive vision of each and every employee. Within this framework for action, we work on a daily basis to become a benchmark for occupational health and safety. We understand that this commitment goes far beyond our own employees and facilities, extending to all of our clients, suppliers and stakeholders. For this reason, we work incessantly to reduce accident rates and we have managed to maintain a clear downward trend in this respect, reaching very low levels in recent years.

In 2018, our turnover reached €984.5 million, a growth of 9.3% with respect to 2017. In turn, our EBITDA increased by 11%, at a faster rate than sales. Our financial power enables the company to continue expanding into international markets and to diversify our product range and distribution channels.

Likewise, we have continued to make progress in our internationalisation strategy, becoming a company with an ever-increasing global presence in 40 countries and with commercial activity in 116 countries around the world. By opening our innovative facilities, we are penetrating new markets and consolidating our presence in existing ones. This year, we have made a commitment to the United States, Italy, United Kingdom, France, Sweden and Poland. We are extremely proud of our new Cosentino City in Miami, which brings us even closer to our stakeholders, enabling us to build closer, trusting relationships with them.

We want to make a difference with everything we do and to continue imagining and anticipating the future. For this reason, creating value for our company is inconceivable without innovation, an investment in which reached €25.3 million during the 2018 financial year. In 2017 we took the initial steps towards carrying out an ambitious digital transformation process with a view to leading the digitization of the sector and our internal procedures, in order to inspire and retain our customers by offering them a first-class experience. In 2018 we have continued this task with determination.

Innovation is an integral part of our DNA and is enshrined in our corporate values. Consequently, each and every person that makes up the Cosentino Group innovates responsibly, being proactive in the pursuit of new ideas, and identifying and generating opportunities.

We are fully aware that innovation in our value promise means even more to our clients and stakeholders. That's why, over the last 365 days we have released new products, remaining true to our commitment to excellence and continuous improvement. For many years, our clients have chosen Dekton® due to its unbeatable properties. We knew that our clients trusted this product thanks to its technical characteristics but we wanted them to be captivated by its appearance. The technology used in the new series such as Dekton® Stonika enables us to create materials with the remarkable features of a revolutionary surface. We are striving to offer products that play an important role in the well-being and progress of society in an efficient, sustainable and safe way.

We understand that the environmental balance is an important issue in the public agenda and, in turn, is one that presents a major challenge for the business sector. We want to take on this challenge through commitment to innovation and continuous improvement to progress towards a circular economic model. We are allocating a significant amount of human and financial resources to promote this change. In 2018, we set up our own waste management plant. We are thereby taking significant steps with waste revaluation strategy, focusing on closed-loop recycling as a linchpin of our business activity. Thanks to the lines of research we are performing with our Reborn Project it will be possible to turn waste into a resource, thus promoting the large-scale, comprehensive revaluation of the whole value chain.

Finally, I would like to thank you for trusting us and invite you to learn more about the work we do in the following chapters of this Corporate Social Responsibility Report.



***Francisco
Martínez-Cosentino Justo***
Chairman of Cosentino Group