Annual Report 2017

Constellium

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DIRECTORS' REPORT 2017 – CONSTELLIUM N.V.

This annual report has been prepared in compliance with the requirements of the Dutch Civil Code, the Dutch Corporate Governance Code, the Financial Supervision Act, the Dutch Royal Decree dated 20 March 2009, and the Royal Decree implementing article 10 of the Takeover Directive.

1. DESCRIPTION OF THE COMPANY

1.1 History of the Company

Constellium Holdco B.V. (formerly known as Omega Holdco B.V.) was incorporated as a Dutch private limited liability company on May 14, 2010. Constellium Holdco B.V. was formed to serve as the holding company for various entities comprising the Alcan Engineered Aluminum Products business unit.

On May 21, 2013, Constellium Holdco B.V. was converted into a Dutch public limited liability company and renamed Constellium N.V.

Constellium N.V. (the "Company" or "Constellium") has its corporate seat in Amsterdam, the Netherlands, with a registered address at 1119 NW Schiphol-Rijk, Tupolevlaan 41-61.

The articles of association of the Company were last amended on August 18, 2015.

1.2 General information on the Company and its affiliated companies

We are a global leader in the design and manufacture of a broad range of innovative rolled and extruded aluminium products, serving primarily the packaging, aerospace and automotive end-markets. Our business model is to add value by converting aluminium into semi-fabricated products. We believe we are a supplier of choice to numerous blue-chip customers for many value-added products with performance-critical applications. Our product portfolio generally commands higher margins as compared to less differentiated, more commoditized fabricated aluminium products, such as common alloy coils, paintstock, foilstock and soft alloys for construction and distribution.

As of December 31, 2017, we operated 23 production facilities, including a facility operated by our joint venture with UACJ Corporation in Bowling Green, Kentucky, United States, and we had 10 administrative and commercial sites, two R&D centers and a university technology center in London, United Kingdom. Additionally, we are building a new facility in San Luis Potosí, Mexico, in response to growing demand for automotive structures in North America. Our facilities are strategically located and allow us to serve our customers on a global basis. The Company had approximately 12,000 employees as of December 31, 2017. We believe our portfolio of flexible and integrated facilities is among the most technologically advanced in the industry and that the significant growth investments we have made now leave us well-positioned to capture expected demand growth in each of our end markets. It is our view that our established presence in North America, Europe and China combined with more than 50 years of manufacturing experience, quality and innovation, strategically position us to be a leading supplier to our global customer base.

We seek to sell to end-markets that have attractive characteristics for aluminium, including (i) stability through economic cycles as seen in our North American and European packaging businesses, (ii) rigorous and complex technical requirements as seen in global aerospace and automotive businesses, and (iii) favorable growth fundamentals supported by the vehicle light-weighting trend seen in global automotive business, as for electric vehicles.

We have invested capital in a number of attractive growth opportunities including: (i) Auto Body Sheet capabilities in Muscle Shoals, Alabama, our joint venture in Bowling Green, Kentucky, and in Neuf-Brisach, France, (ii) a pusher furnace in Ravenswood, West Virginia, (iii) Automotive Structures operations in Van Buren, Michigan, White, Georgia and San Luis Potosí, Mexico, (iv) two production lines for battery closure on electric vehicles in Gottmadingen, Germany, (v) doubling capabilities for advanced body structure in Dahenfeld, Germany, (vi) new cast houses and an additional extrusion line in Děčín, Czech Republic and (vii) a number of R&D, debottlenecking and other growth initiatives. While these investments have attractive return and growth profiles, many of them are still in the ramp-up phase and are not yet making significant contributions to our earnings.

Our unique platform has enabled us to develop a stable and diversified customer base and to enjoy long-standing relationships with our largest customers. Our customer base includes market-leading firms in packaging, aerospace, and automotive, such as AB InBev, Ball Corporation, Crown Holdings, Inc., Airbus, Boeing and several premium automotive OEMs, including BMW AG, Daimler AG and Ford Motor Company. Excluding Muscle Shoals, where the customer base has undergone a strategic shift since 2010, the length of our relationships with our most significant customers approximates on average 25 years, and in some cases reaches more than 40 years, particularly with our packaging and aerospace customers. Generally, we have three- to five-year terms in contracts with our packaging customers, five-year terms in contracts with our largest aerospace customers, and three- to seven-year terms in our “life of a car platform/car model” contracts with our automotive customers.

We believe that we are a crucial supplier to many of our customers due to our technological and R&D capabilities as well as the long and complex qualification process required for many of our products. Our core products require close collaboration and, in many instances, joint development with our customers. We believe that this integrated collaboration with our customers for high value-added products reduces substitution risk, supports our competitive position and creates high barriers to entry.

1.3 Business (overview of operating segments)

Our business is organized into three operating segments: (i) Packaging & Automotive Rolled Products (“P&ARP”), (ii) Aerospace & Transportation (“A&T”) and (iii) Automotive Structures & Industry (“AS&I”).

Packaging & Automotive Rolled Products includes the production of rolled aluminium products in our European and North American facilities. We supply the packaging market with can stock and closure stock for the beverage and food industry, as well as foil stock for the flexible packaging market. In addition, we supply the automotive market with a number of technically sophisticated applications such as Automotive Body Sheet (“ABS”) and heat exchangers. We also fabricate sheet and coils for the building and construction markets.

In our Packaging & Automotive Rolled Products operating segment, we produce and develop customized aluminium sheet and coil solutions. Approximately 80% of operating segment volume for the year ended December 31, 2017 was in packaging rolled products, which primarily include beverage and food canstock as well as closure stock and foil stock, approximately 16% of operating segment volume for that period was in automotive rolled products and approximately 4% of operating segment volume for that period was in specialty and other thin-rolled products, which include technologically advanced products for the industrial sector. Our Packaging & Automotive Rolled Products operating segment accounted for 54% of revenues and 47%[1] of Adjusted EBITDA for the year ended December 31, 2017.

Aerospace & Transportation includes the production of rolled aluminium products (and very limited volumes of extruded products) for the aerospace market, as well as rolled products for transport, industry and defense end-uses. We produce aluminium plate, sheet and fabricated products in our European and North American facilities. Substantially all of these aluminium products are manufactured to specific customer requirements using direct-chill ingot cast technologies that allow us to use and offer a variety of alloys and products.

Our Aerospace & Transportation operating segment has market leadership positions in technologically advanced aluminium and specialty materials products with wide applications across the global aerospace, defense, transportation, and industrial sectors. We offer a wide range of products including plate, sheet, extrusions and few precision casting products which allows us to offer tailored solutions to our customers. We seek to differentiate our products and act as a key partner to our customers through our broad product range, supply-chain solutions, advanced R&D capabilities, extensive recycling capabilities and portfolio of plants with an extensive range of capabilities across Europe and North America. In order to reinforce the competitiveness of our metal solutions, we design our processes and alloys with a view to optimizing our customers' operations and costs. This includes offering services such as customizing alloys to our customers' processing requirements, processing short lead time orders and providing vendor managed inventories or tolling arrangements. The Aerospace & Transportation operating segment accounted for approximately 25% of our revenues and 31%[2] of Adjusted EBITDA for the year ended December 31, 2017.

Automotive Structures & Industry includes the production of technologically advanced structures for the automotive industry including crash-management systems, body structures and side impact beams in Germany, North America and China. In addition, we fabricate hard and soft aluminium alloy extruded profiles in Germany, France, Switzerland, the Czech Republic and Slovakia. Our extruded products are targeted at high demand end-uses in the automotive, engineering, building and construction and other transportation markets (rail and shipbuilding).

Our Automotive Structures & Industry operating segment produces (i) technologically advanced structures for the automotive industry including crash management systems, body structures and side impact beams and (ii) soft and hard alloy extrusions for automotive, road, energy and building and large profiles for rail and industrial applications. We complement our products with a comprehensive offering of downstream technology and services, which include pre-machining, surface treatment, R&D and technical support services. Approximately 46% of the segment volume for the year ended December 31, 2017 was in automotive extruded products and approximately 54% was in other extruded product applications. Our Automotive Structures & Industry operating segment accounted for approximately 21% of revenues and 28%[3] of Adjusted EBITDA for the year ended December 31, 2017.

[1] The difference between the sum of Adjusted EBITDA for our three segments and the Group Adjusted EBITDA is attributable to amounts for Holdings and Corporate.

[2] The difference between the sum of Adjusted EBITDA for our three segments and the Group Adjusted EBITDA is attributable to amounts for Holdings and Corporate.

[3] The difference between the sum of Adjusted EBITDA for our three segments and the Group Adjusted EBITDA is attributable to amounts for Holdings and Corporate.

2. STRATEGY AND PERFORMANCE

2.1 Strategy of the Company and applicable parameters

Our objective is to expand our leading position as a supplier-of-choice of high value-added, technologically advanced products in which we believe that we have a competitive advantage through the following business strategies:

- Focus on high-value added products in our core markets (automotive, aerospace and packaging).
- Provide best-in-class quality products, joint product development projects, market leading supply chain integration, customer technical support and scrap and recycling solutions to facilitate long-term relationships with our customers.
- Optimize margins and asset utilization through product portfolio management.
- Execute on the business plans and harvest returns from recent investments.
- Focus on strict cost control and continuous improvement.
- Increase financial flexibility through earnings growth, strict cost control and working capital management.

2.2 Objectives and progress

2.2.1 Objectives and Progress

High Value-added Product Focus

We are focused on our three strategic end-markets - packaging, aerospace and automotive - in which we have market leading positions and established relationships with many of the main manufacturers. These are also markets where we believe that we can differentiate ourselves through our high value-added and specialty products which make up the majority of our product portfolio. We have made substantial investments to develop unique R&D and technological capabilities, which we believe give us a competitive advantage in designs and innovations. We believe our differentiated products provide significant benefits to our customers in many areas such as weight reduction, higher strength and better formability. In addition, these products typically command higher margins than more commoditized products, and are supplied to end-markets that we believe have highly attractive characteristics and long-term growth trends. We will continue to invest in our R&D and technological capabilities and develop high value-added product portfolio.

Customer Connectivity

We aim to deepen our ties with our customers by consistently providing best-in-class quality products, joint product development projects, market leading supply chain integration, customer technical support and scrap and recycling solutions. We regard our relationships with our customers as partnerships in which we work closely together to utilize our unique R&D and technological capabilities to develop customized solutions in order to meet evolving customer requirements. The close collaboration to develop best-in-class and tailored solutions, as well as significant effort and investment to adhere to rigorous qualification procedures, enable us to foster long-term relationships with our customers. In addition, through supply chain integration we are able to better anticipate customer demands, optimize supply and more efficiently manage our working capital needs. We also seek to strengthen customer connectivity through customer technical support and the closed-loop scrap management program. We will aim to continue to further foster and enhance the relations with our customers and position our company as a preferred supplier to our customers.

Optimize Margins and Asset Utilization Through Product Portfolio Management

We believe there are significant opportunities to enhance our profitability through rigorous focus on the products we choose to make and optimizing the throughput of these products in our facilities. For example, given our manufacturing configurations, there are certain products that our facilities are better equipped to manufacture. As a consequence, we can manufacture them more efficiently and at a lower cost. In addition, we are highly focused on maximizing the throughput of our facilities to increase the tons per machine hour and profitability per machine hour. We strive to achieve this through our investments in asset integrity, and through continuous improvements in our operations such as debottlenecking and optimizing equipment uptime, recovery and mill speed.

Harvesting Returns from Recent Investments

We have invested capital in a number of attractive growth opportunities, including: (i) Auto Body Sheet capabilities in Muscle Shoals, Alabama, our joint venture in Bowling Green, Kentucky, and in Neuf-Brisach, France, (ii) a pusher furnace in Ravenswood, West Virginia, (iii) Automotive Structures operations in Van Buren, Michigan, White, Georgia and San Luis Potosí, Mexico, and (iv) a number of R&D, debottlenecking and other growth initiatives. While these investments have attractive return and growth profiles, many of them are still in the ramp-up phase and are not yet making a significant contribution to our earnings. We believe the investments we have made now leave us well positioned to capture expected automotive end market growth, in particular.

Strict Cost Control and Continuous Improvement

We believe that there are significant opportunities to improve the services and quality that we provide to our customers and to reduce our operating costs by implementing manufacturing excellence initiatives and other cost reduction initiatives such as our cost reduction initiative, Project 2019. We aim to establish best-in-class operations and achieve cost reductions by standardizing manufacturing processes and the associated upstream and downstream production elements where possible, while still allowing the flexibility to respond to local market demands and volatility. In addition, we have several initiatives underway including Project 2019 where we are actively seeking opportunities to reduce non-manufacturing costs.

Increased Financial Flexibility

We are focused on increasing our financial flexibility through earnings growth, strict cost control and working capital management, which we believe will collectively drive free cash flow generation and deleveraging. We believe having increased financial flexibility is a key pillar in achieving our long-term objective as a supplier-of-choice of high value-added, specialized and technologically-advanced products.

2.2.2 Outlook 2018

Constellium remains confident in the long term demand across its targeted end markets and in its ability to grow Adjusted EBITDA. Constellium believes that the successful completion of the refinancing in the fourth quarter of 2017 and the signature of a binding agreement to sell the Sierre North Building Assets announced in February 2018 provide evidence of this commitment and position Constellium well for the future. In 2018, Constellium will remain committed to increasing its financial flexibility and deleveraging.

In 2017, we spent €36 million in R&D activities and expect to continue investing significantly in 2018.

The Company's forecast and projections, taking into account reasonably possible changes in trading performance, including an assessment of the current macroeconomic environment, indicate that the Company should be able to operate within the level of its current debt facilities and related covenants. Accordingly, the Group continues to adopt the going concern basis in preparing the Consolidated Financial Statements (see Note 2.4 to the Consolidated financial statements).

2.2.3 Recent Developments

De-Listing of Ordinary Shares from Euronext Paris Exchange

Until February 2, 2018, our Class A ordinary shares were listed on both the NYSE and Euronext Paris under the symbol "CSTM." On February 2, 2018, we voluntarily delisted our ordinary shares from Euronext Paris.

Sale of Sierre, Switzerland Plant's Assets to Novelis

In February 2018, we entered into a binding agreement to sell the North Building Assets at our plant in Sierre, Switzerland to, and to contribute to the plant's infrastructure on a 50-50 basis in a joint venture with, Novelis Inc., which has leased and operated the facility since 2005. We will continue to own and operate our cast houses, plate and extrusion manufacturing plants and other manufacturing assets at Sierre. As part of the transaction, we have agreed to enter into certain long-term production and metal supply agreements with Novelis. The total agreed purchase price for the transaction is €200 million and it is expected to close in the second quarter of 2018, subject to customary closing conditions. Constellium and Novelis have agreed to suspend the arbitration proceedings on the Sierre facility dispute until closing of the transaction.

Plan to Transfer Corporate Seat to France

In line with our initiatives to reduce costs and simplify our corporate structure, in July 2017 we announced the corporate seat transfer from Amsterdam to Paris (the "Corporate Seat Transfer"). In order to effectuate this change, the Company intends to convert its corporate form from a Naamloze Vennootschap ("NV") into a European public company (*Societas Europaea* or "SE") through an amendment to its articles of association, and to take other steps under Dutch and French law to transfer its corporate seat to France. We expect the Corporate Seat Transfer, if completed, will enable us to make our corporate cost structure more efficient and to benefit from more sustainable tax treatment. The actions required to implement the Corporate Seat Transfer are subject to shareholder approval and, if approved, we currently expect the Corporate Seat Transfer could be completed in the second half of 2018 or shortly thereafter. The conversion from the NV form to the SE form requires, among others, the creation of an employee representative body, the SNB, to negotiate the involvement of European employees within the SE. The period in which the negotiations can take place is six months (with a possibility to extend for another 6 months if the parties so agree). If no agreement is reached on the terms of the employee involvement, the “standard rules” for such involvement will apply. We have had a number of SNB meetings in the process of conducting these negotiations.

We are continuing to evaluate other requirements applicable to the conversion to an SE and the transfer of the corporate seat to France under Dutch, French, U.S., and European Union laws and regulations.

In connection with the Corporate Seat Transfer, we contributed all of our equity interests in Holdco II to Constellium International, our subsidiary recently formed as a *société par actions simplifiée* organized under the laws of France, in exchange for shares, with such shares being allocated to the French branch of the Company. We expect to cause Holdco II to merge with and into Constellium International, with Constellium International surviving.

2.3 Group financial review

Group Summary

	2017	2016	Var.
Shipments (k metric tons)	1,482	1,470	1%
Revenues (€ millions)	5,237	4,743	10%
Net loss (€ millions)	(31)	(4)	n.m.
Adjusted EBITDA (€ million)	431	377	14%
Adjusted EBITDA per metric ton (€)	291	257	13%

Adjusted EBITDA per metric ton and percentage changes are calculated on unrounded underlying figures.
n.m.: not meaningful

The difference between the sum of reported segment revenue and the Group revenues includes revenue from certain non-core activities, inter-segment eliminations, and the impact of a €20 million one-time payment related to the renegotiation of a customer agreement, which was recorded in the first quarter of 2016 as a reduction of revenues at the Holdings and Corporate level. The difference between the sum of reported segment Adjusted EBITDA and the Group Adjusted EBITDA is related to Holdings and Corporate.

For 2017, shipments of 1.5 million metric tons increased 1% compared to 2016 on higher shipments in AS&I partially offset by lower shipments in P&ARP and A&T. Revenue of €5.2 billion increased 10% compared to last year due primarily to higher aluminium prices. Net loss of €31 million, which includes the effects of the refinancings and U.S. tax reform, compares to a net loss of €4 million in 2016. Adjusted EBITDA of €431 million increased 14% compared to last year on improved results from the A&T and the AS&I segments.

Net loss

For 2017, net loss of €31 million compares to a net loss of €4 million in 2016. The change in net loss is primarily attributable to higher finance costs related to refinancings, higher losses from our joint-ventures, and higher income tax expense from the reduction in the value of deferred tax assets as a result of the U.S. Tax Cuts and Jobs Act of 2017, partially offset by the improvement in Adjusted EBITDA and gains from pension plan amendments.

Earnings per share

For 2017, the basic and fully diluted earnings per share were a negative €0.28 versus a negative €0.04 per share for the same period in 2016. Basic and fully diluted losses per share were based on a weighted average number of ordinary shares of 110.1 million and 105.5 million for the years ended December 31, 2017 and 2016, respectively.

Cash flow and liquidity

Cash flows from operating activities were €160 million in 2017 as compared to €88 million last year. Constellium reduced factored receivables by €93 million in 2017 as compared to an increase of €137 million in 2016.

Cash flows used in investing activities were €292 million in 2017 as compared to cash flows used in investing activities of €365 million last year. Capital expenditures of €276 million in 2017 were €79 million lower than in 2016.

Cash flows from financing activities were €61 million in 2017 as compared to cash flows from financing activities of €145 million last year.

Net debt was €1,889 million at December 31, 2017, as compared to €2,035 million at December 31, 2016.

Liquidity at December 31, 2017 was €531 million, comprised of €269 million of cash and cash equivalents and €262 million available under our committed lending facilities and factoring arrangements. Liquidity at December 31, 2016 was €537 million.

2.4 Segment review

Packaging & Automotive Rolled Products (P&ARP)

	2017	2016	Var.
Shipments (k metric tons)	1,008	1,013	(0)%
Revenues (€ millions)	2,812	2,498	13%
Adjusted EBITDA (€ million)	202	201	0%
Adjusted EBITDA per ton (€)	200	199	1%

Revenues are before intercompany eliminations. Adjusted EBITDA per metric ton and percentage changes are calculated on unrounded underlying figures.

For the full year of 2017, Adjusted EBITDA of €202 million was comparable to the same period of the prior year as improved price and mix were offset by incremental costs from our automotive readiness program in the U.S. Shipments of 1.0 million metric tons were comparable to last year as lower Packaging rolled product shipments were offset by higher Automotive rolled product shipments. Revenue of €2.8 billion increased 13% compared to last year due primarily to higher aluminium prices.

Aerospace & Transportation (A&T)

	2017	2016	Var.
Shipments (k metric tons)	238	243	(2)%
Revenues (€ millions)	1,335	1,302	3%
Adjusted EBITDA (€ million)	133	103	28%
Adjusted EBITDA per ton (€)	558	425	31%

Revenues are before intercompany eliminations. Adjusted EBITDA per metric ton and percentage changes are calculated on unrounded underlying figures.

For the full year of 2017, Adjusted EBITDA of €133 million increased 28% compared to 2016 on better price and mix, strong operating cost performance and continued success in developing TID end markets. Shipments of 238 thousand metric tons decreased as compared to the same period in the prior year on lower Aerospace rolled product shipments partially offset by higher Transportation, Industry and Other rolled product shipments. Revenue of €1.3 billion increased 3% compared to last year primarily on higher aluminium prices partially offset by lower aerospace rolled product shipments.

Automotive Structures & Industry (AS&I)

	2017	2016	Var.
Shipments (k metric tons)	236	217	9%
Revenues (€ millions)	1,123	1,002	12%
Adjusted EBITDA (€ million)	119	102	16%
Adjusted EBITDA per ton (€)	505	471	7%

Revenues are before intercompany eliminations. Adjusted EBITDA per metric ton and percentage changes are calculated on unrounded underlying figures.

For the full year of 2017, Adjusted EBITDA of €119 million increased 16% compared to last year on higher shipments and solid cost control. Shipments of 236 thousand metric tons increased 9% compared to last year on strong market demand. Revenue of €1.1 billion increased 12% compared to 2016 on higher shipments and higher aluminium prices.

2.5 Research and development (R&D)

We believe that our R&D capabilities coupled with our integrated, long-standing customer relationships create a distinctive competitive advantage versus our competition. Our R&D center is based in Voreppe, France and provides services and support to all of our facilities. The R&D center focuses on product and process development, provides technical assistance to our plants and works with our customers to develop new products. In developing new products, we focus on increased performance that aims to lower the total cost of ownership for the end users of our products, *e.g.*, by developing materials that decrease maintenance costs of aircraft or increase fuel efficiency in cars. As of December 31, 2017, the R&D center in Voreppe employed 230 employees, of which 96 are scientists, 97 are technicians and 37 are regular employees. The research and development center in Plymouth employed 10 employees, of which 2 are scientists, 4 are technicians and 4 are regular employees.

Within the Voreppe facility, we also focus on the development, improvement, and testing of processes used in our plants such as melting, casting, rolling, extruding, finishing and recycling. We also develop and test technologies used by our customers, such as friction stir welding, and provide technological support to our customers.

In 2016, we inaugurated the new Constellium University Technology Center (UTC) at Brunel University London, a dedicated center of excellence for design, development and prototyping. In addition, we opened a new R&D center in the United States in Plymouth, Michigan, in order to improve our support to North American automotive customers.

In the years ended December 31, 2017 and 2016 we invested €36 million, and €32 million, respectively, in R&D.

2.6 Risk management and control

2.6.1 Approach to risk management and business control

Although risk is inherent in the conduct of our business activities, Constellium's policies are designed to provide reasonable assurance that risk management and control objectives are met by integrating management control in the daily operations, ensuring compliance with legal and regulatory requirements and the integrity of the Company's financial reporting and disclosures.

Our board of directors (the "Board") is responsible for reviewing the Company's risk assessments and risk management policies, including financial risks, internal controls, its Worldwide Code of Employee and Business Conduct and related policies. The Board has delegated to the Audit Committee the oversight of the Company's risk management program with periodic reports provided to the Board. The Audit Committee is delegated with (i) review of the Company's major financial and other significant risk exposures or deficiencies and the steps management takes to monitor and control or mitigate such exposures and deficiencies, (ii) review of the Company's risk assessment and risk management policies, and (iii) periodic assessment of whether the Company has implemented the appropriate internal risk management and internal control culture.

The Company implemented a comprehensive risk assessment framework in 2015 with the objective of better understanding the Company's risk exposure. The Company also implemented a related 3-year roadmap to help make improvements generally. In 2017, the risk management and assessment process focused on the critical risks and a comprehensive review of the potential impact of, and mitigation for, such risks.

Our risk assessment framework is structured to identify risks within the following risk categories:

- strategic;
- operational;
- financial;
- human resources; and
- laws and regulations.

In the financial risks area in particular, the Company's activities expose it to a variety of risks such as: market risk, which includes foreign exchange risk, commodity price risk (in particular, the risk of market fluctuations in aluminium, our primary metal input), interest rate risk, credit risk, and liquidity and capital management risk.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to reduce potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures. For further description of the financial risks, see note 22 to our consolidated financial statements.

2.6.2 Principal risk factors, sensitivities and uncertainties

In its risk assessment process, the Company has identified the following as principal areas of risk. The chart reflects Constellium's view from its analysis in 2017 and does not include all the risks that may ultimately impact the Company.

STRATEGIC	OPERATIONAL	FINANCIAL	HUMAN RESOURCES
Aggressive competition	Operational disruption	Metal price, currency, and temporary margin calls exposure	Key people and competencies
Aluminium substitution	Loss of key customers	Level of indebtedness	
North America ABS readiness	Product quality failure		
Economic downturn	Cyber risk		
Reputation			

More detailed risks within these areas are listed directly below:

- We may not be able to compete successfully in the highly competitive markets in which we operate, and new competitors could emerge, which could negatively impact our share of industry sales, sales volumes and selling prices.

- The beverage can sheet industry is competitive, and our competitors have greater resources and product and geographic diversity than we do.

- Our financial results could be adversely affected by the volatility in aluminium prices.

- Aluminium may become less competitive with alternative materials which could reduce our share of industry sales, lower our selling prices and reduce our sales volumes.

- If we are unable to substantially pass on to our customers the cost of price increases of our raw materials, including aluminium, our profitability could be adversely affected.

- Our business requires substantial capital investments that we may be unable to fulfill. We may be unable to timely complete our expected capital investments, including in ABS, or may be unable to achieve the anticipated benefits of such investments.

- The cyclical and seasonal nature of the metals industry and our end-use markets and our customers' industries could adversely affect our financial condition and results of operations.

- A sustained regional or global economic downturn could adversely affect our business, financial condition and results of operations.

- Our production capacity might not be able to meet customer or market demand or changing market.

- We are subject to unplanned business interruptions that may materially adversely affect our business and financial results.

- We could experience labor disputes and work stoppages that could disrupt our business and have a negative impact on our financial condition and results of operations.

- We are dependent on a limited number of customers for a substantial portion of our sales and a failure to successfully renew, renegotiate or re-price our long-term or other agreements with our customers may adversely affect our results of operations, financial condition and cash flows.

- The qualification process for our products can be lengthy and unpredictable, potentially delaying adoption of our products and causing us to incur expense potentially without recovery.

- If our products fail to meet customer requirements, we could incur losses and could adversely affect our reputation, business and results of operations.

- Customer consolidation could adversely affect our financial position, results of operations and cash flows.

- Ongoing uncertainty in or deterioration of the global economy due to political, regulatory or other developments may adversely affect our operating results.

- We may experience difficulties in the launch or production ramp-up of new products which could adversely affect our business.

- We are dependent on a limited number of suppliers for a substantial portion of our aluminium supply and a failure to successfully renew, renegotiate or re-price our long-term agreements or other arrangements with our suppliers may adversely affect our results of operations, financial condition and cash flows.

- The price volatility of energy costs may adversely affect our profitability.

- Adverse changes in currency exchange rates could adversely affect our financial results.

- Our results of operations, cash flows and liquidity could be adversely affected if we are unable to execute on our hedging policy, if counterparties to our derivative instruments fail to honor their agreements or if we are unable to enter into certain derivative instruments.

- A deterioration in our financial position or a downgrade of our ratings by a credit rating agency could increase our borrowing costs, lead to our inability to access liquidity facilities, and adversely affect our business relationships.

- Our level of indebtedness could limit cash flow available for our operations and capital expenditures and could adversely affect our ability to service our debt or obtain additional financing, if necessary.

- The terms of our indebtedness contain covenants that restrict our current and future operations, and a failure by us to comply with those covenants may materially adversely affect our business, results of operations and financial condition.

- Our existing, and any future, variable rate indebtedness subjects us to interest rate risk, which could cause our annual debt service obligations to increase significantly.

- The loss of certain key members of our management team may have a material adverse effect on our operating results.

- Market-driven balancing of global aluminium supply and demand may be disrupted by non-market forces or other impediments to production closures.

- Interruptions or failures in our IT systems, or failure to protect our IT systems against cyber-attacks or information security breaches, could have a material adverse effect on our business and financial results.

For a more comprehensive view, the Company believes that it is also subject to the following general risks:

- If we fail to implement our business strategy, including our productivity improvement initiatives, our financial condition and results of operations could be materially adversely affected.

- A higher consumer focus on obesity and other health concerns may lead to a tax upon and/or otherwise reduce customer demand in our can end-market, which could reduce demand for our products and adversely affect our financial condition and results of operations.

- Reductions in demand for our products may be more severe than, and may occur prior to, reductions in demand for our customers' products.

- Our cash flows and liquidity could be adversely affected as a result of the maturity mismatch between certain of our derivative instruments and the underlying exposure.

- Our joint venture with UACJ in ABS products in the United States may not generate the expected returns and we may be unable to execute on our strategy with respect to the joint venture.

- We may not be able to successfully develop and implement new technology initiatives and other strategic investments in a timely manner.

- The process of upgrading our IT infrastructure may disrupt our operations.

- A substantial percentage of our workforce is unionized or covered by collective bargaining agreements that may not be successfully renegotiated.

- As part of our ongoing evaluation of our operations, we may undertake additional restructuring efforts in the future, which could in some instances result in significant severance-related costs and other restructuring charges.

- Our business involves significant activity in Europe, and adverse conditions and disruptions in European economies could have a material adverse effect on our operations or financial performance.

- A portion of our revenues is derived from our international operations, which exposes us to certain risks inherent in doing business globally.

- Regulations regarding carbon dioxide emissions, and unfavorable allocation of rights to emit carbon dioxide or other air emission related issues, as well as other environmental laws and regulations, could have a material adverse effect on our business, financial condition and results of operations.

- Significant regulatory developments stemming from the current U.S. administration could have an adverse effect on us.

- To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.

- We could be required to make unexpected contributions to our defined benefit pension plans as a result of adverse changes in interest rates and the capital markets.

- We may not be able to adequately protect proprietary rights to our technology.

- Current liabilities under, as well as the cost of compliance with, environmental, health and safety laws could increase our operating costs and adversely affect our financial condition and results of operations.

- Other legal proceedings or investigations, including our enforcement of our intellectual property rights, could increase our operating costs and adversely affect our financial condition and results of operations.

- Product liability claims against us could result in significant costs and could materially adversely affect our reputation and our business.

- Our operations present significant risk of injury or death.

- The insurance level that we maintain may not fully cover all potential exposures.

- Increases or decrease in income tax rates, changes in income tax laws, additional income tax liabilities due to unfavorable resolution of tax audits and challenges to our tax position could have a material adverse impact on our financial results.

- Our historical financial information presented in this report may not be representative of future results, and our relatively short history operating as a standalone company may pose some challenges and we have incurred and will continue to incur increased costs and demands upon resources as a result of being a public company.

- If we do not adequately maintain and continue to evolve our financial reporting and internal controls (which could result in higher operating costs), we may be unable to accurately report our financial results or prevent fraud.

- We are a foreign private issuer under the U.S. securities laws and within the meaning of the New York Stock Exchange ("NYSE") rules. As a result, we qualify for and rely on exemptions from certain corporate governance requirements and may rely on other exemptions available to us in the future.

- We do not comply with all the provisions of the Dutch Corporate Governance Code, which could affect your rights as a shareholder.

- Transactions in our ordinary shares could be subject to the European financial transaction tax, if adopted.

- French tax legislation may restrict the deductibility, for French tax purposes, of all or a portion of the interest on our indebtedness incurred in France, thus reducing the cash flow available to service our indebtedness.

- The market price of our ordinary shares may fluctuate significantly, and you could lose all or part of your investment.

- Sales of substantial amounts of our ordinary shares in the public market, or the perception that these sales may occur, could cause the market price of our ordinary shares to decline.

- Any shareholder acquiring 30% or more of our voting rights may be required to make a mandatory takeover bid or be subject to voting restrictions.

- Provisions of our organizational documents and applicable law may impede or discourage a takeover, which could deprive our investors of the opportunity to receive a premium for their ordinary shares or to make changes in our Board.

- The rights of our shareholders may be different from the rights of shareholders governed by the laws of U.S. jurisdictions.

- United States civil liabilities may not be enforceable against us.
- If securities or industry analysts do not publish research or reports or publish unfavorable research about our business, our stock price and trading volume could decline.
- Our plan to convert the Company into a Societas Europaea (SE) and transfer our corporate seat from the Netherlands to France is subject to various risks and uncertainties, including shareholder approval, and may not be completed in accordance with the expected plans or at all.
- The rights of shareholders after the Corporate Seat Transfer, if approved and completed, will not be the same as the rights of the shareholders at present.
- We may not achieve the anticipated benefits from the Corporate Seat Transfer.
- If the Corporate Seat Transfer is completed, we may be exposed to the risk of future adverse changes in French law which may have an adverse effect on our results of operations.
- If we fail to meet the continuing listing requirements to maintain the listing of our ordinary shares on the NYSE, our ordinary shares could be delisted by the NYSE prior to any voluntary delisting.
- We may not be able to make use of the remittance reduction with retroactive effect.
- We may have to withhold Dutch withholding taxes on interest payments starting in 2019.
- If we pay dividends after the Corporate Seat Transfer, we may need to withhold Dutch dividend withholding tax on any dividends payable to Dutch resident holders of our ordinary shares, non-Dutch resident holders of ordinary shares with taxable presence in the Netherlands and holders of our shares from which the identity cannot be assessed upon a payment of dividend.
- We may have to pay Dutch dividend withholding tax and Dutch corporate income tax upon the conversion of the Company from an NV into an SE.
- After the Corporate Seat Transfer, dividends paid on our ordinary shares will be subject to French withholding tax on dividends.
- The impact of recent U.S. Tax reform is uncertain.
- We may be classified as a passive foreign investment company for U.S. federal income tax purposes, which could subject U.S. investors in our ordinary shares to significant adverse U.S. federal income tax consequences.

2.6.3 Risk appetite and internal mitigating of the most important risk factors

In our risk assessment process, we review and discuss the risk appetite and mitigation strategy based on the potential impact and level of controls. We have identified some general activities below to help mitigate our principal risks:

STRATEGIC RISKS	
KEY RISKS	**KEY MITIGATIONS AND CONTROL FRAMEWORK**
Aggressive Competition	• Market competition monitoring and intelligence • Lobby / Trade / Anti-dumping • Strategic plan / Regular business reviews
Aluminium Substitution	• Customers and competitors monitoring • Proactive and reactive lobbying activities in favor of Aluminium • Industry association presence
North America ABS readiness	• Strategic plan reviews • Phased integration and project management
Economic downturn	• Balanced European – American business • Close monitoring of automotive and aerospace market economic trends • Strategic plan reviews and sensitivity analysis • Financial liquidity management
Reputation	• Code of Conduct • Laws and regulations monitoring • EHS reporting and monitoring • Anti-fraud program • Group policies for disclosures, Insider trading, Whistleblower reporting, Media relations, and Crisis communication • 'Speak-Up' flyers and communication board • Compliance committee • Disclosure committee • Monitoring of media and social networks

OPERATIONAL RISKS	
KEY RISKS	**KEY MITIGATIONS AND CONTROL FRAMEWORK**
Operational Disruption	• Contingency plans, preventive plans • Asset integrity program • Fixed asset monitoring • Spare parts handling • Capex plans • Insurance and loss prevention program • Contractual limitation of liability with customers
Loss of Key Customers	• Contract management • Monitoring operations, innovation, quality and price performance capabilities • Customer portfolio management • Diversification strategy • Customer satisfaction program

OPERATIONAL RISKS	
KEY RISKS	KEY MITIGATIONS AND CONTROL FRAMEWORK
Product Quality Failure	• New product industrialization process • Product traceability • Quality system certification programs (e.g. ISO) • OEMs qualification programs • Insurance program • Contractual limitation of liability with customers
Cyber Risk	• Security patches, firewall and antivirus • Production networks segregation & protection • Global identity and access management • Staff education & awareness campaigns • Insurance program

FINANCIAL RISKS	
KEY RISKS	KEY MITIGATIONS AND CONTROL FRAMEWORK
Exposure to metal price, currency, and temporary margin calls	• Metal and currency hedging management and policy • Contract management • Exposure identification and monitoring • Regular dialogue with sites on exposures • Review by Treasury with sites on entities' non-functional currency in house bank balances • E-Certification program of individuals who can hedge on behalf of the Company • Agreements with a large number of banks and split trades across the banking group • Negotiate large CSA lines so that we do not need to post significant margin • Ensure FX hedges for our bonds approximately offset hedges for our commercial exposures
Level of Indebtedness	• Regular monitoring of business performance (quarterly reviews) • Treasury and planning & controlling reviews and regular updates

HUMAN RESOURCES RISKS	
KEY RISKS	KEY MITIGATIONS AND CONTROL FRAMEWORK
Key People & Competencies	• Regular people reviews and succession planning • Remuneration market intelligence • Retention schemes • Knowledge monitoring (Constellium University) and insourcing

2.6.4 Expected impact on the financial statements upon occurrence of risk or uncertainty

If any of the principal risks listed in section 2.6.2 would materialize, they could have a material adverse effect on the Company's operations, financial position, results of operations and liquidity.

2.6.5 Risks and uncertainties with significant impact in 2017

The principal risks identified by the Company in section 2.6.2 did not have a significant adverse impact on our financial results in 2017.

2.6.6 Objectives and risk management policy in respect of use of financial instruments

Our financial risk management strategy disclosed in Note 22 to the consolidated financial statements, focuses on minimizing cash flow impacts of volatility in foreign currency exchange rates, metal prices and interest rates, while maintaining the financial flexibility we require in order to execute our business strategies.

3. SUSTAINABILITY

3.1 Objectives and targets

Constellium's initial company-wide sustainability roadmap was completed in 2015. Much progress was made on all aspects of the program and almost all the initial targets were significantly met. Energy efficiency for example improved 9% between 2010 and 2015, only one percent short of the objective.

Upon completion of its initial program, Constellium defined a new roadmap for 2016 through 2020, based on the four key areas of impact: governance, people, operations and products – with a main goal of leading the Company to a responsible business model, as well as leveraging on the initial roadmap. In the refined roadmap, we set an additional improvement of 10% for our energy efficiency, while setting a target of 10% of reduction of landfilled waste for our production waste. Safety remains a key objective for our employees and contractors, as well as the satisfaction of our people. As the Aluminum Stewardship Initiative (ASI) program makes progress, we intend to certify one of our plants under such initiative. We will also further engage our key suppliers and the ones identified as most at risk in a sustainability performance program.

Our refined targets include industry-wide targets such as the one set by the European Aluminium Association for the recycling of beverage cans, with a goal of 80% in 2020. Our customers are also part of our program, with a satisfaction survey conducted every 2 years with ensuing action plans in response to the survey.

Progress in sustainability depends on a number of factors, including the need for governance. At Constellium, we are working on a series of measures covering transparency, commitment and partnership.

The starting point for sustainability is rigorous disclosure of the Company's environmental and social impacts, based on recognized standards, such as the Global Reporting Initiative and the Carbon Disclosure Project for Greenhouse Gas Emissions. Our commitments include those we establish internally, through Constellium's Sustainability Council and its Sustainability Roadmap, and externally, by taking part in established programs. As a mid-stream member of the value chain, we believe Constellium is well-positioned to improve sustainability by creating partnerships with customers, suppliers and multi-stakeholder groups.

3.2 Governance and council

Constellium created a Sustainability Council in 2012, charged with defining and updating the sustainability policy and linking it with the Company's overall corporate strategy. This council was renewed in 2016, and consists of members across functions and geographical locations to help deploy measures to insure that the sustainability targets are being met throughout our company.

With a focus on operational results, the Council also reviews sustainability projects proposed by stakeholders including customers, suppliers and non-governmental organizations. Accurate disclosure of sustainability data and management approach to third parties also falls under the Sustainability Council's key missions.

Constellium is a founding member of ASI and following the creation of the ASI governance, Constellium has taken part of ASI's Standards Committee since the general meeting of ASI held in April 2016.

4. GOVERNANCE (INCLUDING CORPORATE GOVERNANCE STATEMENT)

4.1 The Board

As of December 31, 2017 and since the annual general meeting of shareholders ("Annual General Meeting") held on June 15, 2017, our Board consisted of eleven Directors.

We currently have a one-tier Board consisting of one Executive Director and ten Non-Executive Directors (each a "Director"). The Board is responsible for our policy making and day-to-day management. The Non-Executive Directors supervise and provide guidance to the Executive Director. None of our Non-Executive Directors have an employment arrangement with the Company. Each Director owes a duty to the Board to properly perform the duties assigned to him or her and to act in the Company's corporate interest.

4.2 Composition of the Board

The following table provides information regarding the Directors as of December 31, 2017.

NAME/NATIONALITY	AGE	POSITION	DATE OF APPOINTMENT
Jean-Marc Germain (French/American)	51	Executive Director	June 15, 2016 Current term: 2017-2020
Richard B. Evans (American)	70	Non-Executive Director (Chairman)	January 5, 2011 Current term: 2016-2019
Guy Maugis (French)	64	Non-Executive Director	January 5, 2011 Current term: 2017-2019
Philippe Guillemot (French)	58	Non-Executive Director	May 21, 2013 Current term: 2017-2018
Werner P. Paschke (German)	67	Non-Executive Director	May 21, 2013 Current term: 2017-2019
Michiel C.M. Brandjes (Dutch)	63	Non-Executive Director	June 11, 2014 Current term: 2017-2018
Peter F. Hartman (Dutch)	68	Non-Executive Director	June 11, 2014 Current term: 2016-2018
John Ormerod (British)	68	Non-Executive Director	June 11, 2014 Current term: 2017-2018
Lori Ann Walker (American)	60	Non-Executive Director	June 11, 2014 Current term: 2017-2018
Martha Brooks (American)	58	Non-Executive Director	June 15, 2016 Current term: 2017-2018
Nicolas A. Manardo (French)	39	Non-Executive Director	June 15, 2017 Current term: 2017-2018

Pursuant to a shareholders' agreement between the Company and Bpifrance, Mr. Manardo was selected to serve as a Director by Bpifrance in 2017. Mr. Maugis no longer serves in that capacity.

Jean-Marc Germain. Mr. Germain has served as an Executive Director since June 2016 and as our Chief Executive Officer since July 2016. Prior to joining Constellium, Jean-Marc Germain was Chief Executive Officer of Algeco Scotsman, a Baltimore-based leading global business services provider focused on modular space and secure portable storages. Previously, Mr. Germain held numerous leadership positions in the aluminium industry including senior executive roles in operations, sales & marketing, financial planning and strategy with Pechiney, Alcan and Novelis. His last position with Novelis from 2008 to 2012 was as President for North American operations. Earlier in his career he held a number of international positions with Bain & Company and GE Capital. Mr. Germain is a graduate of Ecole Polytechnique in Paris, France and a dual French and American citizen.

Richard B. Evans. Mr. Evans has served as a Director since January 2011 and as our Chairman since December 2012. Mr. Evans is currently an independent director of CGI, an IT consulting and outsourcing company. In 2016, Mr. Evans resigned as a non-executive director of Noranda Aluminum Holding Corporation following its successful liquidation through the Chapter 11 bankruptcy process. He retired in May 2013 as non-executive Chairman of Resolute Forest Products, a Forest Products company based in Montreal. He retired in April 2009 as an executive director of London-based Rio Tinto plc and Melbourne-based Rio Tinto Ltd., and as Chief Executive Officer of Rio Tinto Alcan Inc., a wholly owned subsidiary of Rio Tinto. Previously, Mr. Evans was President and Chief Executive Officer of Montreal based Alcan Inc. from March 2006 to October 2007, and led the negotiation of the acquisition of Alcan by Rio Tinto in October 2007. He was Alcan’s Executive Vice President and Chief Operating Officer from September 2005 to March 2006. Prior to joining Alcan in 1997, he held various senior management positions with Kaiser Aluminum and Chemical Company during his 27 years with that company. Mr. Evans is a past Chairman of the International Aluminum Institute (IAI) and is a past Chairman of the Washington, DC-based U.S. Aluminum Association. He previously served as Co-Chairman of the Environmental and Climate Change Committee of the Canadian Council of Chief Executives and as a member of the Board of USCAP, a Washington, DC-based coalition concerned with climate change.

Guy Maugis. Mr. Maugis has served as a Non-Executive Director since 2011. Mr. Maugis is advisor of the board of Robert Bosch GmbH, after being President of Robert Bosch France SAS for 12 years. The French subsidiary covers all the activities of the Bosch Group, a leader in the domains of the Automotive Equipments, Industrial Techniques and Consumer Goods and Building Techniques. He is also President of the French-German Chamber of Commerce and Industry. Mr. Maugis is a former graduate of Ecole Polytechnique, Engineer of “Corps des Ponts et Chaussées” and worked for several years at the Equipment Ministry. At Pechiney, he managed the flat rolled products factory of Rhenalu Neuf-Brisach. At PPG Industries, he became President of the European Flat Glass activities. With the purchase of PPG Glass Europe by ASAHI Glass, Mr. Maugis assumed the function of Vice-President in charge of the business development and European activities of the automotive branch of the Japanese group.

Philippe Guillemot. Mr. Guillemot has served as a Non-Executive Director since May 2013. He has nearly thirty-five years of experience in Automotive, Energy and the Telecom industry, where he held CEO and COO positions leading many successful transformations. In December 2017, Mr. Guillemot was appointed CEO of Elior Group, a concession and contract catering leader. Prior to that, Mr. Guillemot served as Chief Operating Officer of Alcatel-Lucent until a successful turnaround led to Nokia's full acquisition at the end of 2016. From April 2010 to February 2012, he served as Chief Executive Officer of Europcar Group. From 2010 to 2012, Mr. Guillemot served as a director and audit committee member of Visteon Corp. Mr. Guillemot served as Chairman and CEO of Areva T&D from 2004 to 2010, and as division Vice President at Valeo and then Faurecia from 1998 to 2003. Mr. Guillemot began his career at Michelin, where he held various positions in quality and production at sites in Canada, France and Italy. He was a member of Booz Allen Hamilton's Automotive Practice from 1991 to 1993 before returning to Michelin to serve as an operations manager, director of Michelin Group's restructuring in 1995-1996, Group Quality Executive Vice-President, Chief Information Officer and member of the Group Executive Committee. Mr. Guillemot received his undergraduate degree in 1982 from Ecole des Mines in Nancy and received his MBA from Harvard Business School in Cambridge, MA in 1991.

Werner P. Paschke. Mr. Paschke has served as a Non-Executive Director since May 2013. From 2008 until April 2017, he served as an independent director of Braas Monier Building Group, Luxembourg, where he chaired the Audit Committee. He is an Advisory Board Member for Weber Automotive GmbH. In previous years, he served on the Supervisory Boards of Conergy Aktiengesellschaft, Hamburg, Coperion GmbH, Stuttgart and several smaller companies. From 2003 to 2006, he was Managing Director and Chief Financial Officer of Demag Holding in Luxembourg, where he actively enhanced the value of seven former Siemens and Mannesmann Units. From 1992 to 2003, he worked for Continental Aktiengesellschaft in Hannover/Germany, and since 1993 as Generalbevollmächtigter responsible for corporate controlling plus later, accounting. From 1989 to 1992, he served as Chief Financial Officer for General Tire Inc., in Akron/Ohio, USA. From 1973 to 1987, he held different positions at Continental AG in finance, distribution, marketing and controlling. Mr. Paschke studied economics at Universities Hannover, Hamburg and Münster/Westphalia, where he graduated as Diplomkaufmann in 1973. He is a 1993 graduate of the International Senior Management Program at Harvard Business School.

Michiel Brandjes. Mr. Brandjes has served as a Non-Executive Director since June 2014. He served as Company Secretary and General Counsel Corporate of Royal Dutch Shell plc from 2005 to 2017. Mr. Brandjes formerly served as Company Secretary and General Counsel Corporate of Royal Dutch Petroleum Company. He served for 25 years on numerous legal and non-legal jobs in the Shell Group within the Netherlands and abroad, including as head of the legal department in Singapore and as head of the legal department for North East Asia based in Beijing and Hong Kong. Before he joined Shell, Mr. Brandjes worked at a law firm in Chicago after graduating from law school at the University of Rotterdam and at Berkeley, California. He has published a number of articles on legal and business topics, is a regular speaker on corporate legal and governance topics and serves in a number of advisory and non-executive director positions not related to Shell or Constellium.

Peter F. Hartman. Mr. Hartman has served as a Non-Executive Director since June 2014. He serves as Vice Chairman of Air France KLM from July 2013 until May 2017. He also served as member of the supervisory boards of Fokker Technologies Group B.V since 2013 (chairman since 2016), Air France KLM S.A. since 2010 (member of the audit committee from July 2016 until May 2017), Royal KPN N.V. since April 2015 (chairman of the remuneration committee) and Texel Airport N.V. since mid- 2013 (chairman since January 2014). Previously, Mr. Hartman served as President and CEO of KLM Royal Dutch Airlines from 2007 to 2013, and as member of the supervisory boards of Kenya Airways from 2004 to 2013, Stork B.V. from 2008 to 2013, CAI Compagnia Aerea Italiana S.p.A. from 2009 to January 2014, Delta Lloyd Group N.V. from 2010 to May 2014 and Royal Ten Cate N.V. from July 2013 to February 2016. Mr. Hartman received a Bachelor's degree in Mechanical Engineering from HTS Amsterdam, Amsterdam and a Master's degree in Business Economics from Erasmus University, Rotterdam.

John Ormerod. Mr. Ormerod has served as a Non-Executive Director since June 2014. Mr. Ormerod is a chartered accountant and worked for over 30 years in public accounting firms. He served for 32 years at Arthur Andersen, serving in various client service and management positions, with last positions held from 2001 to 2002 serving as Regional Managing Partner UK and Ireland, and Managing Partner (UK). From 2002 to 2004, he was

Practice Senior Partner for London at Deloitte (UK) and was member of the UK executives and Board. Mr. Ormerod is a graduate of Oxford University. Mr. Ormerod currently serves in the following director positions: since 2006, as non-executive director of the audit committee of Gemalto N.V. where he also served as its Chairman until September 2017, and as member of the compensation committee; since 2008, as non-executive director of ITV plc and as member of the remuneration and nominations committees and as Chairman of the audit committee since 2010. Until December 31, 2015, Mr. Ormerod served as a non-executive director of Tribal Group plc., as member of the audit, remuneration and nominations committees and as Chairman of the board. Mr. Ormerod served as non-executive director and Chairman of the audit committee of Computacenter plc., and as member of the remuneration and nominations committees until April 1, 2015. Mr. Ormerod also served as a senior independent director of Misys plc from 2006 to 2012, and as Chairman of the audit committee from 2005 to 2012.

Lori A. Walker. Ms. Walker has served as a Non-Executive Director since June 2014. Ms. Walker currently serves as the audit committee chair of Southwire since 2014, and as a member of the audit and compensation committees of Compass Minerals since 2015. In August 2016, Ms. Walker was appointed to the Audit Committee Chair at Compass Minerals. Ms. Walker previously served as Chief Financial Officer and Senior Vice President of The Valspar Corporation from 2008 to 2013, where she led the Finance, IT and Communications teams. Prior to that position, Ms. Walker served as Valspar's Vice President, Controller and Treasurer from 2004 to 2008, and as Vice President and Controller from 2001 to 2004. Prior to joining Valspar, Ms. Walker held a number of roles with progressively increasing responsibility at Honeywell Inc. during a 20-year tenure, with her last position there serving as director of Global Financial Risk Management. Ms. Walker holds a Bachelor of Science of Finance from Arizona State University and attended the Executive Institute Program and the Director's College at Stanford University.

Martha Brooks. Ms. Brooks has served as a Non-Executive Director since June 2016. Ms. Brooks was until her retirement in May 2009, President and Chief Operating Officer of Novelis, Inc, where she held senior positions since 2005. From 2002 to 2005, she served as Corporate Senior Vice President and President and Chief Executive Officer of Alcan Rolled Products, Americas and Asia. Before she joined Alcan, Ms. Brooks served 16 years with Cummins, the global leader in diesel engine and power generation from 1986 to 2002, ultimately running the truck and bus engine business. She is currently a member of the Boards of Directors of Bombardier Inc. and Jabil Circuit Inc. and has previously served as a director of Harley Davidson and International Paper. Ms. Brooks holds a BA in Economics and Political Science and a Master's in Public and Private Management from Yale University.

Nicolas A. Manardo. Mr. Manardo was appointed as a Non-Executive Director in June 2017. Since January 2018, Mr. Manardo has served as Managing Director at LBO France, a leading private equity sponsor in France. Prior to that, he was in charge of the Mid Cap Private Equity Investments at Bpifrance Investissement, a position held since 2009. Mr. Manardo is also a Director of Imalliance SA and is an observer on the Supervisory Board of STMicroelectronics N.V. Mr. Manardo has held senior positions at Lazard and Société Générale CIB in the U.S. and Europe and various financial positions at Saint Gobain in Latin America and Europe. Mr. Manardo graduated from the ESCP Europe Business School in Paris in 2000.

4.3 Board meetings 2017

The Board held 8 meetings in 2017 and reviewed several matters including amongst others:

- Committee reports.

- Reports from the CEO (including environmental, health & safety, markets and competition).
- Bond refinancings and equity offering.
- Conversion and relocation of the Company.
- Review and approval of the 2016 Annual Accounts/ Board Report.
- Approval of Form 20-F filing with the SEC for fiscal year 2016.
- Approval of the agenda items for the Annual General Meeting 2017.
- Approvals of repurchases of Class A Ordinary shares issued as part of free share program (May 2013) pursuant to Company's 2013 Equity Incentive Plan.
- Reports from business units.
- Review Company strategy.
- Review of 2018 budget.
- Executive remuneration.
- Remuneration policy for Non-Executive Directors.
- Finance reports.
- Presentation on investor perception.
- Self-evaluation results.

4.4 Board evaluation

4.4.1 Self-evaluation of the Non-Executive Board Directors

The Board performed self-evaluations for fiscal year 2017 and will address any concerns that were raised.

4.4.2 Discussions by the Non-Executive Directors on strategy, risks, risks management and risk control systems

The Board, including its Non-Executive Directors, periodically reviews matters concerning the Company's strategy and related risks and is responsible for reviewing the Company's overall risk assessments and risk management policies.

4.4.3 Evaluation of the Executive Director's performance by the Non-Executive Directors

In 2017, the Board evaluated the performance of Jean-Marc Germain, our Chief Executive Officer and the Executive Director on our Board.

4.5 Report of the Audit Committee

4.5.1 Composition, number of meetings and most important subjects that were discussed

On December 31, 2017 the Audit Committee consisted of five Directors: Werner P. Paschke (Chairman), Martha Brooks, Philippe Guillemot, John Ormerod and Lori A. Walker.

The Audit Committee held eight meetings in 2017 and reviewed several matters including amongst others:

- Reports from the Finance Department (on financial performance including reports from the Group Controller, Treasury, Internal Audit and Tax), including SOX and Internal controls update.
- Reports from independent external auditor.
- Review credit facility refinancing and factoring agreements.
- Bond refinancings and equity offering.
- Insurance policy review.
- IT (strategy, structure and roadmap).
- Tax strategy 2017.
- Foreign private issuer status review.
- Legal/Trade compliance review.
- HR compliance review.
- Report on material litigation.
- Review and approval of quarterly earnings press releases.
- External audit reports.
- Review of non-audit services.
- Rating agency reports.
- Pension/Medical management/Investment strategy review.
- Review of risk management process and assessments.
- Review internal audit plan.

- Review of key accounting policies.
- Review and recommendation for approval to the Board half-year and annual financial statements.
- Conversion and relocation of the Company.
- Annual review of committee charter.
- Review of Dutch Annual Report/Director Report and Form 20-F.
- Self-evaluation results.

The Audit Committee and Board review the functioning of the independent external auditor annually. In 2017 the Annual General Meeting appointed PricewaterhouseCoopers Accountants N.V. as the independent external auditor of the Company for 2017.

The Company has an internal audit function that reports to the Audit Committee, and administratively to the Chief Financial Officer.

4.6 Report of the Human Resources and Remuneration Committee

4.6.1 Composition, number of meetings and most important subjects that were discussed

On December 31, 2017 the Human Resources and Remuneration Committee consisted of four Directors: Peter F. Hartman (Chairman), Martha Brooks, Richard B. Evans and Guy Maugis.

The Human Resources and Remuneration Committee held five meetings in 2017 and reviewed several matters including amongst others:

- Compensation 2017 reward strategy.
- Redesign of Long-Term Incentive Plan 2017.
- May 2013 share repurchase program updates.
- Compensation structure for CEO and CEO direct reports.
- EPA bonus awards.
- Talent review.
- Labor relations updates.
- Organizational management changes.
- Executive Committee members’ salary update and performance awards targets.

- Board members remuneration structure and level update including June 2017 RSU grants.
- Periodic performance RSU grants.
- Share Brokerage Project.
- Annual review of committee charter.
- Self-evaluation results.

4.6.2 Remuneration Policy

The Remuneration Policy was adopted by the General Meeting on May 21, 2013 and is published on our website: https://www.constellium.com/sites/default/files/Governance/constellium_remuneration_policy_adopted_21_may_13.pdf

The purpose of the Remuneration Policy is to define a competitive remuneration package, designed to attract, retain and motivate appointees to the Board, who possess the necessary leadership qualities and the requisite skills and experience in the various facets of the Company's business.

Our Remuneration Policy is also intended to ensure the overall market competitiveness of the Executive Directors' remuneration while providing the Board with enough flexibility to tailor its remuneration practices on a case by case basis.

A revised payment program for the Non-Executive Board was adopted by the Annual General Meeting on June 11, 2015, under such policy.

4.6.3 How the Remuneration Policy has been applied in 2017 (methods)

In 2017, we did not deviate from our Remuneration Policy.

4.6.4 Contract with our CEO

Mr. Germain

Mr. Jean-Marc Germain was appointed CEO on July 11, 2016, and he also serves as an Executive Director.

The Company entered into an employment agreement with Mr. Germain, dated April 25, 2016. His contract is governed by the laws of the state of New York, United States of America. The employment agreement with Mr. Germain provides for an annual base salary of $950,000 per year until March 31, 2017, which amount was raised to $980,000 per year as of April 1, 2017, a target annual bonus of 120% of base salary, and a maximum annual bonus of 180% of base salary.

If Mr. Germain is terminated by the Company without "cause" or he resigns for "good reason" (each as defined in the employment agreement), he will be entitled to receive, subject to his execution and non-revocation of a general release of claims, cash severance in an amount equal to the product of (1) one (two, if such termination occurs within the 12-month period following a "change in control" (as defined in the employment agreement)) multiplied by (2) the sum of his base salary and target annual bonus, which severance will be payable over the 12-month (24-

month, in the case of a termination within the 12-month period following a change in control) period following his termination of employment. The employment agreement also includes a perpetual confidentiality covenant, a perpetual mutual non-disparagement covenant, and 12-month post-termination non-competition and non-solicitation covenants.

4.6.5 Share ownership and compensation CEO

Mr. Germain

On December 31, 2017, Mr. Germain held 110,000[4] Class A Ordinary Shares in the capital of Constellium.

In addition, as described above, Mr. Germain was granted the following equity awards in July 2017 pursuant to his employment agreement: (1) 216,943 performance-based restricted stock units (PSUs) and (2) 110,667 RSUs. The PSUs vest on the third anniversary of the grant date, subject to continued employment and the achievement of certain performance conditions, and have a vesting range from 0 – 200% (based on actual performance). The RSUs vest 100% on the third anniversary, subject to continued service.

Scenario analysis, including calculation of remuneration of the CEO under different scenarios

The Human Resources and Remuneration Committee conducts an annual analysis. This includes the calculation of remuneration under different scenarios, whereby Constellium's performance assumptions and corporate actions are reviewed.

Compensation for Mr. Germain in 2017

The following table sets forth the remuneration paid during our 2017 fiscal year to Mr. Germain:

NAME	BASE SALARY PAID	BONUS EPA PAID	EQUITY[5]	PENSION[6]	OTHER COMPENSATION[7]	TOTAL
Jean-Marc Germain	€862,681	€505,127	€3,329,186	€21,556	€24,405	€4,742,955

[4] Excludes the remaining portions of previous grants: 50,000 Class A ordinary shares underlying unvested RSUs that will vest on August 4, 2018, subject to continued service; 100,000 Class A ordinary shares underlying unvested RSUs that will vest on August 4, 2019, subject to continued service; a target of 150,000 Class A ordinary shares underlying unvested PSUs that could vest ranging from 0% to 300% on August 4, 2019, subject to continued service and certain market-related performance conditions being satisfied at each anniversary during the three-year vesting period; 216,943 Class A ordinary shares underlying unvested PSUs that could vest ranging from 0% to 200% on July 31, 2020, subject to continued service and certain market-related performance conditions being satisfied at the time of vesting; and 110,667 Class A ordinary shares underlying unvested RSUs that will vest on July 31, 2020, subject to continued service.

[5] The amount reported as Equity Awards represents the grant date fair value of the awards granted in 2017, computed in accordance with IFRS 2. Jean-Marc Germain was granted the following in July 2017: (a) 216,943 PSUs; and (b) 110,667 RSUs. The PSUs vest on the third anniversary of the date of grant, subject to continued service and certain market-related performance conditions being satisfied, and have a vesting range of 0–200% (based on actual performance). RSUs vest 100% on the third anniversary of the date of grant, subject to continued service. See hereafter "2017 Long -Term Incentive Plan" for description of market-related performance conditions. See also Note 28 of the Consolidated Financial Statement for more information.

[6] Pension represents amounts contributed by the Company during the 2017 fiscal year to the U.S government as part of the employer overall pension requirements apportioned to the base salary.

[7] Other compensation for Jean-Marc Germain includes car allowance, parking and premium for health and life insurances.

4.6.6 Remuneration Non-Executive Directors

For 2017, each of our Non-Executive Directors was paid an annual retainer of €60,000 and received €2,000 for each meeting of the Board they attended in person and €1,000 for each meeting they attended by telephone.

Mr. Evans, as Chairman of the Board received an additional annual retainer of €60,000; the Chairman of the Audit Committee received an additional annual retainer of €15,000; and the Chairman of each of the Human Resources and Remuneration Committee, the EHS and the Nominating and Governance Committee, received an additional annual retainer of €8,000.

In addition, on June 15, 2017 our Non-Executive Directors received a grant of Restricted Stock Units (an "RSU") having a grant date fair value equal to $50,000 for the Chairman of the Board and $40,000 for each other Non-Executive Director.

The RSUs vest in equal installments on each of the first and second anniversaries of the grant date, subject to the recipient's continuous service on the Board through the applicable anniversary.

The Directors of the Board have not entered into any service contracts with the Company that provide for benefits upon termination of employment.

The following table sets forth the remuneration paid or payable in respect of our 2017 fiscal year to our Non-Executive Directors:

(IN EUROS)	BOARD FEES	BOARD/COMMITTEE ATTENDANCE FEES	EQUITY AWARD 2017[8]	TOTAL
Richard B. Evans	€128,000	€29,000	€44,780	€201,780
Michiel Brandjes	€60,000	€20,000	€35,824	€115,824
Martha Brooks	€60,000	€31,000	€35,824	€126,824
Philippe Guillemot	€60,000	€23,000	€35,824	€118,824
Peter F. Hartman	€68,000	€19,000	€35,824	€122,824
Guy Maugis	€68,000	€21,000	€35,824	€124,824
John Ormerod	€60,000	€32,000	€35,824	€127,824
Werner P. Paschke	€75,000	€24,000	€35,824	€134,824
Lori A. Walker	€60,000	€28,000	€35,824	€123,824
Nicolas A. Manardo[9]	N/A	N/A	N/A	N/A
Total	**€639,000**	**€227,000**	**€331,372**	**€1,197,372**

4.6.7 Remuneration for 2018

We expect no major changes in our Remuneration Policy for 2018.

[8] The amount reported in this column represents the grant date fair value of RSU awards granted on June 15, 2017, computed in accordance with IFRS 2. On June 15, 2017, Mr. Evans was granted 7,353 RSUs and all other non-executive directors, except for Mr. Manardo, were granted 5,882 RSUs each. The RSUs vest 50% on each of the first two anniversaries of the date of the grant date subject to continued service. Amounts have been converted to Euros based on an exchange rate of 0.8956 Dollars to Euros to reflect the equivalent of $ 50,000 for the Chairman and $ 40,000 for other non-executive directors, except for Mr. Manardo. See Note 28 to the Consolidated Financial Statements.

[9] Mr. Manardo did not receive any fees for his services.

4.7 Report of the Nominating and Governance Committee

4.7.1 Composition, number of meetings and most important subjects that were discussed

On December 31, 2017 the Nominating/Governance Committee consisted of three Directors: Richard B. Evans (Chairman), Michiel Brandjes and John Ormerod.

The Nominating and Governance Committee held four meetings in 2017 and reviewed several matters including amongst others:

- Chairman's report.
- Board annual governance review.
- Review conflicts of interest, related party matters and director independence.
- Review of Nominating and Governance Committee charter.
- Review of Director and Board and Committee chair succession planning.
- Director nominations for AGM.
- 2017 AGM topics; review of AGM results.
- Conversion and relocation of the Company.
- Review of CEO succession planning.
- Board and Committee self-evaluation process.

4.7.2 Deviation from the Dutch gender diversity requirement

The present Board composition fell short of the Board objective and the Dutch Act on Management and Supervision Act (*Wet bestuur en toezicht*) regarding gender diversity.

The Act on Management and Supervision Act (*Wet bestuur en toezicht*) regarding gender diversity requires at least 30% male and at least 30% female representation.

Lori Walker was appointed to our Board on June 11, 2014 and Martha Brooks on June 15, 2016, each as a Non-Executive Director.

Although the Company's Board remains mostly comprised of men, diversity and equal opportunity employment are core values to Constellium and, subject to the availability of suitable candidates at the time of Board appointments, the Company aims at reaching a well-balanced mix of men and women amongst its Directors.

4.8 Report of the Environment, Health and Safety (EHS) Committee

4.8.1 Composition, number of meetings and most important subjects that were discussed

On December 31, 2017 the EHS Committee consisted of three Directors: Guy Maugis (Chairman), Philippe Guillemot and Lori Walker.

The EHS Committee held two meetings in 2017 and reviewed several matters including amongst others:

- General EHS updates
- Review of 2016 and 2017 safety results & action plan 2017.
- Review of major environmental matters and risks.
- Review of 2018 EHS initiatives.

4.9 Code of Conduct

Our worldwide Code of Employee and Business Conduct sets out the standard of behavior we expect from our employees. This code governs the way Constellium acts in business, and how we expect our business partners, customers and suppliers to behave. It applies to all Constellium employees, subject to applicable local law. Compliance with this code is essential to preserving and enhancing the Company's reputation as a responsible corporate citizen and, ultimately, to maximizing shareholder value. This Code is published on our website: https://www.constellium.com/sites/default/files/d16196-code-of-conduct-uk-us-interactif.pdf

For suppliers, we have developed a specific Code of Conduct. This code is also published on our website: https://www.constellium.com/sites/default/files/d16196-code-of-conduct-uk-us-interactif.pdf

Corporate Governance, including a corporate governance statement pursuant to the Dutch Royal Decree dated 20 March 2009

4.9.1 Dutch Corporate Governance Code — "comply or explain" paragraph

Since we are a public company and list our ordinary shares on the New York Stock Exchange, a regulated market, we are subject to the Dutch Corporate Governance Code (the "Dutch Code"). The Dutch Code, as amended, became effective on January 1, 2017, and applies to all Dutch companies listed on a government-recognized stock exchange, whether in the Netherlands or elsewhere.

The Dutch Code is based on a "comply or explain" principle. Accordingly, companies are required to disclose in their annual report filed in the Netherlands whether or not they are complying with the various rules of the Dutch Code that are addressed to the board of directors or, if any, the supervisory board of the company and, if they do not apply these provisions, to give the reasons for such non-application. The Dutch Code contains principles and best practice provisions for managing boards, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards.

We acknowledge the importance of good corporate governance. The Board agrees with the general approach and with the majority of the provisions of the Dutch Code. However, considering our interests and the interest of our stakeholders, at this stage, there are a limited number of best practice provisions we do not apply either because such provisions conflict with or are inconsistent with the corporate governance rules of the NYSE and U.S. securities laws that apply to us, or because such provisions do not reflect best practices of global companies listed on the NYSE.

For the complete Dutch Code please click on this link: http://www.mccg.nl/english

The best practice provisions of the Dutch Code we do not comply with include the following:

Diversity policy (Principle 2.1.5)

Diversity and equal opportunity employment are core values to Constellium. The Company aims to be a diverse workplace where everyone is respected irrespective of age, gender, race, disability, religion or sexual orientation. A diversity policy may be introduced in the future.

Independence (Principle 2.1.10)

Eight of our eleven directors are independent and three are not independent. In addition to our CEO, Mr. Germain, who is an executive director, Mr. Evans who served as our interim chief executive officer from December 2011 to March 2012, and Mr. Manardo who was selected in 2017 to serve as a director by Bpifrance, our largest shareholder, are not independent pursuant to the Code.

Remuneration (Principles 3.1 up to 3.4 and associated best practice provisions).

We believe that our remuneration policy is clear and understandable and helps to focus directors, officers and other employees and consultants on business performance that creates long-term value for the Company and its affiliated business, to encourage innovative approaches to the business of the Company and to encourage ownership of our shares by directors, officers and other employees and consultants. Certain aspects of our remuneration policy may deviate from the Dutch Code in certain instances to comply with applicable NYSE and SEC rules. We do not prepare a separate remuneration report that we post on our website.

Conflicts of interest and related party transactions (Principle 2.7 and associated best practice provisions).

We have a policy on conflicts of interests and related party transactions. The policy provides that the determination of whether a conflict of interest exists will be made in accordance with Dutch law and on a case-by-case basis. We believe that it is not in the interest of the Company to provide a general listing of potential conflict of interest transactions that require the approval of the Board, as we review each on a case-by-case basis.

The chairman of the board may not also be or have been an executive board member (Best practice provision 5.1.3).

Mr. Evans has served as our Chairman since December 2012. Mr. Evans also served as our interim chief executive officer from December 2011 until the appointment of our former CEO Mr. Pierre Vareille in March 2012. We believe the deviation from the Dutch Code is justified considering the short interim period during which Mr. Evans acted as Executive Director.

The vice-chairman of the board shall deputize for the chairman when the occasion arises. By way of addition to best practice provision 2.2.6 and 2.2.7, the vice-chairman shall act as contact for individual board members concerning the functioning of the chairman of the board (Best practice provisions 2.3.7 and 2.4.3).

We intend to comply with certain corporate governance requirements of the NYSE in lieu of the Dutch Code. Under the corporate governance requirements of the NYSE, we are not required to appoint a Vice-Chairman. If the chairman of our Board is absent, the directors that are present may elect a Non-Executive Director to chair the meeting.

The terms of reference of the board shall contain rules on dealing with conflicts of interest and potential conflicts of interest between board members and the external auditor on the one hand and the company on the other. The terms of reference shall also stipulate which transactions require the approval of the non-executive board members. The company shall draw up regulations governing ownership of and transactions in securities by board members, other than securities issued by their "own" company (Best practice provision 2.7.2).

We believe that Directors should not be further limited by internal regulations in addition to the rules and restrictions under applicable securities laws.

The company shall formulate an "outline policy on bilateral contacts," as described in the Dutch Code, with the shareholders and publish this policy on its website (Best practice provision 4.2.2).

We will not formulate an "outline policy on bilateral contacts" with the shareholders. We will comply with applicable NYSE and SEC rules and the relevant provisions of applicable law with respect to contacts with our shareholders. We believe that all contacts with our shareholders should be assessed on a case-by-case basis.

A person may be appointed as non-executive member of the board for a period of four years and may then be reappointed once for another four-year period. The non-executive board member may then subsequently be reappointed again for a period of two years, which appointment may be extended by at most two years. In the event of a reappointment after an eight-year period, reasons should be given in the report of the board. In any appointment or reappointment, the profile referred to in best practice provision 2.1.1 should be observed (Best practice provision 2.2.2).

Messrs. Guy Maugis and Werner Paschke were each re-appointed as Non-Executive Directors for a period of two (2) years, effective from June 15, 2017.

Mr. Michiel Brandjes, Mr. Philippe Guillemot, Mr. John Ormerod, Ms. Lori Walker, and Ms. Brooks were each reappointed as Non-Executive Directors for a period of one (1) year, effective from June 15, 2017.

Mr. Nicolas Manardo was appointed as a Non-Executive Board Member for a period of one (1) year, effective from June 15, 2017.

This deviation gives the shareholders the possibility to already vote on a possible re-appointment after one or two years, respectively. Since we are a relatively recent public company the maximum term is not an issue at this point.

Pursuant to best practice provision 2.2.4, the board should ensure that the company has a sound plan in place for the succession of board members that is aimed at retaining the balance in the requisite expertise, experience and diversity. Due regard should be given to the profile referred to in best practice provision 2.1.1 in drawing up the plan for non-executive board members. The non-executive board members should also draw up a retirement schedule in order to avoid, as much as possible, non-executive board members retiring simultaneously. The retirement schedule should be published on the company's website.

As we are a relatively recent public company and (most) of our Non-Executive Directors are (re-) appointed for one year, we currently do not have a retirement schedule. Although there is no plan in place for the succession of members of the Board, the Company shall determine each year how the balance in the requisite expertise, experience and diversity can be retained.

Pursuant to best practice provision 4.3.3, a general meeting of shareholders may pass a resolution to cancel the binding nature of a nomination for the appointment of a member of the management board or the supervisory board and/or a resolution to dismiss a member of the management board or of the supervisory board by an absolute majority of the votes cast. It may be provided that this majority should represent a given proportion of the issued capital, which proportion may not exceed one-third. If this proportion of the capital is not represented at the meeting, but an absolute majority of the votes cast is in favor of a resolution to cancel the binding nature of the nomination, or to dismiss a board member, a new meeting may be convened at which the resolution may be passed by an absolute majority of the votes cast, regardless of the proportion of the capital represented at the meeting.

Our Amended and Restated Articles of Association currently provide that the General Meeting may at all times overrule a binding nomination pursuant to a resolution adopted by at least a two-thirds majority of the votes cast, if such majority represents at least half of the issued share capital.

A resolution of the General Meeting to dismiss a member of the Board other than pursuant to a proposal by the Board shall require a majority of two thirds of the votes cast, representing at least half of the issued capital.

Although this constitutes a deviation from provision 4.3.3 of the Dutch Code, we hold the view that these provisions will enhance the continuity of our management and policies.

Best practice provision 4.2.3 recommends that we should enable the shareholders to follow in real time all meetings with analysts, investors and press conferences.

We believe that enabling shareholders to follow in real time all the meetings with analysts, presentations to analysts, and presentations to investors as referred to in best practice provision 4.2.3 of the Dutch Code would create an excessive burden on our resources. We will ensure that analyst presentations are posted on our website after meetings with analysts. In addition, we hold quarterly earnings calls where we report our financial results to which all our investors are invited to attend via web conference.

4.9.2 Appointment and replacement of Directors

Our Articles of Association provide that our shareholders acting at a General Meeting appoint Directors upon a binding nomination by the Board. The General Meeting may at all times overrule the binding nature of such nomination by a resolution adopted by a majority of at least two-thirds of the votes cast, provided that such majority represents more than 50% of our issued share capital. If the binding nomination is overruled, the Non-Executive Directors may then make a new nomination in the following General Meeting. If such a nomination has not been made or has not been made in time, this shall be stated in the notice and the General Meeting shall be free to appoint a Director in its discretion. Such a resolution of the General Meeting must be adopted by at least two-thirds of the votes cast, provided that such majority represents more than 50% of our issued share capital.

The Directors may be suspended or dismissed at any time by the General Meeting. A resolution to suspend or dismiss a Director must be adopted by at least two-thirds of the votes cast, provided that such majority represents more than 50% of our issued share capital. If, however, the proposal to suspend or dismiss the Directors is made by the Board, the proposal must be adopted by simple majority of the votes cast at the General Meeting. The Executive Director can at all times be suspended by the Board.

4.9.3 Conflict of interest and related party transaction

In 2017, no transactions were reported where a Director had a conflict of interest with the Company.

4.9.4 Shareholders and general meetings

(A) Share capital

As of December 31, 2017, the Company’s authorized share capital of €8,000,000 and consists of 400,000,000 Class A Ordinary Shares, each with a nominal value of €0.02 and the Company’s issued and paid-up share capital amounted to €2,690,212.46 divided into 134,510,623 Class A Ordinary Shares.

Pursuant to the Company's 2013 Equity Incentive Plan (including the Free Share Program) certain employees and officers of the Company (the “Participants”) were entitled to Ordinary Class A shares in the capital of the Company in May 2016.

In connection with the previous paragraph, Constellium issued 185,251 Ordinary Class A Shares on 26 May 2015. These Ordinary Class A shares were issued to Cede & Co, a company organized under the laws of the State of New York (“Cede”), as the nominee of the Depository Trust Company (“DTCC”), and the central securities clearing depository in the United States. The DTCC is the entity in which name all securities held within the DTCC are registered on the books of the transfer agent for such securities, in accordance with the Company's instructions, to the credit of the account of each of the relevant Participants. BNP Paribas Paris administers the issued Ordinary Class A shares on behalf of the Participants. Some of the Participants have indicated that they would like to sell the shares they hold on the NYSE, however, BNP Paribas Paris is not authorized to sell the respective shares on the NYSE.

In order to make it possible for the Participants to sell their shares, the Board resolved on 14 December 2015 to repurchase from the Participants on an ongoing basis up to 96,937 Ordinary Class A Shares in the capital of the Company. The total repurchased shares by Constellium on December 31, 2017 were 38,597.

Our Class A Ordinary Shares are listed on the New York Stock Exchange and were listed on Euronext Paris until February 2, 2018.

(B) The Board and our Committees

The composition of our Board and our Audit Committee, Human Resources and Remuneration Committee and Nominating / Governance Committee is described in detail in paragraphs 4.1, 4.2, 4.5, 4.6 and 4.7.

(C) Voting rights

Shareholders holding the Company's shares on the record date, which under Dutch law is 28 calendar days before the general meeting, are entitled to attend and vote at a general meeting. Shares are not blocked between the record date and the date of the meeting. All shares carry equal voting rights at the meeting. Votes may be cast directly. Alternatively, proxies or voting instructions may be issued to an independent third party before the meeting.

(D) Issue of Shares and pre-emptive rights

Immediately prior to the completion of our initial public offering in May 2013, the General Meeting adopted a resolution pursuant to which the Board is authorized to limit or exclude the pre-emptive rights of holders of Class A Ordinary Shares for a period of five (5) years.

(E) Repurchase of Shares

On June 15, 2017 the General Meeting adopted a resolution pursuant to which our Board is authorized to repurchase Company shares under the following conditions:

1. for 18 months, until December 15, 2018;
2. by agreement, including private transactions and transactions effected through a stock exchange; and
3. for a maximum of 10% of the issued share capital at a share price of:
    - i) at least the nominal value; and
    - ii) at a maximum equal to the greater of 110% of the market price of the shares on the NYSE with the market price deemed to be the average of: the closing price on each of the five consecutive days of trading preceding the three trading days prior to the date of repurchase.

(F) Amendment to the articles of association

The General Meeting is authorized to amend the Company's articles of association upon a proposal of the Board.

(G) Reservation profits

The Board has authority to take all or part of each year's profit into the Company's reserves. The General Meeting has the authority to vote on how the remaining profit should be allocated.

4.9.5 Restrictions on the transfer of shares

Unless any agreements between the shareholders provide otherwise, shares in the capital of the Company are freely transferable.

4.9.6 Significant direct and indirect shareholders

Pursuant to the register kept by the Authority Financial Markets (*Authoriteit Finaciële Markten*) on December 31, 2017, and information otherwise available to Constellium, the following persons had shareholdings of 3% or more in the share capital of Constellium N.V.:

(A) December 31, 2017, BPI group (indirectly through Caisse des Dépôts et Consignations, Bpifrance Participations, BPI-Groupe (bpifrance), EPIC BPI-Groupe), 12.19% capital interest and voting rights.

(B) November 24, 2014, Adage Capital Management L.P., 3.50% capital interest and voting rights.

(C) February 15, 2017 Barclays Plc notified that its (indirect) capital interest decreased to 4.98% capital interest and voting rights.

(D) September 12, 2017 Renaissance Technologies LLC, 3.02% (indirect) capital interest and voting rights.

4.9.7 Anti-takeover measures

Provisions of our organizational documents and applicable law may impede or discourage a takeover, which could deprive our investors of the opportunity to receive a premium for their ordinary shares or to make changes in our board of directors.

Several provisions of our Articles of Association and the laws of the Netherlands could make it difficult for our shareholders to change the composition of our Board, thereby preventing them from changing the composition of our management. In addition, the same provisions may discourage, delay or prevent a merger, consolidation or acquisition that shareholders may consider favorable. Provisions of our Articles of Association impose various procedural and other requirements, which could make it more difficult for shareholders to effect certain corporate actions. These anti-takeover provisions could substantially impede the ability of our shareholders to benefit from a change in control and, as a result, may materially adversely affect the market price of our ordinary shares and your ability to realize any potential change of control premium.

Our general meeting of shareholders has empowered our Board to issue shares and restrict or exclude preemptive rights on those shares for a period of five years. Accordingly, an issue of new shares may make it more difficult for a shareholder to obtain control over our general meeting of shareholders.

4.9.8 Risk management and internal control systems

The company maintains operational and financial risk management systems backed by systems and procedures for monitoring and reporting. A separate internal control function ensures compliance with our internal control requirements.

The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union (EU).

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of the effectiveness of internal control to future periods are subject to the risk that controls may become inadequate because of changes in conditions, and that the degree of compliance with the policies or procedures may deteriorate.

Constellium's management has assessed the effectiveness of the Company's internal controls over financial reporting as of December 31, 2017, based on the criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

4.9.9 Holders of any securities with special control rights

None of the shares in the capital of the Company has special control rights.

4.9.10 System of control of employee share scheme

(A) Constellium N.V. 2013 Equity Incentive Plan

The Company adopted the Constellium N.V. 2013 Equity Incentive Plan (the "Constellium 2013 Equity Plan"). The principal purposes of this plan are to focus Directors, officers and other employees and consultants on business performance to help create shareholder value, to encourage innovative approaches to the business of the Company and to encourage ownership of our ordinary shares by Directors, officers and other employees and consultants. It is also intended to recognize and retain our key employees and high potentials needed to sustain and ensure our future and business competitiveness.

The Constellium 2013 Equity Plan provides for a variety of awards, including "incentive stock options" (within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code") ("ISOs"), nonqualified stock options, stock appreciation rights ("SARs"), restricted stock, restricted stock units, performance units, other stock-based awards or any combination of those awards. The Constellium 2013 Equity Plan provides that awards may be made under the plan for 10 years. We have reserved a total of 7,292,291 ordinary shares for issuance under the Constellium 2013 Equity Plan, subject to adjustment in certain circumstances to prevent dilution or enlargement.

Administration

The Constellium 2013 Equity Plan is administered by our Human Resources and Remuneration Committee. The Board or the Human Resources and Remuneration Committee may delegate administration to one or more Directors. The Human Resources and Remuneration Committee has the power to interpret the Constellium 2013 Equity Plan and to adopt rules for the administration, interpretation and application of the Constellium 2013 Equity Plan according to its terms. The Human Resources and Remuneration Committee determines the number of our ordinary shares that will be subject to each award granted under the Constellium 2013 Equity Plan and may take into account the recommendations of our senior management in determining the award recipients and the terms and conditions of such awards. Subject to certain exceptions as may be required pursuant to Rule 16b-3 under the Exchange Act, if applicable, our Board may, at any time and from time, to time exercise any and all rights and duties of the Human Resources and Remuneration Committee under the Constellium 2013 Equity Plan.

Eligibility

Certain Directors, officers, employees and consultants are eligible to be granted awards under the Constellium 2013 Equity Plan. Our Human Resources and Remuneration Committee determines:

- which Directors, officers, employees and consultants are to be granted awards;
- the type of award that is granted;
- the number of our ordinary shares subject to the awards; and
- the terms and conditions of such awards, consistent with the Constellium 2013 Equity Plan.

Our Human Resources and Remuneration Committee has the discretion, subject to the limitations of the Constellium 2013 Equity Plan and applicable laws, to grant awards under the plan (except that only our employees may be granted ISOs).

Stock Options

Subject to the terms and provisions of the Constellium 2013 Equity Plan, stock options to purchase our ordinary shares may be granted to eligible individuals at any time and from time to time as determined by our Human Resources and Remuneration Committee. Stock options may be granted as ISOs, which are intended to qualify for favorable treatment to the recipient under U.S. federal tax law, or as nonqualified stock options, which do not qualify for this favorable tax treatment. Subject to the limits provided in the Constellium 2013 Equity

Plan, our Human Resources and Remuneration Committee has the authority to determine the number of stock options granted to each recipient. Each stock option grant is evidenced by a stock option agreement that specifies the stock option exercise price, whether the stock options are intended to be incentive stock options or nonqualified stock options, the duration of the stock options, the number of shares to which the stock options pertain, and such additional limitations, terms and conditions as our Human Resources and Remuneration Committee may determine.

Our Human Resources and Remuneration Committee determines the exercise price for each stock option granted, except that the stock option exercise price may not be less than 100% of the fair market value of an ordinary share on the date of grant. All stock options granted under the Constellium 2013 Equity Plan expire no later than 10 years from the date of grant. Stock options are nontransferable except by will or by the laws of descent and distribution or, in the case of nonqualified stock options, as otherwise expressly permitted by our Human Resources and Remuneration Committee. The granting of a stock option does not accord the recipient the rights of a shareholder, and such rights accrue only after the exercise of a stock option and the registration of ordinary shares in the recipient's name.

Stock Appreciation Rights

Our Human Resources and Remuneration Committee in its discretion may grant SARs under the Constellium 2013 Equity Plan. SARs may be "tandem SARs," which are granted in conjunction with a stock option, or "free-standing SARs," which are not granted in conjunction with a stock option. A SAR entitles the holder to receive from us, upon exercise, an amount equal to the excess, if any, of the aggregate fair market value of a specified number of our ordinary shares to which such SAR pertains over the aggregate exercise price for the underlying shares. The exercise price of a free standing SAR may not be less than 100% of the fair market value of an ordinary share on the date of grant.

A tandem SAR may be granted at the grant date of the related stock option. A tandem SAR may be exercised only at such time or times and to the extent that the related stock option is exercisable and has the same exercise price as the related stock option. A tandem SAR terminates or is forfeited upon the exercise or forfeiture of the related stock option, and the related stock option terminates or is forfeited upon the exercise or forfeiture of the tandem SAR.

Each SAR is evidenced by an award agreement that specifies the exercise price, the number of ordinary shares to which the SAR pertains and such additional limitations, terms and conditions as our Human Resources and Remuneration Committee may determine. We may make payment of the amount to which the participant exercising the SARs is entitled by delivering ordinary shares, cash or a combination of stock and cash as set forth in the award agreement relating to the SARs. SARs are not transferable except by will or the laws of descent and distribution or, with respect to SARs that are not granted in "tandem" with a stock option, as expressly permitted by our Human Resources and Remuneration Committee.

Restricted Stock

The Constellium 2013 Equity Plan provides for the award of ordinary shares that are subject to forfeiture and restrictions on transferability to the extent permitted by applicable law and as set forth in the Constellium 2013 Equity

Plan, the applicable award agreement and as may be otherwise determined by our Human Resources and Remuneration Committee. Except for these restrictions and any others imposed by our Human Resources and Remuneration Committee to the extent permitted by applicable law, upon the grant of restricted stock, the recipient will have rights of a shareholder with respect to the restricted stock, including the right to vote the restricted stock and to receive all dividends and other distributions paid or made with respect to the restricted stock on such terms as set forth in the applicable award agreement. During the restriction period set by our Human Resources and Remuneration Committee, the recipient is prohibited from selling, transferring, pledging, exchanging or otherwise encumbering the restricted stock to the extent permitted by applicable law.

Restricted Stock Units

The Constellium 2013 Equity Plan authorizes our Human Resources and Remuneration Committee to grant RSUs. RSUs are not ordinary shares and do not entitle the recipient to the rights of a shareholder, although the award agreement may provide for rights with respect to dividend equivalents. The recipient may not sell, transfer, pledge or otherwise encumber RSUs granted under the Constellium 2013 Equity Plan prior to their vesting. RSUs may be settled in cash, ordinary shares or a combination thereof as provided in the applicable award agreement, in an amount based on the fair market value of an ordinary share on the settlement date.

Performance-Based Restricted Stock Units

The Constellium 2013 Equity Plan provides for the award of PSUs that are valued by reference to a designated amount of cash or to property other than ordinary shares. The payment of the value of a PSU is conditioned upon the achievement of performance goals set by our Human Resources and Remuneration Committee in granting the PSU and may be paid in cash, ordinary shares, other property or a combination thereof. Any terms relating to the termination of a participant's employment will be set forth in the applicable award agreement.

Other Stock-Based Awards

The Constellium 2013 Equity Plan also provides for the award of ordinary shares and other awards that are valued by reference to our ordinary shares, including unrestricted stock, dividend equivalents and convertible debentures.

Performance Goals

The Constellium 2013 Equity Plan provides that performance goals may be established by our Human Resources and Remuneration Committee in connection with the grant of any award under the Constellium 2013 Equity Plan.

Termination without Cause Following a Change in Control

Upon a termination of employment of a plan participant occurring upon or during the two years immediately following the date of a "change in control" (as defined in the Constellium 2013 Equity Plan) by the Company without "cause" (as defined in the Constellium 2013 Equity Plan), unless otherwise provided in the applicable award agreement, (i) all awards held by such participant will vest in full (in the case of any awards that are subject to performance goals, at target) and be free of restrictions, and (ii) any option or SAR held by the participant as of the date of the change in control that remains outstanding as of the date of such termination of employment may thereafter be exercised until (A) in the case of ISOs, the last date on which such ISOs would otherwise be exercisable or (B) in the case of nonqualified options and SARs, the later of (x) the last date on which such nonqualified option or SAR would otherwise be exercisable and (y) the earlier of (I) the second anniversary of such change in control and (II) the expiration of the term of such nonqualified option or SAR.

Amendments

Our Board or our Human Resources and Remuneration Committee may amend, alter or discontinue the Constellium 2013 Equity Plan, but no amendment, alteration or discontinuation will be made that would materially impair the rights of a participant with respect to a previously granted award without such participant’s consent, unless such an amendment is made to comply with applicable law, including, without limitation, Section 409A of the Code, stock exchange rules or accounting rules. In addition, no such amendment will be made without the approval of the Company’s shareholders to the extent such approval is required by applicable law or the listing standards of the applicable stock exchange.

2017 Long-Term Incentive Plan

In 2017, our human resources and remuneration committee approved a redesign of our Long-Term Incentive Plan (which we refer to as the “2017 LTIP”). For our executive officers, as well as for other selected employees, awards consisted of PSUs and RSUs. These awards were granted on July 31, 2017 and are subject to a three-year cliff vesting period, the participant’s continued service through the vesting, and for PSUs, certain market-related performance conditions being satisfied. For other selected employees, awards consisted of RSUs only.

With regard to PSUs, for the purposes of computing the Constellium Total Shareholder Return (the “Constellium TSR”), (i) the stock price at the beginning of the performance period is deemed to be the average closing share price for the 20 trading days preceding the grant date, and (ii) the stock price at the end of the performance period is deemed to be the average closing share price for the 20 trading days preceding the third anniversary of the grant date.

Constellium measures itself against a peer group consisting of the S&P 400 Materials Index and the S&P 600 Materials Index. The 20-day average starting point of a Constellium share for the July 31, 2017 grant date is $7.83. The level of achievement shall be determined by comparing the Constellium TSR to the average of the TSRs of the two indices indicated above as follows:

- If the Constellium TSR is below the average of the two median TSRs, no PSUs will vest.

- If the Constellium TSR is at the average of the two median TSRs, 100% of the target PSUs will vest.

- If the Constellium TSR is at or above the average of the two 75th percentile TSRs, 200% of the target PSUs will vest.

- If the Constellium TSR is between the average of the two median TSRs and the average of the two 75th percentile TSRs, then the number of PSUs will be determined by linear interpolation on a straight line basis.

- If the Constellium TSR is negative, the number of PSUs that vest will be capped at 100% of target.

For the purposes of the 2017 LTIP, certain thresholds of the Change in Control definition and Change in Control vesting criteria in the Constellium 2013 Equity Plan were modified.

(B) 2017 Employee Performance Award Plan

Each of our executive officers, among other selected employees, participates in the Employee Performance Award Plan (which we refer to as the “EPA”). The EPA is an annual cash bonus plan intended to provide performance-related award opportunities to employees contributing substantially to the success of Constellium. Under the EPA, participants are provided opportunities to earn cash bonuses (expressed as a percentage of base salary, and paid in the year following the performance period) based on the level of achievement of certain Financial and EHS Objectives as approved by our Human Resources and Remuneration Committee for the applicable annual performance period, as well as Individual Objectives established by the applicable participant’s supervisor (as described below).

The three components of bonuses awarded under the EPA for 2017 had the following weights:

- Financial Objectives - 70%;
- EHS Objective - 10%; and
- Individual Objectives - 20%.

The Financial Objectives are calculated on an annual basis and take into account two components as defined and reported by the Company's corporate controller: Adjusted EBITDA (50%) and Trade Working Capital Days (20%). To promote synergies throughout the Company, the EPA is designed to encourage individual plants, business units and our corporate division to work closely together to achieve common strategic, operating and financial goals. Therefore, the Financial Objectives are defined, depending on the level of the employee on one or more financial results of either Constellium Group business unit operating unit or site, or a combination of some or all of the foregoing.

The EHS Objective is measured on an annual basis for Constellium and its subsidiaries. In case of a fatality or type I (major) environmental event, the payout for the EHS Objective is zero, both for employees of the concerned business unit and the operating unit/site and for employees on Group level. This substantial impact on EPA payout reflects the fact that the safety for our employees is our number one priority.

The Individual Objectives are evaluated annually via the Performance Management Program, and achievement against these objectives is used to determine the percentage attained of the Individual Objectives target.

The payout scale defines the performance levels and resulting payouts.

Achieving target performance results in a payout at 100% of the target amount. Overall payout can range from 0% to 150% of the target amount.

The threshold performance level for the Financial Objectives is typically set at 80% of the target level. If threshold performance is not achieved, there is no bonus payout. Between threshold performance and target performance payouts, increase linearly from 0% to 100%. With regard to Adjusted EBITDA, the maximum performance level is set at 110% of the target level. Achieving 110% of the target level results in a payout of 150%, with linear interpolation (meaning each percentage point higher than 100% adds additional payout of 5%). With regard to Trade Working Capital Days, achieving performance higher than target level for one day results in a payout of 150%. The Financial Objectives for corporate functions are capped at the highest payout in one of the business units.

The EPA for 2017 was applicable to approximately 1,200 employees worldwide. For its payout in 2018, the following results were earned by our employees:

- *Financial Objectives:* The payout ranged from 41% - 142%.
- *EHS Objective:* The payout ranged from 0% to 150%.
- *Individual Objectives:* The payout ranged from 0% to 150%. The payout for Mr. Germain was 130%.

4.9.11 Restrictions on voting rights

There are no restrictions on voting rights.

4.9.12 Agreements between shareholders known to the Company and which may result in restrictions on the transfer of securities and/or voting rights

The Company, Apollo Omega, Rio Tinto and Bpifrance entered into an amended and restated shareholders agreement on May 29, 2013 (the "Shareholders Agreement"). The Shareholders Agreement terminated with respect to Apollo Omega and Rio Tinto in connection with certain of their respective sales of our ordinary shares. The Shareholders Agreement provides for, among other things, piggyback registration rights and demand registration rights for Bpifrance for so long as Bpifrance owns any of our ordinary shares.

In addition, the Shareholders Agreement provides that, except as otherwise required by applicable law, Bpifrance will be entitled to designate for binding nomination one director to our board of directors so long as its percentage ownership interest is equal to or greater than 4% or it continues to hold all of the ordinary shares it subscribed for at the closing of the acquisition on January 4, 2011 (such share number adjusted for the pro rata share issuance). Our directors will be elected by our shareholders acting at a general meeting upon a binding nomination by the Board as described in this annual report. A shareholder's percentage ownership interest is derived by dividing (i) the total number of ordinary shares owned by such shareholder and its affiliates by (ii) the total number of outstanding ordinary shares.

The Company has agreed to share financial and other information with Bpifrance to the extent reasonably required to comply with its tax, investor or regulatory obligations and with a view to keeping Bpifrance properly informed about the financial and business affairs of the Company. The Shareholders Agreement contains provisions to the effect that Bpifrance is obliged to treat all information provided to it as confidential, and to comply with all applicable rules and regulations in relation to the use and disclosure of such information. Nicolas Manardo, who was appointed as a Non-Executive Director of the Company in June 2017, is currently Managing Director at Bpifrance Investissement in charge of Mid & Large Cap Private Equity Investments, a position he has held since 2009. Bpifrance Investissement is an affiliate of Bpifrance, which is a wholly owned subsidiary of BPI-Groupe (bpifrance), a French financial institution jointly owned and controlled by the Caisse des Dépôts et Consignations, a French special public entity (établissement special) and EPIC BPI-Groupe, a French public institution of industrial and commercial nature. As of December 31, 2017, Bpifrance owns approximately 12.19% of the Company's outstanding ordinary shares. In January 2015, Bpifrance Financement, an affiliate of Bpifrance Investissement, entered into a three-year revolving credit facility with Constellium Issoire (f/k/a Constellium France) for an aggregate amount of €10 million. The facility was subject to automatic reduction of 33% of the aggregate amount per year. The facility was undrawn and the amount available for drawing was €3.3 million, subject to a commitment fee of 1% per year. Should any amount have been drawn under this facility, it would have borne interest at a rate equal to 3 months Euribor + 2.5%. This facility matured on January 12, 2018.

4.9.13 Significant agreements to which the Company is a party and which alter or terminate upon a change of control of the Company/Material Contracts

Metal Supply Agreement

In connection with the acquisition of the Alcan Engineered Aluminum Products business unit, Constellium Switzerland AG ("Constellium Switzerland"), a wholly owned indirect subsidiary of Constellium N.V., entered into certain agreements dated as of January 4, 2011 with Rio Tinto Alcan Inc. ("Rio Tinto Alcan"), Aluminum Pechiney and Alcan Holdings Switzerland AG ("AHS"), each of which is an affiliate of Rio Tinto, which provide for, among other things, the supply of metal by Rio Tinto affiliates to Constellium Switzerland, the provision of certain technical assistance and other services relating to aluminium-lithium, a covenant by Rio Tinto Alcan to refrain from producing, supplying or selling aluminium-lithium alloys to third parties and certain cost reimbursement obligations of AHS. Constellium has provided a guarantee to Rio Tinto Alcan and Aluminium Pechiney in respect of Constellium Switzerland's obligations under the supply agreements. Constellium Switzerland and Rio Tinto Alcan have a multi-year supply agreement for the supply of sheet ingot. The agreement provides for certain representations and warranties, audit and inspection rights, on-time shipment requirements and other customary terms and conditions. Each party is required to pay certain penalty or reimbursement amounts in the event it fails or is unable to purchase or supply, as applicable, specified minimum annual quantities of metal.

May 2014 Notes

On May 7, 2014, the Company completed a private offering of $400 million in aggregate principal amount of 5.750% Senior Notes due 2024 (the "2024 U.S. Dollar Notes") and €300 million in aggregate principal amount of 4.625% Senior Notes due 2021 (the "2021 Euro Notes," and together with the 2024 U.S. Dollar Notes, the "May 2014 Notes") pursuant to indentures among the Company, the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee. A portion of the net proceeds of the May 2014 Notes were used to repay amounts outstanding under our senior secured term loan B facility, including related transaction fees, expenses, and prepayment premium thereon. We used the remaining net proceeds for general corporate purposes, including to put additional cash on our balance sheet.

Interest on the 2024 U.S. Dollar Notes and 2021 Euro Notes accrues at rates of 5.750% and 4.625% per annum, respectively, and is payable semi-annually beginning November 15, 2014. The 2024 U.S. Dollar Notes mature on May 15, 2024, and the 2021 Euro Notes mature on May 15, 2021.

Prior to May 15, 2019, we may redeem some or all of the 2024 U.S. Dollar Notes at a price equal to 100% of the principal amount of the 2024 U.S. Dollar Notes redeemed plus accrued and unpaid interest, if any, to the redemption date plus a “make-whole” premium. On or after May 15, 2019, we may redeem the 2024 U.S. Dollar Notes at redemption prices (expressed as a percentage of the principal amount thereof) equal to 102.875% during the 12-month period commencing on May 15, 2019, 101.917% during the 12-month period commencing on May 15, 2020, 100.958% during the 12-month period commencing on May 15, 2021, and par on or after May 15, 2022, in each case plus accrued and unpaid interest, if any, to the redemption date.

Prior to May 15, 2017, we were permitted to redeem some or all of the 2021 Euro Notes at a price equal to 100% of the principal amount of the 2021 Euro Notes redeemed plus accrued and unpaid interest, if any, to the redemption date plus a “make-whole” premium. On or after May 15, 2017, we may redeem the 2021 Euro Notes at redemption prices (expressed as a percentage of the principal amount thereof) equal to 102.313% during the 12-month period commencing on May 15, 2017, 101.156% during the 12-month period commencing on May 15, 2018, and par on or after May 15, 2019, in each case plus accrued and unpaid interest, if any, to the redemption date.

In addition, at any time or from time to time prior to May 15, 2017, we were permitted to, within 90 days of a qualified equity offering, redeem May 2014 Notes of either series in an aggregate amount equal to up to 35% of the original aggregate principal amount of the May 2014 Notes of the applicable series (after giving effect to any issuance of additional May 2014 Notes of such series) at a redemption price equal to 100% of the principal amount thereof plus a premium (expressed as a percentage of the principal amount thereof) equal to 5.750% for the 2024 U.S. Dollar Notes and 4.625% for the 2021 Euro Notes, plus accrued and unpaid interest thereon (if any) to the redemption date, with the net cash proceeds of such qualified equity offering, provided that at least 50% of the original aggregate principal amount of May 2014 Notes of the series being redeemed would remain outstanding immediately after giving effect to such redemption.

Within 30 days of the occurrence of specific kinds of changes of control, the Company is required to make an offer to purchase all outstanding May 2014 Notes at a price in cash equal to 101% of the principal amount of the May 2014 Notes, plus accrued and unpaid interest, if any, to the purchase date.

The May 2014 Notes are senior unsecured obligations of Constellium and are guaranteed on a senior unsecured basis by Constellium International, Holdco II, Constellium France Holdco, Constellium Neuf Brisach, Constellium Issoire, Constellium Finance, Engineered Products International, Constellium W, Constellium Germany Holdco GmbH & Co. KG, Constellium Deutschland GmbH, Constellium Singen GmbH, Constellium Rolled Products Singen GmbH & Co. KG, Constellium Switzerland AG, Constellium US Holdings I, LLC, Ravenswood, Wise Metals Intermediate Holdings LLC (which has since been merged into Wise Metals Group LLC), Wise Metals Group LLC, and Wise Alloys, since renamed Constellium Muscle Shoals LLC. Each of Constellium’s existing or future restricted subsidiaries (other than receivables subsidiaries) that guarantees certain indebtedness of Constellium or certain indebtedness of any of the guarantors of the May 2014 Notes must also guarantee the May 2014 Notes.

The indentures governing the May 2014 Notes contain customary terms and conditions, including, among other things, negative covenants limiting our and our restricted subsidiaries' ability to incur debt, grant liens, enter into sale and lease-back transactions, make investments, loans and advances, make acquisitions, sell assets, pay dividends and other restricted payments, prepay certain debt, merge, consolidate or amalgamate and engage in affiliate transactions.

The indentures governing the May 2014 Notes also contain customary events of default.

December 2014 Notes

On December 19, 2014, the Company completed a private offering of $400 million in aggregate principal amount of 8.00% Senior Notes due 2023 (the "2023 U.S. Dollar Notes") and €240 million in aggregate principal amount of 7.00% Senior Notes due 2023 (the "2023 Euro Notes," and together with the 2023 U.S. Dollar Notes, the "December 2014 Notes") pursuant to indentures among the Company, the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee. A portion of the net proceeds of the December 2014 Notes were used to finance the Wise Acquisition, including related transaction fees and expenses. We used the remaining net proceeds for general corporate purposes. The December 2014 Notes were redeemed in full on or about November 29, 2017 in connection with November 2017 Notes Offering, the Tender Offers, and the Redemption.

Interest on the 2023 U.S. Dollar Notes and 2023 Euro Notes accrued at rates of 8.00% and 7.00% per annum, respectively, and was payable semi-annually beginning July 15, 2015. The 2023 U.S. Dollar Notes and 2023 Euro Notes had a stated maturity date of January 15, 2023.

Prior to January 15, 2018, we were permitted to redeem some or all of the 2023 U.S. Dollar Notes at a price equal to 100% of the principal amount of the 2023 U.S. Dollar Notes redeemed plus accrued and unpaid interest, if any, to the redemption date plus a "make-whole" premium. On or after January 15, 2018, we were permitted to redeem the 2023 U.S. Dollar Notes at redemption prices (expressed as a percentage of the principal amount thereof) equal to 106.000% during the 12-month period commencing on January 15, 2018, 104.000% during the 12-month period commencing on January 15, 2019, 102.000% during the 12-month period commencing on January 15, 2020, and par on or after January 15, 2021, in each case plus accrued and unpaid interest, if any, to the redemption date.

Prior to January 15, 2018, we were permitted to redeem some or all of the 2023 Euro Notes at a price equal to 100% of the principal amount of the 2023 Euro Notes redeemed plus accrued and unpaid interest, if any, to the redemption date plus a "make-whole" premium. On or after January 15, 2018, we were permitted to redeem the 2023 Euro Notes at redemption prices (expressed as a percentage of the principal amount thereof) equal to 105.250% during the 12-month period commencing on January 15, 2018, 103.500% during the 12-month period commencing on January 15, 2019, 101.750% during the 12-month period commencing on January 15, 2020, and par on or after January 15, 2021, in each case plus accrued and unpaid interest, if any, to the redemption date.

In addition, at any time or from time to time prior to January 15, 2018, we were permitted, within 90 days of a qualified equity offering, to redeem December 2014 Notes of either series in an aggregate amount equal to up to 35% of the original aggregate principal amount of the December 2014 Notes of the applicable series (after giving effect to any issuance of additional December 2014 Notes of such series) at a redemption price equal to 100% of the principal amount thereof plus a premium (expressed as a percentage of the principal amount thereof) equal to 8.00% for the 2023 U.S. Dollar Notes and 7.00% for the 2023 Euro Notes, plus accrued and unpaid interest thereon (if any) to the redemption date, with the net cash proceeds of such qualified equity offering, provided that at least 50% of the original aggregate principal amount of December 2014 Notes of the series being redeemed would remain outstanding immediately after giving effect to such redemption.

Within 30 days of the occurrence of specific kinds of changes of control, the Company was required to make an offer to purchase all outstanding December 2014 Notes at a price in cash equal to 101% of the principal amount of the December 2014 Notes, plus accrued and unpaid interest, if any, to the purchase date.

The December 2014 Notes were senior unsecured obligations of Constellium and were guaranteed on a senior unsecured basis by each of its restricted subsidiaries that guaranteed the May 2014 Notes. Each of Constellium's existing or future restricted subsidiaries (other than receivables subsidiaries) that guaranteed certain indebtedness of Constellium or certain indebtedness of any of the guarantors of the December 2014 Notes was also required to guarantee the December 2014 Notes.

The indentures governing the December 2014 Notes contained customary terms and conditions, including, among other things, negative covenants limiting our and our restricted subsidiaries' ability to incur debt, grant liens, enter into sale and lease-back transactions, make investments, loans and advances, make acquisitions, sell assets, pay dividends and other restricted payments, prepay certain debt, merge, consolidate or amalgamate and engage in affiliate transactions.

The indentures governing the December 2014 Notes also contained customary events of default.

March 2016 Senior Secured Notes

On March 30, 2016, the Company completed a private offering of $425 million in aggregate principal amount of 7.875% Senior Secured Notes due 2021 (the "Senior Secured Notes") pursuant to an indenture among the Company, the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee and collateral agent. The Company invested €100 million of the net proceeds of the offering in Wise. We used the remaining net proceeds for general corporate purposes, including to put additional cash on our balance sheet. The Senior Secured Notes were redeemed on November 29, 2017 in connection with the November 2017 Notes Offering, the Tender Offers, and the Redemption.

Interest on the Senior Secured Notes accrued at a rate of 7.875% per annum and is payable semi-annually beginning October 1, 2016.

The Senior Secured Notes had a stated maturity date of April 1, 2021. In addition, each holder of Senior Secured Notes had the right to require the Company to repurchase all or any part of that holder's Senior Secured Notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase, if on the 136th day prior to May 15, 2021 (i.e., the final stated maturity of the 2021 Euro Notes) more than €30 million of the 2021 Euro Notes remained outstanding.

Prior to April 1, 2018, we were permitted to redeem some or all of the Senior Secured Notes at a price equal to 100% of the principal amount of the Senior Secured Notes redeemed plus accrued and unpaid interest, if any, to the redemption date plus a “make-whole” premium. On or after April 1, 2018, we were permitted to redeem the Senior Secured Notes at redemption prices (expressed as a percentage of the principal amount thereof) equal to 103.938% during the 12-month period commencing on April 1, 2018, 101.969% during the 12-month period commencing on April 1, 2019, and par on or after April 1, 2020, in each case plus accrued and unpaid interest, if any, to the redemption date.

In addition, at any time or from time to time prior to April 1, 2018, we were permitted, within 90 days of a qualified equity offering, to redeem Senior Secured Notes in an aggregate amount equal to up to 35% of the original aggregate principal amount of the Senior Secured Notes (after giving effect to any issuance of additional Senior Secured Notes) at a redemption price equal to 100% of the principal amount thereof plus a premium (expressed as a percentage of the principal amount thereof) equal to 7.875%, plus accrued and unpaid interest thereon (if any) to the redemption date, with the net cash proceeds of such qualified equity offering, provided that at least 50% of the original aggregate principal amount of Senior Secured Notes would remain outstanding immediately after giving effect to such redemption.

Within 30 days of the occurrence of specific kinds of changes of control, the Company was required to make an offer to purchase all outstanding Senior Secured Notes at a price in cash equal to 101% of the principal amount of the Senior Secured Notes, plus accrued and unpaid interest, if any, to the purchase date.

The Senior Secured Notes were senior secured obligations of Constellium and were guaranteed on a senior secured basis by each of its restricted subsidiaries that guaranteed the May 2014 Notes. In addition, the Company was required to cause (a) existing or future subsidiaries to guarantee the Senior Secured Notes from time to time so as to satisfy the Guarantor Coverage Test (as defined below), and (b) each existing or future subsidiary that directly or indirectly owned the capital stock of a guarantor of the Senior Secured Notes, or guaranteed certain indebtedness of Constellium or certain indebtedness of any of the guarantors of the Senior Secured Notes, to guarantee the Senior Secured Notes.

The “Guarantor Coverage Test” required, on any one date between and including the date that the Company’s annual financial statements are delivered and the date that is forty-five (45) days following such delivery, that (a) the EBITDA of the Company and the guarantors of the Senior Secured Notes, taken together, represented not less than 80% of the EBITDA of the Company and its restricted subsidiaries, taken together, and (b) the consolidated total assets of the Company and the guarantors of the Senior Secured Notes, taken together, represented not less than 80% of the consolidated total assets of the Company and its restricted subsidiaries, taken together.

The indenture governing the Senior Secured Notes provided for the obligations of the Company and the guarantors with respect to the Senior Secured Notes and the guarantees thereof to be secured by (i) a pledge by Constellium N.V. of its shares in Holdco II, (ii) a pledge by Holdco II of its shares in certain of its subsidiaries, (iii) a pledge by certain other guarantors of their shares in certain of their subsidiaries, (iv) subject to certain exceptions, a pledge of intercompany indebtedness owed to the Company and the guarantors and bank accounts owned by the Company and the guarantors, and (v) subject to certain exceptions, substantially all the assets of each guarantor organized in the U.S. The liens on the collateral securing the Senior Secured Notes and the guarantees thereof were required to be first-priority, provided that (x) the liens on the Ravenswood ABL Priority Collateral (as defined below) securing the Senior Secured Notes and the guarantees thereof were required to be junior in priority to the liens on the Ravenswood ABL Priority Collateral securing the obligations under the Ravenswood ABL Facility, and (y) the liens on certain property of Ravenswood securing the Senior Secured Notes and the guarantees thereof were required to be junior in priority to the liens on such property securing certain obligations of Ravenswood to the Pension Benefit Guaranty Corporation. The "Ravenswood ABL Priority Collateral" consisted of the following property owned by Ravenswood: (i) accounts and payment intangibles, (ii) inventory, (iii) deposit accounts and any cash, financial assets or other assets in such accounts, (iv) cash and cash equivalents, (v) all general intangibles, chattel paper, instruments, investment property and books and records pertaining to any of the foregoing, and (vi) all proceeds of the foregoing, in each case subject to certain exceptions.

The indenture governing the Senior Secured Notes contained customary terms and conditions, including, among other things, negative covenants limiting our and our restricted subsidiaries' ability to incur debt, grant liens, enter into sale and lease-back transactions, make investments, loans and advances, make acquisitions, sell assets, pay dividends and other restricted payments, prepay certain debt, merge, consolidate or amalgamate and engage in affiliate transactions.

The indenture governing the Senior Secured Notes also contained customary events of default.

February 2017 Notes

On February 16, 2017, the Company completed a private offering of $650 million in aggregate principal amount of 6.625% Senior Notes due 2025 (the "February 2017 Notes") pursuant to an indenture among the Company, the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee. The Company used the net proceeds from the offering, together with cash on hand, to retire all of the outstanding Wise Senior Secured Notes and used the remaining net proceeds, if any, for general corporate purposes.

Interest on the February 2017 Notes accrues at rate of 6.625% per annum and is payable semi-annually beginning September 1, 2017. The February 2017 Notes mature on March 1, 2025.

Prior to March 1, 2020, we may redeem some or all of the February 2017 Notes at a price equal to 100% of the principal amount of the February 2017 Notes redeemed plus accrued and unpaid interest, if any, to the redemption date plus a "make-whole" premium. On or after March 1, 2020, we may redeem the February 2017 Notes at redemption prices (expressed as a percentage of the principal amount thereof) equal to 103.313% during the 12-month period commencing on March 1, 2020, 101.656% during the 12-month period commencing on March 1, 2021, and par on or after March 1, 2022, in each case plus accrued and unpaid interest, if any, to the redemption date.

In addition, at any time or from time to time prior to March 1, 2020, we may, within 90 days of a qualified equity offering, redeem February 2017 Notes in an aggregate amount equal to up to 35% of the original aggregate principal amount thereof (after giving effect to any issuance of additional February 2017 Notes) at a redemption price equal to 100% of the principal amount thereof plus a premium (expressed as a percentage of the principal amount thereof) equal to 6.625%, plus accrued and unpaid interest thereon (if any) to the redemption date, with the net cash proceeds of such qualified equity offering, provided that at least 50% of the original aggregate principal amount of February 2017 Notes would remain outstanding immediately after giving effect to such redemption.

Within 30 days of the occurrence of specific kinds of changes of control, the Company is required to make an offer to purchase all outstanding February 2017 Notes at a price in cash equal to 101% of the principal amount of the February 2017 Notes, plus accrued and unpaid interest, if any, to the purchase date.

The February 2017 Notes are senior unsecured obligations of Constellium and are guaranteed on a senior unsecured basis by each of its restricted subsidiaries that guarantees the May 2014 Notes. Each of Constellium's existing or future restricted subsidiaries (other than receivables subsidiaries) that guarantees certain indebtedness of Constellium (including the May 2014 Notes) or certain indebtedness of any of the guarantors of the February 2017 Notes must also guarantee the February 2017 Notes.

The indenture governing the February 2017 Notes contains customary terms and conditions, including, among other things, negative covenants limiting our and our restricted subsidiaries' ability to incur debt, grant liens, enter into sale and lease-back transactions, make investments, loans and advances, make acquisitions, sell assets, pay dividends and other restricted payments, prepay certain debt, merge, consolidate or amalgamate and engage in affiliate transactions.

The indenture governing the February 2017 Notes also contains customary events of default.

November 2017 Notes

On November 9, 2017, the Company completed a private offering of $500 million in aggregate principal amount of 5.875% Senior Notes due 2026 (the "2026 U.S. Dollar Notes") and €400 million in aggregate principal amount of 4.250% Senior Notes due 2026 (the "2026 Euro Notes," and together with the 2026 U.S. Dollar Notes, the "November 2017 Notes"; and the November 2017 Notes, together with the May 2014 Notes and the February 2017 Notes, the "Notes") pursuant to indentures among the Company, the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee. The Company used the net proceeds from the Equity Offering and the November 2017 Notes Offering, together with cash on hand, to fund the Tender Offers and the Redemption, with the remaining net proceeds being used for general corporate purposes.

Interest on the 2026 U.S. Dollar Notes and 2026 Euro Notes accrues at rates of 5.875% and 4.250% per annum, respectively, and is payable semi-annually beginning February 15, 2018. The February 2017 Notes mature on February 15, 2026.

Prior to November 15, 2020, we may redeem some or all of the 2026 U.S. Dollar Notes at a price equal to 100% of the principal amount of the 2026 U.S. Dollar Notes redeemed plus accrued and unpaid interest, if any, to the redemption date plus a "make-whole" premium. On or after November 15, 2020, we may redeem the 2026 U.S. Dollar Notes at redemption prices (expressed as a percentage of the principal amount thereof) equal to 102.938% during the 12-month period commencing on November 15, 2020, 101.469% during the 12-month period commencing on November 15, 2021, and par on or after November 15, 2022, in each case plus accrued and unpaid interest, if any, to the redemption date.

Prior to November 15, 2020, we may redeem some or all of the 2026 Euro Notes at a price equal to 100% of the principal amount of the 2026 Euro Notes redeemed plus accrued and unpaid interest, if any, to the redemption date plus a “make-whole” premium. On or after November 15, 2020, we may redeem the 2026 Euro Notes at redemption prices (expressed as a percentage of the principal amount thereof) equal to 102.125% during the 12-month period commencing on November 15, 2020, 101.063% during the 12-month period commencing on November 15, 2021, and par on or after November 15, 2022, in each case plus accrued and unpaid interest, if any, to the redemption date.

In addition, at any time or from time to time prior to November 15, 2020, we may, within 90 days of a qualified equity offering, redeem November 2017 Notes of either series in an aggregate amount equal to up to 35% of the original aggregate principal amount of the November 2017 Notes of the applicable series (after giving effect to any issuance of additional February 2017 Notes of such series) at a redemption price equal to 100% of the principal amount thereof plus a premium (expressed as a percentage of the principal amount thereof) equal to 5.875% for the 2026 U.S. Dollar Notes and 4.250% for the 2026 Euro Notes, plus accrued and unpaid interest thereon (if any) to the redemption date, with the net cash proceeds of such qualified equity offering, provided that at least 50% of the original aggregate principal amount of February 2017 Notes of the series being redeemed would remain outstanding immediately after giving effect to such redemption.

Within 30 days of the occurrence of specific kinds of changes of control, the Company is required to make an offer to purchase all outstanding February 2017 Notes at a price in cash equal to 101% of the principal amount of the February 2017 Notes, plus accrued and unpaid interest, if any, to the purchase date.

The February 2017 Notes are senior unsecured obligations of Constellium and are guaranteed on a senior unsecured basis by each of its restricted subsidiaries that guarantees the May 2014 Notes and the February 2017 Notes. Each of Constellium’s existing or future restricted subsidiaries (other than receivables subsidiaries) that guarantees certain indebtedness of Constellium (including the May 2014 Notes and the February 2017 Notes) or certain indebtedness of any of the guarantors of the November 2017 Notes must also guarantee the November 2017 Notes.

The indentures governing the November 2017 Notes contain customary terms and conditions, including, among other things, negative covenants limiting our and our restricted subsidiaries’ ability to incur debt, grant liens, enter into sale and lease-back transactions, make investments, loans and advances, make acquisitions, sell assets, pay dividends and other restricted payments, prepay certain debt, merge, consolidate or amalgamate and engage in affiliate transactions.

The indentures governing the November 2017 Notes also contain customary events of default.

Ravenswood ABL Facility

On May 25, 2012, Ravenswood entered into a $100 million asset-based revolving credit facility (the “Ravenswood ABL Facility”), with the lenders from time to time party thereto and Deutsche Bank Trust Company Americas, as administrative agent (the “Ravenswood ABL Administrative Agent”) and collateral agent. Ravenswood amended the Ravenswood ABL Facility on October 1, 2013 to, among other things, extend the maturity to October 2018 and reduce pricing. As amended, the Ravenswood ABL Facility had sublimits of $25 million for letters of credit and 10% of the revolving credit facility commitments for swingline loans. The Ravenswood ABL Facility provided Ravenswood a working capital facility for its operations. The

Ravenswood ABL Facility was terminated on June 21, 2017 and replaced by the Pan-U.S. ABL Facility.

Ravenswood's ability to borrow under the Ravenswood ABL Facility was limited to a borrowing base equal to the sum of (a) 85% of eligible accounts receivable plus (b) up to the lesser of (i) 80% of the lesser of cost or market value of eligible inventory and (ii) 85% of the net orderly liquidation value of eligible inventory minus (c) applicable reserves, and was subject to other conditions, limitations and reserve requirements.

Interest under the Ravenswood ABL Facility was calculated, at Ravenswood's election, based on either the LIBOR or base rate (as calculated by the Ravenswood ABL Administrative Agent in accordance with the Ravenswood ABL Facility). LIBOR loans accrued interest at a rate of LIBOR plus a margin of 1.50-2.00% per annum (determined based on average quarterly excess availability). Base rate loans accrued interest at the base rate plus a margin of 0.50-1.00% per annum (determined based on average quarterly excess availability). Ravenswood was required to pay a commitment fee on the unused portion of the Ravenswood ABL Facility of 0.25% or 0.375% per annum (determined on a ratio of unutilized revolving credit commitments to available revolving credit commitments).

Subject to customary "breakage" costs with respect to LIBOR loans, borrowings under the Ravenswood ABL Facility could be repaid from time to time without premium or penalty.

Ravenswood's obligations under the Ravenswood ABL Facility were guaranteed by Constellium U.S. Holdings I, LLC and Holdco II. Ravenswood's obligations under the Ravenswood ABL Facility were not guaranteed by the Company, Wise Metals Intermediate Holdings LLC or any of its subsidiaries or any of Holdco II's subsidiaries organized outside of the United States. Ravenswood's obligations under the Ravenswood ABL Facility were, subject to certain permitted liens, secured on a first priority basis by the Ravenswood ABL Priority Collateral, and on a second priority basis (junior to the liens on such assets securing the Senior Secured Notes) by substantially all other assets of Ravenswood. Ravenswood's obligations under the Ravenswood ABL Facility were not secured by any assets of Wise Metals Intermediate Holdings LLC or any of its subsidiaries or the Company or any of its subsidiaries organized outside of the United States. The guarantee by Holdco II of the Ravenswood ABL Facility was unsecured.

The Ravenswood ABL Facility contained customary terms and conditions, including, among other things, negative covenants limiting Ravenswood's ability to incur debt, grant liens, enter into sale and lease-back transactions, make investments, loans and advances (including to other Constellium group companies), make acquisitions, sell assets, pay dividends and other restricted payments, prepay certain debt, merge, consolidate or amalgamate and engage in affiliate transactions. The negative covenants contained in the Ravenswood ABL Facility did not apply to Wise Metals Intermediate Holdings LLC or any of its subsidiaries or the Company or any of its subsidiaries organized outside of the United States.

The Ravenswood ABL Facility also contained a minimum availability covenant that required Ravenswood to maintain excess availability under the Ravenswood ABL Facility of at least the greater of (a) $10 million and (b) 10% of the aggregate revolving loan commitments.

The Ravenswood ABL Facility also contained customary events of default.

Pan-U.S. ABL Facility

On June 21, 2017, Ravenswood and Wise Alloys, since renamed Constellium Muscle Shoals LLC, entered into a $300 million asset-based revolving credit facility (the “Pan-U.S. ABL Facility”), with the lenders from time to time party thereto and Wells Fargo Bank, National Association as administrative agent (the “Pan-U.S. ABL Administrative Agent”) and collateral agent. The Pan-U.S. ABL Facility has sublimits of $30 million for letters of credit and $30 million for swingline loans. At the option of Ravenswood and Wise Alloys, the maximum borrowings under the Pan-U.S. ABL Facility may be increased by up to an additional $200 million subject to, among other things, payment of a fee in the amount of 0.125% of such increase and the granting of a lien in favor of the Pan-U.S. ABL Administrative Agent over certain accounts receivable (and termination of any factoring facilities with respect to such receivables). The lenders under the Pan-U.S. ABL Facility have provided commitments with respect to such increase (the “Pan-U.S. ABL Incremental Commitments”). The Pan-U.S. ABL Facility provides Ravenswood and Wise Alloys a working capital facility for their respective operations. Concurrently with Ravenswood and Wise Alloys’ entry into the Pan-U.S. ABL Facility, the Ravenswood ABL Facility and the Wise ABL Facility were each terminated.

The Pan-U.S. ABL Facility matures on June 21, 2022.

Ravenswood and Wise Alloys’ ability to borrow under the Pan-U.S. ABL Facility is limited to a borrowing base equal to the sum of (a) 85% of eligible accounts plus (b) up to the lesser of (i) 80% of the lesser of cost or market value of eligible inventory and (ii) 85% of the net orderly liquidation value of eligible inventory minus (c) applicable reserves, and is subject to other conditions, limitations and reserve requirements.

Interest under the Pan-U.S. ABL Facility is calculated, at the applicable borrower’s election, based on either the LIBOR or base rate (as calculated by the Pan-U.S. ABL Administrative Agent in accordance with the Pan-U.S. ABL Facility). LIBOR loans accrue interest at a rate of LIBOR plus a margin of 1.50-2.00% per annum (determined based on average quarterly excess availability). Base rate loans accrue interest at the base rate plus a margin of 0.50-1.00% per annum (determined based on average quarterly excess availability). Ravenswood and Wise Alloys are required to pay a commitment fee on the unused portion of the Pan-U.S. ABL Facility of 0.25% or 0.375% per annum (determined on a ratio of unutilized revolving credit commitments to available revolving credit commitments). Ravenswood and Wise Alloys are also required to pay a commitment fee on the unused Pan-U.S. ABL Incremental Commitments of 0.25% per annum.

Subject to customary “breakage” costs with respect to LIBOR loans, borrowings under the Pan-U.S. ABL Facility may be repaid from time to time without premium or penalty.

Ravenswood’s and Wise Alloys’ obligations under the Pan-U.S. ABL Facility are guaranteed by Constellium U.S. Holdings I, LLC, Wise Metals Group, and Holdco II. Ravenswood’s and Wise Alloys’ obligations under the Pan-U.S. ABL Facility are, subject to certain permitted liens, secured by substantially all assets of Ravenswood and Wise Alloys. The guarantee by Holdco II of the Pan-U.S. ABL Facility is unsecured.

The Pan-U.S. ABL Facility contains customary terms and conditions, including, among other things, negative covenants limiting Ravenswood’s and Wise Alloys’ ability to incur debt, grant liens, enter into sale and lease-back transactions, make investments, loans and advances (including to other Constellium group companies), make acquisitions, sell assets, pay dividends and other restricted payments, prepay certain debt, merge, consolidate or amalgamate and engage in affiliate transactions.

The Pan-U.S. ABL Facility also contains a financial maintenance covenant that provides that at any time during which borrowing availability thereunder is below 10% of the aggregate commitments under the Pan-U.S. ABL Facility, the Company will be required to maintain a minimum fixed charge coverage ratio of 1.0 to 1.0 and a minimum Borrower EBITDA Contribution of 25%, in each case calculated on a trailing twelve-month basis. “Borrower EBITDA Contribution” means, for any period, the ratio of (x) the combined EBITDA of Ravenswood, Wise Alloys, and their respective subsidiaries for such period, to (y) the consolidated EBITDAS of the Company and its subsidiaries for such period.

The Pan-U.S. ABL Facility also contains customary events of default.

French Inventory Facility

On April 21, 2017, Constellium Issoire and Constellium Neuf Brisach (the “French Borrowers”) entered into a €100 million asset-based revolving credit facility (the “French Inventory Facility”) with the lenders from time to time party thereto and Factofrance as agent. The French Inventory Facility was amended on June 13, 2017 to, among other things, make certain changes to the procedure for calculating the Turn Ratio (as defined below). The French Inventory Facility provides the French Borrowers a working capital facility for their operations.

The French Borrowers’ ability to borrow under the French Inventory Facility is limited to a borrowing base equal to the lesser of (i) the sum of (A) 90% of the net orderly liquidation value of eligible inventory of the applicable French Borrower pledged and in possession of an escrow agent (the “Inventory Pledged With Dispossession” by such French Borrower), plus (B) 70% of the net orderly liquidation value of eligible inventory of the applicable French Borrower pledged without possession by the escrow agent (the “Inventory Pledged Without Dispossession” by such French Borrower), and (ii) the product of 90% of the net orderly liquidation value of the Inventory Pledged With Dispossession by the applicable French Borrower, multiplied by four.

Notwithstanding the foregoing, if on any quarterly test date the ratio of a French Borrower’s aggregate sales for the previous 365 days to the average book value of the eligible inventory pledged by such French Borrower under the French Inventory Facility (the “Turn Ratio” for such French Borrower) is less than 3, in the case of Constellium Issoire, or 6, in the case of Constellium Neuf Brisach, the borrowing base for such French Borrower will equal 70% of the net orderly liquidation value of the Inventory Pledged With Dispossession by such French Borrower until the next quarterly test date on which such French Borrower’s Turn Ratio is greater than or equal to 3, in the case of Constellium Issoire, or 6, in the case of Constellium Neuf Brisach (such period, a “Borrowing Base Event”).

Loans not in excess of 90% of the net orderly liquidation value of the Inventory Pledged with Dispossession of the applicable French Borrower at the time of borrowing bear interest at a rate of EURIBOR plus 2% per annum (“Tranche A Loans”), and loans in excess of that amount at the time of borrowing bear (“Tranche B Loans”) interest at a rate of EURIBOR plus 2.75% per annum. The French Borrowers are also required to pay a commitment fee on the unused portion of the French Inventory Facility of 0.80% per annum. Borrowings of Tranche B Loans by a French Borrower are subject to a minimum EBITDA for such French Borrower, calculated on a trailing twelve months of €40 million in the case of Constellium Issoire, and €65 million in the case of Constellium Neuf Brisach.

Subject to customary “breakage” costs, borrowings under the French Inventory Facility are permitted to be repaid from time to time without premium or penalty.

The French Borrowers’ obligations under the French Inventory Facility are guaranteed by Constellium Holdco II B.V. and are secured by possessory and non-possessory pledges of the eligible inventory of the French Borrowers.

European Factoring Agreements

On January 4, 2011, certain of our French subsidiaries (the “French Sellers”) entered into a factoring agreement with GE Factofrance S.A.S., as factor (the “French Factor”), which has been amended from time to time, and has been fully restated on December 3, 2015 (the “French Factoring Agreement”). On December 16, 2010, certain of our German and Swiss subsidiaries (the “German/Swiss Sellers”) entered into factoring agreements with GE Capital Bank AG, as factor (the “German/Swiss Factor”), which have been amended from time to time or replaced with a factoring agreement entered into on March 26, 2014 (the “Original German/Swiss Factoring Agreements”).

On June 26, 2015, our Czech subsidiary (the “Czech Seller,” and together with the German/Swiss Sellers and the French Sellers, the “European Factoring Sellers”) entered into a factoring agreement with GE Capital Bank AG, as factor (the “Czech Factor,” and together with the German/Swiss Factor and the French Factor, the “European Factors”), as amended from time to time (the “Czech Factoring Agreement,” and together with the German/Swiss Factoring Agreements and the French Factoring Agreement, the “European Factoring Agreements”).

On May 27, 2016, one of our German subsidiaries, Constellium Rolled Products Singen GmbH & Co. KG (another “German/Swiss Seller”), entered into a factoring agreement with the German/Swiss Factor (the “Additional German/Swiss Factoring Agreement” and, together with the Original German/Swiss Factoring Agreements, the “German/Swiss Factoring Agreements”) while certain of the Original German/Swiss Factoring Agreements were amended.

On July 20, 2016, the Banque Fédérative du Crédit Mutuel purchased the Equipment Finance and Receivable Finance businesses of GE. Pursuant to this transaction, GE Factofrance S.A.S. was renamed Factofrance and GE Capital Bank AG was renamed Targo Commercial Financing AG. The transaction had no other impact on the European Factoring Agreements.

The European Factoring Agreements provide for the sale by the European Factoring Sellers to the European Factors of receivables originated by the European Factoring Sellers, subject to a maximum financing amount of €235 million available to the French Sellers under the French Factoring Agreement and €150 million available to the German/Swiss Sellers and the Czech Seller under the German/Swiss Factoring Agreements and the Czech Factoring Agreement, respectively. The funding made available to the European Factoring Sellers by the European Factors is used by the Sellers for general corporate purposes.

The German/Swiss Factoring Agreements were amended on December 21, 2016 to, among other things, increase the maximum financing amount from €115 million to €150 million, extend the termination date from June 15, 2017 to October 29, 2021, and reduce the fees payable by the German/Swiss Sellers. The French Factoring

Agreement was amended and restated on April 19, 2017 to, among other things, extend the commitment period thereunder from December 2018 to October 2021.

Generally speaking, receivables sold to the European Factors under the European Factoring Agreements are with no recourse to the European Factoring Sellers in the event of a payment default by the relevant customer. The European Factors are entitled to claim the repayment of any amount financed by them in respect of a receivable by withdrawing the financing provided against such assigned receivable or requiring the European Factoring Sellers to repurchase/unwind the purchase of such receivable under certain circumstances, including when (i) the nonpayment of that receivable arises from a dispute between a European Factoring Seller and the relevant customer or (ii) the receivable proves not to have satisfied the eligibility criteria set forth in the European Factoring Agreements.

The German/Swiss Factoring Agreements and the Czech Factoring Agreement are without recourse to the German/Swiss Sellers and the Czech Seller, respectively, for any credit risk resulting from the inability of a debtor to meet its payment obligations under the receivables sold to the German/Swiss Factor, and the Czech Factor, respectively. Holdco II has provided a performance guaranty for the Sellers' obligations under the European Factoring Agreements.

Subject to some exceptions, the European Factoring Sellers will collect the transferred receivables on behalf of the European Factors pursuant to a receivables collection mandate under the European Factoring Agreements. The receivables collection mandate may be terminated upon the occurrence of certain events. In the event that the receivables collection mandate is terminated, the European Factors will be entitled to notify the account debtors of the assignment of receivables and collect directly from the account debtors the assigned receivables.

The European Factoring Agreements contain customary fees, including (i) a financing fee on the outstanding amount financed in respect of the assigned receivables, (ii) a non-utilization fee on the portion of the facilities not utilized by the European Factors and (iii) a factoring fee on all assigned receivables in the case of the German/Swiss Factoring Agreements and sold receivables, which were approved by the French Factor in the case of the French Factoring Agreement. In addition, the European Factoring Sellers incur the cost of maintaining the necessary credit insurance (as stipulated in the European Factoring Agreements) on assigned receivables.

The European Factoring Agreements contain certain affirmative and negative covenants, including relating to the administration and collection of the assigned receivables, the terms of the invoices and the exchange of information, but do not contain restrictive financial covenants. As of and for the fiscal year ended December 31, 2017, the European Factoring Sellers were in compliance with all applicable covenants under the European Factoring Agreements.

Wise Senior Secured Notes

On December 11, 2013, Wise Metals Group LLC, since renamed Constellium Holdings Muscle Shoals LLC, and Wise Alloys Finance Corporation (which entity has since been dissolved) issued $650 million in aggregate principal amount of 8.75% Senior Secured Notes due 2018 (the "Wise Senior Secured Notes"). Wise used a portion of the proceeds from the offering of the Wise Senior Secured Notes to repay all outstanding indebtedness under a $400 million term loan and a $70 million delayed draw term loan owed to the Employees' Retirement System of Alabama and the Teachers' Retirement System of Alabama (collectively, the "RSA") and to redeem all of the outstanding cumulative-convertible 10% paid-in-kind preferred membership interests in Wise Metals Group LLC held by the RSA. On March 3, 2017, the Wise Senior Secured Notes were redeemed in full in connection with the issuance of the February 2017 Notes.

Interest on the Wise Senior Secured Notes accrued at a rate of 8.75% per annum and was payable semi-annually in arrears on June 15 and December 15 of each year. The Wise Senior Secured Notes had a stated maturity date of December 15, 2018.

The Wise Senior Secured Notes were guaranteed by certain of Wise Metals Group LLC's 100% owned domestic restricted subsidiaries. The Wise Senior Secured Notes were not guaranteed by the Company or any of its other subsidiaries. The Wise Senior Secured Notes and related guarantees were secured on a first-priority basis, subject to certain exceptions and permitted liens, by a lien on substantially all of the issuers' and guarantors' existing and after-acquired material domestic real estate, equipment, stock of subsidiaries, intellectual property and substantially all of the issuers' and guarantors' other assets that did not secure the Wise ABL Facility on a first-priority basis, other than the Specified Mill Assets Collateral (as defined below), which had been pledged to secure the Wise Senior Secured Notes and the related guarantees, as well as certain obligations to Rexam under the Rexam Advance Agreement, on a first-priority, equal and ratable basis. The Wise Senior Secured Notes and related guarantees were secured on a second-priority basis by a lien on all of the issuers' and guarantors' domestic assets that consisted of Wise ABL Priority Collateral (as defined below).

Prior to June 15, 2016, the Wise Senior Secured Notes could be redeemed in whole or in part at a redemption price equal to 100% of the principal amount of the Wise Senior Secured Notes redeemed plus an applicable make-whole premium and accrued and unpaid interest to, but not including, the redemption date. Prior to June 15, 2016, up to 35% of the aggregate principal amount of Wise Senior Secured Notes outstanding could be redeemed with the net proceeds of specified equity offerings at 108.750% of the principal amount of the Wise Senior Secured Notes to be redeemed plus accrued and unpaid interest, if any, to the date of redemption.

On or after June 15, 2016, the Wise Senior Secured Notes could be redeemed in whole or in part at redemption prices (expressed as percentages of principal amount) of 104.375% for the 12-month period beginning on June 15, 2016, 102.188% for the 12-month period beginning on June 15, 2017, and par on or after June 15, 2018, in each case plus accrued and unpaid interest to the date of redemption.

In addition, upon certain events constituting a "Change of Control" (as defined in the indenture governing the Wise Senior Secured Notes), the issuers of the Wise Senior Secured Notes were required to make an offer (a "Senior Secured Notes Offer to Purchase") to repurchase all outstanding Wise Senior Secured Notes at a purchase price equal to 101% of the aggregate principal amount of Wise Senior Secured Notes so repurchased, plus accrued and unpaid interest to the date of repurchase.

The Wise Senior Secured Notes contained customary covenants including, among other things, limitations and restrictions on Wise's ability to: incur additional indebtedness; make dividend payments or other restricted payments; create liens; sell assets; sell securities of subsidiaries; agree to payment restrictions affecting Wise's restricted subsidiaries; designate subsidiaries as unrestricted subsidiaries; enter into certain types of transactions with affiliates; and enter into mergers, consolidations or certain asset sales.

On October 10, 2014, Constellium, on behalf of the issuers of the Wise Senior Secured Notes, solicited consents from the holders of the Wise Senior Secured Notes to certain amendments (the “Proposed Amendments”) to the indenture governing the Wise Senior Secured Notes. The Proposed Amendments provided that the Wise Acquisition would not constitute a “Change of Control.” On October 17, 2014, Constellium obtained the requisite consents to the Proposed Amendments and the issuers and guarantors of the Wise Senior Secured Notes and Wells Fargo Bank, National Association, as trustee and collateral agent, entered into a supplemental indenture to the indenture governing the Wise Senior Secured Notes. Pursuant to the terms of the supplemental indenture, the Proposed Amendments became operative immediately prior to the effective time of the Wise Acquisition. Accordingly, the issuers of the Wise Senior Secured Notes were not required to make a Senior Secured Notes Offer to Purchase in connection with the Wise Acquisition.

Wise ABL Facility

On December 11, 2013, Wise Alloys, since renamed Constellium Muscle Shoals LLC, as borrower, and Wise Metals Group LLC, since renamed Constellium Holdings Muscle Shoals LLC, Listerhill Total Maintenance Center, LLC (“TMC”), Wise Alloys Finance Corporation, and Alabama Electric Motor Services, LLC (“AEM”), as guarantors, entered into an asset-based revolving credit facility (as amended, the “Wise ABL Facility”) with the lenders from time to time party thereto and General Electric Capital Corporation as administrative agent (the “Wise ABL Facility Agent”). The Wise ABL Facility was subsequently amended in connection with the Wise Acquisition, in connection with the Wise RPA, and in connection with the issuance of the February 2017 Notes. On June 21, 2017, the Wise ABL Facility was terminated and replaced by the Pan-U.S. ABL Facility.

The Wise ABL Facility provided for total commitments of $170 million. Wise Alloys had the option to increase the commitments under the Wise ABL Facility from time to time by up to $100 million in the aggregate for all such increases. Any increase of the commitments under the Wise ABL Facility was subject to the commitment of one or more lenders to such increased amount and the satisfaction of certain customary conditions, including the absence of any default under the Wise ABL Facility and, to the extent otherwise required under the Wise ABL Facility at the time of the proposed increase, compliance with the financial covenant (as described below) on an as adjusted basis.

Wise Alloys’ ability to borrow under the Wise ABL Facility was limited to a borrowing base equal to the sum of (a) 85% of net book value of Wise Alloys’, AEM’s, and TMC’s eligible accounts receivable (other than any accounts receivable from certain foreign account debtors (“Eligible Foreign Account Debtors”)) and other ineligible account debtors (or 90% of the net book value of Wise Alloys’, AEM’s, and TMC’s eligible accounts receivable from Coke), plus (b) the lesser of (i) 85% of the net book value of Wise Alloys’, AEM’s, and TMC’s eligible accounts receivable from Eligible Foreign Account Debtors and (ii) $12.5 million, plus (c) the lesser of (i) 75% of the value of Wise Alloys’ eligible raw materials, work-in-progress and finished goods inventory and (ii) 85% of the net orderly liquidation value of Wise Alloys’ eligible raw materials, work-in-progress and finished goods inventory, plus (d) the lesser of (i) 5% of the value of Wise Alloys’ eligible raw materials, work-in-progress and finished goods inventory and (ii) 5% of the net orderly liquidation value of Wise Alloys’ eligible raw materials, work-in-process and finished goods inventory; provided that, in the case of each of clauses (i) and (ii), such amount could not exceed $10 million, minus (e) the excess, if any, of the aggregate amount of TMC’s and AEM’s eligible accounts receivable included in the borrowing base pursuant to the foregoing clause

(a) over $1.5 million (which could, at the Wise ABL Facility Agent's sole discretion after completion of a collateral audit, be increased to an amount not to exceed $5 million) minus (f) the aggregate amount of reserves, if any, established by the Wise ABL Facility Agent. Wise Alloys' ability to borrow under the Wise ABL Facility was also subject to other conditions and limitations.

Interest rates under the Wise ABL Facility were based, at Wise Alloys' election, on either the LIBOR rate or a base rate, plus a spread that ranged from 1.75% to 2.25% for LIBOR loans and 0.75% to 1.25% for base rate loans. The spread was determined on the basis of a pricing grid that resulted in a higher spread as Wise Alloys' average quarterly borrowing availability under the Wise ABL Facility declined, and, in each case, was based upon the borrowing base calculation delivered to the Wise ABL Facility Agent for the last calendar month (or, in certain instances, week) of the immediately preceding fiscal quarter.

Letters of credit under the Wise ABL Facility were subject to a fee payable to the lenders equal to the current margin applicable to LIBOR loans multiplied by the daily balance of the undrawn amount of all outstanding letters of credit, payable in cash monthly in arrears.

Unused commitments under the Wise ABL Facility were subject to an unused commitment fee equal to the aggregate amount of such unused commitments multiplied by a rate equal to 0.375% per annum, payable in cash monthly in arrears, of the average available but unused borrowing capacity under the Wise ABL Facility.

Subject to customary "breakage" costs with respect to LIBOR loans, borrowings under the Wise ABL Facility could be repaid from time to time without premium or penalty.

The obligations of Wise Alloys under the Wise ABL Facility were guaranteed by Holdco II and Wise Metals Group LLC. The obligations under the Wise ABL Facility were secured by (i) a first priority (subject to certain specified permitted liens) perfected security interest in all of Wise Alloys and the guarantors' (other than Holdco II) assets and properties consisting of Wise ABL Priority Collateral, (ii) a second priority (subordinate only to the security interest and liens under the Wise Senior Secured Notes and subject to certain specified permitted liens) perfected security interest in all of Wise Alloys and the guarantors' (other than Holdco II) assets and properties, other than Wise ABL Priority Collateral and the Specified Mill Assets Collateral, and (iii) a second priority (subordinate only to the security interest under the Wise Senior Secured Notes and the Rexam Advance Agreement and subject to certain specified permitted liens) perfected security interest in all of Wise Alloys and the guarantors' (other than Holdco II) assets and properties consisting of Specified Mill Assets Collateral. The guarantee of the Wise ABL Facility by Holdco II was unsecured.

"Wise ABL Priority Collateral" consisted of (i) accounts and payment intangibles, (ii) inventory, (iii) deposit accounts and securities accounts, including all monies, uncertificated securities and other funds held in or on deposit therein (including all cash, marketable securities and other funds held in or on deposit in either of the foregoing), (iv) all investment property, equipment, general intangibles, books and records pertaining to the Wise ABL Priority Collateral, documents, instruments, chattel paper, letter-of-credit rights, supporting obligations related to the foregoing, business interruption insurance, commercial tort claims, and (v) all proceeds of the foregoing, in each case subject to certain exceptions.

"Specified Mill Assets Collateral" consisted of the equipment and fixtures of Wise Alloys and the guarantors constituting the three-stand mill located in Muscle Shoals, Alabama which are being financed pursuant to the Rexam Advance Agreement and related assets.

The Wise ABL Facility contained customary terms and conditions, including, among other things, negative covenants limiting Wise Alloys, the guarantors, and their respective restricted subsidiaries' ability to incur debt, grant liens, make investments, loans and advances, make acquisitions, sell assets, pay dividends and other restricted payments, prepay certain debt, merge, consolidate or amalgamate and engage in affiliate transactions.

The Wise ABL Facility provided that if borrowing availability thereunder dropped below a threshold amount equal to the greater of (a) 10% of the aggregate commitments under the Wise ABL Facility and (b) $20 million, Wise Alloys was required to maintain a minimum fixed charge coverage ratio of 1.0 to 1.0, calculated on a trailing 12-month basis until such time as borrowing availability was at least equal to the greater of $20 million and 10% of the aggregate commitments under the Wise ABL Facility for 30 consecutive days.

The Wise ABL Facility also contained customary events of default, including an event of default triggered by certain changes of control. The Wise Acquisition constituted such a change of control.

In connection with the Wise Acquisition, we amended the Wise ABL Facility to, among other things, (i) provide that the consummation of the Wise Acquisition did not constitute an event of default, (ii) remove from the collateral securing the Wise ABL Facility the receivables of a single obligor that were to be sold under the Wise RPA (as defined below), (iii) permit transactions between Wise and its subsidiaries on the one hand and Constellium and its subsidiaries on the other, subject to certain conditions, (iv) on the effective date of the Wise RPA, reduce the size of the facility to $200 million, and (v) provide for Holdco II to guarantee the obligations thereunder.

On November 4, 2015, in connection with the Wise RPA Amendment (as defined below), we amended the Wise ABL Facility to increase the amount of certain receivables permitted to be sold pursuant to receivables factoring arrangements from $300 million to $400 million.

On March 1, 2016, General Electric Capital Corporation resigned as the Wise ABL Facility Agent and was replaced by Wells Fargo Bank, National Association.

On February 7, 2017, in connection with the issuance of the February 2017 Notes, we amended the Wise ABL Facility to (i) amend the negative covenants to permit Wise Metals Group LLC and its subsidiaries to guarantee debt of Constellium and its subsidiaries and to grant liens on their assets to secure any such guarantees, (ii) release TMC, AEM, and Wise Alloys Finance Corporation as guarantors of the Wise ABL Facility, (iii) extend the maturity date of the Wise ABL Facility to September 14, 2020, and (iv) make certain other changes to the negative covenants under the Wise ABL Facility. The amendment also reduced the maximum aggregate revolving commitments under the Wise ABL Facility to $170 million.

Wise Factoring Facility

On March 16, 2016, Wise Alloys, since renamed Constellium Muscle Shoals LLC, entered into a Receivables Purchase Agreement (the "Wise Factoring Facility") with New Wise RPA Seller, since renamed Constellium Muscle Shoals Funding II LLC, Hitachi Capital America Corp. (“Hitachi”), and Greensill Capital Inc., as purchaser agent, providing for the sale of certain receivables of Wise Alloys to Hitachi. The Wise Factoring Facility was amended on November 22, 2016 to join Intesa Sanpaolo S.p.A., New York Branch (together with Hitachi, the “Wise Factoring Purchasers”) as a purchaser. As of December 31, 2017, the Wise Factoring Facility provides for the sale of receivables to the Wise Factoring Purchasers in an amount not to exceed $325 million in the aggregate outstanding at any time. Receivables under the Wise Factoring Facility are sold at a discount based on a rate equal to a LIBOR rate plus 2.00-2.50% (based on the credit rating of the account debtor) per annum. The New Wise RPA Seller is required to pay a commitment fee in the amount of $20,000 per annum plus 1% per annum of the total commitments under the Wise Factoring Facility.

Subject to certain customary exceptions, each purchase under the Wise Factoring Facility is made without recourse to the New Wise RPA Seller. The New Wise RPA Seller has no liability to the Wise Factoring Purchasers, and the Wise Factoring Purchasers are solely responsible for the account debtor’s failure to pay any purchased receivable when it is due and payable under the terms applicable thereto. Holdco II has provided a guaranty for the New Wise RPA Seller’s and Wise Alloys’ performance obligations under the Wise Factoring Facility.

The Wise Factoring Facility contains customary covenants. The Wise Factoring Purchasers’ obligation to purchase receivables under the Wise Factoring Facility is subject to certain conditions, including without limitation that certain changes of control shall not have occurred, that there shall not have occurred a material adverse change in the business condition, operations or performance of the New Wise RPA Seller, Wise Alloys, or Holdco II, and that Constellium’s corporate credit rating shall not have been withdrawn by either Standard & Poor’s or Moody’s or downgraded below B- by Standard & Poor’s and B3 by Moody’s.

On January 25, 2017, the Wise Factoring Facility was amended to extend the date on which the Wise Factoring Purchasers’ obligation to purchase receivables under the Wise Factoring Facility will terminate to January 24, 2018.

On May 12, 2017, the Wise Factoring Facility was amended to permit the sale of certain receivables with due dates up to 115 days after the invoice date (increased from 90 days). On January 2, 2018, the Wise Factoring Facility was amended to, among other things, increase the commitments thereunder to $375 million in the aggregate outstanding at any time, reduce the discount at which receivables are sold to a rate equal to a LIBOR rate plus 1.75-2.25% (based on the credit rating of the account debtor) per annum, and extend the date on which the Wise Factoring Purchasers’ obligation to purchase receivables under the Wise Factoring Facility will terminate to January 24, 2020.

4.9.14 Agreements between the Company and its Directors or employees providing compensation if they resign or are made redundant without valid reason or if their employment ceases because of a take-over bid

There are a limited number of agreements with a few selected employees providing for compensation for redundancy without valid reason, generally ranging from 6 to 12 months of their compensation.

5. BOARD STATEMENTS

5.1 In control statement

In conjunction with the EU Transparency Directive, as incorporated in chapter 5.1A of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*), the Board declares that, to the best of its knowledge:

5.1.1 The annual financial statements prepared in accordance with the applicable set of accounting standards for the year ended December 31, 2017 give a true and fair view of the assets, liabilities, financial position and profit of loss of Constellium and its consolidated companies; and

5.1.2 The annual report includes a fair view of the development and performance of business and the position of Constellium and its affiliated companies as per the balance sheet date, together with a description of the principal risks and uncertainties that they face.

5.2 Responsibility statement

For the purpose of complying with provision 1.4.3 of the Dutch Code on the risks relating to financial reporting, the Board believes that, to the best of its knowledge and as discussed in these Annual Accounts:

5.2.1 this Dutch Annual Report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems;

5.2.2 the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;

5.2.3 based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and

5.2.4 this report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the report.

Jean-Marc Germain
Chief Executive Officer

Financial statements 2017

Constellium N.V.

Registration number: 34393663

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017

CONSOLIDATED FINANCIAL STATEMENTS - SUMMARY
DECEMBER 31, 2017

CONSOLIDATED INCOME STATEMENT

(in millions of Euros)	Notes	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Revenue	3	5,237	4,743	5,153
Cost of sales		(4,698)	(4,227)	(4,703)
Gross profit		539	516	450
Selling and administrative expenses		(248)	(254)	(245)
Research and development expenses		(36)	(32)	(35)
Restructuring costs	3	(4)	(5)	(8)
Impairment	15	—	—	(457)
Other gains / (losses) - net	7	70	21	(131)
Income / (loss) from operations		321	246	(426)
Finance costs - net	9	(243)	(167)	(155)
Share of loss of joint-ventures	17	(29)	(14)	(3)
Income / (loss) before income tax		49	65	(584)
Income tax (expense) / benefit	10	(80)	(69)	32
Net loss		(31)	(4)	(552)
Net (loss) / income attributable to:				
Equity holders of Constellium		(31)	(4)	(554)
Non-controlling interests		—	—	2
Net loss		(31)	(4)	(552)

Earnings per share attributable to the equity holders of Constellium

(in Euros per share)	Notes	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Basic	11	(0.28)	(0.04)	(5.27)
Diluted	11	(0.28)	(0.04)	(5.27)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME / (LOSS)

(in millions of Euros)	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Net loss	(31)	(4)	(552)
Other Comprehensive Income / (loss)			
Items that will not be reclassified subsequently to the consolidated Income Statement			
Remeasurement on post-employment benefit obligations	12	(20)	(7)
Income tax on remeasurement on post-employment benefit obligations	(8)	2	20
Cash flow hedge [(A)]	—	—	(9)
Income tax on cash flow hedge	—	—	3
Items that may be reclassified subsequently to the consolidated Income Statement			
Cash flow hedge [(B)]	46	(27)	—
Income tax on cash flow hedge	(15)	9	—
Currency translation differences	(20)	6	34
Other comprehensive income / (loss)	15	(30)	41
Total comprehensive loss	(16)	(34)	(511)
Attributable to:			
Equity holders of Constellium	(15)	(34)	(513)
Non-controlling interests	(1)	—	2
Total comprehensive loss	(16)	(34)	(511)

(A) Relates to foreign currency hedging of the estimated U.S. Dollar Wise acquisition price
(B) Relates to foreign currency hedging of certain forecasted sales in U.S. Dollar

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euros)	Notes	At December 31, 2017	At December 31, 2016
Assets			
Current assets			
Cash and cash equivalents	12	269	347
Trade receivables and other	13	419	355
Inventories	14	643	591
Other financial assets	21	69	117
		1,400	1,410
Non-current assets			
Property, plant and equipment	15	1,517	1,477
Goodwill	16	403	457
Intangible assets	16	68	79
Investments accounted for under the equity method	17	1	16
Deferred income tax assets	18	164	252
Trade receivables and other	13	48	47
Other financial assets	21	110	49
		2,311	2,377
Total Assets		3,711	3,787
Liabilities			
Current liabilities			
Trade payables and other	19	930	839
Borrowings	20	106	107
Other financial liabilities	21	23	34
Income tax payable		11	13
Provisions	24	40	42
		1,110	1,035
Non-current liabilities			
Trade payables and other	19	54	59
Borrowings	20	2,021	2,361
Other financial liabilities	21	43	30
Pension and other post-employment benefit obligations	23	664	735
Provisions	24	113	107
Deferred income tax liabilities	18	25	30
		2,920	3,322
Total Liabilities		4,030	4,357
Equity			
Share capital	25	3	2
Share premium	25	420	162
Retained deficit and other reserves		(750)	(743)
Equity attributable to equity holders of Constellium		(327)	(579)
Non-controlling interests		8	9
Total Equity		(319)	(570)
Total Equity and Liabilities		3,711	3,787

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of Euros)	Share capital	Share premium	Re-measurement	Cash flow hedges	Foreign currency translation reserve	Other reserves	Retained losses	Total Equity holders of Constellium	Non-controlling interests	Total equity
At January 1, 2017	2	162	(151)	(18)	12	17	(603)	(579)	9	(570)
Net loss	—	—	—	—	—	—	(31)	(31)	—	(31)
Other comprehensive income / (loss)	—	—	4	31	(19)	—	—	16	(1)	15
Total comprehensive income / (loss)	—	—	4	31	(19)	—	(31)	(15)	(1)	(16)
Transactions with equity holders										
Share issuance	1	258	—	—	—	—	—	259	—	259
Share-based compensation	—	—	—	—	—	8	—	8	—	8
Transactions with non-controlling interests	—	—	—	—	—	—	—	—	—	—
At December 31, 2017	3	420	(147)	13	(7)	25	(634)	(327)	8	(319)

(in millions of Euros)	Share capital	Share premium	Re-measurement	Cash flow hedges	Foreign currency translation reserve	Other reserves	Retained losses	Total Equity holders of Constellium	Non-controlling interests	Total equity
At January 1, 2016	2	162	(133)	—	6	11	(599)	(551)	11	(540)
Net loss	—	—	—	—	—	—	(4)	(4)	—	(4)
Other comprehensive (loss) / income	—	—	(18)	(18)	6	—	—	(30)	—	(30)
Total comprehensive (loss) / income	—	—	(18)	(18)	6	—	(4)	(34)	—	(34)
Transactions with equity holders Share-based compensation	—	—	—	—	—	6	—	6	—	6
Transactions with non-controlling interests	—	—	—	—	—	—	—	—	(2)	(2)
At December 31, 2016	2	162	(151)	(18)	12	17	(603)	(579)	9	(570)

(in millions of Euros)	Share capital	Share premium	Re-measurement	Cash flow hedges	Foreign currency translation reserve	Other reserves	Retained losses	Total Equity holders of Constellium	Non-controlling interests	Total equity
At January 1, 2015	2	162	(146)	6	(28)	6	(45)	(43)	6	(37)
Net Income	—	—	—	—	—	—	(554)	(554)	2	(552)
Other comprehensive (loss) / income	—	—	13	(6)	34	—	—	41	—	41
Total comprehensive (loss) / income	—	—	13	(6)	34	—	(554)	(513)	2	(511)
Transactions with equity holders Share-based compensation	—	—	—	—	—	5	—	5	—	5
Transactions with non-controlling interests	—	—	—	—	—	—	—	—	3	3
At December 31, 2015	2	162	(133)	—	6	11	(599)	(551)	11	(540)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of Euros)	Notes	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Net loss		(31)	(4)	(552)
Adjustments				
Depreciation and amortization	15, 16	171	155	140
Finance costs – net	9	243	167	155
Income tax expense / (benefit)	10	80	69	(32)
Share of loss of joint-ventures	17	29	14	3
Unrealized (gains) / losses on derivatives - net and from remeasurement of monetary assets and liabilities – net		(54)	(74)	23
Losses on disposal	7	3	10	5
Impairment		—	—	457
Other – net		7	(14)	5
Interest paid		(185)	(174)	(143)
Income tax paid		(18)	(14)	(9)
Change in trade working capital				
Inventories		(99)	(42)	149
Trade receivables		(91)	28	343
Margin calls		—	—	1
Trade payables		124	(18)	(161)
Change in provisions and pension obligations		(7)	(5)	(20)
Other working capital		(12)	(10)	4
Net cash flows from operating activities		160	88	368
Purchases of property, plant and equipment	3	(276)	(355)	(350)
Acquisition of subsidiaries net of cash acquired	7	—	21	(348)
Proceeds from disposals net of cash		2	(5)	4
Equity contribution and loan to joint-ventures		(41)	(37)	(34)
Other investing activities		23	11	6
Net cash flows used in investing activities		(292)	(365)	(722)
Net proceeds received from issuance of shares	25	259	—	—
Proceeds from issuance of Senior Notes	20	1,440	375	—
Repayment of Senior Notes	20	(1,559)	(148)	—
Proceeds / (Repayments) from revolving credit facilities and other loans	20	29	(69)	(211)
Payment of deferred financing costs and exit fees		(118)	(19)	(2)
Transactions with non-controlling interests		—	(2)	3
Other financing activities		10	8	45
Net cash flows from / (used in) financing activities		61	145	(165)
Net (decrease) / increase in cash and cash equivalents		(71)	(132)	(519)
Cash and cash equivalents – beginning of period		347	472	991
Cash and cash equivalents classified as held for sale – beginning of period		—	4	—
Effect of exchange rate changes on cash and cash equivalents		(7)	3	4
Cash and cash equivalents – end of period	12	269	347	476
Less: cash and cash equivalents classified as held for sale		—	—	(4)
Cash and cash equivalents as reported in the Consolidated Statement of Financial Position	12	269	347	472

The accompanying notes are an integral part of these consolidated financial statements.
Notes to the consolidated financial statements

NOTE 1 - GENERAL INFORMATION

Constellium is a global leader in the design and manufacture of a broad range of innovative specialty rolled and extruded aluminium products, serving primarily the packaging, aerospace and automotive end-markets. The Group has a strategic footprint of manufacturing facilities located in the North America, Europe and China, operates 23 production facilities, 10 administrative and commercial sites and two world-class technology centers. It has approximately 12,000 employees.
Constellium is a public company with limited liability. The business address (head office) of Constellium N.V. is Tupolevlaan 41-61, 1119 NW Schiphol-Rijk, the Netherlands.
Unless the context indicates otherwise, when we refer to "we", "our", "us", "Constellium", the "Group" and the "Company" in this document, we are referring to Constellium N.V. and its subsidiaries.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The consolidated financial statements of Constellium N.V. and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union (EU). The Group's application of IFRS results in no difference between IFRS as issued by the IASB and IFRS as endorsed by the EU (https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002_en).

The consolidated financial statements have been authorized for issue by the Board of Directors on March 8, 2018.

2.2 Application of new and revised IFRS

The following new standards and amendments apply to the Group for the first time in 2017.

- Amendments to IAS 7, 'Disclosure Initiative'

  The amendments to IAS 7, 'Statement of Cash Flows', are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Additional disclosures have been made to address the amendments.

- Amendments to IAS 12, 'Recognition of Deferred Tax Assets for Unrealised Losses'

- Annual improvements 2014-2016 – IFRS 12, 'Disclosure of Interests in Other Entities': Clarifying the scope

  The amendments to IAS 12 and annual improvements 2014-2016 to IFRS 12 do not have any impact on the consolidated financial statements of the Group.

2.3 New standards and interpretations not yet mandatorily applicable

The Group has not applied the following new standards and interpretations that have been issued but are not yet effective and which could affect the Group's future Consolidated Financial Statements:

IFRS 15, 'Revenue from contracts with customers' and its clarifications deal with revenue recognition and establish principles for reporting information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, ‘Revenue’ and IAS 11, ‘Construction contracts and related interpretations’. The clarifications provide guidance on identifying performance obligations, the principal versus agent assessment, accounting for licenses of intellectual property, and transition to the new revenue standard. The Group has completed its assessment of the expected impact of IFRS 15 on its consolidated financial position and results of operations. IFRS 15 requires the Group to recognize revenue over time for products that have no alternative use and for which the Group has an enforceable right to payment for production completed to date. In certain limited circumstances this could result in recognizing revenue earlier than under current IFRS rules which require recognition at a point in time. However, based on the analysis performed, the Group does not anticipate the adoption of IFRS 15 to result in any significant impact on its financial position or results of operations. The Group intends to use the cumulative effect method on January 1, 2018. Adoption of the standard will likely increase the level of revenue disclosures in the financial statements.

The standard and its clarifications will be effective for accounting periods beginning on or after January 1, 2018.

IFRS 16, ‘Leases’, deals with principles for the recognition, measurement, presentation and disclosures of leases. The standard provides an accounting model, requiring lessee to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The lessor accounting approach remains unchanged. The Group is currently evaluating the impact of the standard on our consolidated financial position and results of operations. The Group expects that the adoption will result in an increase of non-current assets and non-current liabilities as a result of substantially all operating leases existing as of the adoption date being capitalized along with the associated obligations.

The standard will replace IAS 17, ‘Leases’ and will be effective for accounting periods beginning on or after January 1, 2019.

IFRS 9, ‘Financial instruments’, addresses the classification, measurement and recognition of financial assets and financial liabilities. It will replace the guidance in IAS 39, ‘Financial instruments’ that relates to the classification and measurement of financial instruments.

Modifications introduced by IFRS 9 relate primarily to:

- classification and measurement of financial assets. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset.
- impairment of receivables, now based on the expected credit loss model.
- hedge accounting.

The Group does not anticipate that the adoption will result in any significant impact on its financial statements. The Group does not plan to adopt the provisions of IFRS 9 on hedge accounting and will continue applying IAS 39.

The standard will be effective for accounting periods beginning on or after January 1, 2018.

IFRIC 23, ‘Uncertainty over Income Tax Treatments’

This interpretation provides a framework to consider, recognize and measure the accounting impact of tax uncertainties. It specifies how to determine the unit of account and the recognition and measurement guidance to be applied to that unit. The Interpretation also explains when to reconsider the accounting for a tax uncertainty, and it states specifically that the absence of comment from the tax authority is unlikely, in isolation, to trigger a reassessment. The impact of this interpretation on the Group's results and financial situation is currently being evaluated.

The interpretation is effective for annual periods beginning on or after January 1, 2019.

The Group plans to adopt the new standards and interpretations on their required effective dates.

2.4 Basis of preparation

In accordance with IAS 1, 'Presentation of Financial Statements', the Consolidated Financial Statements are prepared on the assumption that Constellium is a going concern and will continue in operation for the foreseeable future.

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial statements respectively in NOTE 12 – Cash and Cash Equivalents, NOTE 20 – Borrowings and NOTE 22 – Financial Risk Management.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, including an assessment of the current macroeconomic environment, indicate that the Group should be able to operate within the level of its current facilities and related covenants.

Accordingly, the Group continues to adopt the going concern basis in preparing the Consolidated Financial Statements. Management considers that this assumption is not invalidated by the Group's negative equity at December 31, 2017. This assessment was confirmed by the Board of Directors on March 8, 2018.

2.5 Presentation of the operating performance of each operating segment and of the Group

In accordance with IFRS 8, 'Operating Segments', operating segments are based upon product lines, markets and industries served, and are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

Constellium's CODM measures the profitability and financial performance of its operating segments based on Adjusted EBITDA as it illustrates the underlying performance of continuing operations by excluding certain non-recurring and non-operating items. Adjusted EBITDA is defined as income / (loss) from continuing operations before income taxes, results from joint ventures, net finance costs, other expenses and depreciation and amortization as adjusted to exclude restructuring costs, impairment charges, unrealized gains or losses on derivatives and on foreign exchange differences on transactions that do not qualify for hedge accounting, metal price lag, share-based compensation expense, effects of certain purchase accounting adjustments, start-up and development costs or acquisition, integration and separation costs, certain incremental costs and other exceptional, unusual or generally non-recurring items.

2.6 Principles governing the preparation of the Consolidated Financial Statements

Basis of consolidation

These consolidated financial statements include all the assets, liabilities, equity, revenues, expenses and cash flows of the entities and businesses controlled by Constellium. All intercompany transactions and balances are eliminated.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group has power over the investee, is exposed to, or has rights to variable returns from its involvement in the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Investments over which the Group has significant influence or joint control are accounted for under the equity method. The investments are initially recorded at cost. Subsequently they are increased or decreased by the Group's share in the profit or loss, or by other movements reflected directly in the equity of the entity.

Business combination

The Group applies the acquisition method to account for business combinations.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities assumed and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The amount of non-controlling interests is determined for each business combination and is either based on the fair value (full goodwill method) or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets, resulting in recognition of only the share of goodwill attributable to equity holders of the parent (partial goodwill method).

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized as a gain in Other gains / (losses) - net in the Consolidated Income Statement.

At the acquisition date, the Group recognizes the identifiable acquired assets, liabilities and contingent liabilities (identifiable net assets) of the subsidiaries on the basis of fair value at the acquisition date. Recognized assets and liabilities may be adjusted during a maximum of 12 months from the acquisition date, depending on new information obtained about the facts and circumstances existing at the acquisition date.

Significant assumptions used in determining allocation of fair value include the following valuation techniques: the cost approach, the income approach and the market approach which are determined based on cash flow projections and related discount rates, industry indices, market prices regarding replacement cost and comparable market transactions.

Acquisition related costs are expensed as incurred and included in Other gains / (losses) - net in the Consolidated Income Statement.

Cash-generating units

The reporting units (which generally correspond to an industrial site), the lowest level of the Group's internal reporting, have been identified as its cash-generating units.

Goodwill

Goodwill arising from a business combination is carried at cost as established at the date of the business combination less accumulated impairment losses, if any.

Goodwill is allocated and monitored at the operating segments level which are the groups of cash-generating units that are expected to benefit from the synergies of the combination. The operating segments represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Gains and losses on the disposal of a cash-generating unit include the carrying amount of goodwill relating to the cash-generating unit sold.

Impairment of goodwill

A group of cash-generating units to which goodwill is allocated is tested for impairment annually, or more frequently when there is an indication that the group of units may be impaired.

The net carrying value of a group of cash-generating units is compared to its recoverable amount, which is the higher of the value in use and the fair value less cost of disposal.

Value in use calculations use cash flow projections based on financial budgets approved by management and covering usually a 5-year period. Cash flows beyond this period are estimated using a perpetual long-term growth rate for the subsequent years.

The value in use is the sum of discounted cash flows over the projected period and the terminal value. Discount rates are determined based on the weighted-average cost of capital of each operating segment.

The fair value is the price that would be received for the group of cash-generating units, in an orderly transaction, from a market participant. This value is estimated on the basis of available and relevant market data or a discounted cash flow model reflecting market participant assumptions.

An impairment loss is recognized for the amount by which the group of units carrying amount exceeds its recoverable amount.

Any impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the group of cash-generating units and then, to the other assets of the group of units pro rata on the basis of the carrying amount of each asset in the group of units.

Any impairment loss is recognized in the line Impairment in the Consolidated Income Statement. An impairment loss recognized for goodwill cannot be reversed in subsequent periods.

Non-current assets (and disposal groups) classified as held for sale & Discontinued operations

IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' defines a discontinued operation as a component of an entity that (i) generates cash flows that are largely independent from cash flows generated by other components, (ii) is classified as held for sale or has been disposed of, and (iii) represents a separate major line of business or geographic areas of operations.

Assets and liabilities are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition.

Assets and liabilities are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

Assets and liabilities held for sale are presented in separate line items in the Consolidated Statement of Financial Position of the period during which the decision to sell is made.

The results of discontinued operations are shown separately in the Consolidated Income Statement and Consolidated Statement of Cash Flows.

Foreign currency transactions and foreign operations

Functional currency

Items included in the consolidated financial statements of each of the entities and businesses of Constellium are measured using the currency of the primary economic environment in which each of them operates (their functional currency).

Foreign currency transactions

Transactions denominated in currencies other than the functional currency are recorded in the functional currency at the exchange rate in effect at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Consolidated Income Statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented within Finance costs – net.

Realized foreign exchange gains and losses that relate to commercial transactions are presented in Cost of sales.

All other foreign exchange gains and losses, including those that relate to foreign currency derivatives hedging commercial transactions, are presented within Other gains/(losses) – net.

Foreign operations: presentation currency and foreign currency translation

In the preparation of the Consolidated Financial Statements, the year-end balances of assets, liabilities and components of equity of Constellium's entities and businesses are translated from their functional currencies into Euros, the presentation currency of the Group, at their respective year-end exchange rates. Revenue, expenses and cash flows of Constellium's entities and businesses are translated from their functional currencies into Euros using their respective average exchange rates for the period.

The net differences arising from exchange rate translation are recognized in the Consolidated Statement of Comprehensive Income / (Loss).

The following table summarizes the main exchange rates used for the preparation of the Consolidated Financial Statements:

		Year ended December 31, 2017		Year ended December 31, 2016		Year ended December 31, 2015	
Foreign exchange rate for 1 Euro		Average rate	Closing rate	Average rate	Closing rate	Average rate	Closing rate
U.S. Dollars	USD	1.1273	1.1993	1.1063	1.0541	1.1089	1.0887
Swiss Francs	CHF	1.1103	1.1702	1.0901	1.0739	1.0669	1.0835
Czech Koruna	CZK	26.3151	25.5349	27.0342	27.0210	27.2762	27.0226

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from product sales, net of trade discounts, allowances and volume-based incentives, is recognized once delivery has occurred, and provided persuasive evidence that the following criteria are met:

- The significant risks and rewards of ownership of the product have been transferred to the buyer;

- Neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold, has been retained by Constellium;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the sale will flow to Constellium; and
- The costs incurred or to be incurred in respect of the sale can be measured reliably

The Group also enters into tolling agreements whereby clients provide the metal which the Group will then manufacture for them. In these circumstances, revenue is recognized when services are provided at the date of redelivery of the manufactured metal.

Amounts billed to customers in respect of shipping and handling are classified as revenue when the Group is responsible for carriage, insurance and freight. All shipping and handling costs incurred by the Group are recognized in Cost of sales.

Deferred tooling revenue and related costs

Certain automotive long term contracts include the design and manufacture of customized parts. To manufacture such parts, certain specialized or customized tooling is required. In accordance with IAS 11 'Construction Contracts', the Group accounts for the tooling revenue and related costs provided by third party manufacturers on the basis of percentage of completion of the contract.

Research and development costs

Costs incurred on development projects are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use;
- Management intends to complete and use the intangible asset;
- There is an ability to use the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and use or sell the intangible asset are available; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

Development expenditures which do not meet these criteria are expensed as incurred. Development costs previously recognized as expenses are not recognized as an asset in a subsequent period.

Other gains / (losses) - net

Other gains / (losses) - net include: (i) realized and unrealized gains and losses on derivatives contracted for commercial purposes and accounted for at fair value through profit or loss, (ii) unrealized exchange gains and losses from the remeasurement of monetary assets and liabilities and (iii) ineffective portion of changes in fair value of derivatives, which are designated for hedge accounting.

Other gains / (losses) - net separately identifies other unusual, infrequent or non-recurring items. Such items are those that in management's judgment need to be disclosed by virtue of their size, nature or incidence. In determining whether an event or transaction is specific, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

Interest income and expense

Interest income is recorded using the effective interest rate method on loans receivables and on the interest bearing components of cash and cash equivalents.

Interest expense on short and long-term financing is recorded at the relevant rates on the various borrowing agreements.

Borrowing costs (including interests) incurred for the construction of any qualifying asset are capitalized during the period of time required to complete and prepare the asset for its intended use.

Share-based payment arrangements

Equity-settled share-based payments to employees and Board members providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting year, the Group revises its estimate of the number of equity instruments expected to vest.

Property, plant and equipment

Recognition and measurement

Property, plant and equipment acquired by the Company are recorded at cost, which comprises the purchase price (including import duties and non-refundable purchase taxes), any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated close down and restoration costs associated with the asset. Borrowing costs (including interests) directly attributable to the acquisition or construction of a Property, plant and equipment are included in the cost. Subsequent to the initial recognition, Property, plant and equipment are measured at cost less accumulated depreciation and impairment, if any. Costs are capitalized into construction work-in-progress until such projects are completed and the assets are available for use.

Subsequent costs

Enhancements and replacements are capitalized as additions to Property, plant and equipment only when it is probable that future economic benefits associated with them will flow to the Company and the cost of the item can be measured with reliability. Ongoing regular maintenance costs related to Property, plant and equipment are expensed as incurred.

Depreciation

Land is not depreciated. Property, plant and equipment are depreciated over the estimated useful lives of the related assets using the straight-line method as follows:

- Buildings 10 – 50 years;
- Machinery and equipment 3 – 40 years; and
- Vehicles 5 – 8 years.

Intangible assets

Recognition and measurement

Technology and Customer relationships acquired in a business combination are recognized at fair value at the acquisition date. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and impairment losses. The useful lives of the Group intangible assets are assessed to be finite.

Amortization

Intangible assets are amortized over the estimated useful lives of the related assets using the straight-line method as follows:

- Technology 20 years;
- Customer relationships 25 years; and
- Software 3 – 5 years.

Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets subject to amortization are reviewed for impairment if there is any indication that the carrying amount of the asset (or cash-generating unit to which it belongs) may not be recoverable. The recoverable amount is based on the higher of fair value less cost of disposal (market value) and value in use (determined using estimates of discounted future net cash flows of the asset or group of assets to which it belongs).

Any impairment loss is recognized in the line Impairment in the Consolidated Income Statement.

Financial instruments

(i) Financial assets

Financial assets are classified either: (a) at fair value through profit or loss, or as (b) loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of Constellium's financial assets at initial recognition.

(a) At fair value through profit or loss: These are financial assets held for trading. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short term. Derivatives are categorized as held for trading except when they are designated as hedging instruments in a hedging relationship that qualifies for hedge accounting in accordance with IAS 39, 'Financial instruments'. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the Consolidated Income Statement.

(b) Loans and receivables: These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current or non-current assets based on their maturity date. Loans and receivables are comprised of trade receivables and other and non-current and current loans receivable in the Consolidated Statement of Financial Position. Loans and receivables are carried at amortized cost using the effective interest rate method, less any impairment.

(ii) Financial liabilities

Borrowings and other financial liabilities (excluding derivative liabilities) are recognized initially at fair value, net of transaction costs incurred and directly attributable to the issuance of the liability. These financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Any difference between the amounts originally received (net of transaction costs) and the redemption value is recognized in the Consolidated Income Statement using the effective interest rate method.

(iii) Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

For derivative instruments that do not qualify for hedge accounting, changes in the fair value are recognized immediately in profit or loss and are included in 'Other gains / (losses) - net'.

For derivative instruments that are designated for hedge accounting, the group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the hedge transaction. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in Other Comprehensive Income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognized immediately in the Consolidated Income Statement within 'Other gains / (losses) - net'.

Amounts accumulated in equity are reclassified to the Consolidated Income Statement when the hedged item affects the Consolidated Income Statement. The gain or loss relating to the effective portion of derivative instruments hedging forecasted cash-flows under customer agreements is recognized in 'Revenue'. When the forecasted transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts would ultimately be recognized in the Consolidated Income Statement upon the sale, depreciation or impairment of the asset.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecasted transaction is ultimately recognized in the Consolidated Income Statement. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was recognized in equity is immediately reclassified to the Consolidated Income Statement.

(iv) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, relevant market prices are used to determine fair values. The Group periodically estimates the impact of credit risk on its derivatives instruments aggregated by counterparties and takes it into account when estimating the fair value of its derivatives.
Credit Value Adjustments are calculated for asset derivatives based on Constellium counterparties credit risk. Debit Value Adjustments are calculated for credit derivatives based on Constellium own credit risk.
The fair value method used is based on historical probability of default, provided by leading rating agencies.

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Leases

Constellium as the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Various buildings, machinery and equipment are leased from third parties under operating lease agreements. Under operating leases, lease payments are recognized as rent expense on a straight-line basis over the term of the lease agreement, and are included in Cost of sales or Selling and administrative expenses, depending on the nature of the leased assets.

Leases of property, plant and equipment under which the Group has substantially all the risks and rewards of ownership are classified as finance leases. Various buildings and equipment are leased from third parties under finance lease agreements. Under such finance leases, the asset financed is recognized in Property, plant and equipment and the financing is recognized as a financial liability, in Borrowings.

Constellium as the lessor

Certain land, buildings, machinery and equipment are leased to third parties under finance lease agreements. At lease inception, the net book value of the related assets is removed from Property, plant and equipment and a Finance lease receivable is recorded at the lower of the fair value and the aggregate future cash payments to be received from the lessee computed at an interest rate implicit in the lease. As the Finance lease receivable from the lessee is due, interest income is recognized.

Inventories

Inventories are valued at the lower of cost and net realizable value, primarily on a weighted-average cost basis.

Weighted-average costs for raw materials, stores, work in progress and finished goods are calculated using the costs experienced in the current period based on normal operating capacity (and include the purchase price of materials, freight, duties and customs, the costs of production, which includes labor costs, materials and other expenses, which are directly attributable to the production process and production overheads).

Trade account receivables

Recognition and measurement

Trade account receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less impairment.

Impairment

An impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due. Indicators of impairment would include financial difficulties of the debtor, likelihood of the debtor's insolvency, late payments, default or a significant deterioration in creditworthiness. The amount of the provision is the difference between the assets' carrying value and the present value of the estimated future cash flows, discounted at the original effective interest rate. The expense (income) related to the increase (decrease) of the impairment is recognized in the Consolidated Income Statement. When a trade receivable is deemed uncollectible, it is written off against the impairment account. Subsequent recoveries of amounts previously written off are credited in Other gains / (losses) in the Consolidated Income Statement.

Factoring arrangements

In non-recourse factoring arrangements, under which the Group has transferred substantially all the risks and rewards of ownership of the receivables, the receivables are derecognized from the Consolidated Statement of Financial Position. When trade account receivables are sold with limited recourse, and substantially all the risks and rewards associated with these receivables are not transferred, receivables are not derecognized. Where the entity does not derecognize the receivables, the cash received from the Factor is classified as a financing cash inflow, the derecognition of the related liability as a financing cash outflow and the settlement of the receivables as an operating cash inflow. Arrangements in which the Group derecognizes receivables result in changes in trade receivables which are reflected as cash flows from operating activities.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash in bank accounts and on hand, short-term deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value, less bank overdrafts that are repayable on demand, provided there is an offset right.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Trade payables

Trade payables are initially recorded at fair value and classified as current liabilities if payment is due in one year or less.

Provisions

Provisions are recorded for the best estimate of expenditures required to settle liabilities of uncertain timing or amount when management determines that a legal or constructive obligation exists as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and such amounts can be reasonably estimated. Provisions are measured at the present value of the expected expenditures to be required to settle the obligation.

The ultimate cost to settle such liabilities is uncertain, and cost estimates can vary in response to many factors. The settlement of these liabilities could materially differ from recorded amounts. In addition, the expected timing of expenditure can also change. As a result, there could be significant adjustments to provisions, which could result in additional charges or recoveries affecting future financial results.

Types of liabilities for which the Group establishes provisions include:

Close down and restoration costs

Estimated close down and restoration costs are accounted for in the year when the legal or constructive obligation arising from the related disturbance occurs and it is probable that an outflow of resources will be required to settle the obligation. These costs are based on the net present value of estimated future costs. Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan including feasibility and engineering studies, are updated annually during the life of the operation to reflect known developments (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to formal review at regular intervals each year.

The initial closure provision together with subsequent movements in the provisions for close down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalized within Property, plant and equipment. These costs are then depreciated over the remaining useful lives of the related assets. The amortization or unwinding of the discount applied in establishing the net present value of the provisions is charged to the Consolidated Income Statement as a financing cost.

Environmental remediation costs

Environmental remediation costs are accounted for based on the estimated present value of the costs of the Group's environmental clean-up obligations. Movements in the environmental clean-up provisions are presented as an operating cost within Cost of sales. Remediation procedures may commence soon after the time at which the disturbance, remediation process and estimated remediation costs become known, and can continue for many years depending on the nature of the disturbance and the technical remediation.

Restructuring costs

Provisions for restructuring are recorded when Constellium's management is demonstrably committed to the restructuring plan and where such liabilities can be reasonably estimated. The Group recognizes liabilities that primarily include one-time termination benefits, or severance, and contract termination costs, primarily related to equipment and facility lease obligations. These amounts are based on the remaining amounts due under various contractual agreements, and are periodically adjusted for any anticipated or unanticipated events or changes in circumstances that would reduce or increase these obligations.

Legal, tax and other potential claims

Provisions for legal claims are made when it is probable that liabilities will be incurred and when such liabilities can be reasonably estimated. For asserted claims and assessments, liabilities are recorded when an unfavorable outcome of a matter is deemed to be probable and the loss is reasonably estimable. Management determines the likelihood of an unfavorable outcome based on many factors such as the nature of the matter, available defenses and case strategy, progress of the matter, views and opinions of legal counsel and other advisors, applicability and success of appeals, process and outcomes of similar historical matters, amongst others. Once an unfavorable outcome is considered probable, management weights the probability of possible outcomes and the most likely loss is recorded. Legal matters are reviewed on a regular basis to determine if there have been changes in management's judgment regarding the likelihood of an unfavorable outcome or the estimate of a potential loss. Depending on their nature, these costs may be charged to Cost of sales or Other gains / (losses)–net in the Consolidated Income Statement. Included in other potential claims are provisions for product warranties and guarantees to settle the net present value portion of any settlement costs for potential future legal actions, claims and other assertions that may be brought by Constellium's customers or the end-users of products. Provisions for product warranty and guarantees are charged to Cost of sales in the Consolidated Income Statement. When any legal action, claim or assertion related to product warranty or guarantee is settled, the net settlement amount incurred is charged against the provision established in the Consolidated Statement of Financial Position. The outstanding provision is reviewed periodically for adequacy and reasonableness by Constellium management.

Management establishes tax reserves and accrues interest thereon, if deemed appropriate, in expectation that certain tax return positions may be challenged and that the Group might not succeed in defending such positions, despite management's belief that the positions taken were fully supportable.

Pension, other post-employment plans and other long-term employee benefits

For defined contribution plans, the contribution paid in respect of service rendered over the service period is recognized in the Consolidated Income Statement. This expense is included in Cost of sales, Selling and administrative expenses or Research and development expenses, depending on its nature.

For defined benefit plans, the retirement benefit obligation recognized in the Consolidated Statement of Financial Position represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. The effects of changes in actuarial assumptions and experience adjustments are presented in the Consolidated Statement of Comprehensive Income / (Loss).

The amount charged to the Consolidated Income Statement in respect of these plans (including the service costs and the effect of any curtailment or settlement, net of interest costs) is included within the

Income / (loss) from operations.

The defined benefit obligations are assessed using the projected unit credit method. The most significant assumption is the discount rate.

Other post-employment benefit plans mainly relate to health and life insurance benefits to retired employees and in some cases to their beneficiaries and covered dependents. Eligibility for coverage is dependent upon certain age and service criteria. These benefit plans are unfunded and are accounted for as defined benefit obligations, as described above.

Other long term employee benefits mainly include jubilees and other long-term disability benefits. For these plans, actuarial gains and losses arising in the year are recognized immediately in the Consolidated Income Statement.

Taxation

The current Income tax (expense) / benefit is calculated on the basis of the tax laws enacted or substantively enacted at the Consolidated Statement of Financial Position date in the countries where the Company and its subsidiaries operate and generate taxable income.

The Group is subject to income taxes in the Netherlands, France, United States and numerous other jurisdictions. Certain of Constellium’s businesses may be included in consolidated tax returns within the Company. In certain circumstances, these businesses may be jointly and severally liable with the entity filing the consolidated return, for additional taxes that may be assessed.

Deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. This approach also requires the recognition of deferred income tax assets for operating loss carryforwards and tax credit carryforwards.

The effect on deferred tax assets and liabilities of a change in tax rates and laws is recognized as tax income / (loss) in the year when the rate change is substantively enacted. Deferred income tax assets and liabilities are measured using tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on the tax rates and laws that have been enacted or substantively enacted at the date of the Consolidated Statement of Financial Position. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Presentation of financial statements

The consolidated financial statements are presented in millions of Euros, except Earnings per share in Euros. Certain reclassifications may have been made to prior year amounts to conform to current year presentation or with IFRS requirements.

2.7 Judgments in applying accounting policies and key sources of estimation uncertainty

Many of the amounts included in the consolidated financial statements involve the use of judgment and/or estimation. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, giving consideration to previous experience. However, actual results may differ from the amounts included in the consolidated financial statements. Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include the items presented below.

Impairment tests for goodwill, intangible assets and property, plant and equipment

The determination of fair value and value in use of cash-generating units or groups of cash-generating units depends on a number of assumptions, in particular market data, estimated future cash flows and discount rates.

These assumptions are subject to risk and uncertainty. Any material changes in these assumptions could result in a significant change in a cash-generating units' recoverable value or in a goodwill impairment. Details of the key assumptions applied are set out in NOTE 16 – Intangible assets (including goodwill) and in NOTE 15 – Property, plant and equipment.

Pension, other post-employment benefits and other long-term employee benefits

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the defined benefit obligations and net pension costs include discount rates and rates of future compensation increase.

Any material changes in these assumptions could result in a significant change in employee benefit expenses recognized in the Consolidated Income Statement, actuarial gains and losses recognized in Equity and prepaid and accrued benefits. Details of the key assumptions applied are set out in NOTE 23 - Pensions and other post-employment benefit obligations.

Taxes

Significant judgment is sometimes required in determining the accrual for income taxes as there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were recorded, such differences will impact the current and deferred income tax provisions, results of operations and possibly cash flows in the year in which such determination is made.

Management judgment is required to determine the extent to which deferred tax assets can be recognized. In assessing the recognition of deferred tax assets, management considers whether it is more likely than not that the deferred tax assets will be utilized. The deferred tax assets will be ultimately utilized to the extent that sufficient taxable profits will be available in the periods in which the temporary differences become deductible. This assessment is conducted through a detailed review of deferred tax assets by jurisdiction and takes into account the scheduled reversals of taxable and deductible temporary differences, past, current and expected future performance deriving from the budget, the business plan and tax planning strategies. Deferred tax assets are not recognized in the jurisdictions where it is less likely than not that sufficient taxable profits will be available against which the deductible temporary differences can be utilized.

Provisions

Provisions have been recorded for: (a) close-down and restoration costs; (b) environmental remediation and monitoring costs; (c) restructuring programs; (d) legal and other potential claims including provisions for product income tax risks, warranty and guarantees, at amounts which represent management's best estimates of the expenditure required to settle the obligation at the date of the Consolidated Statement of Financial Position. Expectations are revised each year until the actual liability is settled, with any difference accounted for in the year in which the revision is made. Main assumptions used are described in NOTE 24 - Provisions.

NOTE 3 - OPERATING SEGMENT INFORMATION

Management has defined Constellium's operating segments based upon product lines, markets and industries it serves, and prepares and reports operating segment information to Constellium's chief operating decision maker (CODM) (see NOTE 2 – Summary of Significant Accounting Policies) on that basis. Group's operating segments are described below:

Packaging and Automotive Rolled Products (P&ARP)

P&ARP produces thin-gauge rolled products for customers in the beverage and closures, automotive, customized industrial sheet solutions and high-quality bright surface product markets. P&ARP operates four facilities in three countries and has 3,657 employees at December 31, 2017.

Aerospace and Transportation (A&T)

A&T focuses on thick-gauge rolled high value-added products for customers in the aerospace, defense and mass-transportation markets and engineering industries. A&T operates six facilities in three countries and has 4,008 employees at December 31, 2017.

Automotive Structures and Industry (AS&I)

AS&I focuses on specialty products and supplies a variety of hard and soft alloy extruded products, including technically advanced products, to the automotive, rail, industrial, energy and building industries, and to manufacturers of mass transport vehicles and shipbuilders. AS&I operates fifteen facilities in nine countries and has 3,988 employees at December 31, 2017.

Holdings & Corporate

Holdings & Corporate includes the net cost of Constellium's head office and corporate support functions (including our technology centers).

Intersegment elimination

Intersegment trading is conducted on an arm's length basis and reflects market prices.

The accounting principles used to prepare the Company's operating segment information are the same as those used to prepare the Group's consolidated financial statements.

3.1 Segment Revenue

	Year ended December 31, 2017			Year ended December 31, 2016			Year ended December 31, 2015		
(in millions of Euros)	Segment revenue	Inter segment elimination	External revenue	Segment revenue	Inter segment elimination	External revenue	Segment revenue	Inter segment elimination	External revenue
P&ARP	2,812	(7)	2,805	2,498	(16)	2,482	2,748	(6)	2,742
A&T	1,335	(34)	1,301	1,302	(23)	1,279	1,355	(7)	1,348
AS&I	1,123	(5)	1,118	1,002	(9)	993	1,047	(13)	1,034
Holdings & Corporate(A)	13	—	13	(11)	—	(11)	29	—	29
Total	5,283	(46)	5,237	4,791	(48)	4,743	5,179	(26)	5,153

(A) For the year ended December 31, 2017, Holdings & Corporate segment includes revenues from supplying metal to third parties.
For the year ended December 31, 2016, Holdings & Corporate segment includes a €20 million one-time payment related to the re-negotiation of a contract with one of Wise's customers offset by revenues from metal supply to third parties.

3.2 Segment adjusted EBITDA and reconciliation of Adjusted EBITDA to Net Income

(in millions of Euros)	Notes	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
P&ARP		202	201	183
A&T		133	103	103
AS&I		119	102	80
Holdings & Corporate		(23)	(29)	(23)
Adjusted EBITDA		431	377	343
Metal price lag[(A)]		22	4	(34)
Start-up and development costs[(B)]		(17)	(25)	(21)
Manufacturing system and process transformation costs		(2)	(5)	(11)
Wise integration and acquisition costs		—	(2)	(14)
Wise one-time costs[(C)]		—	(20)	(38)
Wise purchase price adjustment[(D)]	7	—	20	—
Share based compensation costs		(8)	(6)	(7)
Gains / (Losses) on pension plan amendments[(E)]	23	20	—	(5)
Depreciation and amortization	15, 16	(171)	(155)	(140)
Impairment	15	—	—	(457)
Restructuring costs		(4)	(5)	(8)
Unrealized gains/(losses) on derivatives	7	57	71	(20)
Unrealized exchange (losses) /gains from the remeasurement of monetary assets and liabilities – net	7	(4)	3	(3)
Losses on disposals		(3)	(10)	(5)
Other[(F)]		—	(1)	(6)
Income / (loss) from operations		321	246	(426)
Finance costs - net	9	(243)	(167)	(155)
Share of loss of joint-ventures		(29)	(14)	(3)
Income / (loss) before income tax		49	65	(584)
Income tax (expense) / benefit	10	(80)	(69)	32
Net loss		(31)	(4)	(552)

(A) Metal price lag represents the financial impact of the timing difference between when aluminium prices included within Constellium revenues are established and when aluminium purchase prices included in Cost of sales are established. The Group accounts for inventory using a weighted average price basis and this adjustment aims to remove the effect of volatility in LME prices. The calculation of the Group metal price lag adjustment is based on an internal standardized methodology calculated at each of Constellium's manufacturing sites and is primarily calculated as the average value of product recorded in inventory, which approximates the spot price in the market, less the average value transferred out of inventory, which is the weighted average of the metal element of cost of sales, based on the quantity sold in the period.

(B) For the year ended December 31, 2017, start-up and development costs include mainly €16 million related to new projects in our AS&I operating segment. For the year ended December 31, 2016, start-up and development costs include €20 million related to Automotive Body Sheet growth projects.

(C) For the year ended December 31, 2016, Wise one-time costs related to a one-time payment of €20 million, recorded as a reduction of revenues, in relation to the re-negotiation of payment terms, pass through of Midwest premium amounts and other pricing mechanisms in a contract with one of Wise's customers. We entered into the re-negotiation of these terms in order to align the terms of this contract, acquired during the acquisition of Wise, with Constellium's normal business terms.

(D) The contractual price adjustment relating to the acquisition of Wise Metals Intermediate Holdings was finalized in 2016. We received a cash payment of €21 million and recorded a €20 million gain net of costs.

(E) For the year ended December 31, 2017, amendments to certain Swiss pension plan, US pension plan and OPEB resulted in a €20 million net gain.

(F) For the year ended December 31, 2017, other includes €3 million of legal fees and lump-sum payments in connection with the renegotiation of a new 5-year collective bargaining agreement offset by accrual reversals of unused provision related to one-time loss contingencies.

3.3 Revenue by product lines

(in millions of Euros)	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Packaging rolled products	2,146	2,003	2,205
Automotive rolled products	483	319	275
Specialty and other thin-rolled products	176	160	262
Aerospace rolled products	760	795	861
Transportation, Industry and other rolled products	541	484	487
Automotive extruded products	614	537	544
Other extruded products	504	456	490
Other	13	(11)	29
Total Revenue	5,237	4,743	5,153

3.4 Segment capital expenditures

(in millions of Euros)	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
P&ARP	(115)	(166)	(170)
A&T	(73)	(96)	(112)
AS&I	(83)	(84)	(60)
Holdings & Corporate	(5)	(9)	(8)
Capital expenditures – Property, plant and equipment	(276)	(355)	(350)

3.5 Segment assets

Segment assets are comprised of total assets of Constellium by segment, less deferred income tax assets, cash and cash equivalents and other financial assets.

(in millions of Euros)	At December 31, 2017	At December 31, 2016
P&ARP	1,629	1,652
A&T	769	768
AS&I	449	390
Holdings & Corporate	252	212
Segment Assets	3,099	3,022
Unallocated:		
Deferred income tax assets	164	252
Cash and cash equivalents	269	347
Other financial assets	179	166
Total Assets	3,711	3,787

3.6 Information about major customers

Revenue arising from the P&ARP segment for the years ended December 31, 2017, 2016 and 2015 is comprised respectively of €1,364 million, €1,220 million and €1,318 million from sales to the Group's two largest customers. No other single customer contributed 10% or more to the Group's revenue for 2017, 2016 and 2015.

NOTE 4 - INFORMATION BY GEOGRAPHIC AREA

Revenue is reported based on destination of shipments:

(in millions of Euros)	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
France	557	493	564
Germany	1,217	1,042	1,112
United Kingdom	188	203	243
Switzerland	123	86	72
Other Europe	940	798	849
United States	1,691	1,511	1,677
Canada	78	68	91
Asia and Other Pacific	270	292	266
All Other	173	250	279
Total	5,237	4,743	5,153

Property, plant and equipment are reported based on the physical location of the assets:

(in millions of Euros)	At December 31, 2017	At December 31, 2016
United States	681	729
France	586	543
Germany	156	134
Czech Republic	65	45
Other	29	26
Total	1,517	1,477

NOTE 5 - EXPENSES BY NATURE

(in millions of Euros)	Notes	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Raw materials and consumables used		(3,197)	(2,792)	(3,176)
Employee benefit expenses	6	(924)	(897)	(887)
Energy costs		(138)	(140)	(168)
Sub-contractors		(99)	(108)	(86)
Freight out costs		(124)	(128)	(130)
Professional fees		(77)	(85)	(75)
Operating lease expenses		(27)	(27)	(29)
Depreciation and amortization	15,16	(171)	(155)	(140)
Impairment	15	—	—	(457)
Other operating expenses		(229)	(186)	(300)
Other gains / (losses) - net	7	70	21	(131)
Total Operating expenses		(4,916)	(4,497)	(5,579)

NOTE 6 - EMPLOYEE BENEFIT EXPENSES

(in millions of Euros)	Notes	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Wages and salaries		(872)	(841)	(836)
Pension costs - defined benefit plans	23	(28)	(33)	(31)
Other post-employment benefits	23	(16)	(17)	(15)
Share-based compensation	28	(8)	(6)	(5)
Total Employee benefit expenses		(924)	(897)	(887)

NOTE 7 - OTHER GAINS / (LOSSES) – NET

(in millions of Euros)	Notes	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Realized gains/(losses) on derivatives[(A)]	22	—	(62)	(93)
Unrealized gains / (losses) on derivatives at fair value through profit and loss - net[(A)]	3	57	71	(20)
Unrealized exchange (losses) /gains from the remeasurement of monetary assets and liabilities - net	3	(4)	3	(3)
Gains / (losses) on pension plan amendments	23	20	—	(5)
Losses on disposal		(3)	(10)	(5)
Wise purchase price adjustment[(B)]	3	—	20	—
Wise acquisition costs		—	—	(5)
Other		—	(1)	—
Total other gains / (losses) - net		70	21	(131)

(A) Realized gains/(losses) are related to derivatives entered into with the purpose of mitigating exposure to volatility in foreign currency and commodity price. Unrealized gains and losses are related to derivatives that do not qualify for hedge accounting.

(B) The contractual price adjustment relating to the acquisition of Wise Metals Intermediate Holdings was finalized in 2016. We received a cash payment of €21 million and recorded €20 million gain net of costs. The cash received was presented in net cash flows used in investing activities (acquisition of subsidiaries net of cash acquired) in the Consolidated Statement of Cash Flows.

NOTE 8 - CURRENCY GAINS / (LOSSES)

Currency gains and losses, which are included in Income from operations, are as follows:

(in millions of Euros)	Notes	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Included in Revenue	22	2	—	—
Included in Cost of sales		(4)	4	13
Included in Other gains / (losses) – net		(4)	(3)	(50)
Total		(6)	1	(37)
Realized exchange losses on foreign currency derivatives – net	22	(15)	(46)	(37)
Unrealized gains /(losses) on foreign currency derivatives – net	22	17	40	(10)
Exchanges (losses)/gains from the remeasurement of monetary assets and liabilities – net		(8)	7	10
Total		(6)	1	(37)

See NOTE 21 - Financial Instruments and NOTE 22 - Financial Risk Management for further information regarding the Company's foreign currency derivatives and hedging activities.

Foreign currency translation reserve

(in millions of Euros)	Year ended December 31, 2017	Year ended December 31, 2016
Foreign currency translation reserve at January 1	12	6
Effect of currency translation differences – net	(19)	6
Foreign currency translation reserve at December 31	(7)	12

NOTE 9 - FINANCE COSTS – NET

(in millions of Euros)	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Interest received	7	5	1
Finance income	7	5	1
Interest expense on borrowings paid or payable[(A)]	(147)	(171)	(149)
Expenses on factoring arrangements paid or payable	(16)	(12)	(11)
Net loss on settlement of debt[(B)]	(91)	(4)	—
Realized and unrealized (losses) / gains on debt derivatives at fair value[(C)]	(79)	45	50
Realized and unrealized exchange gains / (losses) on financing activities - net[(C)]	91	(42)	(48)
Other finance expense	(15)	1	(6)
Capitalized borrowing costs[(D)]	7	11	8
Finance expense	(250)	(172)	(156)
Finance costs – net	(243)	(167)	(155)

(A) For the year ended December 31, 2017, the Group incurred (i) €136 million of interest related to Constellium N.V. Senior Notes; (ii) €7 million of interest related to the Muscle Shoals Senior Notes and (iii) €4 million of interest expense and fees related to the Muscle Shoals and Ravenswood Revolving Credit Facilities (ABLs).
For the year ended December 31, 2016, the Group incurred (i) €104 million of interest related to Constellium N.V. Senior Notes; (ii) €64 million of interest related to the Muscle Shoals Senior Notes and (iii) €3 million of interest expense and fees related to the Muscle Shoals and Ravenswood Revolving Credit Facilities (ABLs).
For the year ended December 31, 2015, the Group incurred (i) €81 million of interest related to Constellium N.V. Senior Notes; (ii) €64 million of interest related to the Muscle Shoals Senior Notes and (iii) €4 million of interest expense and fees related to the Muscle Shoals and Ravenswood Revolving Credit Facilities (ABLs).

(B) For the year ended December 31, 2017, net loss on settlement of debt relates to (i) the Muscle Shoals Senior Notes redemption in February 2017 for €13 million and (ii) Constellium N.V. Senior Notes redemption in November 2017 for €78 million. (see NOTE 20 – Borrowings). The total exit fees incurred and paid related to 2017 refinancings amount to €88 million.
For the year ended December 31, 2016, €2 million of unamortized arrangement fees were fully recognized as financial expenses as result of the unsecured credit facility termination in March 2016; €2 million loss result from the Muscle Shoals PIK Toggle Notes redemption (see NOTE 20 – Borrowings).

(C) The Group hedges the dollar exposure relating to the principal of its Constellium N.V. U.S. Dollar Senior Notes, for the portion that has not been used to finance directly or indirectly U.S. Dollar functional currency entities. Changes in the fair value of these hedging derivatives are recognized within Finance costs – net in the Consolidated Income Statement and largely offset the unrealized results related to Constellium N.V. U.S. Dollar Senior Notes revaluation.

(D) Borrowing costs directly attributable to the construction of assets are capitalized. The capitalization rate used for the year ended December 31, 2017 was 6% (7% for the years ended December 31, 2016 and 2015).

NOTE 10 - INCOME TAX

The current and deferred components of income tax are as follows:

(in millions of Euros)	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Current tax expense	(26)	(19)	(21)
Deferred tax (expense) / benefit	(54)	(50)	53
Total Income tax (expense) / benefit	(80)	(69)	32

Using a composite statutory income tax rate applicable by tax jurisdictions, the income tax can be reconciled as follows:

(in millions of Euros)	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Income / (Loss) before income tax	49	65	(584)
Composite statutory income tax rate applicable by tax jurisdiction	31.9%	24.9%	38.2%
Income tax (expense) / benefit calculated at composite statutory tax rate applicable by tax jurisdictions	(16)	(16)	223
Tax effect of:			
Changes in recognized and unrecognized deferred tax assets[(A)]	(61)	(45)	(177)
Change in tax rate[(B)]	(11)	(6)	—
Other	8	(2)	(14)
Income tax (expense) / benefit	(80)	(69)	32
Effective income tax rate	163%	106%	5%

(A) Change in recognized and unrecognized deferred tax assets mainly relates to unrecognized tax losses carried forward for the years ended December 31, 2017 and 2016 and to impairment of long term assets of one of our main entities for the year ended December 31, 2015 (see NOTE 18 - Deferred income taxes).

(B) For the year ended December 31, 2017, change in tax rate relates mainly to the U.S. income tax rate decrease from 40% to 27% for €16 million applicable from January 1, 2018 and to the gradual decrease in French tax rate to 25.82% as from 2022. For the year ended December 31, 2016, change in tax rate relates to French income tax decrease from 34,43% to 28,92% starting in 2020, enacted by 2016 Financial Tax bill.

The net deferred tax expense recognized following changes in the U.S. federal corporate tax rate represents our best estimate of the impact of the "Tax Cuts and Jobs Act", which was signed into law on December 22, 2017, based on the information currently available. As clarifications or additional instructions from the US legislator or tax authorities on the detailed application of the Act becomes available, our assessment will be reviewed accordingly.

Our composite statutory income tax rate of 31.9% for the year ended December 31, 2017, 24.9% for the year ended December 31, 2016 and 38.2% for the year ended December 31, 2015 resulted from the statutory tax rates (i) in the United States of 40 % in 2017, 2016 and 2015, (ii) in France of 39.2% in 2017, 34.43% in 2016 and 38.0% in 2015 (iii) in Germany of 29%, stable for the last three years (iv) in the Netherlands of 25%, stable for the last three years and (v) in Czech Republic of 19%, stable for the last three years.

The variation in our composite tax rate mainly results from the geographical mix of our pre-tax results.

The 7 % increase in our composite tax rate from 2016 to 2017 is mostly related to the increase of pre-tax profits in France and to the increase of the tax rate in France for fiscal year 2017 only. The 13.3%

decrease in our composite tax rate from 2015 to 2016 mostly results from the decrease in pre-tax losses in the United States.

NOTE 11 - EARNINGS PER SHARE

(in millions of Euros)	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Earnings attributable to equity holders of the parent used to calculate basic and diluted earnings per share	(31)	(4)	(554)

Number of shares attributable to equity holders of Constellium

(number of shares)	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Weighted average number of ordinary shares used to calculate basic earnings per share	110,164,320	105, 500,327	105,097,442
Effect of other dilutive potential ordinary shares(A)	—	—	—
Weighted average number of ordinary shares used to calculate diluted earnings per share	110,164,320	105, 500,327	105,097,442

(A) For the years ended December 31, 2017, 2016 and 2015, there were 3,291,875, 411,902 and 510,721 potential ordinary shares respectively that could have a dilutive impact but were considered antidilutive due to negative earnings.

Earnings per share attributable to the equity holders of Constellium

(in Euro per share)	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Basic	(0.28)	(0.04)	(5.27)
Diluted	(0.28)	(0.04)	(5.27)

NOTE 12 - CASH AND CASH EQUIVALENTS

(in millions of Euros)	At December 31, 2017	At December 31, 2016
Cash in bank and on hand	269	347
Total Cash and cash equivalents	269	347

At December 31, 2017, cash in bank and on hand includes a total of €12 million held by subsidiaries that operate in countries where capital control restrictions prevent the balances from being immediately available for general use by the other entities within the Group (€7 million at December 31, 2016).

NOTE 13 - TRADE RECEIVABLES AND OTHER

Trade receivables and other are comprised of the following:

	At December 31, 2017		At December 31, 2016	
(in millions of Euros)	Non-current	Current	Non-current	Current
Trade receivables – gross	—	309	—	238
Impairment	—	(3)	—	(3)
Total Trade receivables – net	—	306	—	235
Finance lease receivables	6	6	12	6
Deferred tooling related costs	28	—	11	—
Current income tax receivables	—	58	—	52
Other taxes	—	30	—	39
Restricted cash[(A)]	1	—	9	—
Prepaid expenses	5	8	6	9
Other	8	11	9	14
Total Other receivables	48	113	47	120
Total Trade receivables and Other	48	419	47	355

(A) Restricted cash relates mainly to a pledge given to the State of West Virginia as a guarantee for certain workers' compensation obligations for which the company is self-insured at December 31, 2016.

13.1 Aging

The aging of total trade receivables – net is as follows:

(in millions of Euros)	At December 31, 2017	At December 31, 2016
Not past due	286	217
1 – 30 days past due	13	14
31 – 60 days past due	2	3
61 – 90 days past due	3	1
Greater than 91 days past due	2	—
Total Trade receivables – net	306	235

Impairment allowance

The Group periodically reviews its customers' account aging, credit worthiness, payment histories and balance trends in order to evaluate trade account receivables for impairment. Management also considers whether changes in general economic conditions and in the industries in which the Group operates in particular, are likely to impact the ability of the Group's customers to remain within agreed payment terms or to pay their account balances in full.

Revisions to the impairment allowance arising from changes in estimates are included as either additional allowance or recoveries. An allowance was recognized for €0.7 million during the year ended December 31, 2017 (€0.8 million allowance reversed during the year ended December 31, 2016).

None of the other amounts included in Other receivables was deemed to be impaired.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable shown above. The Group does not hold any collateral from its customers or debtors as security.

13.2 Currency concentration

The composition of the carrying amounts of total Trade receivables – net by currency is shown in Euro equivalents as follows:

(in millions of Euros)	At December 31, 2017	At December 31, 2016
Euro	124	101
U.S. Dollar	164	115
Swiss franc	4	3
Other currencies	14	16
Total trade receivables – net	306	235

13.3 Factoring arrangements

The Group factored specific account receivables in France by entering into factoring agreements with a third party for a maximum capacity of €235 million. The facilities were amended on April 19, 2017 to extend maturity to October 29, 2021.

The Group factored specific account receivables in Germany, Switzerland and Czech Republic by entering into factoring agreements with a third party for a maximum capacity of €150 million. This agreement matures October 29, 2021.

Constellium Automotive USA entered into a factoring agreement which provides for the sale of specific account receivables up to a maximum capacity of $25 million. The facilities were amended on December 13, 2017 to extend maturity to December 12, 2018.

Muscle Shoals entered into a new factoring agreement which provides for the sale of specific account receivables up to a maximum capacity of $325 million and was amended in January 2017 to extend maturity to January 24, 2018. The agreement was further amended on January 2, 2018. (See NOTE 31- Subsequent events).

Under the Group's factoring agreements, most of the account receivables are sold without recourse. Where the Group has transferred substantially all the risks and rewards of ownership of the receivables, the receivables are de-recognized from the Consolidated Statement of Financial Position. Some remaining receivables do not qualify for derecognition under IAS 39, 'Financial instruments: Recognition and Measurement', as the Group retains substantially all the associated risks and rewards.

Under the agreements, at December 31, 2017, the total carrying amount of the original assets factored is €642 million (December 31, 2016: €681 million) of which:

- €473 million (December 31, 2016: €566 million) derecognized from the Consolidated Statement of Financial Position as the Group transferred substantially all of the associated risks and rewards to the factor;
- €169 million (December 31, 2016: €115 million) recognized on the Consolidated Statement of Financial Position.

At December 31, 2017, there was no debt due to the factor relating to trade account receivables sold (€1 million at December 31, 2016).

Covenants

The factoring arrangements contain certain affirmative customary and negative covenants, including some relating to the administration and collection of the assigned receivables, the terms of the invoices and the exchange of information, but do not contain maintenance financial covenants.

The commitment of the factor to buy receivables under the Muscle Shoals factoring agreement is subject to certain credit ratings being maintained.

The Group was in compliance with all applicable covenants at December 31, 2017 and December 31, 2016.

13.4 Finance lease receivables

The Company is the lessor for certain finance leases with third parties for certain of its property, plant and equipment located in Sierre, Switzerland. The following table shows the reconciliation of the Group's gross investments in the leases to the net investment in the leases at December 31, 2017 and 2016.

	Year ended December 31, 2017			Year ended December 31, 2016		
(in millions of Euros)	Gross investment in the lease	Unearned interest income	Net investment in the lease	Gross investment in the lease	Unearned interest income	Net investment in the lease
Less than 1 year	6	—	6	7	(1)	6
Between 1 and 5 years	6	—	6	12	—	12
More than 5 years	—	—	—	—	—	—
Total Finance lease receivables	12	—	12	19	(1)	18

NOTE 14 - INVENTORIES

(in millions of Euros)	At December 31, 2017	At December 31, 2016
Finished goods	164	149
Work in progress	332	299
Raw materials	111	94
Stores and supplies	64	69
Adjustments[(A)]	(28)	(20)
Total inventories	643	591

(A) Includes Net realizable value adjustments.

Constellium records inventories at the lower of cost and net realizable value. Any change in the net realizable value adjustment on inventories is included in Cost of sales in the Consolidated Income Statement.

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

(in millions of Euros)	Land and Property Rights	Buildings	Machinery and Equipment	Construction Work in Progress	Other	Total
Net balance at January 1, 2017	19	209	1,020	221	8	1,477
Additions	1	2	50	224	5	282
Disposals	—	(1)	(3)	—	—	(4)
Depreciation expense	(4)	(13)	(135)	—	(7)	(159)
Transfer during the period	—	18	223	(237)	4	8
Effects of changes in foreign exchange rates	(2)	(9)	(66)	(10)	—	(87)
Net balance at December 31, 2017	14	206	1,089	198	10	1,517
Cost	25	321	1,712	204	29	2,291
Less accumulated depreciation and impairment	(11)	(115)	(623)	(6)	(19)	(774)
Net balance at December 31, 2017	14	206	1,089	198	10	1,517

(in millions of Euros)	Land and Property Rights	Buildings	Machinery and Equipment	Construction Work in Progress	Other	Total
Net balance at January 1, 2016	21	158	773	296	7	1,255
Additions	—	6	56	297	3	362
Disposals	—	—	(6)	(5)	—	(11)
Depreciation expense	(4)	(13)	(120)	—	(7)	(144)
Transfer during the period	1	55	309	(370)	5	—
Effects of changes in foreign exchange rates	1	3	8	3	—	15
Net balance at December 31, 2016	19	209	1,020	221	8	1,477
Cost	27	324	1,581	228	27	2,187
Less accumulated depreciation and impairment	(8)	(115)	(561)	(7)	(19)	(710)
Net balance at December 31, 2016	19	209	1,020	221	8	1,477

Building, machinery and equipment includes the following amounts where the Group is a lessee under a finance lease:

	At December 31, 2017			At December 31, 2016		
(in millions of Euros)	Gross value	Accumulated depreciation	Net	Gross value	Accumulated depreciation	Net
Buildings under finance lease	30	(5)	25	31	(3)	28
Machinery and equipment under finance lease	62	(27)	35	50	(21)	29
Total	92	(32)	60	81	(24)	57

The future aggregate minimum lease payments under non-cancellable finance leases are as follows:

(in millions of Euros)	At December 31, 2017	At December 31, 2016
Less than 1 year	15	13
1 to 5 years	37	36
More than 5 years	19	22
Total	71	71

The present value of future aggregate minimum lease payments under non-cancellable finance leases are as follows:

(in millions of Euros)	At December 31, 2017	At December 31, 2016
Less than 1 year	14	10
1 to 5 years	30	35
More than 5 years	16	15
Total	60	60

Depreciation expense and impairment losses

Total depreciation expense and impairment losses relating to property, plant and equipment and intangible assets are presented in the Consolidated Income Statement as follows:

(in millions of Euros)	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Cost of sales	(160)	(147)	(132)
Selling and administrative expenses	(8)	(6)	(6)
Research and development expenses	(3)	(2)	(2)

Impairment	—	—	(452)
Total	(171)	(155)	(592)

The amount of contractual commitments for the acquisition of property, plant and equipment is disclosed in NOTE 26 - Commitments.

Impairment tests for property, plant and equipment and intangibles assets

No triggering events were identified at December 31, 2017 and 2016 regarding our cash-generating units.

Certain triggering events were identified as at December 31, 2015 for certain cash-generating units. In accordance with the accounting policies described in NOTE 2.6 of the Consolidated Financial Statements, these cash-generating units were tested for impairment.

For the Muscle Shoals cash-generating unit, a P&ARP cash-generating unit, the following triggering events were identified at December 31, 2015:

- Continuing under performance and actual 2015 Muscle Shoals results showing a much lower financial performance than the initial business plan prepared as part of the Wise acquisition, and
- Revised budget and strategic plan for Muscle Shoals downgraded, notably after taking into account new sale agreements commercial conditions for the can/packaging business.

Its value in use was determined based on projected cash flows expected to be generated by the can/packaging business at Muscle Shoals. These cash flow forecasts were prepared by the Group Management and reviewed by the Board of Directors. The discount rate applied to cash flows projections was 11% and cash flows beyond the projection period were extrapolated using a 0% growth rate. The value in use calculation led to a recoverable value being €400 million lower than the carrying value.

Management determined that the fair value less cost of disposal of Muscle Shoals cash-generating unit did not exceed the value in use.

Accordingly, an impairment charge of €400 million was recorded as at December 31, 2015, reducing the Muscle Shoals' cash- generating unit intangible assets and property, plant and equipment.

For the Constellium Valais cash-generating units, certain triggering events were identified in 2015 (cash-generating unit Valais - AS&I operating segment: operational reorganization and industrial restructuring and cash-generating unit Valais - A&T operating segment: expected adverse change in key sale agreements).

Based on the recoverable value approached from both a value in use and a fair value models, the carrying value of the Property, plant and equipment was fully impaired as at December 31, 2015. The related impairment charge totaled €49 million.

NOTE 16 - INTANGIBLE ASSETS (INCLUDING GOODWILL)

(in millions of Euros)	Goodwill	Technology	Computer Software	Customer relationships	Work in Progress	Other	Total intangible assets (excluding goodwill)
Net balance at January 1, 2017	457	28	21	18	9	3	79
Additions	—	—	—	—	6	—	6
Amortization expense	—	(1)	(9)	(1)	—	(1)	(12)
Transfer during the period	—	1	7	—	(6)	—	2
Effects of changes in foreign exchange rates	(54)	(4)	(1)	(2)	—	—	(7)
Net balance at December 31, 2017	403	24	18	15	9	2	68
Cost	403	81	55	38	9	3	186
Less accumulated amortization and impairment	—	(57)	(37)	(23)	—	(1)	(118)

(in millions of Euros)	Goodwill	Technology	Computer Software	Customer relationships	Work in Progress	Other	Total intangible assets (excluding goodwill)
Net balance at December 31, 2017	403	24	18	15	9	2	68

(in millions of Euros)	Goodwill	Technology	Computer Software	Customer relationships	Work in Progress	Other	Total intangible assets (excluding goodwill)
Net balance at January 1, 2016	443	28	23	18	7	2	78
Additions	—	—	1	—	4	—	5
Amortization expense	—	(1)	(9)	(1)	—	—	(11)
Transfer during the period	—	—	2	—	(2)	—	—
Effects of changes in foreign exchange rates	14	1	4	1	—	1	7
Net balance at December 31, 2016	457	28	21	18	9	3	79
Cost	457	91	52	43	9	3	198
Less accumulated amortization and impairment	—	(63)	(31)	(25)	—	—	(119)
Net balance at December 31, 2016	457	28	21	18	9	3	79

Impairment tests for goodwill

Goodwill in the amount of €403 million has been allocated to the Group's operating segment Packaging and Automotive Rolled Products ("P&ARP") for €396 million, Aerospace and Transportation ("A&T") for €5 million and Automotive Structures and Industry ("AS&I") for €2 million.

At December 31, 2017, the recoverable amount of the A&T and AS&I operating segments has been determined based on value in use calculations and significantly exceed their carrying value. No reasonable change in the assumptions retained could lead to a potential impairment charge.

For the P&ARP operating segment, the recoverable value (determined on the basis of fair value less costs of disposal) was estimated by applying a discounted cash flow model and market participant's assumptions and has been classified as a level 3 measurement under the fair value hierarchy provided by IFRS 13.

The projected future cash flows are based on the 2018-2025 medium and long term business plan approved by the management and reviewed by the Board of Directors. They include significant capital expenditures for the Automotive Body Sheet (up to 2020) and its related returns. Considering the significant level of future capital expenditures needed to address the Automotive Body Sheet market and the related Automotive Body Sheet cash inflows ramping-up from 2018/2019 to reach a normative level in 2023/2024, cash flows were projected over an 8-year period. The terminal value assumes a normative cash flow and a long term growth rate ranging from 0% to 1.5%. The discount rates applied to cash flows projections range between 10% and 12%. It was concluded that the carrying value (€1,204 million) did not exceed the recoverable value (€1,554 million) as at December 31, 2017. Accordingly, the impairment test carried out at the P&ARP operating segment level did not lead to a goodwill impairment.

The key assumptions used in the determination of the fair value less costs of disposal for the P&ARP operating segment are the discount rates, the perpetual growth rates used to extrapolate cash-flows beyond the forecast period and the forecasted shipments for Automotive Body Sheet, products and related revenues. They have been determined considering what market participants would assume in estimating fair value:

- Discount rates used represent the current market assessment of the risks specific to the P&ARP operating segment taking into consideration the time value of money and the risks associated with the underlying assets.

- The growth rates used to extrapolate cash-flows beyond the forecast period were developed internally and are consistent with external sources of information.
- Expected shipments and related revenues were determined based on estimates of future supply and demand for Automotive Body Sheet products. These estimates were developed internally based on our industry knowledge and our analysis of available market data regarding expected future demand and industry capacity.

Sensitivity analysis: the calculation of the recoverable value of the P&ARP operating segment is most sensitive to the following assumptions:

- Discount rate: an increase in the discount rate by 2.25% would result in the recoverable value equaling the carrying value;
- Perpetual growth rate: a decrease in the perpetual growth rate by 5% would result in the recoverable value equaling the carrying value; or
- Automotive Body Sheet shipments: 65% lower shipments in the Automotive Body Sheet US business would result in the recoverable value equaling the carrying value.

NOTE 17 - INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

The Group investments accounted for under the Equity method are Constellium-UACJ ABS LLC and Rhenaroll S.A.

(in millions of Euros)	Year ended 2017	Year ended 2016
At January 1,	16	30
Group share in loss	(29)	(14)
Additions	—	—
Reclassified to non-current other financial assets	14	—
Effects of changes in foreign exchange rates	—	—
At December 31,	1	16

As of December 31, 2017, the loan to Constellium-UACJ ABS LLC is, in substance, part of Constellium's investment in the joint-venture as it represents a long-term strategic investment that is not expected to be settled in the foreseeable future. Constellium's share of the losses of joint-ventures, in excess of the initial investment, is thus recognized against other financial assets for €14 million at December 31, 2017.

		Joint venture's net assets		Joint venture's profit/ (loss)	
(In millions of Euros)	% interest	At December 31, 2017	At December 31, 2016	At December 31, 2017	At December 31, 2016
Constellium-UACJ ABS LLC(A)	51.00%	(14)	15	(29)	(14)
Rhenaroll S.A.(B)	49.85%	1	1	—	—
Group share		(13)	16	(29)	(14)
Reclassified to non-current other financial assets		14	—	—	—
Investment in joint venture		1	16	(29)	(14)

Constellium-UACJ ABS LLC and Rhenaroll S.A. are private companies with no quoted market prices available for their shares.

(A) Constellium-UACJ ABS LLC, a joint-venture in which Constellium holds a 51% interest, was created in 2014. This joint-venture operates a facility located in Bowling Green, Kentucky and supplies aluminium sheet to the North American automotive industry. The joint venture started its operations during 2016.

(B) The Group also holds a 49.85% interest in a joint-venture named Rhenaroll S.A. (located in Biesheim, France), specialized in the chrome-plating, grinding and repairing of rolling mills' rolls and rollers. Revenue was €3 million for the years ended December 31, 2017 and 2016 respectively. The entity's net income was immaterial in both 2017 and 2016.

Both investments are included in P&ARP segment assets.

Constellium-UACJ ABS LLC financial statements

The information presented hereafter reflects the amounts included in the financial statements of the relevant entity in accordance with Group accounting principles and not the Company's share of those amounts.

(in millions of Euros)	At December 31, 2017	At December 31, 2016
Current assets		
Cash and cash equivalents	5	6
Trade receivables and other	35	7
Inventories	57	28
Non-current assets		
Property, plant and equipment	161	189
Intangible assets	1	1
Total Assets	259	231
Current liabilities		
Trade payables and other	34	26
Borrowings[(A)]	206	129
Non-current liabilities		
Borrowings	47	46
Equity	(28)	30
Total Equity and Liabilities	259	231

(A) In February 2018, the maturity of shareholders loan facilities was extended to March 31, 2023.

(in millions of Euros)	Year ended December 31, 2017	Year ended December 31, 2016
Revenue	123	15
Cost of sales	(151)	(28)
Selling and administrative expenses	(14)	(8)
Loss from operations	(42)	(21)
Finance costs	(15)	(6)
Net loss	(57)	(27)

The transactions during the year and the year-end balances between Group companies that are fully consolidated and Constellium UACJ ABS LLC are included in Group's Consolidated income statement and Consolidated statement of financial position are detailed below:

(in millions of Euros)	At December 31, 2017	At December 31, 2016
Trades receivables and other - current	15	10
Other financial assets [(A)]	83	66
Total Assets	98	76

(A) Other financial assets correspond to the loan to Constellium UACJ ABS LLC as of December 31, 2017 and 2016. As of December 31, 2017, the fair value of the loan is €97 million, which approximates the carrying value. The fair value is presented net of €14 million of Constellium's share of losses of joint venture.

(in millions of Euros)	Year ended December 31, 2017	Year ended December 31, 2016

Revenue	59	13
Fees and recharges[(B)]	3	3
Finance income	6	4
Total Income	68	20

(B) Fees and recharges are presented in Cost of sales or Selling and administrative expenses depending on their nature.

Guarantees and commitments given to Constellium UACJ ABS LLC by the Group are:

(in millions of euros)	At December 31, 2017	At December 31, 2016
Financial guarantees	11	—
Loan facility commitment	—	15
Supplier guarantees	3	19
Total Guarantees and commitments	14	34

Constellium and UACJ have pledged their intention to financially support the Constellium UACJ ABS LLC, such that Constellium UACJ ABS LLC would be in a position to meet its financial obligations on a timely basis through February 14, 2019, and for a reasonable period thereafter.

NOTE 18 - DEFERRED INCOME TAXES

(in millions of Euros)	At December 31, 2017	At December 31, 2016
Deferred income tax assets	164	252
Deferred income tax liabilities	(25)	(30)
Net Deferred income tax assets	139	222

The following tables show the changes in net deferred income tax assets / (liabilities) for the years ended December 31, 2017 and 2016.

(in millions of Euros)	At January 1, 2017	Recognized in		Effect of change in foreign exchange rates	Other	At December 31, 2017
		Profit or loss	OCI			
Long-term assets	(90)	5	—	9	—	(76)
Inventories	6	(2)	—	—	—	4
Pensions	188	(39)	(5)	(14)	—	130
Derivative valuation	13	(17)	(15)	(1)	—	(20)
Tax losses carried forward	79	3	—	(4)	—	78
Other[(A)]	26	(3)	—	—	—	23
Total deferred tax assets/ (liabilities)	222	(54)	(20)	(9)	—	139

(A) Mainly non-deductible provisions.

For the year ended December 31, 2017, net deferred income tax assets declined primarily due to the US income tax rate decrease with €16 million through Profit or loss and for €8 million through Other Comprehensive Income.

(in millions of Euros)	At January 1, 2016	Recognized in		Effect of change in foreign exchange rates	Other	At December 31, 2016
		Profit or loss	OCI			
Long-term assets	(27)	(59)	—	(4)	—	(90)

Inventories	4	3	—	—	(1)	6
Pensions	193	(11)	2	4	—	188
Derivative valuation	27	(21)	9	—	(2)	13
Tax losses carried forward	40	38	—	1	—	79
Other[(A)]	23	—	—	1	2	26
Total deferred tax assets/ (liabilities)	260	(50)	11	2	(1)	222

(A) Mainly non-deductible provisions.

Based on the expected taxable income of the entities, the Group believes that it is more likely than not that a total of €1,393 million (€1,345 million at December 31, 2016) of unused tax losses and deductible temporary differences, will not be used. Consequently, net deferred tax assets have not been recognized. The related tax impact of €356 million (€428 million at December 31, 2016) is attributable to the following:

(in millions of Euros)		At December 31, 2017	At December 31, 2016
	Expiring in 2018 to 2021	(22)	(13)
	Expiring in 2022 and after limited	(143)	(132)
	Unlimited	(18)	(19)
Tax losses		(183)	(164)
	Long-term assets	(116)	(193)
	Pensions	(20)	(25)
	Other	(37)	(46)
Deductible temporary differences		(173)	(264)
Total		(356)	(428)

The €72 million total change of unrecognized deferred tax assets is mainly explained by the impact of (i) the US income tax rate decrease for €93 million, (ii) the foreign exchange effect for €35 million offset by (iii) an increase of the unrecognized deferred tax assets on deductible temporary differences and unused tax losses, generated during the period, for €56 million.

Substantially all of the tax losses not expected to be used reside in the Netherlands, the United States and in Switzerland.

The holding companies in the Netherlands have been generating tax losses over the past six years, and these holding companies are not expected to generate sufficient qualifying taxable profits in the foreseeable future to utilize these tax losses before they expire in the years from 2020 to 2025.

The tax losses not expected to be utilized in the United States relate to one of our main operating entities, such losses having a carryforward period limited to 20 years. Although this entity is expected to be profitable in the medium or long term, considering notably the anticipated development of the Automotive Body Sheet business, it bears significant non-cash depreciation and financial interests that will continue generating tax losses in the coming years. Accordingly, it is uncertain whether the entity will be able to use, at its level given the absence of an overall U.S. tax group, these tax losses before they expire. Consequently, the related deferred tax assets have not been recognized.

The tax losses not expected to be utilized in Switzerland relate to losses generated by one of our Swiss entities most of them expiring in the years from 2019 to 2023. Following an operational reorganization and industrial restructuring in 2015, this Swiss entity is not expected to generate sufficient taxable profits over the next coming years to utilize these losses before they expire.

As at December 31, 2017 and 2016, most of the unrecognized deferred tax assets on deductible temporary differences on long-term assets and other differences relate to the U.S. and Swiss entities discussed above. A joint assessment has been performed on the recoverability of the deferred tax assets on deductible temporary differences and tax losses for these two entities. In line with the assessments, the related deferred tax assets on long term assets and on other differences have not been recognized.

NOTE 19 - TRADE PAYABLES AND OTHER

	At December 31, 2017		At December 31, 2016	
(in millions of Euros)	Non-current	Current	Non-current	Current
Trade payables	—	717	—	627
Fixed assets payables	—	27	—	33
Employees' entitlements	—	159	—	141
Deferred revenue	34	10	40	14
Taxes payable other than income tax	—	12	—	17
Other payables	20	5	19	7
Total Other	54	213	59	212
Total Trade payables and other	54	930	59	839

NOTE 20 - BORROWINGS

20.1 Analysis by nature

(in millions of Euros)	December 31, 2017							December 31, 2016
	Nominal Value in Currency	Nominal rate	Effective rate	Nominal Value in Euros	(Arrangement fees)	Accrued interests	Carrying value	Carrying value
Secured ABL[(A)]								
Ravenswood (due 2018)	—	Floating	—	—	—	—	—	46
Muscle Shoals (due 2020)	—	Floating	—	—	—	—	—	—
Pan US ABL (due 2022)	$78	Floating	3.79%	65	—	—	65	—
Secured Inventory Based Facility *(due 2019)*[(B)]	—	Floating	—	—	—	—	—	—
Senior Secured Notes								
Constellium N.V.[(D)] *(Issued March 2016, due 2021)*	$425	7.88%	8.94%	—	—	—	—	401
Muscle Shoals [(C)]	$650	8.75%	7.45%	—	—	—	—	635
Senior Unsecured Notes								
Constellium N.V. (Issued May 2014, due 2024)	$400	5.75%	6.26%	334	(4)	2	332	377
Constellium N.V. (Issued May 2014, due 2021)	€300	4.63%	5.16%	300	(4)	2	298	298
Constellium N.V.[(D)] *(Issued December 2014, due 2023)*	$400	8.00%	8.61%	—	—	—	—	387
Constellium N.V.[(D)] *(Issued December 2014, due 2023)*	€240	7.00%	7.54%	—	—	—	—	244
Constellium N.V.[(C)] *(Issued February 2017, due 2025)*	$650	6.63%	7.13%	542	(13)	12	541	—
Constellium N.V.[(D)] *(Issued November 2017, due 2026)*	$500	5.88%	6.26%	417	(8)	4	413	—
Constellium N.V.[(D)] *(Issued November 2017, due 2026)*	€400	4.25%	4.57%	400	(7)	2	395	—
Other loans (including Finance leases)				82	—	1	83	80

(in millions of Euros)	December 31, 2017							December 31, 2016
	Nominal Value in Currency	Nominal rate	Effective rate	Nominal Value in Euros	(Arrangement fees)	Accrued interests	Carrying value	Carrying value
Total Borrowings				2,140	(36)	23	2,127	2,468
Of which non-current							2,021	2,361
Of which current							106	107

Constellium N.V. Senior Notes are guaranteed by certain subsidiaries.

(A) On June 21, 2017, Ravenswood and Muscle Shoals terminated their existing respective secured asset-based variable rate revolving credit facilities. The two entities entered into a pan US ABL consisting of a $300 million initial credit facility due 2022 and a $200 million committed accordion, at the company's option, under certain conditions.

(B) On April 21, 2017, two French entities entered into a new secured Revolving Credit Facility on inventory for €100 million due 2019.

(C) On February 16, 2017, Constellium N.V. issued a $650 million principal amount of 6.625% Senior Notes due 2025. Deferred arrangement fees amounted to €14 million on the issuance date. The net proceeds of Constellium N.V. Senior Notes were used to repurchase the Muscle Shoals Senior Secured Notes due 2018.

(D) On November 9, 2017, Constellium N.V. issued a $500 million principal amount of 5.875% Senior Notes due 2026 and €400 million principal amount of 4.25% Senior Notes due 2026. Deferred arrangement fees amounted to €15 million on the issuance date. The net proceeds of the Constellium N.V. Senior Notes were used to repurchase the Constellium N.V. Senior Secured Notes issued in March 2016, due 2021 and Constellium N.V. Senior Unsecured Notes issued in December 2014, due 2023.

20.2 Movements in borrowings

(in millions of Euros)	Year ended 2017	Year ended 2016
At January 1,	2,468	2,233
Cash flows		
Proceeds from issuance of Senior Notes (A) (B)	1,440	375
Repayments of Senior Notes or PIK Toggle notes (B) (C) (D)	(1,559)	(148)
Proceeds / (Repayments) from U.S. Revolving Credit Facilities and other loans	29	(69)
Arrangement fees payment	(29)	(12)
Finance lease repayment and others	(13)	(10)
Non-cash changes		
Movement in interests accrued or capitalized	(13)	15
New finance leases	17	16
Deferred arrangement fees and step-up amortization	7	(10)
Effects of changes in foreign exchange rates	(220)	78
At December 31,	2,127	2,468

(A) The proceeds from the Senior Notes issued on November 9, 2017 represented €830 million, converted at the issuance date exchange rate of EUR/USD=1.1630.

(B) The proceeds from the Senior Notes issued on February 16, 2017 represented €610 million, converted at the issuance date exchange rate of EUR/USD=1.0652. The repurchase of Muscle Shoals Senior Notes was completed on the same day for the same amount.

(C) The redemption of Secured and Unsecured Notes on November 9, 2017 represented €949 million, converted at the redemption date exchange rate of EUR/USD=1.1630.

(D) The redemption of PIK Toggle Notes on December 5, 2016 represented €148 million, converted at the redemption date exchange rate of EUR/USD=1.0702.

20.3 Currency concentration

The composition of the carrying amounts of total borrowings in Euro equivalents is denominated in the currencies shown below:

(in millions of Euros)	At December 31, 2017	At December 31, 2016
U.S. Dollar	1,387	1,887
Euro	720	575
Other currencies	20	6
Total borrowings	2,127	2,468

Covenants

The Group was in compliance with all applicable debt covenants at and for the years ended December 31, 2017 and 2016.

Constellium N.V. Senior Notes

The indentures for our outstanding Senior Notes contain customary terms and conditions, including amongst other things, limitation on incurring or guaranteeing additional indebtedness, on paying dividends, on making other restricted payments, on creating restriction on dividend and other payments to us from certain of our subsidiaries, on incurring certain liens, on selling assets and subsidiary stock, and on merging.

Pan US ABL Facility

This facility contains a fixed charge coverage ratio covenant and EBITDA contribution ratio. Evaluation of compliance is only required if the excess availability falls below 10% of the aggregate revolving loan commitment. It also contains customary affirmative and negative covenants, but no maintenance covenants.

NOTE 21 - FINANCIAL INSTRUMENTS

21.1 Financial assets and liabilities by categories

		At December 31, 2017				At December 31, 2016			
(in millions of Euros)	Notes	Loans and receivables	At Fair Value through Profit and loss	At Fair Value through OCI	Total	Loans and receivables	At Fair Value through Profit and loss	At Fair Value through OCI	Total
Cash and cash equivalents	12	269	—	—	269	347	—	—	347
Trade receivables and Finance Lease receivables	13	318	—	—	318	253	—	—	253
Other financial assets		83	77	19	179	66	100	—	166
Total financial assets		670	77	19	766	666	100	—	766

		At December 31, 2017				At December 31, 2016			
(in millions of Euros)	Notes	At amortize d cost	At Fair Value through Profit and loss	At Fair Value through OCI	Total	At amortized cost	At Fair Value through Profit and loss	At Fair Value through OCI	Total
Trade payables and fixed assets payables	19	744	—	—	744	660	—	—	660
Borrowings	20	2,127	—	—	2,127	2,468	—	—	2,468
Other financial liabilities		—	66	—	66	—	37	27	64

Total financial liabilities	2,871	66	—	2,937	3,128	37	27	3,192

The table below details other financial assets and other financial liabilities positions:

	At December 31, 2017			At December 31, 2016		
(in millions of Euros)	Non-current	Current	Total	Non-current	Current	Total
Derivatives	29	67	96	49	51	100
Aluminium and premium future contract	*6*	*39*	*45*	—	*6*	*6*
Energy future contract	—	—	—	—	*4*	*4*
Other future contract	—	*1*	*1*	—	—	—
Currency commercial contracts	*21*	*20*	*41*	*2*	*11*	*13*
Currency net debt derivatives	*2*	*7*	*9*	*47*	*30*	*77*
Loans [(A)]	81	2	83	—	66	66
Other financial assets	110	69	179	49	117	166
Derivatives	43	23	66	30	34	64
Aluminium and premium future contract	—	*6*	*6*	*4*	*5*	*9*
Energy future contract	—	—	—	—	—	—
Other future contract	—	*1*	*1*	—	*2*	*2*
Currency commercial contracts	*6*	*12*	*18*	*26*	*27*	*53*
Currency net debt derivatives	*37*	*4*	*41*	—	—	—
Other financial liabilities	43	23	66	30	34	64

(A) Corresponds to a loan facility to Constellium UACJ ABS LLC (See NOTE 17 – Investments accounted for under the equity method)

21.2 Fair values

All derivatives are presented at fair value in the Consolidated Statement of Financial Position.

The carrying value of the Group's borrowings at maturity is the redemption value.

The fair value of Constellium N.V. Senior Notes issued in May 2014, February 2017 and November 2017 account for 102%, 106% and 101% respectively of the nominal value and amount to €645 million, €572 million and €828 million respectively at December 31, 2017. The fair value was classified as a level 1 measurement under the fair value hierarchy provided by IFRS 13.

The fair values of other financial assets and liabilities approximate their carrying values, as a result of their liquidity or short maturity except for the loan facility to Constellium UACJ ABS LLC (See NOTE 17 - Investments accounted for under the equity method).

21.3 Valuation hierarchy

The following table provides an analysis of derivatives measured at fair value, grouped into levels based on the degree to which the fair value is observable:

- Level 1 valuation is based on quoted price (unadjusted) in active markets for identical financial instruments, it includes aluminium futures that are traded on the LME;
- Level 2 valuation is based on inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. prices) or indirectly (i.e. derived from prices), it includes foreign exchange derivatives;
- Level 3 valuation is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	At December 31, 2017				At December 31, 2016			
(in millions of Euros)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Other financial assets -	46	50	—	96	6	94	—	100

derivatives								
Other financial liabilities - derivatives	6	60	—	66	7	57	—	64

There were no transfers into or out of Level 3 during the years ended December 31, 2017 and December 31, 2016.

NOTE 22 - FINANCIAL RISK MANAGEMENT

The Group’s financial risk management strategy focuses on minimizing the cash flow impacts of volatility in foreign currency exchange rates, metal prices and interest rates, while maintaining the financial flexibility the Group requires in order to successfully execute the Group’s business strategies.

Due to Constellium’s capital structure and the nature of its operations, the Group is exposed to the following financial risks: (i) market risk (including foreign exchange risk, commodity price risk and interest rate risk); (ii) credit risk and (iii) liquidity and capital management risk.

22.1 Market risk

(i) Foreign exchange risk

Net assets, earnings and cash flows are influenced by multiple currencies due to the geographic diversity of sales and the countries in which the Group operates.

Constellium is exposed to foreign exchange risk in the following areas:

- Transaction exposures, which include
  - Commercial transactions related to forecasted sales and purchases and on-balance sheet receivables/payables resulting from such transactions.
  - Financing transactions, related to external and internal net debt
- Translation exposures, which relate to net investments in foreign entities which are converted in Euros in the consolidated financial statements.

Commercial transaction exposures

The Group policy is to hedge committed and highly probable forecasted foreign currency operational transactions. The Group uses foreign exchange forwards and foreign exchange swaps for this purpose.

The following tables outline the nominal value (converted in millions of Euros at the closing rate) of derivatives for Constellium’s most significant foreign exchange exposures as at December 31, 2017.

Forward derivatives sales	Maturity Period	Less than 1 year	Over 1 year
USD/EUR	2018-2023	387	376
EUR/CHF	2018-2022	49	19
Other currencies	2018-2020	16	2

Forward derivatives purchases	Maturity Period	Less than 1 year	Over 1 year
USD/EUR	2018-2022	395	90
EUR/CHF	2018-2022	103	35
EUR/CZK	2018-2019	63	62
Other currencies	2018	1	—

Forward derivatives sales mean that the Group sells currency 1 versus currency 2. Forward derivatives purchases mean that the Group buys currency 1 versus currency 2.

In 2016, the Group agreed with a major customer for the sale of fabricated metal products in U.S. Dollars to be supplied from a Euro functional currency entity. In line with its hedging policy, the Group entered into significant foreign exchange derivatives which match related highly probable future conversion sales by selling U.S. Dollars against Euros. The Group designated these derivatives for hedge accounting, with total nominal amount of $484 million, as of December 31, 2017, with maturity 2018-2022.

For hedges that do not qualify for hedge accounting, any mark-to-market movements are recognized in Other gains / (losses) – net.

The table below details the effect of foreign currency derivatives in the Consolidated Income Statement and the Statement of Comprehensive Income/(Loss):

(In millions of Euros)	Notes	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Derivatives that do not qualify for hedge accounting				
Included in Other gains / (losses) – net				
Realized gains / (losses) on foreign currency derivatives – net	8	(19)	(46)	(37)
Unrealized gains / (losses) on foreign currency derivatives - net[(A)]	8	16	40	(10)
Derivatives that qualify for hedge accounting				
Included in Revenue				
Realized gain on foreign currency derivatives – net	8	1	—	—
Unrealized gain on foreign currency derivatives – net	8	1	—	—
Included in Other gains / (losses) – net				
Realized gains on foreign currency derivatives – net	8	3	—	—
Unrealized gains / (losses) on foreign currency derivatives - net	8	—	—	—
Realized gain/(loss) in ineffective portion of derivatives		—	—	—
Included in Other Comprehensive Income / (Loss)				
Unrealized gains / (losses) on foreign currency derivatives - net		48	(27)	—
Gain/loss reclassified from cash flow hedge reserve to profit and loss		(2)	—	—

(A) Gains or losses on the hedging instruments are expected to offset losses or gains on the underlying hedged forecasted sales that will be reflected in future periods when these sales are recognized.

Financing transaction exposures

When the Group enters into intercompany loans and deposits, the financing is generally provided in the functional currency of the subsidiary. The foreign currency exposure of the Group's external funding and liquid assets is systematically hedged either naturally through external foreign currency loans and deposits or through cross currency basis swaps and simple foreign currency swaps.

At December 31, 2017 the net position hedged related to loans and deposits was a forward purchase of $436 million versus the Euro. This comprised of a forward purchase of $870 million versus the Euro, a forward sale of $140 million versus the Euro, both using cross currency basis swaps, and a forward sale of $294 million versus the Euro using simple foreign exchange forward contracts.

The table below details the effect of foreign currency derivatives in the Consolidated Income Statement

(In millions of Euros)	Year ended December 31, 2017	Year ended December 31, 2016
Derivatives		
Included in Finance Costs- net		
Realized gain / (loss) on foreign currency derivatives – net	31	15
Unrealized gain / (loss) on foreign currency derivatives – net	(110)	30
Total	(79)	45

In accordance with the Group policy, the net foreign exchange result related to financing activities is expected to be balanced at any time.

Net debt derivatives settled during the period are presented in 'Other financing activities' in the Consolidated Statement of Cash Flows.

Foreign exchange sensitivity on commercial and financing transaction exposures

The largest exposures of the Group are related to the Euro/Dollar exchange rate. The table below summarizes the impact on profit and Equity (before tax effect) of a 10 % strengthening of the U.S. Dollar versus the Euro for non U.S. Dollar functional currency entities.

(in millions of Euros)	Effect on profit before tax	Effect on pretax equity
Trade receivables	5	—
Trade payables	(1)	—
Derivatives on commercial transaction[(A)]	14	(43)
Commercial transaction exposure	18	(43)
Cash in Bank and intercompany loans	103	—
Borrowings	(144)	—
Derivatives on financing transaction	41	—
Financing transaction exposure	—	—
Total	18	(43)

(A) Gains or losses on the hedging instruments are expected to offset losses or gains on the underlying hedged forecasted sales that will be reflected in future periods when these sales are recognized. The impact on pretax equity (€43 million) relates to derivatives hedging future sales spread from 2018 to 2022 which are designated as cash flow hedges.

The amounts shown in the table above may not be indicative of future results since the balances of financial assets and liabilities may change.

Translation exposures

Foreign exchange impacts related to the translation to Euro of net investments in foreign subsidiaries, and related revenues and expenses are not hedged as the Group operates in these various countries on permanent basis.

Foreign exchange sensitivity

The exposure relates to foreign currency translation of net investments in foreign subsidiaries and arises mainly from operations conducted by U.S. Dollar functional currency subsidiaries.

The table below summarizes the impact on profit and Equity (before tax effect) of a 10 % strengthening of the US Dollar versus the Euro (on average rate for profit before tax and closing rate for pretax equity) for US Dollar functional currency entities.

(in millions of Euros)	Effect on profit before tax	Effect on pretax equity
10% strengthening US Dollar/Euro	(8)	11

The amounts shown in the table above may not be indicative of future results since the balances of financial assets and liabilities may change.

Margin Calls

Our financial counterparties may require margin calls should our mark-to-market exceed a pre-agreed contractual limit. In order to protect from the potential margin calls for significant market movements, the Group ensures that financial counterparts hedging the transactional exposure are also hedging the foreign currency loan and deposit exposure. Further, the Group holds a significant liquidity buffer in cash or in availability under its various borrowing facilities, enters into derivatives with a large number of financial counterparties and monitors margin requirements on a daily basis.

At December 31, 2017 and 2016, the margin requirement related to foreign exchange hedges was nil and the Group was not exposed to material margin call risk.

(ii) Commodity price risk

The Group is subject to the effects of market fluctuations in the price of aluminium, which is the Group's primary metal input and a significant component of its output. The Group is also exposed to variation in the premium and in the price of zinc, natural gas, silver and copper but in a less significant way.

The Group policy is to minimize exposure to aluminium price volatility by (i) passing through the aluminium price risk to customers and (ii) using derivatives where necessary. All sales and purchases are converted to be on the same floating basis and then ensure that the same quantities are bought and sold at the same (market) price. The Group purchases fixed price aluminium forwards to offset the exposure of LME volatility on its fixed price sales agreements for the supply of metal.

The Group also purchases fixed price copper, aluminium premium, silver and zinc forwards to offset the commodity exposure where sales contracts have embedded fixed price agreements for the relevant commodity.

In addition, the Group also purchases natural gas fixed price forwards to lock in energy costs where a fixed price purchase contract is not possible.

At December 31, 2017, the nominal amount of commodity derivatives are as follows:

(In millions of Euros)	Maturity period	Less than 1 year	Over 1 year
Aluminium	2018-2022	335	43
Premiums	2018-2021	5	7
Copper	2018	3	—
Silver	2018	7	—
Natural gas	2018	4	—
Zinc	2018	10	—

The value of the contracts will fluctuate due to changes in market prices but is intended to help protect the Group's margin on future conversion and fabrication activities. At December 31, 2017, these contracts were directly entered into with external counterparties.

The Group does not apply hedge accounting on commodity derivatives and therefore any mark-to-market movements are recognized in Other gains / (losses) – net.

(In millions of Euros)	Year ended December 31, 2017	Year ended December 31, 2016
Derivatives		
Included in Other gains / (losses) – net		
Realized gains / (losses) on commodity derivatives - net	16	(16)
Unrealized gains / (losses) on commodity derivatives - net	41	31

Commodity price sensitivity: risks associated with derivatives

The net impact on earnings and equity of a 10% increase in the market price of aluminium, based on the aluminium derivatives held by the Group at December 31, 2017 (before tax effect), with all other variables held constant was estimated to be a €35 million gain. The balances of such financial instruments may change in future periods however, and therefore the amounts shown may not be indicative of future results.

Margin Calls

As the LME price for aluminium falls, the derivative contracts entered into with financial institution counterparties have a negative mark-to-market. The Group's financial institution counterparties may require margin calls should the negative mark-to-market exceed a pre-agreed contractual limit. In order to protect from the potential margin calls for significant market movements, the Group enters into derivatives with a large number of financial counterparties and monitors margin requirements on a daily basis for adverse movements in aluminium prices. At December 31, 2017 and 2016, the margin requirement related to aluminium or any other commodity hedges was nil and the Group was not exposed to material margin call risk.

(iii) Interest rate risk

Interest rate risk refers to the risk that the value of financial instruments held by the Group and that are subject to variable rates will fluctuate, or the cash flows associated with such instruments will be impacted due to changes in market interest rates. The Group's interest rate risk arises principally from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents deposits (including short-term investments) earning interest at variable interest rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. (See NOTE 21- Financial Instruments). At December 31, 2017, 96% of Group's borrowings were at a fixed rate.

Interest rate sensitivity: risks associated with variable-rate financial instruments

The impact on Income/Loss before income tax for the period of a 50 basis point increase or decrease in the LIBOR or EURIBOR interest rates, based on the variable rate financial instruments held by the Group at December 31, 2017, with all other variables held constant, was estimated to be less than €1 million for the years ended December 31, 2017 and 2016. However, the balances of such financial instruments may not remain constant in future periods, and therefore the amounts shown may not be indicative of future results.

22.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk with financial institutions and other parties as a result of cash-in-bank, cash deposits, mark-to-market on derivative transactions and customer trade receivables arising from the Group's operating activities. The maximum exposure to credit risk for the year ended December 31, 2017 is the carrying value of each class of financial asset as described in NOTE 21 - Financial Instruments. The Group does not generally hold any collateral as security.

Credit risk related to transactions with financial institutions

Credit risk with financial institutions is managed by the Group's Treasury department in accordance with a Board approved policy. Management is not aware of any significant risks associated with financial institutions as a result of cash and cash equivalents deposits (including short-term investments) and financial derivative transactions.

The number of financial counterparties is tabulated below showing our exposure to the counterparty by rating type (Parent company ratings from Moody's Investor Services):

	At December 31, 2017		At December 31, 2016	
	Number of financial counterparties(A)	Exposure (in millions of Euros)	Number of financial counterparties(A)	Exposure (in millions of Euros)
Rated Aa or better	3	52	3	13

Rated A	12	224	9	369
Rated Baa	3	19	3	16
Total	18	295	15	398

(A) Financial Counterparties for which the Group's exposure is below €250 thousand have been excluded from the analysis.

Credit risks related to customer trade receivables

The Group has a diverse customer base geographically and by industry. The responsibility for customer credit risk management rests with management. Payment terms vary and are set in accordance with practices in the different geographies and end-markets served. Credit limits are typically established based on internal or external rating criteria, which take into account such factors as the financial condition of the customers, their credit history and the risk associated with their industry segment. Trade receivables are actively monitored and managed, at the business unit or site level. Business units report credit exposure information to Constellium management on a regular basis. Over 89% of the Group's trade account receivables are insured by insurance companies rated A3 or better, or sold to a factor on a non-recourse basis. In situations where collection risk is considered to be above acceptable levels, risk is mitigated through the use of advance payments, bank guarantees or letters of credit. Historically, we have a very low level of customer default as a result of long history of dealing with our customer base and an active credit monitoring function.

See NOTE 13 - Trade Receivables and other for the aging of trade receivables.

22.3 Liquidity and capital risk management

Group's capital structure includes shareholder's equity, borrowings and various third-party financing arrangements (such as credit facilities and factoring arrangements). Constellium's total capital is defined as total equity plus net debt. Net debt includes borrowings due to third parties less cash and cash equivalents.

Constellium's overriding objectives when managing capital are to safeguard the business as a going concern, to maximize returns for its owners and to maintain an optimal capital structure in order to minimize the weighted cost of capital.

All activities around cash funding, borrowings and financial instruments are centralized within Constellium's Treasury department. Direct external funding or transactions with banks at the operating entity level are generally not permitted, and exceptions must be approved by Constellium's Treasury department.

The liquidity requirements of the overall Company are funded by drawing on available credit facilities, while the internal management of liquidity is optimized by means of cash pooling agreements and/or intercompany loans and deposits between the Company's operating entities and central Treasury.

At December 31, 2017, the borrowing base for the pan US ABL facility amounts to $249 million and €71 million for the French entities inventory credit facility. After deduction of amount drawn and letters of credit, the Group had €207 million outstanding availability under these secured revolving credit facilities at December 31, 2017.

At December 31, 2017, liquidity was €531 million, comprised of €269 million of cash and cash equivalents and €262 million of available undrawn facilities (including the €207 million described above).

The tables below show undiscounted contractual values by relevant maturity groupings based on the remaining period from December 31, 2017 and December 31, 2016 to the contractual maturity date.

	At December 31, 2017			At December 31, 2016		
(in millions of Euros)	Less than 1 year	Between 1 and 5 years	Over 5 years	Less than 1 year	Between 1 and 5 years	Over 5 years

Financial assets:							
Net debt derivatives		6	3	—	32	82	—
Net cash flows from derivative assets related to currencies and commodities		59	15	—	22	3	—
Total		65	18	—	54	85	—

		At December 31, 2017			At December 31, 2016		
(in millions of Euros)	Notes	Less than 1 year	Between 1 and 5 years	Over 5 years	Less than 1 year	Between 1 and 5 years	Over 5 years
Financial liabilities:							
Borrowings(A)		67	318	1,692	54	1,329	999
Interest		103	421	264	170	490	125
Net debt derivatives		3	10	—	—	—	—
Net cash flows from derivatives liabilities related to currencies and commodities		17	11	—	35	63	3
Trade payables and other (excluding deferred revenue)	19	920	20	—	825	19	—
Total		1,110	780	1,956	1,084	1,901	1,127

(A) Borrowings include the pan US ABL facility which is considered short-term in nature and are included in the category “Less than 1 year” and undiscounted forecasted interest and exclude finance leases.

NOTE 23 - PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Group operates a number of pensions, other post-employment benefits and other long-term employee benefit plans. Some of these plans are defined contribution plans and some are defined benefit plans, with assets held in separate trustee-administered funds. Benefits paid through pension trusts are sufficiently funded to ensure the payment of benefits to retirees when they become due.

Actuarial valuations are reflected in the Consolidated Financial Statements as described in NOTE 2.6 – Principles governing the preparation of the Consolidated Financial Statements.

23.1 Description of the plans

Pension plans

Constellium’s pension obligations are in the U.S., Switzerland, Germany and France. Pension benefits are generally based on the employee’s service and highest average eligible compensation before retirement and are periodically adjusted for cost of living increases, either by company practice, collective agreement or statutory requirement. U.S., Swiss and France benefit plans are funded through long-term employee benefit funds.

Other post-employment benefits (OPEB)

The Group provides health care and life insurance benefits to retired employees and in some cases to their beneficiaries and covered dependents, mainly in the U.S. Eligibility for coverage depends on certain age and service criteria. These benefit plans are unfunded.

Other long-term employee benefits

Other long term employee benefits mainly include jubilees in France, Germany and Switzerland and other long-term disability benefits in the U.S. These benefit plans are unfunded.

23.2 Main events

In January 2017, our Swiss pension plan was amended and the conversion rates used to convert participants' account balances into a pension annuity at retirement were reduced. This plan amendment resulted in a €12 million decrease in the defined benefit obligation, which was recognized as negative past service cost.

Additionally, the Group implemented certain plan amendments that had the effect of freezing pension plan benefits or increasing benefit for employees elected to voluntary early retirement incentive program as well as removing certain retiree medical and life insurance benefits for active salaried employees of Constellium Rolled Products Ravenswood. These plan amendments resulted in a €8 million decrease in the defined benefit obligation, which was recognized as negative past service cost.

23.3 Description of risks

Our estimates of liabilities and expenses for pensions and other post-employment benefits incorporate a number of assumptions, including discount rate, longevity estimate and inflation rate. The defined benefit obligations expose the Group to a number of risks, including longevity, inflation, interest rate, medical cost inflation, investment performance, and change in law governing the employee benefit obligations. These risks are mitigated when possible by applying an investment strategy for the funded schemes which aims to minimize the long-term costs. This is achieved by investing in a diversified selection of asset classes, which aims to reduce the volatility of returns and also achieves a level of matching with the underlying liabilities.

Investment performance risk

Our pension plan assets consist primarily of funds invested in listed stocks and bonds.

The present value of funded defined benefit obligations is calculated using a discount rate determined by reference to high quality corporate bond yields. If the return on plan asset is below this rate, it will increase the plan deficit.

Interest rate risk

A decrease in the discount rate will increase the defined benefit obligation. At December 31, 2017, impacts of the change on the defined benefit obligation of a 0.50% increase / decrease in the discount rates are calculated by using a proxy based on the duration of each scheme:

(in millions of Euros)	0.50% increase in discount rates	0.50% decrease in discount rates
France	(9)	10
Germany	(9)	10
Switzerland	(20)	23
United States	(30)	33
Total sensitivity on Defined Benefit Obligations	(68)	76

Longevity risk

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the plan's liability.

23.4 Actuarial assumptions

Our estimates of liabilities and expenses for pensions and other post-employment benefits incorporate a number of assumptions, including discount rate, longevity estimate and inflation rate. The principal actuarial assumptions used at December 31, 2017 and 2016 were as follows:

	At December 31, 2017			At December 31, 2016		
	Rate of increase in salaries	Rate of increase in pensions	Discount rate	Rate of increase in salaries	Rate of increase in pensions	Discount rate
Switzerland	1.50%	—	0.65%	1.65%	—	0.60%
U.S.	—	—	—	3.80%	—	—

Hourly pension	2.20%	—	3.70%-3.75%	—	—	4.30%-4.35%
Salaried pension	3.80%	—	3.80%	—	—	4.45%
OPEB[(A)]	3.80%	—	3.70%-3.85%	—	—	4.20%-4.60%
Other benefits	3.80%	—	3.60%-3.70%	—	—	4.05%-4.20%
France	1.50%-1.75%	2.00%	—	1.50%-1.75%	2.00%	—
Retirements	—	—	1.50%	—	—	1.60%
Other benefits	—	—	1.20%	—	—	1.30%
Germany	2.75%	1.70%	1.60%	2.75%	1.70%	1.65%

(A) The other main financial assumptions used for the OPEB (healthcare plans, which are predominantly in the U.S.) were:
- Medical trend rate: pre 65: 7.00% starting in 2018 decreasing gradually to 4.50% until 2026 and stable onwards and post 65: 6.00% starting in 2018 decreasing gradually to 4.50% until 2026 and stable onwards, and
- Claims costs are based on individual company experience.

For both pension and healthcare plans, the post-employment mortality assumptions allow for future improvements in life expectancy.

23.5 Amounts recognized in the Consolidated Statement of Financial Position

	At December 31, 2017			At December 31, 2016		
(in millions of Euros)	Pension Benefits	Other Benefits	Total	Pension Benefits	Other Benefits	Total
Present value of funded obligation	691	—	691	721	—	721
Fair value of plan assets	(387)	—	(387)	(391)	—	(391)
Deficit of funded plans	304	—	304	330	—	330
Present value of unfunded obligation	110	250	360	132	273	405
Net liability arising from defined benefit obligation	414	250	664	462	273	735

23.6 Movement in net defined benefit obligations

	At December 31, 2017				
	Defined benefit obligations				
(In millions of Euros)	Pension benefits	Other benefits	Total	Plan Assets	Net defined benefit liability
At January 1, 2017	853	273	1,126	(391)	735
Included the Consolidated Income Statement					
Current service cost	18	6	24	—	24
Interest cost / (income)	18	9	27	(9)	18
Past service cost	(16)	(4)	(20)	—	(20)
Immediate recognition of gains arising over the period	—	—	—	—	—
Administration expenses	—	—	—	2	2
Included in the Statement of Comprehensive Income / (Loss)					
Remeasurements due to:					
- actual return less interest on plan assets	—	—	—	(36)	(36)
- changes in financial assumptions	23	14	37	—	37
- changes in demographic assumptions	—	(1)	(1)	—	(1)
- experience (gains)/losses	—	—	—	—	—
Effects of changes in foreign exchange rates	(61)	(29)	(90)	42	(48)
Included in the Consolidated Statement of Cash Flows					
Benefits paid	(38)	(18)	(56)	33	(23)
Contributions by the Group	—	—	—	(24)	(24)
Contributions by the plan participants	4	—	4	(4)	—
At December 31, 2017	801	250	1,051	(387)	664

(In millions of Euros)	At December 31, 2016 Defined benefit obligations Pension benefits	Other benefits	Total	Plan Assets	Net defined benefit liability
At January 1, 2016	802	261	1,063	(362)	701
Included in the Consolidated Income Statement					
Current service cost	20	6	26	—	26
Interest cost / (income)	21	10	31	(10)	21
Past service cost	—	1	1	—	1
Immediate recognition of losses arising over the period	—	1	1	—	1
Administration expenses	—	—	—	2	2
Included in the Statement of Comprehensive Income / (Loss)					
Remeasurements due to:					
- actual return less interest on plan assets	—	—	—	(14)	(14)
- changes in financial assumptions	28	6	34	—	34
- changes in demographic assumptions	2	(3)	(1)	—	(1)
- experience (gains)/losses	1	(4)	(3)	—	(3)
Effects of changes in foreign exchange rates	12	8	20	(8)	12
Included in the Consolidated Statement of Cash Flows					
Benefits paid	(37)	(17)	(54)	32	(22)
Contributions by the Group	—	—	—	(26)	(26)
Contributions by the plan participants	4	1	5	(5)	—
Other					
Transfer	—	3	3	—	3
At December 31, 2016	853	273	1,126	(391)	735

23.7 Net defined benefit obligations by country

(in millions of Euros)	At December 31, 2017 Defined benefit obligations	Plan assets	Net defined benefit liability	At December 31, 2016 Defined benefit obligations	Plan assets	Net defined benefit liability
France	148	(3)	145	144	—	144
Germany	142	(1)	141	147	(1)	146
Switzerland	251	(177)	74	284	(181)	103
United States	509	(206)	303	550	(209)	341
Other countries	1	—	1	1	—	1
Total	1,051	(387)	664	1,126	(391)	735

23.8 Plan asset categories

(in millions of Euros)	At December 31, 2017 Quoted in an active market	Unquoted in an active market	Total	At December 31, 2016 Quoted in an active market	Unquoted in an active market	Total
Cash and cash equivalents	3	—	3	4	—	4
Equities	160	—	160	158	—	158
Bonds	81	93	174	82	96	178
Property	8	29	37	10	31	41
Other	5	8	13	5	5	10
Total fair value of plan assets	257	130	387	259	132	391

23.9 Cash flows

Expected contributions to pension and other benefits amount to €25 million and €18 million respectively for the year ended December 31, 2018.

Benefits payments expected to be paid either by pension funds or directly by the Company to beneficiaries over the next years are as follows:

(in millions of Euros)	Estimated benefits payments
Year ended December 31,	
2018	52
2019	52
2020	52
2021	55
2022	56
2023 to 2027	286

At December 31, 2017, the weighted-average maturity of the defined benefit obligations was 14.0 years (2016: 13.2 years).

23.10 OPEB amendments

During the third quarter of 2012, the Group implemented certain plan amendments that had the effect of reducing benefits of the participants in the Constellium Rolled Products Ravenswood Retiree Medical and Life Insurance Plan. In February 2013, five Constellium retirees and the United Steelworkers union filed a class action lawsuit against Constellium Rolled Products Ravenswood, LLC in a federal district court in West Virginia, alleging that Constellium Rolled Products Ravenswood, LLC improperly modified retiree health benefits.

The Group believes that these claims are unfounded, and that Constellium Rolled Products Ravenswood, LLC had a legal and contractual right to make the applicable modification.

NOTE 24 - PROVISIONS

(in millions of Euros)	Close down and environmental remediation costs	Restructuring costs	Legal claims and other costs	Total
At January 1, 2017	88	5	56	149
Allowance	3	3	19	25
Amounts used	(2)	(2)	(3)	(7)
Unused amounts reversed	—	(1)	(4)	(5)
Unwinding of discounts	(1)	—	—	(1)
Effects of changes in foreign exchange rates	(7)	—	(1)	(8)
At December 31, 2017	81	5	67	153
Current	4	3	33	40
Non-Current	77	2	34	113
Total provisions	81	5	67	153

(in millions of Euros)	Close down and environmental remediation costs	Restructuring costs	Legal claims and other costs	Total
At January 1, 2016	88	8	67	163
Allowance	—	6	7	13
Amounts used	(2)	(5)	(4)	(11)
Unused amounts reversed	(1)	(1)	(14)	(16)
Unwinding of discounts	1	—	—	1
Reclassified to Pension liabilities	—	(3)	—	(3)
Effects of changes in foreign exchange rates	2	—	—	2
At December 31, 2016	88	5	56	149
Current	3	3	36	42
Non-Current	85	2	20	107

Total provisions	88	5	56	149

Close down, environmental and remediation costs

The Group records provisions for the estimated present value of the costs of its environmental clean-up obligations and close down and restoration efforts based on the net present value of estimated future costs of the dismantling and demolition of infrastructure and the removal of residual material of disturbed areas, using an average discount rate of 1.04%. A change in the discount rate of 0.5% would change the provision by €2 million.

It is expected that these provisions will be settled over the next 40 years depending on the nature of the disturbance and the technical remediation plans.

Restructuring costs

The Group records provisions for restructuring costs when management has a detailed formal plan, is demonstrably committed to its execution and can reasonably estimate the associated liabilities. The related expenses are presented as Restructuring costs in the Consolidated Income Statement.

Legal claims and other costs

(in millions of Euros)	At December 31, 2017	At December 31, 2016
Maintenance and customer related provisions(A)	25	14
Litigation(B)	36	35
Disease claims(C)	3	4
Other	3	3
Total provisions for legal claims and other costs	67	56

(A) These provisions include €3 million in 2017 (€3 million in 2016) related to general equipment maintenance, mainly linked to the Group leases. These provisions also include €16 million in 2017 (€7 million in 2016) related to customer litigation, product warranties and guarantees and €6 million in 2017 (€4 million in 2016) related to late delivery penalties. These provisions are expected to be used over the next five years.

(B) The Group is involved in litigation and other proceedings, such as civil, commercial and tax proceedings, incidental to normal operations. It is not anticipated that the resolution of such litigation and proceedings will have a material effect on the future results, financial position, or cash flows of the Group.

(C) Since the early 1990s, certain activities of the Group's businesses have been subject to claims and lawsuits in France relating to occupational diseases resulting from alleged asbestos exposure, such as mesothelioma and asbestosis. It is not uncommon for the investigation and resolution of such claims to go on over many years as the latency period for acquiring such diseases is typically between 25 and 40 years. For any such claim, it is up to the social security authorities in each jurisdiction to determine if a claim qualifies as an occupational illness claim. If so determined, the Group must settle the case or defend its position in court. At December 31, 2017, 7 cases in which gross negligence is alleged ("*faute inexcusable*") remain outstanding (11 at December 31, 2016), the average amount per claim being less than €0.1 million. The average settlement amount per claim in 2017 and 2016 was less than €0.1 million. It is not anticipated that the resolution of such litigation and proceedings will have a material effect on the future results from continuing operations, financial position, or cash flows of the Group.

NOTE 25 - SHARE CAPITAL

At December 31, 2017, authorized share capital amounts to €8 million and is divided into 400,000,000 Class A ordinary shares, each with a nominal value of €0.02. All shares, except for the ones held by Constellium N.V., have the right to one vote.

		In millions of Euros	
	Number of shares	Share capital	Share premium
At January 1, 2017	105,581,673	2	162
New shares issued(A)	28,928,950	1	258
At December 31, 2017(B)	134,510,623	3	420

(A) Constellium N.V. issued and granted 125,000 Class A ordinary shares to certain employees and 53,950 Class A ordinary shares to its Board members. (See NOTE 28- Share-Based Compensation). On November 3rd, 2017, the Group issued 28,750,000 Class A ordinary shares at $11.00 per share. The proceeds received amount to €259 million, net of €12 million of arrangement fees

(B) Constellium N.V. holds 38,597 Class A ordinary shares at December 31, 2017.

NOTE 26 - COMMITMENTS

Non-cancellable operating leases commitments

The Group leases various buildings, machinery, and equipment under operating lease agreements. Total rent expense was €27 million for the year ended December 31, 2017 (€27 million for the year ended December 31, 2016 and €29 million for the year ended December 31, 2015).

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

(in millions of Euros)	At December 31, 2017	At December 31, 2016
Less than 1 year	19	17
1 to 5 years	49	40
More than 5 years	40	48
Total non-cancellable operating leases minimum payments	108	105

Capital expenditures commitments

(in millions of Euros)	At December 31, 2017	At December 31, 2016
Computer Software	2	3
Property, plant and equipment	99	85
Total capital expenditure commitments	101	88

As at December 31, 2017, the Company has no other significant commitments. Guarantee and commitments given to Constellium UACJ LLC are described in NOTE 17 – Investments accounted for under the equity method.

NOTE 27 - RELATED PARTIES

Subsidiaries and affiliates

A list of the principal companies controlled by the Group is presented in NOTE 29 – Subsidiaries and operating segments. Transactions between fully consolidated companies are eliminated when preparing the Consolidated Financial Statements.

Investments accounted for under the equity method are the only related parties identified by the Group during the years ended December 31, 2017, 2016 and 2015. Transactions with these related parties are described in NOTE 17 – Investments accounted for under the equity method.

Key management remuneration

The Group's key management comprises the Board members and the Executive committee members effectively present during 2017.

Executive committee members are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly reporting to the CEO.

The costs reported below are compensation and benefits for key management:

- Short term employee benefits include their base salary plus bonus.
- Directors' fees include annual director fees, Board and committees' attendance fees.
- Share-based compensation includes the portion of the IFRS 2 expense as allocated to key management.
- Post-employment benefits mainly include pension costs.
- Termination benefits include departure costs.

As a result, the aggregate compensation for the Group's key management is comprised of the following:

(in millions of Euros)	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Short term employee benefits	8	10	8
Directors' fees	1	1	1
Share-based compensation	4	2	2
Post-employments benefits	—	—	1
Termination benefits	1	1	1
Employer social contribution	1	2	1
Total	15	16	14

NOTE 28 - SHARE-BASED COMPENSATION

Description of the plans

Performance-Based Restricted Stock Units (equity-settled)

The Company granted Performance Share Units (PSUs) to selected employees. These units will vest after three years from the grant date if the following conditions are met:

- A vesting condition under which the beneficiaries must be continuously employed by the Company through the end of the vesting period (3 years); and
- For PSUs granted in 2015 and 2016, a performance condition, contingent on the Total Stockholder Return (TSR) performance of Constellium over the measurement periods compared to the TSR of a specified group of peer companies. PSUs will ultimately vest, depending on the TSR performance at each testing period, based on a vesting multiplier in a range from 0% to 300%;
- For PSUs granted in 2017, a performance condition, contingent on the TSR performance of Constellium over the three years measurement period compared to the TSR of specified indices. PSUs will ultimately vest based on a range from 0% to 200%.

The PSUs granted in November 2015 achieved a TSR performance of 118.2% at its first testing period and of 251.1% at its second testing period, which represents respectively 47,229 potential additional shares in 2016 and 366,669 potential additional shares in 2017, that all could vest in November 2018 subject to the continued employment of the beneficiaries.

The PSUs granted in March 2016, August 2016 and November 2016 achieved, respectively, a TSR performance of 115.9%, 191.6% and 223.8% at their first testing period, which represents 186,059 potential additional shares that could vest in 2019 subject to the continued employment of the beneficiaries.

The following table lists the inputs to the model used for the PSUs granted in 2017 and 2016:

	Year ended December 31, 2017	Year ended December 31, 2016
Fair value at grant date (in Euros)	11.52	[6.76 – 9.86]
Share price at grant date (in Euros)	7.50	[4.46 – 5.61]
Dividend yield	—	—
Expected volatility	75%	[69% – 71%]
Risk-free interest rate (U.S. government bond yield)	1.51%	[0.76% – 1.27%]
Model used	Monte Carlo	Monte Carlo

Restricted Stock Units Award Agreements (equity-settled)

The Company grants Restricted Stock Units (RSUs) to a certain number of employees subject to the beneficiaries remaining continuously employed within the Group from the grant date through the end of the vesting period. Vesting period is three years.

In 2016, the Company also granted 150,000 RSUs which vest in equal installments on the first two anniversaries of the grant date, subject to continued employment, of which 75,000 vested on the first anniversary in 2017.

The fair value of RSUs awarded under the plans described above is the quoted market price at grant date.

Equity Awards Plans (equity-settled)

Company Board members have been granted RSU awards annually since 2012. These RSUs vest in equal installments on the first two anniversaries of the date of grant, subject to their continued service.

The fair value of RSUs awarded under the plan is the quoted market price at grant date.

Expense recognized during the year

In accordance with IFRS 2, share based compensation is recognized as expense over the vesting period. The estimate of this expense is based upon the fair value of a Class A potential ordinary share at the grant date. The total expense related to the potential ordinary shares for the year ended December 31, 2017, 2016 and 2015 amounted to €8 million, €6 million and €5 millions respectively.

Movement of potential shares

The following table illustrates the number, weighted-average fair value of, and movements in shares during the year:

	Performance-Based RSU		Restricted Stock Units		Equity Award Plans	
	Potential Shares	Weighted-Average Grant-Date Fair Value per Share	Potential Shares	Weighted-Average Grant-Date Fair Value per Share	Potential Shares	Weighted-Average Grant-Date Fair Value per Share
At January 1, 2016	1,007,000	€7.77	269,500	€16.10	34,865	€14.11
Granted(A)	1,292,000	€7.56	340,300	€5.40	81,858	€4.02
Over-performance(B)	47,229	€7.10	—	—	—	—
Vested	—	—	(87,300)	€19.75	(21,842)	€15.84
Forfeited(C)	(279,394)	€8.71	(43,000)	€16.40	—	—
At December 31, 2016	2,066,835	€7.50	479,500	€7.82	94,881	€5.01
Granted(A)	892,781	€11.52	703,180	€7.50	54,409	€6.09
Over-performance(B)	552,728	€7.63	—	—	—	—
Vested	—	—	(125,000)	€7.02	(53,950)	€5.76
Forfeited(C)	(254,504)	€8.29	(113,180)	€7.27	—	—
At December 31, 2017	3,257,840	€8.56	944,500	€7.76	95,340	€5.20

(A) For PSUs, the number of potential shares granted is presented using a vesting multiplier of 100%.
(B) When the achievement of TSR performance exceeds the vesting multiplier of 100%, the additional

potential shares are presented as over-performance shares.

(C) For potential shares related to PSUs, 175,837 were forfeited following the departure of certain beneficiaries and 78,667 were forfeited in relation to the non-fulfilment of performance conditions.

NOTE 29 - SUBSIDIARIES AND OPERATING SEGMENTS

The following Group's affiliates are legal entities included in the consolidated financial statements of the Group at December 31, 2017.

Entity	Country	% Group Interest	Consolidation Method
Cross Operating Segment			
Constellium Singen GmbH (AS&I and P&ARP)	Germany	100%	Full
Constellium Valais S.A. (AS&I and A&T)	Switzerland	100%	Full
AS&I			
Constellium Automotive USA, LLC	U.S.	100%	Full
Constellium Engley (Changchun) Automotive Structures Co Ltd.	China	54%	Full
Constellium Extrusions Decin S.r.o.	Czech Republic	100%	Full
Constellium Extrusions Deutschland GmbH	Germany	100%	Full
Constellium Extrusions Landau GmbH	Germany	100%	Full
Constellium Extrusions Burg GmbH	Germany	100%	Full
Constellium Extrusions France S.A.S.	France	100%	Full
Constellium Extrusions Levice S.r.o.	Slovakia	100%	Full
Constellium Automotive Mexico, S. DE R.L. DE C.V.	Mexico	100%	Full
Constellium Automotive Mexico Trading, S. DE R.L. DE C.V.	Mexico	100%	Full
Astrex Inc	Canada	50%	Full
Constellium Automotive Zilina S.r.o.	Slovakia	100%	Full
A&T			
Constellium Issoire	France	100%	Full
Constellium Montreuil Juigné	France	100%	Full
Constellium China	China	100%	Full
Constellium Italy S.p.A	Italy	100%	Full
Constellium Japan KK	Japan	100%	Full
Constellium Rolled Products Ravenswood, LLC	U.S.	100%	Full
Constellium Southeast Asia PTE LTD	Singapore	100%	Full
Constellium Ussel S.A.S.	France	100%	Full
P&ARP			
Constellium Deutschland GmbH	Germany	100%	Full
Constellium Rolled Products Singen GmbH KG	Germany	100%	Full
Constellium Property and Equipment Company, LLC	U.S.	100%	Full
Constellium Neuf Brisach	France	100%	Full
Wise Metals Group LLC	U.S.	100%	Full
Wise Alloys, LLC	U.S.	100%	Full
Wise Alloys Funding LLC	U.S.	100%	Full
Wise Alloys Funding II LLC	U.S.	100%	Full
Listerhill Total Maintenance Center LLC	U.S.	100%	Full
Constellium Metal Procurement LLC	U.S.	100%	Full
Constellium-UACJ ABS LLC	U.S.	51%	Equity
Rhenaroll	France	50%	Equity
Holdings & Corporate			
C-TEC Constellium Technology Center	France	100%	Full

Entity	Country	% Group Interest	Consolidation Method
Constellium Finance S.A.S.	France	100%	Full
Constellium France III	France	100%	Full
Constellium France Holdco S.A.S.	France	100%	Full
Constellium International	France	100%	Full
Constellium Paris S.A.S	France	100%	Full
Constellium Germany Holdco GmbH & Co. KG	Germany	100%	Full
Constellium Germany Verwaltungs GmbH	Germany	100%	Full
Constellium Holdco II B.V.	Netherlands	100%	Full
Constellium UK Limited	United Kingdom	100%	Full
Constellium U.S. Holdings I, LLC	U.S.	100%	Full
Constellium Switzerland AG	Switzerland	100%	Full
Constellium W S.A.S.	France	100%	Full
Constellium Treuhand UG	Germany	100%	Full
Engineered Products International S.A.S.	France	100%	Full

NOTE 30 - PARENT COMPANY

Statement of Financial Position of Constellium N.V. (parent company only)

(in millions of Euros)	At December 31, 2017	At December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	—	—
Trade receivables and other	53	233
Other financial assets	28	33
	81	266
Non-current assets		
Property, plant and equipment	—	—
Financial assets	2,143	1,508
Investments in subsidiaries	131	111
	2,274	1,619
Total Assets	2,355	1,885
Liabilities		
Current liabilities		
Trade payables and other	6	3
Other financial liabilities	22	35
	28	38
Non-current liabilities		
Borrowings	1,957	1,673
	1,957	1,673
Total Liabilities	1,985	1,711
Equity		
Share capital	3	2
Share premium	429	171
Accumulated retained earnings	(17)	(11)
Other reserves	25	18
Net (loss) for the year	(70)	(6)
Total Equity	370	174
Total Equity and Liabilities	2,355	1,885

Statement of Comprehensive Income / (Loss) of Constellium N.V. (parent company only)

(in millions of Euros)	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Revenue	1	1	—
Gross profit	1	1	—
Selling and administrative expenses	(5)	(8)	(7)
Employee benefit expenses	(1)	—	—
Loss from recurring operations	(5)	(7)	(7)
Other income	—	—	1
Other expenses	—	—	(3)
Loss from operations	(5)	(7)	(9)
Financial result - net	(65)	1	9
Loss before income tax	(70)	(6)	—
Income tax	—	—	—
Net loss	(70)	(6)	—
Other comprehensive income	—	—	—
Total comprehensive loss	(70)	(6)	—

Statement of Cash Flows of Constellium N.V. (parent company only)

(in millions of Euros)	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Net loss	(70)	(6)	—
Adjustments			
Finance costs – net	65	(1)	(9)
Dividend received	—	—	—
Interest paid	(148)	(95)	(61)
Interest received	149	103	74
Changes in working capital:			
Trade receivables and other	(1)	—	26
Other financial liabilities	—	—	(1)
Trade payables and other	2	(1)	(44)
Net cash flows used in operating activities	(3)	—	(15)
Investments in subsidiaries	(11)	—	—
Current account with subsidiary (for cash pooling)	180	(186)	17
Loans granted to subsidiary and related parties	(1,640)	(375)	—
Repayment of loans granted to subsidiary and related parties	823	181	—
Exit fees received from Subsidiaries	9	—	—
Net cash flows (used in)/ from investing activities	(639)	(380)	17
Net proceeds received from issuance of shares	259	—	—
Proceeds from issuance of Senior Notes	1,440	375	—
Payment of deferred financing costs	(29)	(12)	(2)
Repayment of Senior Notes	(949)	—	—
Payment of exit fees	(61)	—	—
Realized foreign exchange gains / (losses)	(17)	17	—
Other	(1)	—	—
Net cash flows from / (used in) financing activities	642	380	(2)
Net increase in cash and cash equivalents	—	—	—
Cash and cash equivalents - beginning of period	—	—	—
Effect of exchange rate changes on cash and cash equivalents	—	—	—
Cash and cash equivalents – end of period	—	—	—

Basis of preparation

The parent company only financial information of Constellium N.V., presented above, is prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and as endorsed by the European Union. Accounting policies adopted in the preparation of this condensed parent company only financial information are the same as those adopted in the consolidated financial statements and described in NOTE 2 – Summary of significant accounting policies, except that the cost method has been used to account for investments in subsidiaries.

As at December 31, 2017, there were no material contingencies at Constellium N.V.

A description of Constellium N.V. (parent company only) borrowings and related maturity dates is provided in NOTE 20 – Borrowings.

Non-current financial assets represent loans to Constellium Holdco II B.V., Constellium France Holdco and Constellium Finance and current other financial assets represent related interest receivables.

Other financial liabilities represent interest payable on borrowings.

NOTE 31 - SUBSEQUENT EVENTS

In January 2018, the Muscle Shoals factoring agreement was amended to increase maximum capacity to $375 million and extend maturity to January 24, 2020.

On January 31, 2018, Constellium announced that the request by Constellium to delist its shares from Euronext Paris has been approved by the Board of Directors of Euronext Paris SA.

On February 1, 2018 Constellium announced that it signed a binding agreement with Novelis to sell the North Building Assets of its Sierre plant in Switzerland, which have been leased and operated by Novelis since 2005, and to contribute the plant’s shared infrastructure to a 50-50 joint venture with Novelis. Constellium and Novelis agreed on a total purchase price for the transactions of €200 million.

Financial statements 2017

Constellium N.V.

Registration number: 34393663

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Statement of Financial position
(before proposed appropriation of results)

(In thousands of Euros)	*Notes*	*December 31, 2017*	*December 31, 2016*
Non-current assets			
Financial assets	*3.1*	2,142,503	1,507,650
Investments in subsidiaries and associates	*3.2*	130,707	111,456
		2,273,210	1,619,106
Current assets			
Other financial assets	*3.1*	27,984	33,324
Deferred income tax assets	*8.6*	124	-
Trade receivables and other	*4.1*	53,155	232,937
Cash and cash equivalents	*4.2*	77	35
		81,340	266,296
Total Assets		**2,354,550**	**1,885,402**
Equity			
Share capital	*5.1*	2,690	2,112
Share premium	*5.1*	428,566	170,589
Accumulated retained earnings		(17,327)	(11,231)
Other reserves		25,926	18,017
Other comprehensive income		17	-
Net (loss) for the year	*5.2*	(69,857)	(6,093)
Total Equity		**370,015**	**173,394**
Non-current liabilities			
Borrowings	*6*	1,956,587	1,673,135
Pension and other post-employment benefit obligations		312	-
		1,956,899	1,673,135
Current liabilities			
Other financial liabilities	*6*	21,805	35,458
Trade payables and other	*7*	5,831	3,415
		27,636	38,873
Total Liabilities		**1,984,535**	**1,712,008**
Total Equity and Liabilities		**2,354,550**	**1,885,402**

STATEMENT OF COMPREHENSIVE INCOME / (LOSS)

(in thousands of Euros)	*Notes*	*December 31, 2017*	*December 31, 2016*
Revenue	*8.1*	1,203	1,317
Gross Profit		1,203	1,317
Selling and administrative expenses	*8.2*	(5,576)	(8,152)
Employee benefit expenses	*8.3*	(858)	-
Other income		6	6
Other expenses		-	(27)
(Loss) from operations		**(5,225)**	**(6,856)**
Financial income		396,361	164,620
Financial expense		(461,126)	(163,857)
Financial result - net	***8.5***	**(64,765)**	**763**
(Loss) before income tax		(69,990)	(6,093)
Income tax	*8.6*	133	-
Net (loss)		**(69,857)**	**(6,093)**
Other comprehensive income		17	-
Total comprehensive (loss)		**(69,840)**	**(6,093)**

STATEMENT OF CHANGES IN EQUITY

(In thousands of Euros)

	Share capital	Share premium	Accumulated retained earnings	Other reserves	Other comprehensive income	Net (loss) for the year	Total Equity
As at January 1, 2016	**2,110**	**170,589**	**(11,034)**	**12,307**	**-**	**(195)**	**173,777**
Appropriation of last year net loss	-	-	(195)	-	-	195	-
Loss for the year	-	-	-	-	-	(6,093)	(6,093)
Transaction with the owners							
Share based compensation	-	-	-	5,859	-	-	5,859
Repurchase of own shares	-	-	-	(149)	-	-	(149)
Capital increase	2	-	(2)	-	-	-	-
As at January 1, 2017	**2,112**	**170,589**	**(11,231)**	**18,017**	**-**	**(6,093)**	**173,394**
Appropriation of last year net loss	-	-	(6,093)	-	-	6,093	-
Loss for the year	-	-	-	-	-	(69,857)	(69,857)
Remeasurement	-	-	-	-	17	-	17
Transaction with the owners							
Share based compensation	-	-	-	7,966	-	-	7,966
Repurchase of own shares	-	-	-	(57)	-	-	(57)
Capital increase	578	257,977	(3)	-	-	-	258,552
As at December 31, 2017	**2,690**	**428,566**	**(17,327)**	**25,926**	**17**	**(69,857)**	**370,015**

STATEMENT OF CASH FLOWS

(In thousands of Euros)	*Notes*	*December 31, 2017*	*December 31, 2016*
Cash flows from / (used in) operating activities			
Net (loss) for the year		(69,857)	(6,093)
Adjustments to determine cash flow used in operating activities:			
Financial result - net		64,765	(763)
Income tax (benefit)	*8.6*	(133)	-
Depreciation and amortization		-	53
Interest paid	*6*	(148,174)	(95,528)
Interest received	*3.1*	148,616	103,698
Change in trade working capital:			
Trade receivables and other	*4.1*	(530)	(276)
Trade payables and other	*7*	2,416	(510)
Change in pension obligations		312	-
Net cash flows from / (used in)operating activities		**(2,585)**	**581**
Cash flows from / (used in) investing activities			
Investments in subsidiaries and associates	*3.2*	(11,285)	-
Current account with subsidiary (cash pooling)	*4.1*	180,312	(186,170)
Loans granted to subsidiary and related parties	*3.1*	(1,640,219)	(375,309)
Repayment of loans granted to subsidiary and related parties	*3.1*	823,104	181,031
Exit fees received from subsidiary	*8.5*	8,679	-
Net cash flows (used in) investing activities		**(639,409)**	**(380,448)**
Cash flows from / (used in) financing activities			
Net proceeds received from issuance of shares	*5.1*	258,552	-
Proceeds from issuance of Senior Notes	*6*	1,440,137	375,309
Repayment of Senior Notes	*6*	(949,373)	-
Payment of exit fees	*8.5*	(61,438)	-
Payment of deferred financing costs	*6*	(28,608)	(12,382)
Purchase of own shares	*5.1*	(57)	(149)
Realized foreign exchange (FX) gains / (losses) on SWAP	*6*	(17,215)	17,138
Realized foreign exchange (FX) gains / (losses)		219	(24)
Other		(189)	3
Net cash flows from financing activities		**642,029**	**379,895**
Net increase in cash and cash equivalents		**35**	**28**
Cash and cash equivalents - beginning of period	*4.2*	**35**	**7**
Effect of exchange rate changes on cash and cash equivalents		7	
Cash and cash equivalents – end of period	*4.2*	**77**	**35**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

NOTE 1 - GENERAL INFORMATION

In line with Group initiatives to reduce costs and simplify its corporate structure, Constellium N.V. (hereafter 'the Company') intends to move its corporate domicile to France and to close its Amsterdam office. This re-domiciling process is subject to shareholder approval and is expected to be completed by mid-2018.

In this context, Constellium N.V. created on September 1, 2017 a branch, located in France and named Constellium N.V France (hereafter 'the French Branch').

On November 1, 2017 some employees were transferred from Constellium France Holdco to the French Branch.

The 2017 financial statements of Constellium N.V. comprise the French Branch.

Refer also to "NOTE 1 - General Information" of Consolidated Financial Statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union.

The financial statements of the Company have also been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code.

The financial statements are presented in Euro ("EUR") unless otherwise noted.

The financial statements have been authorized for issue by the Board of Directors held on March 8, 2018.

2.2 Application of new and revised International Financial Reporting Standards (IFRS)

The following new standards and amendments apply to the Company for the first time in 2017.

- Amendments to IAS 7, 'Disclosure Initiative'
- The amendments to IAS 7, 'Statement of Cash Flows', are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Additional disclosures have been made to address the amendments in the financial statements of the Company.
- Amendments to IAS 12, 'Recognition of Deferred Tax Assets for Unrealised Losses'
- Annual improvements 2014-2016 – IFRS 12, 'Disclosure of Interests in Other Entities': Clarifying the scope
- The amendments to IAS 12 and annual improvements 2014-2016 to IFRS 12 do not have any impact on the financial statements of the Company.

2.3 New standards and interpretations not yet mandatorily applicable:

The Company has not applied the following new standards and interpretations that have been issued but are not yet effective and which could affect the Company's future financial statements:

- IFRS 15, 'Revenue from contracts with customers' and its clarifications deal with revenue recognition and establishes principles for reporting information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

- The standard and its clarifications will be effective for accounting periods beginning on or after January 1, 2018.

- IFRS 16, 'Leases', deals with principles for the recognition, measurement, presentation and disclosures of leases. The standard provides an accounting model, requiring lessee to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The lessor accounting approach remains unchanged. The standard will replace IAS 17, 'Leases' and will be effective for accounting periods beginning on or after January 1, 2019.

The Company does not anticipate that the adoption of 15 and 16 will result in any significant impact on its financial statements.

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. It will replace the guidance in IAS 39, 'Financial instruments' that relates to the classification and measurement of financial instruments.

- Modifications introduced by IFRS 9 relate primarily to:

    - Classification and measurement of financial assets. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

    - Impairment of financial assets, now based on the expected credit loss model.

    - Hedge accounting.

The standard will be effective for accounting periods beginning on or after January 1, 2018.

Overall, the Company expects no significant impact on its statement of financial position and equity from the effect of applying the classification and measurement requirements of IFRS 9. The impact of applying the impairment requirements on intercompany loans is currently being evaluated. The Company does not plan to adopt the provisions of IFRS 9 on hedge accounting and will continue applying IAS 39.

- IFRIC 23, 'Uncertainty over Income Tax Treatments'

    - This interpretation provides a framework to consider, recognize and measure the accounting impact of tax uncertainties. It specifies how to determine the unit of account and the recognition and measurement guidance to be applied to that unit. The Interpretation also explains when to reconsider the accounting for a tax uncertainty, and it states specifically that the absence of comment from the tax authority is unlikely, in isolation, to trigger a reassessment.

- The interpretation is effective for annual periods beginning on or after January 1, 2019.
- The impact of IFRIC 23 on the Company's results and financial situation is currently being evaluated.
- The Company plans to adopt the new standards and interpretations on their required effective dates.

2.4 Principles governing the preparation of the financial statements

Investment in subsidiaries and associates

Investments in subsidiaries and associates are accounted for at cost, less any accumulated impairment losses. Costs related to the acquisition of a subsidiary or associate are expensed as incurred.

Impairment of investments in subsidiaries and associates

Risk of impairment is yearly assessed. If the carrying value exceeds the recoverable value, which is the highest of either value in use or the fair value less costs of disposal, an impairment loss is recorded for the difference between the two values. Value in use is defined as the value of the future economic benefits expected to be derived from the use of an asset. This is generally calculated by using discounted future cash flows.

Foreign currency transactions and re-measurement

Transactions denominated in currencies other than the functional currency are converted to the functional currency at the exchange rate in effect at the date of the transaction.

Functional currency

The functional currency of the Company is the Euro, the currency of the primary economic environment in which it operates. A significant portion of the Company's transactions are in US Dollars.

Foreign currency translation

In the preparation of these financial statements, the monetary year-end balances of assets, liabilities of the Company are converted from their transactional currencies into Euros, at the respective year-end exchange rates.

Realized and unrealized foreign exchange gains and losses are recorded in financial income and expense.

Revenue & dividend recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from consulting services is recognized in the accounting period in which the services are rendered. Amounts disclosed as revenue are net of returns or rebates.

Dividend income is recognized when the right to receive payment is established, generally upon approval by the subsidiary's general meeting of shareholder.

Other income and other expense

Other income and expenses are representative of items which are inherently difficult to predict due to their unusual, irregular or non-recurring nature.

Interest income and expense

Interest income is recorded using the effective interest rate method on loans receivable and on the interest bearing components of cash and cash equivalents.

Interest expense on short and long-term financing is recorded based on the effective interest rates applied to each related borrowings.

Financial instruments

(i) Financial assets (other than investments in subsidiaries and associates)

Financial assets are classified either: (a) at fair value through profit or loss or (b) loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the Company's financial assets at initial recognition.

(a) *At fair value through profit or loss:* These are financial assets held for trading. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short term. Derivatives are categorized as held for trading except when they are designated as hedging instruments in a hedging relationship that qualifies for hedge accounting in accordance with IAS 39, 'Financial instruments'. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the Company's financial statements.

(b) *Loans and receivables:* These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current or non-current assets based on their maturity date. Loans and receivables are comprised of trade receivables and other and non-current and current loans receivable in the Company's financial statements. Loans and receivables are carried at amortized cost using the effective interest rate method, less any impairment.

(ii) Financial liabilities

Borrowings and other financial liabilities are recognized initially at fair value, net of transaction costs incurred and directly attributable to the issuance of the liability. These financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Any difference between the amounts originally received (net of transaction costs) and the redemption value is recognized in the Company's financial statements using the effective interest method.

(iii) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, relevant market prices are used to determine fair values. The Company periodically estimates the impact of credit risk on its derivatives instruments aggregated by counterparties and takes it into account when estimating the fair value of its derivatives.

(iv) Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

(1) For derivative instruments that do not qualify for hedge accounting, changes in the fair value are

recognized immediately in profit or loss and are included in financial expense.

(2) For derivative instruments that are designated for hedge accounting, the Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the hedge transaction. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items. As of December 2017, the Company had no derivative instruments that were designated for hedge accounting.

Pension

The retirement benefit obligation represents the present value of the defined benefit. The effects of changes in actuarial assumptions and experience adjustments are presented in Equity.

The amount charged to the comprehensive income / (loss) in respect of these plans (including service costs and the effect of any curtailment and settlement, net of interest costs) is included within the income / (loss) from recurring operations.

The defined benefit obligations are assessed using the projected unit credit method. The most significant assumption is the discount rate.

Leases

The Company as the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Office space and equipment from third parties are leased under operating lease agreements. Under such operating lease agreements, the total lease payments are recognized as rent expense on a straight-line basis over the term of the lease agreement, and are included in Selling and administrative expenses, depending on the nature of the leased assets.

Cash and cash equivalents

Cash and cash equivalents are carried at fair value and comprised of cash in bank accounts and on hand, short-term deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value, less bank overdrafts that are repayable on demand, provided there is a right of offset.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a premium deduction, net of tax, from the proceeds.

Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of equity instruments granted is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted and is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Company revises its estimates of the number of options that are expected to vest.

However, when granted to employees of indirectly held subsidiaries, which is the case of all existing share-based payment arrangements contracted by the Company, the related expense is recognized as a capital contribution, presented as investment, with a corresponding amount in equity.

Trade payables

Trade payables are initially recorded at fair value and classified as current liabilities if payment is due in one year or less.

Taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date in the Netherlands and in France where the Company and the fiscal unity operate and generate taxable income.

Management establishes tax reserves and accrues interest thereon, if deemed appropriate; in expectation that certain of the company tax return positions may be challenged and that the Company might not succeed in defending such positions, despite management's belief that the positions taken were fully supportable.

Deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. This approach also requires the recognition of deferred income tax assets for operating loss carry forwards and tax credit carry forwards.

The effect on deferred tax assets and liabilities of a change in tax rates and laws is recognized as tax income in the year when the rate change is substantively enacted. Deferred income tax assets and liabilities are measured using tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on the tax rates and laws that have been enacted or substantively enacted at the date of the Statement of Financial Position. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2.5 Judgments in applying accounting policies and key sources of estimation uncertainty

Many of the amounts included in the financial statements involve the use of judgment and/or estimation. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, giving consideration to previous experience. However, actual results may differ from the amounts included in the financial statements. Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include the following items:

Taxes

Significant judgment is sometimes required in determining the provision for income taxes as there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. We recognize liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were recorded, such differences will impact the current and deferred income tax provisions, results of operations and possibly cash flows in the year in which such determination is made.

Management judgment is required to determine the extent to which deferred tax assets can be recognized. The Company recognizes deferred tax assets when it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. This assessment is conducted through a detailed review of deferred tax assets by jurisdiction and takes into account past, current and expected future performance deriving from the budget and the business plan.

Valuation of equity and other investments

Investments in subsidiaries and associates consist of investment in Constellium International, Constellium Extrusion Deutschland GmbH and Constellium Deutschland GmbH which are fully owned, directly or indirectly, by Constellium N.V.

Investments in subsidiaries and associates are valued at acquisition cost. If this carrying value exceeds the recoverable value which is the highest of either the value in use or the fair value less costs of disposal, an impairment loss is recorded for the difference between the two. Value in use is defined as the value of the future economic benefits expected to be derived from the use of an asset. This is generally calculated by using discounted future cash flows.

NOTE 3 - NON-CURRENT ASSETS

3.1. Financial assets and other financial assets

Financial assets and other financial assets are comprised of the following:

- **Financial assets - non-current loans**

(in thousands of Euros)	*refer to*	**Balance at 1st January 2017**	Loans granted to related parties / (Repayments)	Effects of changes in foreign exchange rates	**Balance at 31st December 2017**
▪ Loans to Constellium Holdco II B.V.:					
$400M from May 07, 2014 to May 15,2024	(1)	379,471	-	(45,943)	333,528
€300M from May 07, 2014 to May 15, 2021	(2)	300,000	-	-	300,000
$400M from December 19, 2014 to January 15, 2023	(3)	379,471	(343,938)	(35,533)	-
€240M from December 19, 2014 to February 15, 2028	(4)	240,000	(90,000)	-	150,000
€200M from September 28, 2017 to May 15, 2021	(5)	-	200,082	-	200,082
▪ Loans to Constellium France Holdco:					
$425M from March 30, 2016 to April 1, 2021	(6)	208,708	(189,166)	(19,542)	-
$650M from February 16, 2017 to March 1, 2025	(7)	-	610,214	(68,231)	541,983
€400M from November 9, 2017 to February 15, 2026	(8)*	-	200,000	-	200,000
▪ Loan to Constellium Finance:					
$500M from November 9, 2017 to February 15, 2026	(9)	-	429,923	(13,013)	416,910
Financial assets		**1,507,650**	**817,115**	**(182,262)**	**2,142,503**

(8)* This loan initially amounted to €400,000 thousands and has been partially repaid, at the same date, for €200,000 thousands.

Fair value:

- The fair value of Company financial assets contracted in May 2014, December 2014, February 2017, September 2017 and November 2017 account for respectively 102%, 103%, 106%, 101% and 101% of the nominal value and amount respectively to €645 million, €154 million, €572 million, €202 million and €627 million at December 31, 2017.

- **Financial assets – Other information**

(in thousands of Euros)	*refer to*	**Nominal Rate**	**Interest Payment**
▪ Loans to Constellium Holdco II B.V.:			
$400M from May 07, 2014 to May 15,2024	(1)	7.50%	May 15th November 15th
€300M from May 07, 2014 to May 15, 2021	(2)	6.50%	May 15th November 15th
$400M from December 19, 2014 to January 15, 2023	(3)	8.45%	January 15th July 15th
€240M from December 19, 2014 to February 15, 2028	(4)	6.375%*	February 15th* August 15th*
€200M from September 28, 2017 to May 15, 2021	(5)	6.50%	May 15th November 15th
▪ Loans to Constellium France Holdco:			
$425M from March 30, 2016 to April 1, 2021	(6)	8.60%	April 1st October 1st
$650M from February 16, 2017 to March 1, 2025	(7)	7.05%	March 1st September 1st
€400M from November 9, 2017 to February 15, 2026	(8)	4.75%	February 15th August 15th
▪ Loan to Constellium Finance:			
$500M from November 9, 2017 to February 15, 2026	(9)	6.375%	February 15th August 15th

* On November 9th, 2017, the interest rate has been amended from 7.45% to 6.375%, and the payment terms and maturity have been modified.

- **Financial assets - current accrued interest income**

(in thousands of Euros)	*refer to*	**Balance at 1st January 2017**	Interest income received	Interest income accounted for	**Balance at 31st December 2017**
▪ **Loans to Constellium Holdco II B.V.:**					
$400M from May 07, 2014 to May 15,2024	(1)	3,556	(26,340)	25,911	3,127
€300M from May 07, 2014 to May 15, 2021	(2)	2,438	(19,500)	19,500	2,438
$400M from December 19, 2014 to January 15, 2023	(3)	14,697	(39,766)	25,069	-
€240M from December 19, 2014 to February 15, 2028	(4)	8,195	(23,542)	16,702	1,355
€200M from September 28, 2017 to May 15, 2021	(5)	-	-	3,324	3,324
▪ **Loans to Constellium France Holdco:**					
$425M from March 30, 2016 to April 1, 2021	(6)	4,438	(18,645)	14,207	-
$650M from February 16, 2017 to March 1, 2025	(7)	-	(20,823)	33,453	12,630
€400M from November 9, 2017 to February 15, 2026	(8)*	-	-	1,345	1,345
▪ **Loan to Constellium Finance:**					
$500M from November 9, 2017 to February 15, 2026	(9)	-	-	3,765	3,765
Other financial assets		**33,324**	**(148,616)**	**143,276**	**27,984**

3.2. Investments in subsidiaries and associates

As of December 31, 2017, investments in subsidiaries and associates amount to €130,707 thousands and consist of:

- Investments in subsidiaries as detailed below:

(in thousands of Euros)		**Share in issued capital**	**Balance at 1st January 2017**	**Contribution**	**Increase**	**Balance at 31st December 2017**
Constellium Holdco II B.V.	(1)	-	93,156	(93,156)	-	-
Constellium International	(1)	100%	-	93,156	120	93,276
Investments in indirectly held subsidiaries	(2)	-	18,300	-	7,965	26,265
Investments in subsidiaries			**111,456**	**-**	**8,085**	**119,541**

(1) Creation, on October 9, 2017, of a new French company Constellium International, owned at 100% by Constellium N.V. through its French branch. On November 30, 2017, Constellium N.V. contributes 100% of shares of Constellium Holdco II B.V. to Constellium International in exchange for issuance by Constellium International of new shares owned by Constellium N.V.. These new shares have been allocated to the French branch of Constellium N.V..

(2) Investments in indirectly held subsidiaries relate to share-based payment arrangements for €26,265 thousands and are mainly related to employees of Constellium International group and its affiliates. The €7,965 thousands increase represents the IFRS 2 expense for the period related to share-based payment arrangements contributed by the Company and recognized as a capital contribution. For further details on share-based arrangements, refer to Note 28 to the Consolidated Financial Statements.

- Investments in associates as detailed below:

(in thousands of Euros)		Share in issued capital	Balance at 1st January 2017	Transfer of shares	Increase	Balance at 31st December 2017
Constellium Extrusions Deutschland GmbH	(3)	10%	-	-	0	0
Constellium Deutschland GmbH	(3)	10%	-	-	11,166	11,166
Investments in associates			**-**	**-**	**11,166**	**11,166**

(3) Acquisitions, on October 26, 2017, by Constellium N.V., acting through its French branch, of:

- 10% of Constellium Extrusions Deutschland GmbH from Constellium France Holdco
- 5.7% of Constellium Deutschland GmbH from Constellium France Holdco
- 4.3% of Constellium Deutschland GmbH from Constellium Germany Holdco GmbH & Co. KG.

As a result, as from October 26, 2017, Constellium N.V., acting through its French branch, owns 10% in each of Constellium Extrusions Deutschland GmbH and Constellium Deutschland GmbH. Constellium N.V. has significant influence due to the fact that it indirectly holds 100% in these companies.

NOTE 4 - CURRENT ASSETS

4.1. Trade receivables and other

(In thousands of Euros)		At December 31, 2017	At December 31, 2016
Prepaid and deferred expenses		-	38
Inter-company receivables		896	397
Cash-pool-current account	(1)	52,138	232,450
Value added taxes		49	-
Other		72	52
Trade receivables and other		**53,155**	**232,937**

(1) Constellium Finance SAS, an indirectly owned subsidiary, serves as a central treasury for the Constellium Group and optimizes the internal management of liquidity by means of cash pooling agreements with other Constellium entities.

4.2. Cash and cash equivalents

As of December 31, 2017, cash and cash equivalents represent positive bank balances of €77 thousands (2016: €35 thousands).

NOTE 5 - SHAREHOLDERS' EQUITY

5.1 Share capital and Share premium

As at December 31, 2017 authorized share capital consists of 400,000,000 ordinary shares.

		Number of shares	(In thousands of Euros) Share capital	Share premium
As of January 1st, 2017		**105,581,673**	**2,112**	**170,589**
Shares issued - June 15th, 2017	(1)	53,950	1	
Shares issued - August 4th, 2017	(1)	100,000	2	
Shares issued - November 3rd, 2017	(2)	28,750,000	575	257,977
Shares issued - November 15th, 2017	(1)	25,000	0.5	
As of December 31st, 2017		**134,510,623**	**2,690**	**428,566**

(1) Constellium N.V. issued and granted 125,000 Class A ordinary shares to certain employees of the Group and 53,950 Class A ordinary shares to its Boards members.
(2) On November 3rd, 2017, Constellium N.V. issued 28,750,000 Class A ordinary shares at $11.00 per share. The net proceeds received, net of €12,744 thousands arrangement fees, amounted to €258,552 thousands.

Constellium used the net proceeds from the issuance of ordinary shares, together with cash on hand and the simultaneously announced notes offering, to repurchase all of its outstanding 7.875% Senior Secured Notes due 2021, 7.00% Senior Notes due 2023, and 8.00% Senior Notes due 2023. Constellium used the remaining net proceeds for general corporate purposes.

According to Dutch law and the articles of association of Constellium N.V., the following characteristics, rights and obligations are attached to the shares:

- Ordinary shares can be held by anyone approved by the general meeting of shareholders; and
- All of the Company's shares have a stated nominal value of €0.02 per share. All shares attract one vote, except the ones held by the Company.

As at December 31, 2017 the Company held 38,597 Class A ordinary shares (versus 31,394 as at December 31, 2016)

5.2. Reconciliation of shareholders' Equity and income statement

The following is the reconciliation of Company shareholders' equity and net income with the consolidated shareholders' equity and net income.

in thousands Euros	At December 31, 2017	At December 31, 2016
Equity according to consolidated statements	(318,875)	(570,192)
Deduct : Non-controlling interest	(8,178)	(8,697)
Add : Retained deficit and other reserves of subsidiary accounted for at cost	688,534	743,748
Difference in treatment of share premium agreement with previous shareholders	8,534	8,534
Equity according to Company's financial statements	370,015	173,393

in thousands Euros	At December 31, 2017	At December 31, 2016
(Loss) according to consolidated statements	(30,775)	(3,925)
Deduct : (Profit) / loss of subsidiaries accounted for at cost (1)	(39,082)	(2,168)
Net (loss) according to Company's financial statements	(69,857)	(6,093)

(1) Includes IFRS 2 expense related to share-based payments arrangements which have no impact on Net (loss) according to the Company's financial statements.

NOTE 6 - BORROWINGS AND OTHER FINANCIAL LIABILITIES

Financial liabilities and other financial liabilities are comprised of the following:

- **Borrowings – non-current liabilities**

(in thousands of Euros)	*refer to*	Total borrowings at amortized cost at 1st January 2017	Proceeds received from senior notes net of financing costs / (Bonds repayment)	Effects of changes in foreign exchange rates	Amortization of financing costs / Write-off of unamortized borrowing costs	Total borrowings at amortized cost at 31st December 2017
▪ ***Senior Unsecured Notes:***						
$400M from May 7, 2014 to May 15, 2024	(1)	374,526	-	(45,943)	550	329,133
€300M from May 7, 2014 to May 15, 2021	(2)	295,675	-	-	909	296,584
$400M from December 19, 2014 to January 15, 2023	(3)	375,500	(343,938)	(35,532)	3,970	-
€240M from December 19, 2014 to January 15, 2023	(4)	234,565	(240,000)	-	5,435	-
$650M from February 16, 2017 to March 1, 2025	(6)	-	596,012	(68,232)	1,223	529,003
$500M from November 9, 2017 to February 15, 2026	(7)	-	422,046	(13,013)	76	409,109
€400M from November 9, 2017 to February 15, 2026	(8)	-	392,671	-	87	392,758
▪ **Senior Secured Notes:**						
$425M from March 30, 2016 to April 1, 2021	(5)	392,869	(365,435)	(37,753)	10,319	-
TOTAL :		**1,673,135**	**461,356**	**(200,473)**	**22,569**	**1,956,587**

On February 16, 2017, Constellium N.V. issued a $650 million principal amount of 6.625% Senior Notes due 2025 (6). Deferred arrangement fees amounted to €14 million on issuance date. The net proceeds of Constellium N.V. Senior Notes were used to repurchase the Muscle Shoals Senior Secured Notes due 2018.

On November 9, 2017, Constellium N.V. issued a $500 million principal amount of 5.875% Senior Notes due 2026 (7) and a €400 million principal amount of 4.25% Senior Notes due 2026 (8). Deferred arrangement fees amounted to €15 million on issuance date. The net proceeds of Constellium N.V. Senior Notes were used to repurchase the Constellium N.V. Senior Secured Notes due 2021 (5) and Constellium N.V. Senior Unsecured Notes issued in December 2014 due in 2023 (3) (4). The corresponding early redemption costs paid are detailed in Notes 8.5.

Fair value:

- The fair value of Senior Notes issued in May 2014, February 2017 and November 2017 account for respectively 102%, 106% and 101% of the nominal value and amount respectively to €645 million, €572 million and €828 million at December 31, 2017.

- The fair values of other financial assets and liabilities approximate their carrying values, as a result of their liquidity or short maturity.

- **Borrowings – Other information**

(in thousands of Euros)	*refer to*	Nominal Rate	Effective Rate	Interest Payment
▪ ***Senior Unsecured Notes:***				
\$400M from May 7, 2014 to May 15, 2024	(1)	5.75%	6.26%	May 15th November 15th
€300M from May 7, 2014 to May 15, 2021	(2)	4.625%	5.16%	May 15th November 15th
\$400M from December 19, 2014 to November 9, 2017	(3)	8.00%	8.61%	January 15th July 15th
€240M from December 19, 2014 to November 9, 2017	(4)	7.00%	7.54%	January 15th July 15th
\$650M from February 16, 2017 to March 1, 2025	(6)	6.625%	7.13%	March 1st September 1st
\$500M from November 9, 2017 to February 15, 2026	(7)	5.875%	6.26%	February 15th August 15th
€400M from November 9, 2017 to February 15, 2026	(8)	4.25%	4.57%	February 15th August 15th
▪ **Senior Secured Notes:**				
\$425M from March 30, 2016 to April 1, 2021	(5)	7.875%	8.94%	April 1st October 1st

Transaction costs, i.e. fees and commissions, are integrated in the effective interest rate calculation of the private offerings. They are amortized over the duration of the Senior Notes. For the Senior Notes repaid, these transactions costs have been written-off for a total amount of €16,948 thousands.

Exit fees and interest expenses are included in finance costs as incurred (see Note 8.5).

- **Other financial liabilities - current**
  - **Accrued interest expense**

(in thousands of Euros)	*refer to*	Balance at 1st January 2017	Interest expense paid	Interest expense accounted for	Balance at 31st December 2017
▪ ***Senior Unsecured Notes:***					
\$400M from May 7, 2014 to May 15, 2024	(1)	2,727	(20,194)	19,864	2,397
€300M from May 7, 2014 to May 15, 2021	(2)	1,734	(13,875)	13,875	1,734
\$400M from December 19, 2014 to January 15, 2023	(3)	13,914	(38,245)	24,331	-
€240M from December 19, 2014 to January 15, 2023	(4)	7,700	(22,574)	14,874	-
\$650M from February 16, 2017 to March 1, 2025	(6)	-	(19,568)	31,437	11,869
\$500M from November 9, 2017 to February 15, 2026	(7)	-	-	3,396	3,396
€400M from November 9, 2017 to February 15, 2026	(8)	-	-	2,409	2,409
▪ **Senior Secured Notes:**					

(in thousands of Euros)	*refer to*	**Balance at 1st January 2017**	Interest expense paid	Interest expense accounted for	**Balance at 31st December 2017**
$425M from March 30, 2016 to April 1, 2021	(5)	7,850	(33,718)	25,868	-
TOTAL :		**33,925**	**(148,174)**	**136,054**	**21,805**

- **Derivatives**

(in thousands of Euros)	**Balance at 1st January 2017**	At Fair Value through Profit and loss	**Balance at 31st December 2017**
Derivatives	1,533	(1,533)	-

In 2016 and 2017, the company hedged the dollar net exposure relating to the principal of its U.S. Dollar Senior Notes/Loans. The principal amounted to $205,000 thousands and was hedged by using foreign exchange Swaps maturing every quarter. Realized and unrealized results of these hedging derivatives were recognized within Finance income / (expense) in the statement of comprehensive income/(loss) as follow and offset the unrealized results related to U.S. Dollar Senior Notes/Loans revaluation.

(in thousands of Euros)	**2017**	**2016**
Unrealized gains / (losses)	1,533	(1,533)
Realized gains / (losses)	(17,215)	17,138

As at December 31, 2017, the company has no more USD exposure with regards to its U.S Dollar Senior Notes / Loans.

- **Covenants**

The Company was in compliance with all applicable debt covenants at and for the year ended December 31, 2017 and 2016.

The private offerings of the Senior Notes contain customary terms and conditions, including amongst other things, limitation on incurring or guaranteeing additional indebtedness, on paying dividends, on making other restricted payments, on creating restriction on dividend and other payments to us from certain of our subsidiaries, on incurring certain liens, on selling assets and subsidiary stock, and on merging.

NOTE 7 - TRADE PAYABLES AND OTHER

Trade payables and other are comprised of the following:

(In thousands of Euros)	At December 31, 2017	At December 31, 2016
Vendor balance	251	226
Accrued expenses	3,350	3,189
Employees' entitlements	2,229	-
Other	1	-
Trade payables and other	**5,831**	**3,415**

NOTE 8 - COMPREHENSIVE INCOME / (LOSS)

8.1 Revenue

The 2017 revenue amounts to €1,203 thousands (2016: €1,317 thousands) and represents Management Fees invoiced to subsidiaries.

8.2 Selling and administrative expenses

Selling and administrative expenses can be detailed as follows:

In thousands of Euros	2017	2016
Directors' fees and related expenses	(1,023)	(1,148)
Office costs	(264)	(169)
Professional fees	(3,150)	(3,844)
Audit fees	(1,109)	(2,729)
Other	(30)	(208)
Depreciation and amortization	-	(53)
Selling and administrative expenses	**(5,576)**	**(8,152)**

8.3 Employee benefit expenses

As at December, 31 2017, the Company had 5 employees (versus 0 as at December, 31 2016). These employees were located outside of the Netherlands.

Employee benefit expenses can be detailed as follows:

In thousands of Euros	2017	2016
Wages and salaries	(382)	-
Pension costs	(5)	-
Social security contributions	(452)	-
Other	(19)	-
Employee benefit expenses	**(858)**	**-**

Employees of the Company were granted Restricted Stock Units (RSUs) and Performance Stock Units (PSUs) as detailed below:

In number of shares		**January 1st, 2017**	**2017 Grants**	**2017 Vesting**	**December 31st, 2017**
All employees jointly	**RSUs**	-	39,492	-	39,492
All employees jointly	**PSUs**	107,000	60,470	-	167,470

In July 2017, prior to their transfer to the French Branch, employees of the Company were granted jointly the following awards:

- 60,470 PSUs (with a maximum shares of 120,940), which award vests on the third anniversary of the grant date, subject to continued service and certain market-related performance conditions being satisfied. The estimated fair value at grant date amounted to €11.52 per potential share;

- 39,492 RSUs, vesting after 3 years of service period from grant date, subject to continued service. The estimated fair value at grant date amounted to €7.50 per potential share;

8.4 Auditors Fees

The following audit fees were expensed by the Company and its subsidiaries in the reporting period:

In thousands of Euros

2017	***PricewaterhouseCoopers Accountants N.V.***	***Other PricewaterhouseCoopers Accountants N.V. network.***	***Total PricewaterhouseCoopers Accountants N.V. network.***
Audit Fees	70	4,265	4,335
Audit Related Fees	-	99	99
Tax services	-	552	552
Other non-audit services	-	2	2
	70	4,918	4,988

In thousands of Euros

2016	***PricewaterhouseCoopers Accountants N.V.***	***Other PricewaterhouseCoopers Accountants N.V. network.***	***Total PricewaterhouseCoopers Accountants N.V. network.***
Audit Fees	71	5,549	5,620
Audit Related Fees	-	168	168
Tax services	-	835	835
Other non-audit services	-	3	3
	71	6,555	6,626

The fees listed above relate to the procedures applied to the Company and its consolidated Group entities by accounting firms and external independent auditors as referred to in Section 1, subsection 1 of the Dutch Accounting Firms Oversight Act (Dutch acronym: Wta), as well as by Dutch and foreign accounting firms, including their tax services and advisory groups and excluding out of pocket expenses.

8.5 Financial Result

(In thousands of Euros)		2017	2016
Interest income		143,276	108,449
Interest expense		(136,077)	(103,680)
Interest - net		7,199	4,768
Exit fees received		8,679	0
Exit fees paid		(61,438)	0
Exit fees - net	(1)	(52,759)	0
Amortization of financing costs		(5,620)	(5,540)
Write-off of unamortized borrowing costs		(16,948)	0
Amortization of financing costs - net	(2)	(22,568)	(5,540)
Realized foreign exchange gains		33,481	17,622
Unrealized foreign exchange gains		208,776	38,549
Realized foreign exchange losses		(45,714)	(508)
Unrealized foreign exchange losses		(195,329)	(51,996)
Foreign exchange - net		1,214	3,667
Change in fair value of net debt derivatives		1,533	(1,533)
Other finance gains / (losses)		616	(600)
Other - net		2,149	(2,133)
Financial income		**396,361**	**164,620**
Financial expense		**(461,126)**	**(163,857)**
Financial result - net		**(64,765)**	**763**

(1) On November 9, 2017, the Company repurchased all of its outstanding 7.875% Senior Secured Notes due 2021, 7.00% Senior Notes due 2023, and 8.00% Senior Notes due 2023. The Company paid redemption fees for a total of €61,344 million detailed as follows:

- $27,802 thousands (€23,905 thousands equivalent), corresponding to the 7.875% Senior Secured Notes due 2021
- €15,228 thousands, corresponding to the 7.00% Senior Notes due 2023
- $25,831 thousands (€22,211 thousands equivalent), corresponding to the 8.00% Senior Notes due 2023

The company also received from its subsidiary, Constellium Holdco II B.V. some exit fees on the following prepaid loans for a total of €8,679 thousands:

- $8,000 thousands (€6,879 thousands equivalent) relating to the $400,000 thousands shareholder loan initially due 2023 and;
- €1,800 thousands relating to the €240,000 thousands shareholder loan initially due 2023.

(2) As of December 31, 2017, it includes:

- Amortization of financing costs related to:
  - the May 2014 Senior Notes for €1,459 thousands (2016: €1,388 thousands);

  - the December 2014 Senior Notes for €1,035 thousands (2016: €1,162 thousands);
  - the March 2016 Senior Notes for €1,740 thousands (2016: €1,462 thousands);
  - the February 2017 Senior Notes for €1,223 thousands
  - the November 2017 Senior Notes for €163 thousands

  In 2016, the Unsecured Credit Facility was cancelled and the arrangements fees which were not amortized were fully recognized as financial expenses for €1,528 thousands.

- The write off of financing costs linked to the repurchased bonds:
  - the December 2014 Senior Notes for €8,370 thousands
  - the March 2016 Senior Unsecured Notes for €8,578 thousands

8.6 Income tax

- The Company forms a fiscal unity for the corporate tax with its subsidiary, Constellium Holdco II B.V., and is therefore separately liable for all tax liabilities. In 2017, Constellium Holdco III B.V has been merged into Constellium Holdco II B.V.

  The net taxable loss recorded by the fiscal unity amounts to €106,075 thousands in 2017 against a loss of €23,086 thousands in 2016.

  Accumulated tax losses as of December 31, 2017 amount to €307,929 thousands. (€201,854 thousands in 2016). The 2017 impacts are split between €23,330 thousands coming from income statement and €3,186 thousands coming from impacts booked in equity.

  As there is not sufficient likelihood that future taxable profits will be realized in coming years, no deferred tax asset was recognized at December 31, 2017.

  Under current Dutch tax law, losses incurred by the fiscal unity carry-forward 9 years after the loss is recognized.

- Since 2017, the Company recognized deferred tax assets, at Constellium N.V (France) level, separately taxable in France, related to:
  - pension accrual for a total of €116 thousands and €(9) thousands has been booked in Other Comprehensive Income and;
  - net taxable loss for a total of €17 thousands.

- The following is a reconciliation of income tax for Constellium N.V., for 2017 and 2016:

In thousands of Euros	December 31, 2017	December 31, 2016
(Loss) before income tax	(69,990)	(6,093)
Statutory income tax rate applicable	25%	25%
Computed theoretical tax at statutory rate	17,498	1,523
Other	150	(32)
Permanent differences	-	(46)
Net tax impact of loss from dutch tax unity	5,816	4,325
Income tax before effect of unrecognized deferred tax assets	**23,463**	**5,770**
Unrecognized deferred tax assets	(23,330)	(5,770)
Income tax, net	133	-
Effective rate of tax	0%	0%

NOTE 9 - CONTINGENCIES AND LONG-TERM FINANCIAL COMMITMENTS

- Long-term unconditional commitments have been entered into in respect of the operating real estate and equipment leases.

These operating leases are recognized on a straight-line basis in the profit and loss account over the lease period. Commitments under minimum rental payments are as follows:

(In thousands of Euros)	December 31, 2017	December 31, 2016
Under 1 year*	52	115
Between 1 and 5 years	-	-
Over 5 years	-	-
Total	**52**	**115**

* previous lease agreement has been extended, December 6th, 2017, for a period of 6 months.

- Constellium N.V. and UACJ have pledged their intention to financially support the Constellium UACJ ABS LLC, such that Constellium UACJ ABS LLC would be in a position to meet its financial obligations on a timely basis through February 14, 2019, and for a reasonable period thereafter. Refer to note 17 of the Consolidated Financial Statements.

NOTE 10 - DIRECTORS' REMUNERATION

The tables below show the remuneration of the directors (executive and non-executive) by the Company and one of its subsidiaries with respect to years ended December 31, 2017 and 2016.

10.1 Executive Directors

In Euros

	Year	Base Salary Paid	Bonus EPA paid	IFRS 2 Expense (1)	Change in Pension value (2)	Other compensation (3)	Total
Jean-Marc Germain, CEO	**2017**	862,681	505,127	1,248,637	21,556	24,405	2,662,406
Jean-Marc Germain, CEO	**2016**	409,532	-	359,406	-	80,446	849,384
Pierre Vareille, CEO	**2016**	459,466	953,471	318,497	52,098	252,560	2,036,092

(1) The amount reported as IFRS 2 expense represents the 2017 amortization of the fair value of Restricted Stock Units (RSUs) and Performance Stock Units (PSUs) granted.

(2) Pension represents amounts contributions made by the Company during the fiscal year as part of the employer overall pension requirements apportioned to the base salary of these individuals.

(3) In 2017, other compensation for Jean-Marc Germain includes car allowance, parking, health and life insurance premiums.

In 2016, other compensation for Jean-Marc Germain included a car allowance and $84,800 for his service as an advisor to the board of directors prior to his appointment as Chief Executive Officer on July 11, 2016.

In 2017, €330,256 were paid to Pierre Vareille representing amounts due under his non-compete agreement and a portion of the 2016 bonus. The balance of his 2016 bonus was paid in 2018.

In 2016, other compensation for Pierre Vareille included effective payments made in 2017 for lunch allowance, vacation balance payment and for a non-compete agreement.

In number of shares

		January 1st, 2017	Grants	Vesting	December 31st, 2017
Jean-Marc Germain, CEO	**RSUs**	200,000	110,667	(50,000)	260,667
Jean-Marc Germain, CEO	**PSUs**	150,000	216,943	-	366,943

- In 2017, Jean-Marc Germain was granted the following in July 2017:

  a) 216,943 PSUs (with a maximum shares of 433,886), which award vests on the third anniversary of the grant date, subject to continued service and certain market-related performance conditions being satisfied. The estimated fair value at grant date amounted to €11.52 per potential share;

  b) 110,667 RSUs, vesting after 3 years of service period from grant date, subject to continued service. The estimated fair value at grant date amounted to €7.50 per potential share;

  c) 50,000 of its RSUs vested in August 2017, with a value at $10.05.

  Jean-Marc Germain was granted the following in August 2016:

  a) 150,000 PSUs (with a maximum shares of 450,000), which award vests on the third anniversary of the grant date, subject to continued service and certain market-related performance conditions being satisfied. The estimated fair value at grant date amounted to €7.76 per potential share;

  b) 100,000 RSUs, vesting after 3 years of service period from grant date. The estimated fair value at grant date amounted to €4.54 per potential share;

  c) 100,000 RSUs, vest after 1 year (50%) and 2 years (50%). The estimated fair value at grant date amounted to €4.54 per potential share.

- In 2017 and in 2016, Pierre Vareille was not granted any equity awards.

10.2 Non-Executive Directors

For 2017, each of our non-executive directors was paid an annual retainer of €60,000 and received €2,000 for each meeting of the board they attended in person and €1,000 for each meeting they attended by telephone. In addition, the Chairman of the Audit Committee received an annual retainer of €15,000, and the Chairman of each of the Human Resources and Remuneration, the Nominating and Governance and the EHS Committees received an annual retainer of €8,000.

Mr. Evans, as Chairman of the Board, was paid an additional €60,000 per year for his services, a position to which he was appointed on December 6, 2012.

The following table sets forth the remuneration due in respect of our 2016 and 2017 fiscal year to our non-employee directors:

In Euros

2017

	Annual Director Fees	Board / Committee attendance fees	IFRS 2 Expense 2017 (1)	Total
Richard B. Evans	128,000	29,000	44,559	201,559
Guy Maugis	68,000	21,000	35,648	124,648
Philippe Guillemot	60,000	23,000	35,648	118,648
Werner Paschke	75,000	24,000	35,648	134,648
Michiel Brandjes	60,000	20,000	35,648	115,648
Lori A Walker	60,000	28,000	35,648	123,648
Peter F Hartman	68,000	19,000	35,648	122,648
John Ormerod	60,000	32,000	35,648	127,648
Martha Brooks	60,000	31,000	31,600	122,600
Nicolas Manardo (2)	-	-	-	-
TOTAL	**639,000**	**227,000**	**325,695**	**1,191,695**

In Euros

2016

	Annual Director Fees	Board / Committee attendance fees	IFRS 2 Expense 2016 (1)	Total
Richard B. Evans	128,000	33,000	39,281	200,281
Guy Maugis	68,000	28,000	31,426	127,426
Philippe Guillemot	60,000	28,000	31,426	119,426
Werner Paschke	75,000	25,000	31,426	131,426
Michiel Brandjes	60,000	18,000	42,815	120,815
Lori A Walker	60,000	29,000	42,815	131,815
Peter F Hartman	68,000	23,000	42,815	133,815
John Ormerod	60,000	32,000	42,815	134,815
Martha Brooks (3)	30,000	13,000	14,544	57,544
TOTAL	**609,000**	**229,000**	**319,363**	**1,157,363**

In number of shares

		January 1st, 2017	Grants (4)	Vesting (5)	December 31st, 2017
Richard B. Evans	RSUs	13,035	7,353	(7,504)	12,884
Guy Maugis	RSUs	10,428	5,882	(6,003)	10,307
Philippe Guillemot	RSUs	10,428	5,882	(6,003)	10,307
Werner Paschke	RSUs	10,428	5,882	(6,003)	10,307
Michiel Brandjes	RSUs	10,428	5,882	(6,003)	10,307
Lori A Walker	RSUs	10,428	5,882	(6,003)	10,307
Peter F Hartman	RSUs	10,428	5,882	(6,003)	10,307
John Ormerod	RSUs	10,428	5,882	(6,003)	10,307
Martha Brooks	RSUs	8,850	5,882	(4,425)	10,307
TOTAL		**94,881**	**54,409**	**(53,950)**	**95,340**

(1) The amount reported as IFRS 2 expense represents the annual amortization of the fair value of RSUs granted.

(2) Nicolas Manardo was appointed as Board Member on June 15th, 2017 and was not granted any kind of remuneration.

(3) Prior to her appointment as Board Member on June 15, 2016, Martha Brooks received USD 57,000 as Advisor to the Board.

(4) In June 2017, Richard B. Evans was granted 7,353 RSUs and all other non-executives directors were granted an award of 5,882 RSUs each. The estimated fair value at grant date amounted to €6.09. These RSUs vests 50% on each anniversary date of the grant date.

In June 2016, Richard B. Evans was granted 11,062 RSUs and all other board members were granted 8,850 RSUs each. The estimated fair value at grant date amounted to €4.02 per potential share. These RSUs vests 50% on each anniversary date of the grant date.

(5) RSUs vested in 2017 amounted to $7.35 (for the June 11, 2015 grant) and $6.80 (for the June 15, 2016 grant).

Further information is provided in the Note 28 “Share-based compensation” of the Consolidated Financial Statements (Equity Award Plan).

NOTE 11 - RELATED PARTIES

The following is the statement of financial positions and the statement of comprehensive income / (loss) with related parties (subsidiaries) as stated in the Consolidated Financial Statements (note 27).

11.1 Statement of Financial positions with related parties:

(In thousands of Euros)	*December 31, 2017*	*December 31, 2016*
Non-current assets		
Financial assets	2,142,503	1,507,650
Investments in subsidiaries and associates	130,707	111,456
	2,273,210	1,619,106
Current assets		
Other financial assets	27,984	33,324
Trade receivables and other	53,084	232,852
	81,068	266,176
Total Assets with related parties	**2,354,278**	**1,885,282**
Current liabilities		
Other financial liabilities	-	1,533
Trade payables and other	11	10
	11	1,543
Total Liabilities with related parties	**11**	**1,543**

11.2 Statement of Comprehensive income / (loss) with related parties:

(in thousands of Euros)	*December 31, 2017*	*December 31, 2016*
Revenue	1,203	1,317
Gross Profit	**1,203**	**1,317**
Selling and administrative expenses	(206)	(159)
Profit from operations with related parties	**997**	**1,158**
Financial income	157,406	164,101
Financial expense	(22,352)	(1,545)
Financial result - net with related parties	**135,054**	**162,556**
Income before income tax	136,051	163,714
Income tax	-	-
Net income with related parties	**136,051**	**163,714**
Other comprehensive income	-	-
Total comprehensive income with related parties	**136,051**	**163,714**

NOTE 12 - FINANCIAL RISK MANAGEMENT

- Credit Risk: see Note 22-2 within Consolidated Financial Statements.

- Liquidity Risk: see Note 6 “Borrowings and other financial liabilities” which describes senior notes and facilities.

- Foreign Exchange and Interest Rate Risk:

  - The currency of the internal funding matches with either naturally through external foreign currency loans or through foreign currency swap. See Note 6.

  - Both Intercompany loans and Senior Notes, which represent 91 % of total assets and 99% of total liabilities, are fixed rate instruments.

  - As a result, the Company’s sensitivity to interest and foreign exchange variations is deemed limited.

NOTE 13 - PROPOSAL FOR LOSS APPROPRIATION

The Board of Directors proposes to allocate the net loss of € 69,857 thousands to retained earnings. The net loss appropriation is not reflected in these financial statements.

NOTE 14 - SUBSEQUENT EVENTS

On January 31, 2018, the Company announced that the request by Constellium to delist its shares from Euronext Paris has been approved by the Board of Directors of Euronext Paris SA.

OTHER INFORMATION

- **Provisions in the Articles of Association governing the appropriation of profit**

Under the article 21 of the Company’s Articles of Association, dated August 18, 2015:

- The Company may make distributions to the shareholders and other persons entitled to the distributable profits only to the extent of the Distributable Equity.

- Distribution of profit may be effected after the adoption of the annual accounts which show that such distribution is permitted.

Constellium N.V.

Board

Approval of the 2017 financial statements as of

March 8, 2018

Members of the Board:

Richard B. Evans

Jean-Marc Germain

Guy Maugis

Philippe Guillemot

Werner Paschke

Michiel Brandjes

Peter F. Hartman

John Ormerod

Lori A. Walker

Martha Brooks

Nicolas A. Manardo

Independent auditor's report

To: the general meeting and the board of directors of Constellium N.V.

Report on the financial statements 2017

Our opinion

In our opinion Constellium N.V.'s financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2017, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2017 of Constellium N.V., Amsterdam ('the Company'). The financial statements include the consolidated financial statements of Constellium N.V. and its subsidiaries (together: 'the Group') and the company financial statements.

The financial statements comprise:

- the consolidated and company statement of financial position as at 31 December 2017;
- the following statements for 2017: the consolidated and company income statement, the consolidated and company statements of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Constellium N.V. in accordance with the 'Wet toezicht accountants-organisaties'(Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

Our audit approach

Overview and context

Constellium N.V. is an international group of manufacturers of a broad range of aluminium products. The group comprises several components and therefore we considered our group audit scope and approach as set out in 'the scope of our group audit' section. We paid specific attention to the areas of focus driven by the operations of the company, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made important judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In section 2.7 of the financial statements the company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the impairment assessment of goodwill and the recoverability of deferred income tax assets, we considered these to be key audit matters as set out in the 'Key audit matters' section of this report.

Besides the key audit matters, other areas of focus were property, plant and equipment, inventory, revenue recognition, valuation of financial instruments used for hedging purposes, pensions and financing and the disclosures concerning the transition to new accounting standard *IAS 18 – 'Revenue'* to *IFRS 15 'Revenue from contracts with customers' the* transition from *IAS 39 – 'Financial instruments'* to *IFRS 9 – 'Financial instruments'* issued but not yet effective. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud.

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of an international manufacturer of aluminium products. We included specialists in the areas of IT, valuation, pensions, tax and financial instruments in our team.

The outline of our audit approach was as follows:

Materiality

- Overall group materiality: €30 million.
- Components materiality: between €10 million and €26 million.
- Threshold for reporting misstatements: €1.5 million.

Audit scope

- We conducted audit work on fourteen components.
- Two significant components have been subject to a full scope audit. The other twelve components have been subject to audit of specified account balances.
- Site visits were conducted for both significant components, which are located in France and in the United States of America.
- Audit coverage: 75% of consolidated revenue, 76% of consolidated total assets and 74% of consolidated profit before tax.

Key audit matters

- Impairment of goodwill.
- Recoverability of deferred income tax assets.

Materiality

The scope of our audit is influenced by the application of materiality which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€30 million (2016: €30 million).
Basis for determining materiality	We used our professional judgment to determine overall materiality. As a basis for our judgment we used 0.6% of revenues (2016: 0.6%).
Rationale for benchmark applied	We used revenue as a benchmark, a generally accepted auditing practice, based on our analysis of the drivers of the business and its key performance indicators as defined by management and users of the financial statements. This benchmark was chosen after consideration of alternative metrics which are generally considered important to users of the financial statements, including the group's pre-tax income results which have historically been volatile. On this basis we believe that revenue is an important metric for the financial performance of the company. As the group structure and operating activity of the group remained relatively stable, we have maintained the level of the group overall materiality of €30 million. We considered this materiality level to be appropriate in the light of the common

	financial information needs of the company's stakeholders.
Component materiality	To each component in our audit scope, we, based on our judgement, allocate materiality that is less than our overall group materiality. The range of materiality allocated across components was between €10 million and €26 million.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with management and board of directors that we would report to them misstatements identified during our audit above €1.5 million (2016: €1 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Constellium N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Constellium N.V.

Considering our ultimate responsibility for the opinion on the company's financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group (as defined below) to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. A component of the group is an entity, a reporting unit or a group of reporting units for which group or component management prepares financial information that should be included in the group financial statements.

We selected components for which an audit of financial information or specific balances was considered necessary, taking into account the geographic and management structure of the group, the significance and/or risk profile of the components of the group, activities, the accounting processes and controls, and the industry in which the components of the group operates.

The group's accounting process is aligned with local finance functions in each reporting unit. These reporting units maintain their own accounting records and controls and report to the head office finance team through an integrated reporting and consolidation system.

We conducted audit work on fourteen components of which two qualify as components that are individually financially significant. These are located in France and the United States of America and have been subject to a full scope audit. For the remaining components, we performed audit procedures in order to increase our audit coverage on some financial statement line items (such as revenue, property, plant and equipment, inventories, cash, borrowings, provisions, taxes, financial derivatives and pensions) or higher risk areas.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	75%
Total assets	76%
Profit before tax	74%

None of the remaining components represented more than 3.5% of total group revenue or total group assets. For those remaining components we performed among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

For Constellium N.V. (ultimate parent company of the group), the group engagement team performed the audit work. For all the other components we used component auditors who are familiar with the local laws and regulations to perform the audit work.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

For purposes of the audit of the financial statements for the period ended 31 December 2017, we conducted site visits and met with component audit teams, which are located in France, Germany and the United States of America. During these visits and calls, the audit approach, findings and observations reported to the group audit team were discussed in more detail. We also held conference calls with all component audit teams on various moments during the year.

The group consolidation, financial statement disclosures and share-based payments are audited by the group engagement team at the head office. A number of complex items which include impairment of assets, derivative financial instruments, pensions and taxes are audited with joint effort of the group engagement team and the component teams.

By performing the procedures above at components, combined with additional procedures at group level, we have obtained sufficient and appropriate audit evidence regarding the financial information of the group as a whole to provide a basis for our opinion on the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to management. The key audit matters are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comments or observations we make on the results of our procedures should be read in this context.

The context of our audit is set by the Group's 2017 results and operations. We have removed the key audit matter related to property, plant and equipment impairment due to absence of significant triggering events in 2017 that would require further impairment testing or reversal of the impairment recognized in prior years compared to 2016. The other key audit matters, impairment of goodwill and recoverability of deferred income tax assets, are consistent with prior year.

Key audit matter	*How our audit addressed the matter*
Impairment of goodwill Goodwill is tested annually for impairment, or when there is an impairment indicator as described in note 2 and 16.	We evaluated management's process and design and operating effectiveness of controls over the impairment assessment, including the appropriateness of management's identification of the group's CGUs. With the support of our valuation specialists, we

Key audit matter	*How our audit addressed the matter*
The goodwill originating from acquisitions in previous years amounts to €403 million and is allocated to the operating segment levels identified as the group of cash generating units (CGUs). The group performed the annual goodwill impairment tests by comparing the recoverable amounts of the group of cash generating units, being the higher of value-in-use and fair value less costs of disposal, to the carrying amounts. Our key audit matter focused on the goodwill allocated to the operating segment Packaging and Automotive Rolled Products (P&ARP), due to the magnitude of the goodwill balance allocated to this operating segment (31 December 2017: €396 million). The assumptions in the impairment test on goodwill include amongst other, the regular and perpetual growth rate, the discount rate used and expected future market conditions and assumptions in relation to the projected futures cash flows. The projected future cash flows based on the 2018 – 2025 medium and long term business plan, include significant capital expenditures for the Automotive Body Sheet (up to 2020) and the related returns ramping-up as from 2018/2019 which reach a normative level in 2023/2024. The impairment test carried out by management at the P&ARP operating segment level did not lead to an impairment as of 31 December 2017. We considered this to be a key audit matter due to the magnitude of the goodwill balance in this operating segment level, and the significant judgement involved in estimating the future expenditures and cash inflows, and the inherently uncertain recoverable amounts.	evaluated and challenged the assumptions and methodologies applied by the group in its impairment test. We have performed a peer group analysis to assess the discount rate and verified the regular and perpetual growth rate by using market data. We also verified the mathematical accuracy of management's valuation models. We agreed the cash inflows, capital expenditures and related returns to the, from the 2018 – 2025 medium and long term, business plan. We reviewed the consistency of the cash inflows, capital expenditures and related returns in light of group strategy and business plans approved by the board of directors, focusing on the Automotive Body Sheet project given the long-term nature of the forecasts. We assessed these assumptions by gaining a detailed understanding from management of the underlying EBITDA forecast, comparing this forecast with historical performance, and trends in operational results and performing back testing on the previous year's expectations. We also assessed the adequacy of the group's disclosures in note 16 regarding the impairment test performed, including the assumptions used and the sensitivity of these assumptions used. We considered management's key assumptions to be within a reasonable range of our own expectations.
Recoverability of deferred income tax assets ***Note 2 and 18***The company recognised deferred income tax assets in relation to recoverable tax losses and temporary differences between commercial base and tax base of assets and liabilities as of 31 December 2017 amounting to €139 million (31 December 2016: €222 million). Of this amount, €78 million is recognized related to recoverable tax losses. Significant income tax losses were incurred in previous years by subsidiaries located in the Netherlands, the United States of America and Switzerland. The total unrecognised deferred tax assets in relation to tax losses amount to €356 million. The deferred tax assets related to recoverable tax losses were determined based on the expected future taxable income per tax	With the support of our tax specialists we evaluated and tested corporate tax positions taken by management. We examined the deferred income tax assets by jurisdiction and assessed the recoverability through agreeing the forecasted future taxable profits with approved business plans per entity. We assessed whether the underlying trends and assumptions in the forecasts for taxable profit were consistent with those used in the impairment tests. We have challenged the underlying assumptions, forecasted revenues and costs and, ascertained the inclusion of all required elements in the forecast of taxable profits. based on the applicable tax rates in the countries the entities reside. We also assessed the past

jurisdiction, the applicable tax rates and local expiry periods of tax loss settlement.

Due to the inherent level of uncertainty, the potential limitations in the recoverability of deferred income tax assets and the significant management judgement involved, we considered the recoverability of deferred income tax assets to be a key audit matter for our audit.

performance against the expected future tax profits in the business plans used by the company. In addition, we have considered the local expiry periods together with any applicable restrictions in recovery for each individual jurisdiction.

We assessed the adequacy of the company's disclosures on deferred tax assets and assumptions used.

We considered management's key assumptions to be within a reasonable range of our own expectations.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the directors' report;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of Constellium N.V. following the passing of a resolution by the shareholders at the annual meeting held on 15 June 2017 and the appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of seven years.

Responsibilities for the financial statements and the audit

Responsibilities of management

Management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for

- such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going-concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 12 March 2018
PricewaterhouseCoopers Accountants N.V.

Original has been signed by A.F. Westerman RA

Appendix to our auditor's report on the financial statements 2017 of Constellium N.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit of financial information or specific balances was considered necessary.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.