

Commitment to innovation

Innovation at Cosentino Group

Cosentino Group's strong commitment to innovation has enabled us to differentiate our products and become leaders in the sector. We offer products and services that contribute to well-being and progress in society in an efficient, sustainable and safe way.

Innovation forms part of our corporate culture and our corporate goal. Innovation is an integral part of our work and an essential tool for gaining a competitive edge. We focus on ensuring sustainability and on giving added value to our current and future products and services.

Cosentino Group as a whole is involved in creating value through innovation. Innovation is the order of the day for everyone in Cosentino Group, to imagine and

anticipate future needs. Innovation in our products and services is one of Cosentino's strategic functions to guarantee future growth, and is reflected in our corporate goal to "inspire people through innovative spaces".

We consider continuous investment in R&D&I to be an essential lever for sustainable development. In 2018 we invested 11% more in R&D&I than in 2017 with investments reaching €25.3 million both for R&D&I projects and for related assets.

Cosentino Research and Development is a company belonging to the Group where most of our R&D&I activity takes place. It boasts a multidisciplinary research and development team. It also actively implements a policy of collaboration with prominent external consultants and institutions belonging to the field of design, engineering and technology.

Innovation (€)*	2016	2017	2018
Investment in R&D&I projects	8,984,665	10,825,575	14,435,338.96
Investment in R&D&I assets	6,864,907	11,734,753	10,849,610.60
Total investment in R&D&I	15,849,572	22,560,328	25,284,949.56

* Investment by Cosentino S.A. and Cosentino R&D

We have an Integral Management System and our own centre in Almería (Sapin). We have also established a number of collaboration agreements and alliances with third parties to promote innovation and development.

Main developments and launches in 2018

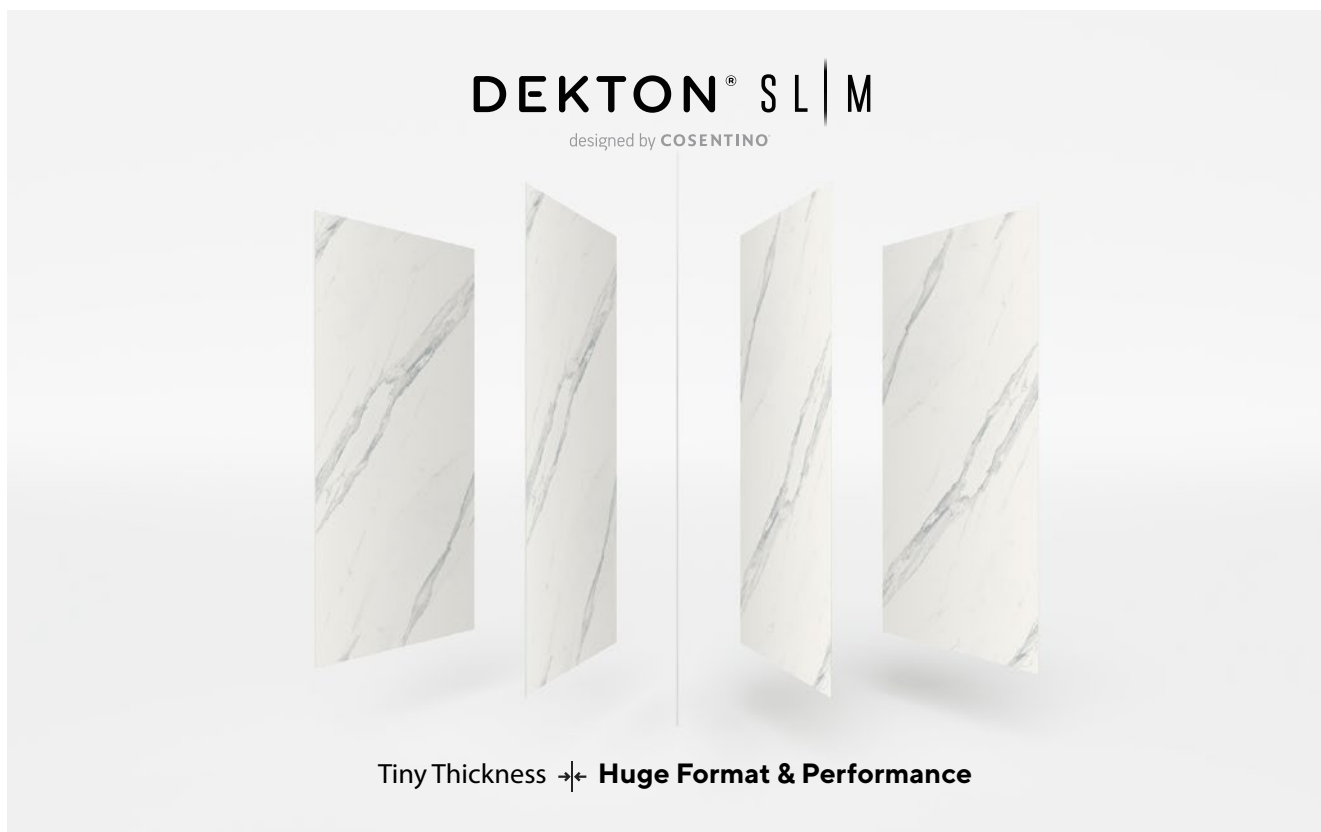
With a presence in over 110 countries, the development and launch of a new product becomes a worldwide activity that must be perfectly synchronised and in line with the strategy of each market. Because every consumer is unique, with their own preferences, and every market is special and has its own trends and regulations.

Dekton® by Cosentino

Dekton® Slim

Cosentino Group presents Dekton® Slim, the new thickness of 4 mm for the innovative ultra-compact surface, Dekton®.

Dekton® Slim is a revolutionary new surface for architecture and building projects. It combines the amazing technical and mechanical features that Dekton® is known for, with a new, thinner and lighter format that is easy to handle and install.



"Slim is the latest step towards making Dekton® totally versatile, and consequently a revolution for us and the company. Thanks to its properties and design, we had always considered Dekton® to be a material capable of providing the solution to any situation, but we were limited by its weight. With a thickness of only 4 mm, Dekton® Slim has opened even more doors to the world of architecture and design, making new applications in furniture, doors and cladding possible. It is a fresh challenge for the company, involving new customers, new applications and a generation of new knowledge; it's a challenge we are looking forward to taking on."



Paula Albendin
Product Manager Dekton® by Cosentino



Furniture cladding Dekton® Slim - Kreta / Countertop Dekton Opera / Wall Dekton Sirius

Dekton® Stonika

Dekton® by Cosentino presents the new Stonika series of colours. With six surprising tones, Dekton® Stonika draws inspiration from the most prized characteristics of natural stone: its stunning sheen and unbeatable durability.

The R&D work behind the manufacture of Stonika brings a perfection to the final design that is expressed in an ultra-realistic appearance. As a series of the Dekton® ultra-compact surfaces, Stonika boasts such important qualities as being highly resistant to thermal shock or impacts. Stonika is the result of Cosentino's ongoing commitment to remain at the cutting edge of design and durability through R&D, for which it leads the sector.

The six tones of Dekton® Stonika are Olimpo, Bergen, Arga, Taga, Sogne and Korso.



Olimpo



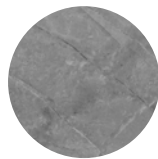
Bergen



Arga



Taga



Sogne



Korso

"Dekton® Stonika is at the top of the range of our renowned Dekton® XGloss Natural collection. At Cosentino we want to keep improving, to find ways of surmounting the insurmountable to promote our brand and the sector, and we want to continue inspiring those who have to include our surfaces in their projects and designs".



Valentín Tijeras
Vice President of Product and Innovation at Cosentino Group



Sogne Dekton® Stonika



Taga Dekton® Stonika

Bromo and Milar

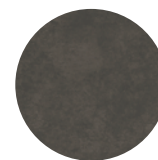
Dekton® by Cosentino launches Bromo and Milar onto the market: two new dark, matte tones with a soothing elegance that imbue interior and exterior decor with personality for more daring and ambitious customers.

Bromo, with its natural and organic appearance, and Milar, with an aesthetic that evokes old industrial ships located in the outskirts of cities, were born to play a role in original and creative spaces and projects, where a vintage, rustic or aged look can feature highly in a room, or fuse gracefully with more current or avant-garde elements.

Both of the dark, understated and mellow bases unveil a harmonious and organised visual result, and they exude beauty and functionality due to the design and the quality delivered by a surface like Dekton® by Cosentino. The excellent features of Dekton® guarantees lasting and unique technical and aesthetic performances for both Bromo and Milar.



Bromo



Milar



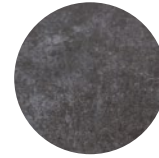
Milar Dekton®

New colours for Dekton® Industrial

Cosentino has developed four new matte colours that expand the successful Industrial collection of the Dekton® ultra-compact surface. In collaboration with the Argentinian designer and architect Daniel Germani, Cosentino continues to bring its innovation and research into line with trends from around the world and achieve new references of the highest aesthetic quality.

Laos, Soke, Kreta and Lunar are the names of the new tones of Dekton® Industrial with an attractive, serene appearance.

With the launch of Laos, Soke, Kreta and Lunar, the Dekton® Industrial collection now boasts a range consisting of eight innovative colour options. Dekton® Industrial was launched in 2017 with the Trilium, Radium, Nilium and Orix tones, making it the most casual and groundbreaking Dekton® colour collection thanks to its urban look.



Laos



Soke



Kreta



Lunar



Soke Dekton® Industrial

Opera and Natura 18

Inspired by the aesthetics and purity of marble, Opera and Natura 18 are two colour creations that will become part of Natural and XGloss Natural, respectively, two colour series that reflect Cosentino's desire to emulate the best that nature has to offer.

Opera: the new colour for the Natural Collection. Opera, inspired by the elegant Italian Carrara marble, conveys a design with simple, light grey veins that provide depth to the white surface resulting in a wonderfully classic solution.

Natura 18: new colour for the XGloss Natural Collection. Natura combines the quintessential marble look of soft grey veins on a pure, classic white surface with an extraordinarily shiny finish. This crystalline finish is possible thanks to the advanced nano-technological treatment used to manufacture Dekton® and an advanced mechanical polishing process. This technological union gives the Dekton® XGloss collection (ultra-bright surfaces), in addition to incredible brightness, water-repellent properties that make it incredibly resistant to stains.

Opera and Natura 18 have been devised to respond to a decoration trend that never goes out of fashion: the look of marble, one of the most popular natural stones in the world.



Opera



Natura 18

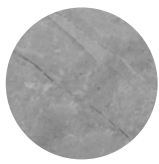


Opera Dekton®

Vera and Kira

Christened Vera and Kira, these two new tones have become a sure bet thanks to the graphic perfection only provided by the purity and naturalness of natural stone and to the functional and mechanical perfection that only the ultra-compact surface Dekton® can bestow.

Vera and Kira emerge to join the Dekton® Natural Collection, a series that reflects Cosentino's desire to emulate the best things in nature. They are true-to-life copies of the whims outlined by millions of years of geological action.



Vera



Kira



Vera Dekton®

Silestone® by Cosentino

Silestone® Loft

Silestone® by Cosentino presents the Silestone® Loft Series, a sophisticated new collection of colours offering a fresh, contemporary take on the concept of the industrial and construction concept of concrete and cement. With the Silestone® Loft Series, Cosentino has once again paid heed to professional designers and end customers, innovating and improving on the market trends.

LOFT

SERIES

The significant amount of innovation behind the Silestone® Loft Series is the result of months of hard work by Cosentino's R&D department. As a result, a new texture has emerged with the Loft Series for Silestone®. It is called raw and follows the industrial theme defined by the collection itself. Raw has the evident unevenness of building materials such as cement and concrete, producing a textured surface with an elegant matte finish full of nuances.

Silestone® Loft Series comes in two initial tones: Brooklyn and Silver Lake.



1 Brooklyn 2 Silver Lake Silestone®

Additions to Silestone® Eternal

In 2018, Silestone® by Cosentino extended the successful Silestone® Eternal series that pays faithful homage to the most popular marble that nature has to offer. Pearl Jasmine, Eternal Marfil and Desert Silver are the names of three new tones that boast an authentic marble appearance together with the technology, innovation, quality and functionality that only a product like Silestone® can offer.

Silestone® Eternal responds to a current trend in the world of decoration and interior design that is evidenced in the latest developments seen in the most important design events in the world. This trend can be defined as reflecting the timeless beauty of all that is natural, pure, authentic and historic. Silestone® Eternal brings the timeless beauty of marble back to life.

With this launch, the Silestone® Eternal collection now offers a total of 8 colours for the Iberian market. Pearl Jasmine, Eternal Marble and Desert Silver join the five successful tones that started the series in 2017: Eternal Calacatta Gold, Eternal Statuario, Eternal Charcoal Soapstone, Eternal Serena and Eternal Marquina.

“Cosentino’s investment in R&D to develop the complex designs of the Silestone® Eternal collection has been widely acknowledged by consumers, architects and designers alike. We are proud to present these new Eternal tones and hope that 2018 brings them the same levels of success as their predecessors have enjoyed”.



Valentín Tijeras
Vice President of Product and
Innovation at Cosentino Group



Eternal Marfil Silestone®

Integrity Q by Silestone® kitchen sink

Silestone® by Cosentino develops Integrity Q, the new minimalist kitchen sink.

A key aspect is its monolithic design: a single 3D element manufactured from one piece of Silestone®, which brings a feeling of unity and harmony to the other architectural elements.

Like all the Integrity sinks, the Q model guarantees the highest levels of hygiene and cleanliness in one of the most important areas of the kitchen. Silestone® is the ideal surface for guaranteeing hygiene thanks to the material's advanced properties, such as high stain-resistance, low absorption of liquids and how easy it is to clean. What's more, Silestone® is highly-resistant to the daily bumps and scratches that are common in a private or professional kitchen.

Marie by Silestone® washbasin

Silestone® by Cosentino launches Marie, an elegant countertop washbasin that will provide a wealth of aesthetic and decorative options for the bathroom.

With the launch of Marie by Silestone®, Cosentino provides the market with further options for one of the latest bathroom trends: the countertop washbasin. These washbasins are being featured prominently in specialist trade fairs held across the world and are increasingly included in new bathroom design projects.

Synonymous with pure inspiration, Marie by Silestone®, with its simple lines and rounded corners, was created for those who appreciate the most sophisticated and stylish designs. With a honed finish and made from a single piece of Silestone®, without visible joints, the sink both looks and feels attractive.



Integrity Q by Silestone® kitchen sink



Marie by Silestone® washbasin

Sensa by Cosentino®

Sant Angelo

Indian granite with bold grey veins that burst with personality over a light background. The Suede finish further enhances its aesthetic appeal, making it, without a doubt, the star of any architectural space.

White Macaubas

Brazilian quartzite with a light background, marked by fine linear grey veins. White Macaubas, with a Polished texture, is able to create clear, homogeneous spaces with a distinctive and elegant touch.

Taj Mahal

Brazilian quartzite with a soft ivory-coloured background and a warm brown veining, lends any space a sophisticated and harmonious style.



Taj Mahal Sensa by Cosentino®



Sant Angelo Sensa by Cosentino®



White Macaubas Sensa by Cosentino®

Our lines of action

The challenge provided by our innovation strategy is to develop products that reflect the preferences of markets and consumers in over 116 countries where we distribute Cosentino's products and to anticipate their needs and expectations. The continual improvement in the features of these products and their applications while maintaining an efficient, sustainable production and distribution system are the key areas of our work in this context.

One of our greatest challenges is to encourage ancillary industries and our cluster to develop and incorporate new technology that enables us to create new products aimed at ever more demanding consumers and uses. In essence, innovation that requires an increasingly global perspective of the product and the processes associated with it.

Main innovation pathways:

- Colours, textures, and finishes adapted to international market trends.
- New formats and applications.
- Continuous improvement in the properties of our surfaces: cleaning, durability, brightness, slipperiness, conductivity, protection, etc.
- User interaction.
- Customised complementary products.

Process innovation:

- More efficient and sustainable raw materials.
- Efficient production.
- New technologies ensuring continuous improvement in the properties of our materials and their quality control.
- New tailored production models.
- Upgrading of waste and by-products.

Business model and service innovation:

- Product sales and their use calls for an exhaustive study of our business strategy. Business model and service innovation is an increasingly essential requirement for the correct sale of the products we sell.
- New installation and maintenance tools.
- New sales and logistics systems.

Integrated R&D&I Management System

2018 saw the company continuing to use our R&D&I Management System, which continually monitors activities taking place by means of regular review meetings and management indicators based on procedures for strategy, operations, monitoring and improvement. Internal and external audits have optimized the system, contributing to the successful achievement of the innovation aims outlined by Cosentino Group.

Implemented in 2004, this system has progressively incorporated new departments with a philosophy of continuous improvement:

- Technology observatory which detects new emerging technologies in the sector.
- Idea and project management allowing the company to gather ideas from any source, whether they be universities, clients, suppliers or employees.
- Project portfolio management, which aims to execute projects effectively.

Alliances for innovation

One of the key factors in Cosentino's innovation model is forming successful alliances with collaborators from different sectors in order to investigate and innovate, following the multidisciplinary approach that our products demand.

Our R&D&I department works continuously along with multidisciplinary teams including professionals from partner companies, technological centres, research institutes and public and private organisations involved in R&D&I.

These strategic alliances are formed on a national and international level and belong to the stone and materials sectors, as well as ancillary and complementary industries in the fields of machinery, chemicals, plastics, nanotechnology and energy, etc. Their progress becomes a key factor in the elaboration of surfaces with increasingly demanding features.

Confidentiality and a shared vision of the goal is key to our innovation model. Sharing risk and results with our partners makes us increasingly demanding of ourselves and our partners.

In 2018, we signed 116 confidentiality agreements related to Cosentino's R&D&I activity. Furthermore, with the aim of boosting innovation in Cosentino, we created 36 new collaboration agreements with universities, research centres and collaborating companies, in particular:

- Furniture, Wood, Packaging and Related Industries Technology Institute (AIDIMA)
- Plastic Technology Centre (ANDALTEC)
- Ceramics Technology Institute (ITC)
- Materials Technology Institute (ITM) at the Technical University of Valencia
- Chemical Technology Institute (ITM) at the Technical University of Valencia
- National Renewable Energy Centre (CENER)
- Navarra Industrial Association (AIN)
- Centre for Advanced Scientific Research (CSIC) - Arid Zones Station
- Catalanian Institute of Energy Research (IREC)
- Universities of Alicante, Malaga and Granada

Furthermore, Cosentino Group belongs to the Technological Corporation of Andalusia (CTA), established in 2005 to encourage more R&D&I alliances between universities, companies and the public sector.

116

Confidentiality agreements related to R&D&I activity in 2018

36

Collaboration agreements with universities, research centres and new partner companies in 2018

We receive the support of the Centre for Technological Development (CDTI)

As part of the Operational Program for Intelligent Growth 2014-2020, the CDTI has used FEDER funds to co-finance the following research and development projects by Cosentino Group:

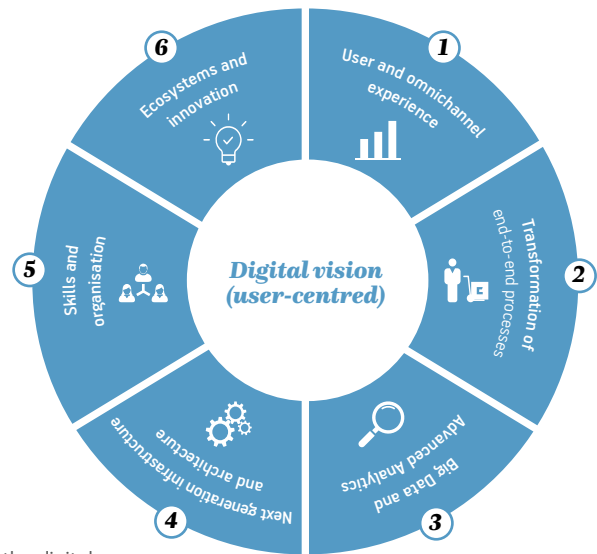
- Silestone® Mixing and Shaping.
- Dekton® advanced decoration systems.
- New properties in materials using technology to generate, apply and integrate functionalised surface layers.

As part of the Technology Fund 2007-2013 programme for promoting business R&D&I, FEDER/CDTI joint financing has allocated funds to the following projects to be carried out between 2017-2023:

- Silestone® Simulation System.
- Development of advanced technical performance and special Dekton® applications.
- New investment to develop and transform quartz agglomerates.
- Research and development of new technology for digital transformation in innovative surfaces.

Digitization & automation

At Cosentino, we are keen to accept the challenge of adapting to new technology and take advantage of the opportunities that it provides. Two strategic plans of SHAPE, our corporate transformation project, are leading us in this direction:



Digital transformation

Digital transformation is the process whereby an organisation becomes fully engaged with the digital ecosystem. We are implementing a comprehensive digital transformation project aiming to digitize the organisation at every level, in order to become more competitive as a company. To this end, we are making progress with the digital transformation of every process and we are helping our employees to acquire the digital skills required for the work of the future.

Successful digital transformation involves six key factors that we divide into three blocks: Digital Vision, Processes and Enablers.

Our digital transformation was born with the aim of transforming our commercial value chain. This project hinges on the construction of a platform that connects all our collaborators, providing added functionality and improving their experience.

The highlights of the digital transformation project in 2018 are:

- Our Strategic Sourcing project aimed at optimizing purchasing management. This project is based on the introduction of the SAP Ariba technology.
- The leadership programme “Safety By Routines, Leading by example”, which aims to integrate health and safety through a series of routines tracked by an app (Gensuite®) that allows users to timetable, report and monitor activities.

Efficiency

We continue to reach production efficiency by means of automation and investment in our technological capacity to meet the needs of the market. Our Investment Plan 2016-2020 provides for an investment of €460 million for progress to be made in this regard and to increase our industrial capacity.