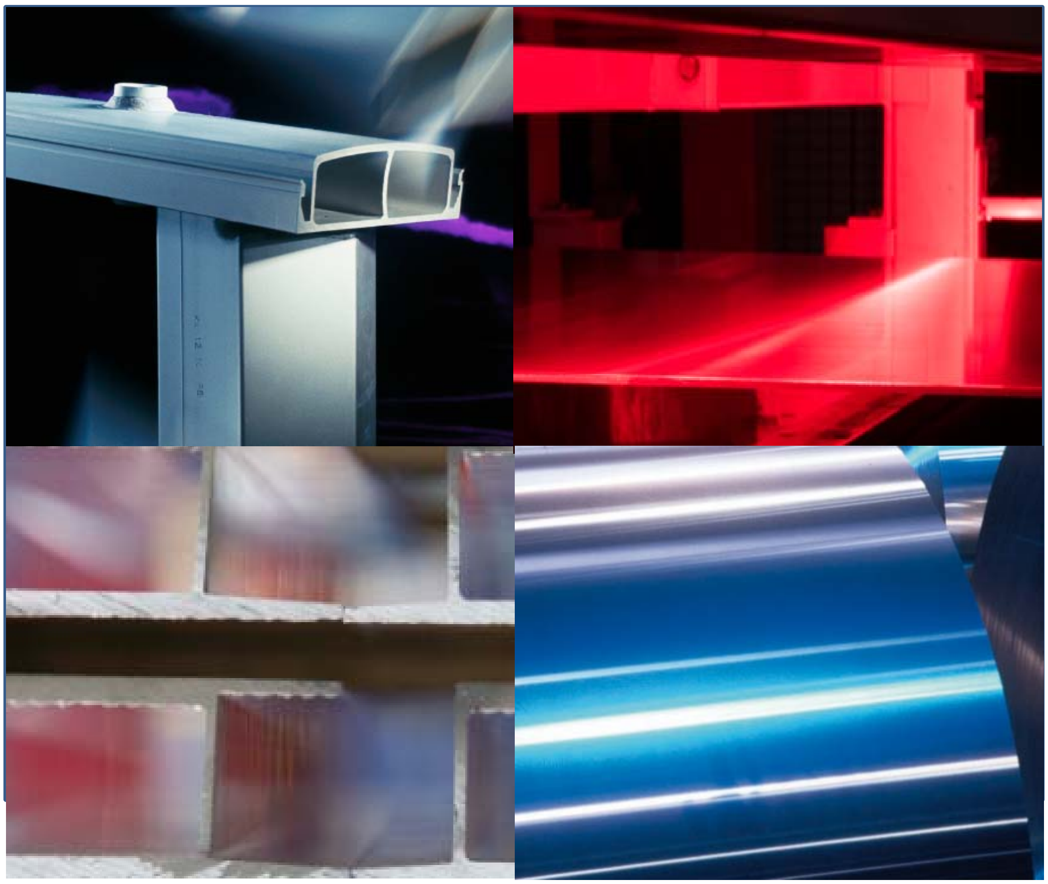
Annual Report 2016



Constellium

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DIRECTORS' REPORT 2016 – 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 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 specialty rolled and extruded aluminium products, serving primarily the packaging, aerospace and automotive end-markets. We have a strategic footprint of manufacturing facilities located in North America, Europe and China. Our business model is to add value by converting aluminium into semi-fabricated products. We believe we are the supplier of choice to numerous blue-chip customers for many value-added products with performance-critical applications. Our product portfolio 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, 2016, we operated 22 production facilities, including a new facility operated by our joint venture with UACJ Corporation in Bowling Green, Kentucky, USA, we had 9 administrative and commercial sites, one research and development ("R&D") center in Europe with a hub in the U.S., and one university technology center. The Company had approximately 11,000 employees as of December 31, 2016. In addition, we are building new facilities in Bartow County, Georgia, USA and San Luis Potosí, Mexico, in response to growing demand for automotive structures in North America. We believe our portfolio of flexible and integrated facilities is among the most technologically advanced in the industry. It is our view that our established presence in North America and Europe and our presence in 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) higher margin products, (ii) stability through economic cycles, and (iii) favorable growth fundamentals supported by substitution trends in European can sheet and automotive as well as order backlogs in aerospace.

As of 2016, we are a leading European and North American supplier of can body stock, the leading global supplier of aluminium aerospace plates, and believe that we are one of the largest providers of aluminium auto crash management systems globally. 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 Rexam PLC/Ball Corporation ("Rexam/Ball")[1], Anheuser-Busch InBev ("AB InBev"), Crown Holdings, Inc., Airbus, Boeing, and several premium automotive original equipment manufacturers ("OEMs"), including BMW AG, Daimler AG and Ford Motor Company ("Ford"). 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 and creates a competitive advantage.

In September 2016, we officially opened a new manufacturing plant in Bowling Green, Kentucky, USA, to supply aluminium automotive body sheet to the North American automotive industry under the joint venture, Constellium-UACJ ABS LLC. The facility will house an initial capacity of 100,000 metric tons and has secured its metal supply with both partners' rolling mills. With cutting-edge equipment and technologies, the facility expects to offer a flat rolled product portfolio for a wide range of applications including closure panels, as well as body structures. The plant is currently in qualification phase, with ramp-up planned over the next two years. As of today, the line is essentially committed with orders from leading automotive OEMs in North America.

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 85% of operating segment volume for the year ended December 31, 2016 was in packaging rolled products, which primarily include beverage and food can stock as well as closure stock and foil stock. The remaining 15% of operating segment volume for that period was in automotive and specialty and other thin-rolled products, which include technologically advanced products for the automotive and industrial sectors. Our Packaging & Automotive Rolled Products operating segment accounted for approximately 52% of revenues and 53%[2] of Adjusted EBITDA for the year ended December 31, 2016.

[1] Ball completed acquisition of Rexam PLC in June 2016

[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.

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 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, 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 27% of our revenues and 27%[3] of Adjusted EBITDA for the year ended December 31, 2016.

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. Our Automotive Structures & Industry operating segment accounted for approximately 21% of revenues and 27%[4] of Adjusted EBITDA for the year ended December 31, 2016.

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 high value-added, technologically advanced products in which we believe that we have a competitive advantage. Our strategy to achieve this objective has four pillars: (i) selective participation, (ii) customer partnerships, (iii) product leadership and (iv) best-in-class efficiency and operational performance.

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.

4 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.

2.2 Objectives and progress

2.2.1 Objectives and Progress

Selective Participation

Continue to target investment in high-return opportunities in our core markets (packaging, aerospace and automotive), with the goal of driving growth and profitability

We are focused on our three strategic end-markets — packaging, aerospace, and automotive—which we believe generally have attractive growth prospects for aluminium. These are also markets where we believe that we can differentiate ourselves through our high value-added products, our strong customer relationships and our R&D and technological capabilities. Our capital expenditures and R&D spend are focused on these three strategic end-markets and are made in response to specific volume requirements from long-term customer contracts, which helps ensure relatively good visibility into return on investment. Our focus on high value-added products in our three strategic end-markets with our strong customer relationships enable us to maximize conversion premium growth and profitability rather than focusing on volume growth. For example, in October 2016, we opened a new state-of-the-art finishing line at our plant in Neuf-Brisach, France. The new line is designed to meet the growing demand for aluminium Automotive Body Sheet. With a production capacity of 100,000 tons, the new finishing line features high-speed thermal treatment, precise temperature control, highly efficient quenching process as well as greater flexibility on the thickness of processed alloys. This diverse range of innovative technologies will enable us to manufacture high-quality aluminium products for automotive closure inners, outers and body sheet. The new finishing line is in the final stage of the qualification phase and has already started commercial production.

As part of our focus on our core end-markets and our strategy to improve our profitability, we also consider potential divestitures of non-strategic businesses. In 2016, we completed the sale of our plant in Carquefou (France), which was dedicated to aero and non-aero tubes.

Customer Partnerships

Focus on higher margin, technologically advanced products that facilitate long-term relationships as a crucial supplier to our customers

Our product portfolio is predominantly focused on high value-added products, which we believe we are particularly well-suited to developing and manufacturing for our customers. These products tend to require close collaboration with our customers to develop tailored solutions, as well as significant effort and investment to adhere to rigorous qualification procedures, which enables us to foster long-term relationships with our customers. Our 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.

Support our customer base globally

In line with these principles, our recently announced or completed expansions include:

- Our investment in a new state-of-the-art finishing line at our plant in Neuf-Brisach, France, to further strengthen our position as a significant supplier of aluminium Automotive Body Sheet in the automotive market;

- The opening of a new manufacturing plant in Bowling Green, Kentucky, USA, to supply aluminium Automotive Body Sheet to the North American automotive industry under the joint venture, Constellium-UACJ ABS LLC;

- Our plans to open a new manufacturing facility in San Luis Potosí, Mexico, for the production of aluminium automotive structural components to respond to increasing demand for lightweight, high-strength aluminium crash management systems and automotive structures for the expanding auto industry in Mexico;

- The ongoing construction of a new manufacturing facility in Bartow County, Georgia in the United States, to respond to the growing North American demand for aluminium structural parts to lighten vehicles.

Product Leadership

Continue to differentiate our products, with the goal of maintaining our leading market positions and remaining a supplier of choice to our customers

We aim to deepen our ties with our customers by consistently providing best-in-class quality, market leading supply chain integration, joint product development projects, customer technical support and scrap and recycling solutions. We believe that our product offering is differentiated by our market-leading R&D capabilities. Our key R&D programs are focused on high growth and high margin areas such as specialty material solutions, next generation alloys and sustainable engineered solutions/manufacturing technologies. Examples of market-leading breakthroughs include our lightweight Airware® lithium alloy technology and our High Strength 6xxx series Alloy (HSA6), a new generation of high-strength alloys for crash management systems and fabricated extruded parts for automotive structures and chassis components.

Best-in-Class Efficiency and Operational Performance

Deliver superior operational performance through manufacturing excellence

We believe that there are significant opportunities to improve the services and quality that we provide to our customers and to reduce our manufacturing costs by implementing manufacturing excellence initiatives. Manufacturing excellence is a production practice that improves efficiency of operations by identifying and removing tasks and process steps that do not contribute to value creation for the end customer. We continually evaluate debottlenecking opportunities globally through modifications of and investments in existing equipment and processes. 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.

2.2.2 Outlook 2017

Constellium remains confident in the long term demand across its targeted end markets and in its ability to grow Adjusted EBITDA. In 2017, the packaging market is expected to grow in Europe, and to remain flat in North America. In the aerospace industry, secular growth in air traffic coupled with the significant backlog in plane orders of approximately 9 years, suggests steady long term demand for aircraft. In the short term, we are experiencing a temporary inventory overhang, which coupled with reductions in selected wide-body build rates, we expect will create headwinds for our A&T segment in 2017. In the automotive industry, light-weighting trends are expected to continue. In addition, we expect to continue ramping up our ABS projects (Bowling Green, Kentucky and Neuf-Brisach, France), and pursue the development of our projects in the AS&I segment (Bartow County, Georgia and San Luis Potosí, Mexico).

In 2016, we spent €32 million in R&D activities and expect to continue investing significantly in 2017.

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).

2.3 Group financial review

Group Summary

	2016	2015	Var.
Shipments (k metric tons)	1,470	1,478	(1)%
Revenues (€ millions)	4,743	5,153	(8)%
Net income / (loss) (€ millions)	(4)	(552)	n.m.
Adjusted EBITDA (€ million)	377	343	10%
Adjusted EBITDA per ton (€)	257	232	11%

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 and includes approximately €3 million of charges incurred in Q3 in connection with the changes in the executive management team.

For 2016, shipments were in line with the prior period. Revenue for 2016 decreased 8% to €4.7 billion, as a result of lower metal prices. On a like-for-like basis (excluding the impact of movements in London Metal Exchange (LME) metal prices, premiums and currency exchange rates), revenue decreased 4% compared to 2015. The Company reported a net loss for 2016 of €4 million compared to a net loss of €552 million in 2015. The key difference stems from the Wise asset impairment recorded at the end of 2015. Adjusted EBITDA was €377 million in 2016 and Adjusted EBITDA per metric ton was €257, representing an increase of 10% and 11%, respectively, compared to 2015. The higher Adjusted EBITDA and Adjusted EBITDA per ton primarily reflect increased profitability in the AS&I segment and strong operational performance in the P&ARP segment, particularly at Muscle Shoals.

Net income

For 2016, we reported a net loss of €4 million compared to a net loss of €552 million in 2015. The difference is primarily attributable to the asset impairment charges recorded in the fourth quarter of 2015. In addition, in 2016, we generated higher adjusted EBITDA of €377 million (an increase of €34 million from the prior year), recorded unrealized gains on derivative instruments of €71 million (an increase of €91 million from the prior year), and a €20 million gain upon finalization of the post-closing contractual purchase price adjustment for the Wise acquisition, and benefited from a favorable metal price lag of €4 million (an increase of €38 million from the prior year). These favorable items were partially offset by finance costs of €167 million (an increase of €12 million from the prior year), and one-time charges of €20 million in connection with the re-negotiation of terms of a customer contract.

The €457 million impairment charge in 2015 included a €400 million impairment charge against the carrying value of the Wise assets and a €49 million impairment related to our Valais facility in Switzerland.

The increase in finance costs was driven by increased interest expense as a result of the issuance of our Senior Secured Notes in March 2016.

Earnings per share

For 2016, the basic and fully diluted earnings per share were a negative €0.04 versus a negative €5.27 per share for the same period in 2015. Basic and fully diluted losses per share were based on a weighted average number of ordinary shares of 105.5 million and 105.1 million for the years ended December 31, 2016 and 2015, respectively.

Cash flow and liquidity

In 2016, we changed the presentation of interest paid in our cash flow statement. Interest paid, which we previously reported in financing cash flows, is now reported in operating cash flows (See note 2.6 to our consolidated financial statements).

Net cash from operating activities decreased by €280 million, to an inflow of €88 million in the year ended December 31, 2016 from an inflow of €368 million for the year ended December 31, 2015. The result reflects the decline in operating cash flow resulted from factoring which contributed €137 million in 2016 compared to €335 million in 2015, a €31 million year over year increase in interest paid, and 2015 working capital improvements related to the Wise acquisition that were not repeated in 2016.

Cash flows used in investing activities decreased by €357 million to €365 million for the year ended December 31, 2016 from €722 million for the year ended December 31, 2015. In 2015, cash flows used in investing activities included €348 million attributable to the Wise acquisition.

Net cash from financing activities was €145 million for the year ended December 31, 2016, a €310 million change from €165 million of cash used in financing activities for the year ended December 31, 2015. In 2016, the €375 million of proceeds from the issuance of the March 2016 Senior Secured Notes was partially offset by the repayment of the Wise PIK Toggle Notes in December 2016 for €148 million. In 2015, the primary financing use was the €211 million repayment relating mainly to the Wise ABL facility.

Net debt as of December 31, 2016 was €2,035 million compared with €1,703 million as of December 31, 2015 and cash and cash equivalents totaled €347 million compared to €472 million at the end of 2015.

At December 31, 2016, liquidity was €537 million, comprised of €347 million of cash and cash equivalents and €190 million available under our committed lending facilities and factoring arrangements.

In the first quarter of 2017, we completed a $650 million offering of 6.625% Senior Unsecured Notes due 2025 and the redemption of Wise's 8.75% Senior Secured Notes due 2018. Together with the redemption of Wise's $150 million 9 ¾ / 10 ½% PIK Toggle Notes due 2019, completed in December 2016, these actions simplify our corporate structure, significantly extend our maturity profile and are expected to reduce our annual interest costs by €27 million.

In addition, we continue to take actions to increase our liquidity and enhance our financial flexibility. We recently extended the maturity of the Wise ABL facility from 2018 to 2020, extended the Wise Factoring Facility to 2018, and upsized to €150 million and extended factoring facilities in Europe to 2021.

2.4 Segment review

Packaging & Automotive Rolled Products (P&ARP)

	2016	2015	Var.
Shipments (k metric tons)	1,013	1,035	(2)%
Revenues (€ millions)	2,498	2,748	(9)%
Adjusted EBITDA (€ million)	201	183	10%
Adjusted EBITDA per ton (€)	199	176	13%

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

For 2016, Adjusted EBITDA was €201 million which represented a 10% increase from €183 million in 2015, primarily due to operational improvements, particularly at Muscle Shoals. Adjusted EBITDA per metric ton increased 13% from the prior year to €199. Shipments were slightly lower for the period, reflecting decreases in Packaging rolled products and Specialty and other thin-rolled products, primarily as a result of lower foil stock demand. These decreases were partially offset by an increase of 25 kt, or 28%, in Automotive rolled products shipments. Revenue decreased 9% to €2.5 billion, primarily as a result of lower metal prices.

Aerospace & Transportation (A&T)

	2016	2015	Var.
Shipments (k metric tons)	243	231	5%
Revenues (€ millions)	1,302	1,355	(4)%
Adjusted EBITDA (€ million)	103	103	0%
Adjusted EBITDA per ton (€)	425	445	(4)%

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

For 2016, Adjusted EBITDA was €103 million in-line with the prior year, while Adjusted EBITDA per ton decreased 4% to €425 from the prior year, as higher volumes and improved costs were offset by a weaker mix. Shipments increased by 5% from the prior year. Revenue decreased 4% for the year primarily reflecting lower average metal prices. The backlog at aerospace manufacturers is high and we remain optimistic regarding the long-term demand in this segment.

Automotive Structures & Industry (AS&I)

	2016	2015	Var.
Shipments (k metric tons)	217	212	3%
Revenues (€ millions)	1,002	1,047	(4)%
Adjusted EBITDA (€ million)	102	80	27%
Adjusted EBITDA per ton (€)	471	380	24%

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

For 2016, Adjusted EBITDA was €102 million, an increase of 27% from the prior year, reflecting increased volumes, and improved price and mix due to solid end market demand in both our automotive and industry end markets. Adjusted EBITDA per ton increased 24% to €471 per ton as compared to the prior period. Shipments increased by 3% and revenue decreased 4% as a result of lower LME partially offset by favorable product mix changes.

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 2016, the R&D center employed 237 employees, including approximately 119 scientists and 118 technicians.

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 at Brunel University London, a dedicated center of excellence for designing, development and prototyping. In addition, we recently opened a new R&D hub in the US in Plymouth, Michigan, in order to improve our support to North American customers.

In the years ended December 31, 2016 and 2015 we invested €32 million, and €35 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 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.

In 2016, the Company implemented a comprehensive risk assessment framework created in 2015 with the objective of better understanding the Company's risk exposure. Formal sessions were held with senior management throughout the year to evaluate and map the company's risks and set up risk management processes. We also implemented a 3-year roadmap to help us make improvements to the assessment process. Under such roadmap, for 2017, we expect our focus to be on governance and monitoring of the identified risks, revisit the risk mapping, with the goal of optimizing resources in 2018 to ensure convergence and consistency within our risk functions.

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 2016 and does not include all the risks that may ultimately impact the Company.

STRATEGIC	OPERATIONAL	FINANCIAL	HUMAN RESOURCES
Aggressive competition Aluminium substitution Timeliness and pace of growth projects	Operational disruption Loss of key customers Sourcing disruption	Metal price and currency exposure Level of indebtedness	Key people and competencies

More detailed risks within these areas are listed 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.

- 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.

- 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 BiW/ABS, or may be unable to achieve the anticipated benefits of such investments.

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

- 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.

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

- 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.

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

- If we are unable to adequately mitigate the cost of price increases of our raw materials, including aluminium, our profitability could be adversely affected.

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

- Adverse changes in currency exchange rates could negatively 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 purchase 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 could adversely affect our ability to service our debt or obtain additional financing, if necessary.

- Despite current indebtedness levels, we and our subsidiaries may still be able to incur substantially more debt. This could exacerbate the risks associated with our substantial leverage.

- The terms of our indebtedness contains 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 indebtedness could materially adversely affect our ability to invest in or fund our operations, limit our ability to react to changes in the economy or our industry or force us to take alternative measures.

- 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 members of our management team may have a material adverse effect on our operating 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.

- The cyclical and seasonal nature of the metals industry, our end-use markets and our customers' industries and a general regional or global economic downturn could negatively affect our financial condition and results of operations.

- 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 negatively affect our financial condition and results of operations.

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

- The beverage can sheet industry is competitive, and our competitors have greater resources and product and geographic diversity than we do.
- Reductions in demand for our products may be more severe than, and may occur prior to, reductions in demand for our customers' products.
- 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.
- Interruptions in or failures of our information systems, or failure to protect our information systems against cyber-attacks or information security breaches, could have a material adverse effect on our business.
- The process of upgrading our information technology 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.
- Ongoing uncertainty in or deterioration of the global economy due to political, regulatory or other developments may adversely affect our operating results.
- 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.
- 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.
- We may institute or be named as a defendant in litigation regarding our intellectual property and such litigation may be costly and divert management’s attention and resources.

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

- Other legal proceedings or investigations, or changes in applicable laws and regulations, could increase our operating costs and negatively 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.

- We may experience or be exposed to unknown or unanticipated issues, expenses, and liabilities as a result of the Wise Acquisition.

- 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.

- 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 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 may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses. If we were to lose our foreign private issuer status, the regulatory and compliance costs to us under U.S. securities laws as a U.S. domestic issuer could be significantly more than costs we incur as a foreign private issuer.

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

- 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.

- Exchange rate fluctuations may adversely affect the foreign currency value of the ordinary shares and any dividends.

- 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.

- 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 reviews
Aluminium Substitution	• Competition monitoring and watch • Alloy development with customers • Proactive and reactive lobbying activities in favor of Aluminium • Industry association presence
Timeliness & Pace of Growth Projects	• Close monitoring of Auto Body Sheet market • Strategic plan reviews • Phased integration and project management

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
Sourcing Disruption	• Multiple sourcing and supplier relationship monitoring • Insourcing capacities • Buffer inventory • Contract management
Loss of Key Customers	• Contract management • Operation, innovation, quality, price performance capabilities and monitoring • Customer portfolio Management • Diversification strategy • Customer satisfaction program

FINANCIAL RISKS	
KEY RISKS	**KEY MITIGATIONS AND CONTROL FRAMEWORK**
Metal price and currency exposure	• Metal and currency hedging management and policy • Contracts management • Exposure identification and monitoring
Level of Indebtedness	• Regular monitoring of business performance (quarterly reviews) • Treasury and Planning & Controlling reviews and regular updates • Focus on disciplined capital expenditure allocation and projects with shorter pay-back

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 2016

The principal risks identified by the Company in section 2.6.2 did not have a significant adverse impact on our financial results in 2016.

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 again 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 newly refined roadmap, we have 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, 2016 and since the annual general meeting of shareholders ("Annual General Meeting") held on June 15, 2016, our Board consisted of ten Directors.

We currently have a one-tier Board consisting of one Executive Director and nine 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. 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, 2016**.**

NAME/NATIONALITY	AGE	POSITION	DATE OF APPOINTMENT
Jean-Marc Germain (French/American)	50	Executive Director	June 15, 2016 Current term: 2016-2017
Richard B. Evans (American)	69	Non-Executive Director (Chairman)	January 5, 2011 Current term: 2016-2019
Guy Maugis (French)	63	Non-Executive Director	January 5, 2011 Current term: 2015-2017
Philippe Guillemot (French)	57	Non-Executive Director	May 21, 2013 Current term: 2016-2017
Werner P. Paschke (German)	66	Non-Executive Director	May 21, 2013 Current term: 2015-2017
Michiel C.M. Brandjes (Dutch)	62	Non-Executive Director	June 11, 2014 Current term: 2016-2017
Peter F. Hartman (Dutch)	67	Non-Executive Director	June 11, 2014 Current term: 2016-2018
John Ormerod (British)	67	Non-Executive Director	June 11, 2014 Current term: 2016-2017
Lori Ann Walker (American)	59	Non-Executive Director	June 11, 2014 Current term: 2016-2017
Martha Brooks (American)	57	Non-Executive Director	June 15, 2016 Current term: 2016-2017

Pursuant to a shareholders agreement between the Company, Apollo Omega, Rio Tinto, Bpifrance and the other parties thereto, Mr. Maugis was selected to serve as a Director by Bpifrance.

Jean-Marc Germain. Mr. Germain has served as an Executive Director since June 2016 and as our Chief Executive Officer of Constellium 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. 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. Mr. Paschke is an independent director of Braas Monier Building Group SA, where he chairs the audit committee. In previous years, he has served on the Supervisory Boards of Conergy Aktiengesellschaft, Coperion GmbH, and several smaller companies. Between 2003 and 2006, Mr. Paschke served as Managing Director and Chief Financial Officer of Demag Holding in Luxemburg, where he was responsible for actively enhancing the value of seven former Siemens and Mannesmann units. From 1992 to 2003 he worked for Continental AG, since 1994 as 'Generalbevollmächtigter' for corporate controlling, plus later accounting. From 1989 to 1992 he served as Chief Financial Officer for General Tire Inc. 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 Munster/Westphalia and is a 1993 graduate of the International Senior Management Program at Harvard University.

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 since July 2013. He also serves 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 since July 2016), 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 has 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 and Chairman of the audit committee of Gemalto N.V., and as member of the compensation committee; and 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 advisor and 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.

4.3 Board meetings 2016

The Board held ten (10) meetings in 2016 and reviewed several matters including amongst others:

- Committee reports.
- Reports from the CEO (including environmental, health & safety, markets and competition).
- Bond refinancing.
- Review and approval of the 2015 Annual Accounts.
- Approval of Form 20-F filing with the SEC for fiscal year 2015.
- Approval of the agenda items for the Annual General Meeting 2016.

- 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 2017 budget.
- 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 the fiscal year 2016 and will address any concerns that were raised.

4.4.2 Discussions by the Non-Executive Board 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 Non-Executive Board Directors of the Executive Board Director's performance

In 2016, the Board evaluated the performance of Pierre Vareille, our Chief Executive Officer and the Executive Director of our Board until July 11, 2016.

Jean-Marc Germain joined as the Company's new Chief Executive Officer on July 11, 2016. His performance will be similarly evaluated by the 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, 2016 the Audit Committee consisted of five Directors: Werner P. Paschke (Chairman), Philippe Guillemot, John Ormerod, Lori A. Walker and Martha Brooks.

The Board has determined that at least one Committee member is a financial expert within the meaning of best practice III.3.2 of the Dutch Corporate Governance Code.

The Audit Committee held seven (7) meetings in 2016 and reviewed several matters including amongst others:

- Reports from the Finance Department (on financial performance including reports from Group Controller, Treasury, Internal Audit and Tax).

- Reports from independent external auditor.
- Bonds refinancing.
- Wise Notes updates.
- Insurance policy review.
- Audit Committee policy on hiring (members of independent external auditor).
- IT (strategy, structure and roadmap).
- Tax strategy 2016.
- Foreign private issuer status review.
- Trade compliance review.
- HR compliance review.
- Report on major litigation issues.
- 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 of risk management processes.
- Approval of internal audit plan.
- Review of key accounting judgments.
- Review and recommendation for approval to the Board half-year and annual financial statements.
- Annual review of committee charter.
- Self-evaluation results.

The Audit Committee and Board review the functioning of the external auditor annually. In 2016 the Annual General Meeting appointed PricewaterhouseCoopers Accountants N.V. as the independent external auditor for 2016.

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, 2016 the Human Resources and Remuneration Committee consisted of four Directors: Peter F. Hartman (Chairman), Richard B. Evans, Guy Maugis and Martha Brooks.

The Human Resources and Remuneration Committee held six (6) meetings in 2016 and reviewed several matters including amongst others:

- Compensation 2016 reward strategy.
- May 2013 weekly share grant repurchases.
- to review and approve the departure conditions of our former CEO.
- Compensation structure for CEO and CEO direct reports.
- Executive Committee members' salary update and performance awards targets.
- Board members remuneration structure and level update including June 2016 RSU grants.
- Management Equity Plan wind-up program updates.
- Periodic performance RSU grants.
- Secondary registration statement on form F-3 for MEP affiliates.
- Share Ownership Guidelines.
- Co-investment plan update.
- 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.

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.

Our Remuneration Policy is published on our website www.constellium.com.

4.6.3 How the Remuneration Policy has been applied in 2016 (methods)

In 2016, we did not deviate from our Remuneration Policy as published on our website.

4.6.4 Contract with our CEO

Mr. Vareille

Mr. Pierre Vareille served as our CEO from September 1, 2012 until July 11, 2016. His contract was governed by the laws of Switzerland. His contract included a three months' notice period and provided for compensation in case of termination without cause.

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 26, 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, a target annual bonus of 120% of base salary, and a maximum annual bonus of 180% of base salary.

Mr. Germain was granted the following equity awards in August 2016 pursuant to his employment agreement: (1) an award of performance-based restricted stock units with a target number of shares of 150,000 and a maximum number of shares of 450,000, which will vest on the third anniversary of the date of grant, subject to his continued employment and the achievement of certain performance goals; (2) an award of 100,000 restricted stock units, which represent his ordinary course 2016 long-term equity compensation grant, and which will vest on the third anniversary of the date of grant, subject to his continued employment; and (3) an award of 100,000 restricted stock units, which will vest in equal installments on the first two anniversaries of the date of grant, subject to his continued employment.

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 compensations CEO

Mr. Vareille

On July 11, 2016 Mr. Vareille held 1,500,000 Class A Ordinary Shares in the capital of Constellium.

Mr. Germain

On December 31, 2016 Mr. Germain did not hold any Class A Ordinary Shares in the capital of Constellium. On August 4, 2016 he received a grant for up to 650,000 RSUs to vest in future years subject to certain conditions (see footnote 5 below).

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.

Compensations of Mr. Vareille and Mr. Germain in 2016

The following table sets forth the remuneration paid during our 2016 fiscal year to Mr. Vareille and Mr. Germain:

NAME	BASE SALARY PAID	BONUS EPA PAID	EQUITY[5]	PENSION[6]	OTHER COMPENSATION[7]	TOTAL
Pierre Vareille,	€459,466	€953,471	N/A	€52,098	€252,560	€1,717,595
Jean-Marc Germain[8]	€409,532	N/A	€2,075,568	N/A	€80,446	€2,565,546

[5] The amount reported in this column represents the grant date fair value of the awards granted in 2016, computed in accordance with IFRS 2. In 2016, Pierre Vareille was not granted any equity awards. Jean-Marc Germain was granted the following restricted stock unit awards in August 2016: (a) a performance-based restricted stock unit award with a target number of shares of 150,000, and a maximum number of 450,000 shares issuable , which awards vest on the third anniversary of the grant date, subject to continued service and certain market-related performance conditions being satisfied; (b) 100,000 time-based restricted stock units, which vest on the third anniversary of the grant date, subject to continued service; and (c) 100,000 restricted stock units, which vest 50% on the first anniversary of the grant date and 50% on the second anniversary of the grant date, subject, in each case, to continued service.

[6] Pension represents amounts contributed by the Company during the 2016 fiscal year to Switzerland as part of the overall pension requirements apportioned to the base salary.

[7] Other compensation for Mr. Vareille includes imputed payments made in 2016 for lunch allowance, vacation balance payment and for a non-compete agreement. Mr. Vareille will be entitled to €330,256 in 2017 for amounts due under his non-compete agreement and a portion of the unpaid 2016 bonus, and €256,132 in 2018 for the balance of his unpaid 2016 bonus. Other compensation for Mr. Germain includes a car allowance and $84,800 for his service as an advisor to the Board prior to his appointment as Chief Executive Officer on July 11, 2016.

[8] Prior to his appointment as CEO on July 11, 2016, Mr. Germain acted as advisor to the Board and his related fees are included above in the table under "Other Compensation".

4.6.6 Remuneration Non-Executive Directors

Currently, each of our Non-Executive Directors, is paid an annual retainer of €60,000 and receives €2,000 for each meeting of the Board they attend in person and €1,000 for each meeting they attend by telephone.

The Chairman of the Board receives an additional annual retainer of €60,000; the Chairman of the Audit Committee receives 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, receives an additional annual retainer of €8,000.

In addition, on June 15, 2016 our Non-Executive Directors received a grant of Restricted Stock Units 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 Restricted Stock Units vest in equal installments on each of the first and second anniversaries of the grant date, subject to the recipient continuously being a member of the Board through each such 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 2016 fiscal year to our Non-Executive Directors:

(IN EUROS)	BOARD FEES	BOARD/COMMITTEE ATTENDANCE FEES	EQUITY AWARD 2016[9]	TOTAL
Richard B. Evans	€128,000	€33,000	€44,469	€205,469
Michiel Brandjes	€60,000	€18,000	€35,577	€113,577
Martha Brooks[10]	€30,000	€13,000	€35,577	€78,577
Philippe Guillemot	€60,000	€28,000	€35,577	€123,577
Peter F. Hartman	€68,000	€23,000	€35,577	€126,577
Guy Maugis	€68,000	€28,000	€35,577	€131,577
John Ormerod	€60,000	€32,000	€35,577	€127,577
Werner P. Paschke	€75,000	€25,000	€35,577	€135,577
Lori A. Walker	€60,000	€29,000	€35,577	€124,577
Total	**€609,000**	**€229,000**	**€329,085**	**€1,167,085**

[9] The amount reported in this column represents the grant date fair value of restricted stock unit awards granted on June 15, 2016, computed in accordance with IFRS 2. On June 15, 2016, Mr. Evans was granted 11,062 restricted stock units and all other Non-Executive Directors were granted 8,850 restricted stock units each. Such restricted stock units vest 50% on each anniversary date of the grant date. See Note 28 to the consolidated financial statements. Amounts have been converted to euros based on an exchange rate of 0.8894 dollars to euros to reflect the equivalent of $50,000 for the Chairman and $40,000 for each other Non-Executive Director.

[10] Prior to her appointment as a member of the Board on June 15, 2016, Ms. Brooks also received $57,000 as an advisor to the Board.

4.6.7 Remuneration for 2017

We expect no major changes in our Remuneration Policy for 2017. We will simplify our global bonus program (EPA) and propose a long term incentive plan.

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, 2016 the Nominating / Governance Committee consisted of three Directors: Richard B. Evans (Chairman), Michiel Brandjes and John Ormerod.

The Nominating and Governance Committee held four (4) meetings in 2016 and reviewed several matters including amongst others:

- Chairman's report.
- Board annual governance review.
- Independence and related party transactions.
- Protocol for dealing with Iran related transactions.
- Board and Committee membership.
- Nominations for AGM.
- 2016 AGM topics.
- Review of EU Market Abuse Regulation.
- 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, which Act expired on January 1, 2016. New rules with respect to this may be reintroduced in the near future and we will monitor this.

The Act on Management and Supervision Act (*Wet bestuur en toezicht*) regarding gender diversity required 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, 2016 the Environment, Health and Safety Committee consisted of three Directors: Guy Maugis (Chairman), Philippe Guillemot and Lori Walker.

The Environment, Health and Safety Committee held two (2) meetings in 2016 and reviewed several matters including amongst others:

- General EHS updates
- Review of 2015 and 2016 safety results & action plan 2016.
- Review of major environmental risks.

4.9 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

We are a public company and list our Class A Ordinary Shares on the New York Stock Exchange (NYSE) and on the Euronext Paris, regulated markets and are subject to the Dutch Corporate Governance Code (the "Dutch Code").The Dutch Code, as amended, became effective on January 1, 2009, and applies to all Dutch companies listed on a government-recognized stock exchange, whether in the Netherlands or elsewhere.For the complete Dutch Code please click on this link: http://www.mccg.nl/information-in-english.

On 8 December 2016, the Monitoring Committee Corporate Governance Code published a new Dutch Code (the "New Dutch Code"). The New Dutch Code applies to any financial year starting on or after 1 January 2017. Where the New Dutch Code requires changes to rules, regulations or procedures, a company will be deemed compliant with the New Dutch Code if those changes are implemented no later than 31 December 2017. The Monitoring Committee recommends that the key aspects of a company's corporate governance structure and compliance with the New Dutch Code be discussed at the 2018 annual general meeting.

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 those 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 interests of our stakeholders, 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.

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

Remuneration (Principles II.2, III.7 and associated best practice provisions).

We believe that our remuneration policy helps to focus Directors, officers and other employees and consultants on business performance that creates shareholder value, 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. Aspects of our remuneration policy deviate from the Dutch Code to comply with applicable NYSE and SEC rules. For example, the Dutch Code recommends against providing equity awards as part of the compensation of a Non-Executive Director. However, the Company deviates from this recommendation and grants equity to its Non-Executive Directors.

Conflicts of interest and related party transactions (Principles II.3, III.6 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 for deemed conflicts of interests.

The chairman of the board may not also be or have been an executive board member (best practice provisions III.4.2 and III.8.1).

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 III.1.7, the vice-chairman shall act as contact for individual board members concerning the functioning of the chairman of the board (best practice provision III.4.4).

We 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 will 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 III.6.5).

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

Independence (Principle III.2 and associated best practice provisions).

We deviate from the Dutch Code's independence definition for Directors 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, and because such provisions do not reflect best practices of global companies listed on the NYSE.

The majority of the members of the board of Directors shall be non-executive directors and are independent within the meaning of best practice provision *III.2.2 (best practice provision III.8.4).*

Seven Non-Executive Directors of our 10 members of the Board are independent. It is our view that given the nature of our business and the practice in our industry and considering our shareholder structure, it is justified that only seven Non-Executive Directors are independent. We deviate from the Dutch Code's independence definition for Directors 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, and because such provisions do not reflect best practices of global companies listed on the NYSE. As an example, under NYSE rules, 9 of our current 10 Directors are independent. We may need to further deviate from the Dutch Code's independence definition for Directors when looking for the most suitable candidates. For example, a current Director or future Director candidate may have particular knowledge of, or experience in, the downstream aluminium rolled and extruded products and related businesses, but may not meet the definition of independence in the Dutch Code. As such background is very important to the efficacy of our Board in managing a highly technical business, and because our industry has relatively few participants, our Board may decide to nominate candidates for appointment, who do not fully comply with the criteria as listed under best practice provision III.2.2 of the Dutch Code.

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 IV.3.13).

We will not formulate an "outline policy on bilateral contacts" with the shareholders. We do and 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 maximum of three 4-year terms (best practice provisions III.3.5)

On June 15, 2016 Mr. Brandjes, Mr. Guillemot, Mr. Ormerod and Ms. Walker were each re-appointed as Non-Executive Directors for a period of one year. Ms. Brooks was newly appointed for a period of one year.

Mr. Hartman was re-appointed as Non-Executive Director for a period of two years as the Board believes that it is preferable that the Chairmen of the Board's Committees serve for a period of 2 years following an election.

Mr. Evans was re-appointed as Non-Executive Director for a period of three years. The Board believes that it is preferable that the Chairman of the Board serve for a period of 3 years following an election.

This deviation gives the shareholders the opportunity to vote on re-appointments for terms under four years. Since we are a relatively recent public company of only 4 years, the maximum of three 4-year terms is not an issue at this point.

Pursuant to best practice provision III.3.6, the non-executive board members shall draw up a retirement schedule in order to avoid, as far as possible, a situation in which many non-executive board members retire at the same time. The retirement schedule shall be made generally available and shall be posted on the company's website.

As we are a relatively recent public company and many of our Non-Executive Directors are (re)appointed for one year and recently elected, we currently do not have a retirement schedule.

Pursuant to best practice provision IV.1.1, a general meeting of shareholders is empowered to cancel binding nominations of candidates for the board, and to dismiss members of the board by a simple majority of votes of those in attendance, although the company may require a quorum of at least one-third of the voting rights outstanding. If such quorum is not represented, but a majority of those in attendance vote in favour of the proposal, a second meeting may be convened in the future and its vote will be binding, even without a one-third quorum.

Our Articles of Association currently provide that the General Meeting may at all times overrule a binding nomination by a resolution adopted by at least a two-thirds majority of the votes cast, if such majority represents more than half of the issued share capital. Although this constitutes a deviation from provision IV.1.1 of the Dutch Code, we hold the view that these provisions will enhance the continuity of our management and policies.

Best practice provision IV.3.1 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, presentations to investors as referred to in best practice provision IV.3.1 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 2016, 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, 2016, the Company’s authorized share capital of €8,000,000 is divided into 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 €2,111,633.46 divided into 105,581,673 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, 2016 were 31,394.

Our Class A Ordinary Shares are listed on the New York Stock Exchange and on the Euronext Paris.

(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, 2016 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, 2017;
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 and 110% of the market price of the shares on Euronext Paris 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, 2016 the following persons had shareholdings of 3% or more in the share capital of Constellium N.V.:

(A) July 12, 2013, BPI group (indirectly through BPI-Groupe S.A., Bpifrance Participations S.A.), 12.23% capital interest and voting rights.

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

(C) December 11, 2014, Barclays Plc (indirectly through Barclays companies), 5.09% capital interest and voting rights. On March 12, 2015 Barclays Plc notified that its (indirect) capital interest decreased to 4.59% capital interest and voting rights. On July 21, 2016 Barclays Plc notified that its (indirect) capital interest increased to 5.89% capital interest and voting rights and on August 10, 2016 increased to 6.68% and on August 22, 2016 decreased to 6.41%.

(D) March 24, 2016 D.E. Shaw & Co., L.P. 3.03% capital interest and 3.03% voting rights. On July 8, 2015 D.E. Shaw & Co., L.P. notified that its capital interest and voting rights increased to 5.05%.

4.9.7 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, 2016 based on the criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

4.9.8 Holders of any securities with special control rights

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

4.9.9 System of control of employee share scheme

(A) Management Equity Plan

Omega Management GmbH & Co. KG ("Management KG") was a vehicle which allowed current and former Directors, officers and employees of Constellium who invested in a management equity plan (the "MEP") (either directly or indirectly through one or more investment vehicles) (the "MEP Participants") to hold a limited partnership interest in Management KG that corresponded to a portion of the shares in Constellium held by Management KG. Certain of our executive officers participated in the MEP. In connection with our IPO, the MEP was frozen and no other employees, officers or Directors of Constellium were invited to become MEP Participants after 2013.

Following the advisory board resolution of Omega MEP GP GmbH, the general partner of Management KG, dated November 6, 2015, it was resolved to wind-up the MEP. In connection with the wind-up of the MEP and with effect as of November 10, 2015, 2,410,357 Class A ordinary shares were transferred to the 34 MEP Participants in accordance with their respective share allocations under the MEP.

Management KG no longer holds any shares in Constellium and the limited partnership interests no longer represent an indirect economical interest in Constellium; the Management KG was liquidated as of October 31, 2016.

(B) 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" ("ISOs") (within the meaning of Section 422 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), 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 stock options, SARs and rights to acquire restricted stock (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 freestanding 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 restricted stock units. Restricted stock units 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 restricted stock units granted under the Constellium 2013 Equity Plan prior to their vesting. Restricted stock units 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 Units

The Constellium 2013 Equity Plan provides for the award of performance units 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 performance unit is conditioned upon the achievement of performance goals set by our Human Resources and Remuneration Committee in granting the performance unit 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.

2016 Awards

In 2016, our Human Resources and Remuneration Committee approved performance-based restricted stock unit grants under our Constellium 2013 Equity Plan for certain eligible employees, including our executive officers, that were based on targeted levels of relative total shareholder return ("TSR"). The Human Resources and Remuneration Committee establishes goals for the TSR in respect of each performance period and the designated numbers of shares that may be received by a participant based upon the achievement of each goal during the performance period. Each such performance-based stock unit grant vests over a three-year period, subject to continued service and the achievement of performance goals described below.

For each of the three annual performance periods during the three-year vesting period for the performance-based restricted stock units, our TSR is measured relative to the TSR of the following peer group established by our Human Resources and Remuneration Committee (and weighted as follows):

- 33% of the total peer group TSR is based on the TSR of the companies listed in the Dow Jones Industrial Average ("DJIA").

- 33% of the total peer group TSR is based on the TSR of four of our competitors: Alcoa Corporation, Allegheny Technologies Incorporated, Carpenter Technology Corporation, and Kaiser Aluminum Corporation (which we refer to as our "competitors" and which list of competitors is subject to adjustment as described below).

- 34% of the total peer group TSR is based on the TSR of four of our main partners: Rio Tinto, Ball, Airbus, and Ford (which we refer to as our "partners").

When calculating the relative TSR, each of the companies listed above as our competitors and our partners is given an equal relative weight of 25%.

The term TSR, as applied to the Company or any company in the peer groups, means the stock price appreciation from the beginning to the end of the applicable performance period, plus dividends and distributions made or declared during the performance period, expressed as a percentage return, and with respect to the DJIA, the variation of the DJIA index from the beginning to the end of the performance period, expressed as a percentage.

For purposes of computing the TSR, the stock price at the beginning of the performance period will be the average closing price of a share of common stock of the Company over the 20 trading days ending on the first day of the applicable performance period and the stock price at the end of the performance period will be the average closing price of an ordinary share over the 20 trading days ending on the last day of the applicable performance period, adjusted for changes in capital structure as set forth in the Constellium 2013 Equity Plan or as determined at the discretion of the Human Resources and Remuneration Committee.

The performance-based restricted stock units vest as follows:

- If, for a given performance period, the Company's TSR is below the average of the total peer groups' TSR, then no performance-based restricted stock units will vest and no shares will be earned by the participant.

- If, for a given performance period, the Company's TSR is equal to the average of the total peer groups' TSR, then 100% of the annual target number of performance-based restricted stock units will vest and the corresponding number of shares will be earned by the participant, subject always to his or her continued service through the three-year service-vesting period.

- If, for a given performance period, the Company's TSR is above the average of the total peer groups' TSR, then: (1) 100% of the annual target number of performance-based restricted stock units will vest and (2) an amount of additional performance-based restricted stock units equal to twice the excess of the Company's TSR over the average of the peer groups' TSR will vest (for example, if the Company's TSR exceeds the peer groups' TSR by 3%, an additional 6% of the annual target number of performance-based restricted stock units will vest).

The maximum number of performance-based restricted stock units subject to an award is 300% of the total target number of performance-based restricted stock units, of which up to one-third will be eligible for vesting with respect to attainment of the applicable performance goals during each year of the three-year vesting period.

In 2016, our Human Resources and Remuneration Committee also granted time-based restricted stock units to our executive officers that either vest on the third anniversary of the grant date, subject to continued service, or vest in equal installments on the first two anniversaries of the grant date, subject to continued service. Constellium granted several performance-based restricted stock units, including those granted under the same terms and conditions as those set forth above, see "—Performance Goals," and others without performance conditions with either a three-year vesting or a vesting of 50% per year over a two-year period. See Note 28 to the consolidated financial statements for more information.

(C) Employee Performance Award Plan

Each of our officers, participates in the Employee Performance Award Plan (the "EPA"). The EPA is an annual cash bonus plan intended to provide performance-related award opportunities to employees who contribute substantially to the success of Constellium. Under the EPA, participants are granted opportunities to earn cash bonuses (expressed as a percentage of base salary) based on the level of achievement of certain financial metrics established by our Human Resources and Remuneration Committee for the applicable annual performance period, EHS performance objectives approved by our Human Resources and Remuneration Committee, and individual and team objectives established by the applicable participant's supervisor.

The level of awards granted under the EPA is generally determined to be:

- 70% based on the level of attainment of the applicable financial metrics (which we refer to as the "Financial Performance Award");

- 10% based on the level of attainment of EHS performance objectives (which we refer to as the "EHS Performance Award"); and

- 20% based on the level of attainment of individual and team objectives (which we refer to as the "Individual/Team Performance Award").

The Financial Performance Award is calculated on a quarterly basis and takes into account two components as defined and reported by the Company's corporate controller: Adjusted Free Cash Flow/Operating Cash Flow and Adjusted EBITDA. Each of these components accounts for half of the Financial Performance Award (and as such, 35% of the total target award). 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 Performance Award element of the EPA award is defined, depending on the level of the employee, on one or more financial results of Constellium and/or the applicable business unit and/or the site or operating unit, depending on the individual.

The EHS Performance Award is based on a yearly EHS objective for Constellium and the different entities established at the beginning of each performance period. There will be no payout for the EHS objective in the event of a fatality or type I (major) environmental event for all employees of the operating unit involved, all hierarchical line managers, the BU management and all employees on group level.

The Individual/Team Performance Award objectives are established yearly by the supervisor according to the Company's performance management process. The performance rating on the two main objectives is used to calculate the EPA rating. The employee agrees with his or her supervisor as to which of the objectives will be used for the bonus calculation and indicated in the performance management system.

Awards are paid (generally subject to continued service through the end of the applicable annual performance period) in the year following the year for which such awards were granted. Each participant has a target award expressed as a percentage of the base salary as of December 31 of the applicable year, reflecting both the responsibilities of the position and the labor markets with which Constellium is competing.

The payout scale defines the performance levels and resulting payouts. The target performance level results in a payout at 100% of the bonus entitlement.

The threshold performance level is set at 80% of the target level. If the threshold performance level is not achieved, there is no bonus payout. Between the threshold performance level and the target performance level, the payout increases linearly between 0% and 100%.

The maximum performance target is set at 125% of the target level. This level results in a payout of 150% of the bonus entitlement. The payout between the target performance level and the maximum performance level is defined linearly.

The Financial Performance Award for corporate functions is capped by the highest payout in one of the Business Units.

The plan is applicable to almost 1,300 employees worldwide.

For 2016, payouts for performance under the EPA were determined based on financials or EHS targets for any of: corporate results as a whole; the results of a Business Unit, operational unit or site; or a combination of these results. The potential financial payout that could have been earned by our employees in 2016 under our EPA plan varied according to the following results:

Financial results. The ratio of Company overall performance results in an average payout at 107% of our financial targets to the blended factors for our Business Units and/or operational units ranging from 60% to 121%.

EHS results. The EHS potential payout for the same employees in 2016 varied from 0% to 150%.

Individual Achievements. The potential payout in 2016 varied from 0% to 150%.

4.9.10 Restrictions on voting rights

There are no restrictions on voting rights.

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

Except for an agreement with Rio Tinto there are - as far as the Company is aware, no agreement involving a shareholder of Constellium that could lead to a restriction of the transferability of shares or of voting rights on Shares.

4.9.12 Significant agreements to which the Company is a party and which alter or terminate upon a change of control of the Company

Metal Supply Agreements

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 RioTinto affiliates to Constellium Switzerland 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.

Indentures for Senior Notes and Senior Secured Notes

The Company is party to indentures dated May 7, 2014, December 19, 2014, March 30, 2016, and February 16, 2017 providing for the issuance of our Senior Notes and our Senior Secured Notes. Following a change of control, the indentures give the holders of the applicable issuance of Senior Notes or Senior Secured Notes the right to require the Company to repurchase such holder's Senior Notes or Senior Secured Notes of such issuance at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest.

4.9.13 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, 2016 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 II.1.5 of the Dutch Code on the risks relating to financial reporting, the Board believes that, to the best of its knowledge:

5.2.1 Constellium's internal risk management and control organization provides reasonable assurance that its financial reporting does not contain any error of material importance; and

5.2.2 Constellium's internal risk management and control processes in relation to financial reporting worked properly in 2016.

Jean-Marc Germain
Chief Executive Officer

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

Constellium

CONSOLIDATED FINANCIAL STATEMENTS - SUMMARY

DECEMBER 31, 2016

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CONSOLIDATED INCOME STATEMENT

(in millions of Euros)	Notes	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Revenue	3	4,743	5,153	3,666
Cost of sales		(4,227)	(4,703)	(3,183)
Gross profit		516	450	483
Selling and administrative expenses		(254)	(245)	(200)
Research and development expenses		(32)	(35)	(38)
Restructuring costs	3	(5)	(8)	(12)
Impairment	15	—	(457)	—
Other gains / (losses) - net	7	21	(131)	(83)
Income / (Loss) from operations		246	(426)	150
Finance costs - net	9	(167)	(155)	(58)
Share of loss of joint-ventures	17	(14)	(3)	(1)
Income / (Loss) before income tax		65	(584)	91
Income tax (expense) / benefit	10	(69)	32	(37)
Net (Loss) / Income		(4)	(552)	54
Net (Loss) / Income attributable to:				
Equity holders of Constellium		(4)	(554)	51
Non-controlling interests		—	2	3
Net (Loss) / Income		(4)	(552)	54

Earnings per share attributable to the equity holders of Constellium

(in Euros per share)	Notes	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Basic	11	(0.04)	(5.27)	0.48
Diluted	11	(0.04)	(5.27)	0.48

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, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Net (Loss)/ Income	(4)	(552)	54
Other comprehensive income / (loss)			
Items not to be reclassified subsequently to the consolidated income statement			
Remeasurement of post-employment benefit obligations	(20)	(7)	(137)
Income tax on remeasurement of post-employment benefit obligations	2	20	14
Cash flow hedge [(A)]	—	(9)	9
Income tax on cash flow hedge	—	3	(3)
Items to be reclassified subsequently to the consolidated income statement			
Cash flow hedge [(B)]	(27)	—	—
Income tax on cash flow hedge	9	—	—
Currency translation differences	6	34	(13)
Other comprehensive (loss) / income	(30)	41	(130)
Total comprehensive loss	(34)	(511)	(76)
Attributable to:			
Equity holders of Constellium	(34)	(513)	(80)
Non-controlling interests	—	2	4
Total comprehensive loss	(34)	(511)	(76)

(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, 2016	At December 31, 2015
Assets			
Current assets			
Cash and cash equivalents	12	347	472
Trade receivables and other	13	355	365
Inventories	14	591	542
Other financial assets	21	117	70
		1,410	1,449
Non-current assets			
Property, plant and equipment	15	1,477	1,255
Goodwill	16	457	443
Intangible assets	16	79	78
Investments accounted for under equity method	17	16	30
Deferred income tax assets	18	252	270
Trade receivables and other	13	47	53
Other financial assets	21	49	37
		2,377	2,166
Assets classified as held for sale	29	—	13
Total Assets		3,787	3,628
Liabilities			
Current liabilities			
Trade payables and other	19	839	867
Borrowings	20	107	169
Other financial liabilities	21	34	107
Income tax payable		13	6
Provisions	24	42	44
		1,035	1,193
Non-current liabilities			
Trade payables and other	19	59	54
Borrowings	20	2,361	2,064
Other financial liabilities	21	30	14
Pension and other post-employment benefit obligations	23	735	701
Provisions	24	107	119
Deferred income tax liabilities	18	30	10
		3,322	2,962
Liabilities classified as held for sale	29	—	13
Total Liabilities		4,357	4,168
Equity			
Share capital	25	2	2
Share premium	25	162	162
Retained deficit and other reserves		(743)	(715)
Equity attributable to equity holders of Constellium		(579)	(551)
Non-controlling interests		9	11
Total Equity		(570)	(540)
Total Equity and Liabilities		3,787	3,628

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, 2016	2	162	(133)	—	6	11	(599)	(551)	11	(540)
Net (loss) / Income	—	—	—	—	—	—	(4)	(4)	—	(4)
Other comprehensive (loss) / income	—	—	(18)	(18)	6	—	—	(30)	—	(30)
Total comprehensive income / (loss)	—	—	(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 (loss) / Income	—	—	—	—	—	—	(554)	(554)	2	(552)
Other comprehensive income/(loss)	—	—	13	(6)	34	—	—	41	—	41
Total comprehensive income / (loss)	—	—	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)

(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, 2014	2	162	(23)	—	(14)	1	(96)	32	4	36
Net (loss) / Income	—	—	—	—	—	—	51	51	3	54
Other comprehensive income/(loss)	—	—	(123)	6	(14)	—	—	(131)	1	(130)
Total comprehensive income / (loss)	—	—	(123)	6	(14)	—	51	(80)	4	(76)
Transactions with Equity holders										
Share-based compensation	—	—	—	—	—	4	—	4	—	4
MEP Shares changes	—	—	—	—	—	1	—	1	—	1
Transactions with non-controlling interests	—	—	—	—	—	—	—	—	(2)	(2)
At December 31, 2014	2	162	(146)	6	(28)	6	(45)	(43)	6	(37)

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, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Net (loss)/ income		(4)	(552)	54
Adjustments				
Depreciation and amortization	15	155	140	49
Finance costs – net	9	167	155	58
Income tax expense / (benefit)	10	69	(32)	37
Share of loss of joint-ventures	17	14	3	—
Unrealized (gains) / losses on derivatives - net and from remeasurement of monetary assets and liabilities - net	7	(74)	23	52
Losses on disposal and assets classified as held for sale	7	10	5	5
Impairment		—	457	—
Other – net		(14)	5	5
Interest paid		(174)	(143)	(39)
Income tax paid		(14)	(9)	(27)
Change in Trade working Capital				
Inventories		(42)	149	(95)
Trade receivables		28	343	(48)
Margin calls		—	1	11
Trade payables		(18)	(161)	170
Change in provisions and pension obligations		(5)	(20)	(26)
Other working capital		(10)	4	(33)
Net cash flows from operating activities		88	368	173
Purchases of property, plant and equipment	3	(355)	(350)	(199)
Acquisition of subsidiaries net of cash acquired	7	21	(348)	—
Proceeds from disposals net of cash		(5)	4	(2)
Equity contribution and loan to joint-ventures		(37)	(34)	(21)
Other investing activities		11	6	6
Net cash flows used in investing activities		(365)	(722)	(216)
Net Proceeds from issuance of Senior Notes	20	375	—	1,153
Repayment of Senior Notes / term loan	20	(148)	—	(331)
(Repayments) / Proceeds from revolving Credit Facility and other loans	20	(69)	(211)	13
Payment of deferred financing costs and exit costs	20	(19)	(2)	(27)
Withholding tax reimbursed		—	—	20
Transactions with non-controlling interests		(2)	3	(2)
Other financing activities		8	45	(34)
Net cash flows from / (used in) financing activities		145	(165)	792
Net increase / (decrease) in cash and cash equivalents		(132)	(519)	749
Cash and cash equivalents – beginning of period		472	991	236
Cash and cash equivalents classified as held for sale – beginning of period	29	4	—	—
Effect of exchange rate changes on cash and cash equivalents		3	4	6
Cash and cash equivalents – end of period	12	347	476	991
Less: cash and cash equivalents classified as held for sale	29	—	(4)	—
Cash and cash equivalents as reported in the Consolidated Statement of Financial Position	12	347	472	991

The accompanying notes are an integral part of these 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 aluminum products, serving primarily the packaging, aerospace and automotive end-markets. The Group has a strategic footprint of manufacturing facilities located in the United States, Europe and China, operates 21 production facilities, 9 administrative and commercial sites and one world-class technology center. It has more than 11,000 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 (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

The consolidated financial statements have been authorized for issue by the Board of Directors on March 8, 2017.

2.2. Application of new and revised IFRS

The following new standards and amendments apply to the Group for the first time in 2016.

- Annual improvements to IFRSs 2012-2014 cycle
- Amendments to IAS 1, ‘Disclosure Initiative’
- Amendments to IFRS 11, ‘Accounting for Acquisitions of Interests in Joint Operations’
- Amendments to IAS 16 and IAS 38, ‘Clarification of Acceptable Methods of Depreciation and Amortization’
- Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’

They do not have any significant impact on the annual consolidated financial statements of the Group.

2.3. New standards and interpretations not yet mandatorily applicable

The Group has not applied the following new, revised and amended standards and interpretations that have been issued but are not yet effective and which could affect the Group’s future consolidated financial statements.

The impact of the following standards and interpretations on the Group’s results and financial situation is currently being evaluated.

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. 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 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. Management 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 to 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, 'Lease' 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 standard will be effective for accounting periods beginning on or after January 1, 2018.

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.
The amendments to IAS 7 will be effective for accounting periods beginning on or after January 1, 2017.

IFRIC 22: 'Foreign Currency Transactions and Advance Consideration'
This interpretation indicates how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The Interpretation applies where an entity either pays or receives consideration in advance for foreign currency-denominated contracts.
The date of the transaction determines the exchange rate to be used on initial recognition of the related asset, expense or income.
The Interpretation provides guidance for when a single payment/receipt is made, as well as for situations where multiple payments/receipts are made. It states that the date of the transaction, for the purpose of determining the exchange rate to use on initial recognition of the related item, should be the date on which an entity initially recognizes the non-monetary asset or liability arising from the advance consideration. If there are multiple payments or receipts in advance of recognizing the related item, the entity should determine the date of the transaction for each payment or receipt.
The amendment is effective for annual periods beginning on or after 1 January 2018.

The following amendments are not expected to have any impact on the Group's consolidated financial statements.

Amendments to IAS 12, 'Recognition of Deferred Tax Assets for Unrealised Losses'
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explains in which circumstances taxable profit may include the recovery of some assets for more than their carrying amount.
These amendments will be effective for accounting periods beginning on or after January 1, 2017.

Amendments to IFRS 2, 'Classification and Measurement of Share-Based Payment Transactions'
The amendments clarify the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. They also introduce an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.
These amendments will be effective for accounting periods beginning on or after January 1, 2018.

Annual improvements 2014-2016

The latest annual improvements clarify:

- IFRS 1, 'First time adoption of IFRS': Retirement of short-term exemptions

The amendments deletes short-term exemptions covering transition provisions of IFRS 7 'Financial Instruments – Disclosures', IAS 19 'Employee Benefits', and IFRS 10 'Consolidated Financial Statements'. These transition provisions were available to entities for passed reporting periods and are therefore no longer applicable.

- IFRS 12, 'Disclosure of Interests in Other Entities': Clarifying the scope

The amendment clarifies that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarized financial information. Previously, it was unclear whether all other IFRS 12 requirements were applicable for these interests.

- IAS 28, 'Investments in Associates and Joint Ventures': Clarifying measurement of investments

IAS 28 allows venture capital organizations, mutual funds, unit trusts and similar entities to elect measuring their investments in associates or joint ventures at fair value through profit or loss (FVTPL). The Board clarified that this election should be made separately for each associate or joint venture at initial recognition.

These improvements will be effective for accounting periods beginning on or after January 1, 2017 for IFRS 12 and January 1, 2018 for IFRS 1 and IAS 28.

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 forecast 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 Constellium's negative equity as at December 31, 2016. This assessment was confirmed by the Board of Directors on March 8, 2017.

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 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, 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 for goodwill is recognized for the amount by which the group of units carrying amount exceeds its recoverable amount.
Any impairment loss for goodwill 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; and the revenues, expenses and cash flows of Constellium's entities and businesses are translated from their functional currencies into Euros using 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 of the Group:

		Year ended December 31, 2016		Year ended December 31, 2015		Year ended December 31, 2014	
Foreign exchange rate for 1 Euro		Average rate	Closing rate	Average rate	Closing rate	Average rate	Closing rate
U.S. Dollars	USD	1.1063	1.0541	1.1089	1.0887	1.3264	1.2141
Swiss Francs	CHF	1.0901	1.0739	1.0669	1.0835	1.2146	1.2024
Czech Koruna	CZK	27.0342	27.0210	27.2762	27.0226	27.5352	27.7348

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 and (ii) unrealized exchange gains and losses from the remeasurement of monetary assets and liabilities.

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 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. Inflows and outflows from factoring agreements under which the Group does not derecognize receivables are presented on a net basis as cash flows from financing activities. 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 reasonable 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 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.

Interest paid previously presented in Cash flows from / (used in) financing activities have been reclassified in Cash flows from / (used in) operating activities for respectively €174 million, €143 million and €39 million for years ended December 31, 2016, December 31, 2015 and December 31, 2014. The change in presentation will provide more relevant information about the effects of transactions on the Group cash flows and will make them more comparable with their peers.

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.

Purchase Accounting

Business combinations are recorded in accordance with IFRS 3, 'Business Combination' using the acquisition method. Under this method, upon the initial consolidation of an entity over which the Group has acquired exclusive control, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date.

Therefore, through a number of different techniques, the Group identified what it believes is the fair value of the assets and liabilities at the acquisition date. These valuations include a number of assumptions, estimations and judgments. Quantitative and qualitative information is further disclosed in NOTE 16 – Intangible assets (including Goodwill).

Significant assumptions which were used in determining allocation of fair value included the following valuation techniques: the cost approach, the income approach and the market approach which were determined based on cash flow projections and related discount rates, industry indices, market prices regarding replacement cost and comparable market transactions. While the Company believes that the estimates and assumptions underlying the valuation methodologies were reasonable, different assumptions could have resulted in different fair values.

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, Body in White (BiW), Automotive Body Sheet (ABS), customized industrial sheet solutions and high-quality bright surface product markets. P&ARP operates three facilities in three countries and has 3,388 employees as at December 31, 2016.

Aerospace and Transportation (A&T)

A&T focuses on thick-gauge rolled high value-added products for customers in the aerospace, marine, automotive and mass-transportation markets and engineering industries. A&T operates six facilities in three countries and has 3,606 employees as at December 31, 2016.

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, industrial, energy, electrical and building industries, and to manufacturers of mass transport vehicles and shipbuilders. AS&I operates fourteen facilities in eight countries and has 3,310 employees as at December 31, 2016.

Holdings & Corporate

Holdings & Corporate include the net cost of Constellium's head office and corporate support functions.

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 Group's consolidated financial statements.

3.1 Segment Revenue

	Year ended December 31, 2016			Year ended December 31, 2015			Year ended December 31, 2014		
(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	2,498	(16)	2,482	2,748	(6)	2,742	1,576	(8)	1,568
A&T	1,302	(23)	1,279	1,355	(7)	1,348	1,197	(5)	1,192
AS&I	1,002	(9)	993	1,047	(13)	1,034	921	(46)	875
Holdings & Corporate(A)	(11)	—	(11)	29	—	29	31	—	31
Total	4,791	(48)	4,743	5,179	(26)	5,153	3,725	(59)	3,666

(A) 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. For the year ended December 31, 2015 and 2014, it includes 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, 2016	Year ended December 31, 2015	Year ended December 31, 2014
P&ARP		201	183	118
A&T		103	103	91
AS&I		102	80	73
Holdings & Corporate		(29)	(23)	(7)
Adjusted EBITDA		377	343	275
Metal price lag (A)		4	(34)	27
Start-up and development costs (B)		(25)	(21)	(11)
Manufacturing system and process transformation costs (C)		(5)	(11)	(1)
Wise integration and acquisition costs		(2)	(14)	(34)
Wise one-time costs (D)		(20)	(38)	—
Wise purchase price adjustment (E)	7	20	—	—
Share based compensation	28	(6)	(7)	(4)
(Loss) / Gain on Ravenswood OPEB plan amendment		—	(5)	9
Swiss pension plan settlements		—	—	6
Income tax contractual reimbursements		—	—	8
Depreciation and amortization	15, 16	(155)	(140)	(49)
Impairment	15	—	(457)	—
Restructuring costs		(5)	(8)	(12)
Unrealized gains / (losses) on derivatives	7	71	(20)	(53)
Unrealized exchange gains / (losses) from the remeasurement of monetary assets and liabilities – net	7	3	(3)	1
Losses on disposals and assets classified as held for sale		(10)	(5)	(5)
Other (F)		(1)	(6)	(7)
Income / (loss) from operations		246	(426)	150
Finance costs - net	9	(167)	(155)	(58)
Share of loss of joint-ventures		(14)	(3)	(1)
Income / (Loss) before income tax		65	(584)	91
Income tax (expense) / benefit	10	(69)	32	(37)
Net (loss) / income		(4)	(552)	54

(A) Metal price lag represents the financial impact of the timing difference between when aluminum prices included within Constellium revenues are established and when aluminum 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 manufacturing sites and is 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, 2016 and 2015, new sites start-up costs and business development initiatives include respectively €20 million and €16 million related to BiW/ABS growth projects both in Europe and the U.S.

(C) For the years ended December 31, 2016 and 2015, manufacturing system and process transformation costs related to supply chain reorganization mainly in our A&T operating segment.

(D) 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. For the year ended December 31, 2015, Wise one-time costs related to non-cash step-up in inventory costs on the acquisition of Wise entities (effects of purchase price adjustment for €12 million), to losses incurred on the unwinding of Wise previous hedging policies (€4 million) and to Midwest premium losses (€22 million).

(E) 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.

(F) For the year ended December 31, 2016, other includes individually immaterial other adjustments offset by €4 million of insurance proceeds.

3.3 Revenue by product lines

(in millions of Euros)	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Packaging rolled products	2,003	2,205	1,160
Automotive rolled products	319	275	225
Specialty and other thin-rolled products	160	262	183
Aerospace rolled products	819	861	667
Transportation, Industry and other rolled products	460	487	525
Automotive extruded products	537	544	413
Other extruded products	456	490	462
Other	(11)	29	31
Total Revenue	4,743	5,153	3,666

3.4 Segment capital expenditures

(in millions of Euros)	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
P&ARP	(166)	(170)	(74)
A&T	(96)	(112)	(71)
AS&I	(84)	(60)	(48)
Holdings & Corporate	(9)	(8)	(6)
Capital expenditures – Property, plant and equipment	(355)	(350)	(199)

3.5 Segment assets

Segment assets are comprised of total assets of Constellium by segment, less deferred income tax assets, other financial assets (including cash and cash equivalents) and assets classified as held for sale.

(in millions of Euros)	At December 31, 2016	At December 31, 2015
P&ARP	1,652	1,535
A&T	768	706
AS&I	390	315
Holdings & Corporate	212	210
Segment Assets	3,022	2,766
Unallocated:		
Deferred income tax assets	252	270
Other financial assets	513	579
Assets classified as held for sale	—	13
Total Assets	3,787	3,628

3.6 Information about major customers

Revenue arising from the P&ARP segment for the years ended December 31, 2016 and 2015 is comprised respectively of €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 2016 and 2015.

Revenue arising from the P&ARP segment for the year ended December 31, 2014 is comprised of €406 million from sales to the Group's largest customer. No other single customer contributed 10% or more to the Group's revenue for 2014.

NOTE 4 - INFORMATION BY GEOGRAPHIC AREA

Revenue is reported based on destination of shipments:

(in millions of Euros)	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
France	493	564	533
Germany	1,042	1,112	1,035
United Kingdom	203	243	336
Switzerland	86	72	85
Other Europe	798	849	755
United States	1,511	1,677	524
Canada	68	91	51
Asia and Other Pacific	292	266	174
All Other	250	279	173
Total	4,743	5,153	3,666

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

(in millions of Euros)	At December 31, 2016	At December 31, 2015
United States	729	660
France	543	433
Germany	134	118
Switzerland	—	1
Czech Republic	45	32
Other	26	11
Total	1,477	1,255

NOTE 5 - EXPENSES BY NATURE

(in millions of Euros)	Notes	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Raw materials and consumables used		(2,792)	(3,176)	(2,087)
Employee benefit expenses	6	(897)	(887)	(697)
Energy costs		(140)	(168)	(152)
Sub-contractors		(108)	(86)	(104)
Freight out costs		(128)	(130)	(79)
Professional Fees		(85)	(75)	(64)
Operating lease expenses		(27)	(29)	(25)
Depreciation and amortization	15,16	(155)	(140)	(49)
Impairment	15	—	(457)	—
Other operating expenses		(186)	(300)	(176)
Other gains / (losses) - net	7	21	(131)	(83)
Total Operating expenses		(4,497)	(5,579)	(3,516)

NOTE 6 - EMPLOYEE BENEFIT EXPENSES

(in millions of Euros)	Notes	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Wages and salaries		(841)	(836)	(650)
Pension costs - defined benefit plans	23	(33)	(31)	(26)
Other post-employment benefits	23	(17)	(15)	(17)
Share-based compensation	28	(6)	(5)	(4)
Total Employee benefit expenses		(897)	(887)	(697)

NOTE 7 - OTHER GAINS / (LOSSES) – NET

(in millions of Euros)	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Realized losses on derivatives	(62)	(93)	(13)
Unrealized gains / (losses) on derivatives at fair value through Profit and Loss - net[(A)]	71	(20)	(53)
Unrealized exchange gains / (losses) from the remeasurement of monetary assets and liabilities - net	3	(3)	1
Wise purchase price adjustment[(B)]	20	—	—
Wise acquisition costs	—	(5)	(34)
Swiss pension plan settlements	—	—	6
(Loss) / gain on Ravenswood OPEB plan amendment	—	(5)	9
Losses on disposal and assets classified as held for sale	(10)	(5)	(5)
Income tax contractual reimbursements	—	—	8
Other	(1)	—	(2)
Total Other gains / (losses) – net	21	(131)	(83)

(A) Related to unrealized gains or losses on derivatives entered into with the purpose of mitigating exposure to volatility in foreign currency and commodity price (See NOTE 22 – Financial risk Management).

(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 is 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 / (Loss) from operations are as follows:

(in millions of Euros)	Notes	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Included in Cost of sales		4	13	11
Included in Other gains / (losses) - net		(3)	(50)	(52)
Total		1	(37)	(41)
Realized exchange losses on foreign currency derivatives – net	22	(46)	(37)	(12)
Unrealized gains / (losses) on foreign currency derivatives – net	22	40	(10)	(41)
Exchanges gains / (losses) from the remeasurement of monetary assets and liabilities – net		7	10	12
Total		1	(37)	(41)

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, 2016	Year ended December 31, 2015
Foreign currency translation reserve at January 1	6	(28)
Effect of currency translation differences – net	6	34
Foreign currency translation reserve at December 31	12	6

NOTE 9 - FINANCE COSTS – NET

(in millions of Euros)	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Interest received	5	1	1
Finance Income	5	1	1
Interest expense on borrowings paid or payable[A]	(171)	(149)	(32)
Expenses on factoring arrangements paid or payable	(12)	(11)	(9)
Net loss on settlement of debt[B]	(4)	—	(15)
Realized and unrealized gains on debt derivatives at fair value[C]	45	50	29
Realized and unrealized exchange losses on financing activities - net[C]	(42)	(48)	(27)
Other finance expense	1	(6)	(7)
Capitalized borrowing costs[D]	11	8	2
Finance expense	(172)	(156)	(59)
Finance costs – net	(167)	(155)	(58)

(A) 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 related to the Ravenswood Revolving Credit Facility (ABL).
For the year ended December 31, 2014, the Group incurred (i) €23 million of interest related to Constellium N.V. 2014 Senior Notes; (ii) €7 million of interest related to Constellium N.V. term loan and (iii) €2 million of interest expense and fees mainly related to Ravenswood Revolving Credit Facility (ABL).

(B) For the year ended December 31, 2016, net loss on settlement of debt includes (i) €2 million unamortized arrangement fees following the Unsecured Credit Facility cancellation in March 2016 and (ii) €2 million loss relating to Muscle Shoals PIK Toggle Notes redemption (see NOTE 20 – Borrowings).
In 2014, Constellium N.V. issued Senior Notes and repaid the 2013 term loan. Arrangement fees of the 2013 term loan which were not amortized were fully recognized as financial expenses during this period. For the year ended December 31, 2014, arrangement and exit fees amounted respectively to €9 million and €6 million.

(C) The Group hedges the dollar exposure relating to the principal of its Constellium N.V. U.S. Dollar Senior Notes, which has not been used to finance 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 offset the unrealized results related to Constellium N.V. U.S. Dollar Senior Notes revaluation (see NOTE 22 - Financial Risk Management).

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

NOTE 10 - INCOME TAX

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

(in millions of Euros)	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Current tax expense	(19)	(21)	(34)
Deferred tax (expense) / benefit	(50)	53	(3)
Total Income tax (expense) / benefit	(69)	32	(37)

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, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Income / (Loss) before income tax	65	(584)	91
Composite statutory income tax rate applicable by tax jurisdiction	24.9%	38.2%	31.0%
Income tax (expense) /benefit calculated at composite statutory tax rate applicable by tax jurisdictions	(16)	223	(28)
Tax effect of:			
Changes in recognized and unrecognized deferred tax assets (A)	(45)	(177)	(3)
Change in tax rate (B)	(6)	—	—
Other (C)	(2)	(14)	(6)
Income tax (expense) / benefit	(69)	32	(37)
Effective income tax rate	106%	5%	41%

(A) Change in recognized and unrecognized deferred tax assets mainly relates to unrecognized tax losses carried forward for the year ended December 31, 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, 2016, change in tax rate relates to French income tax rate decrease from 34.43% to 28.92% starting 2020, enacted by the 2016 Financial Tax Bill.

(C) Other includes non-deductible items and certain contractual reimbursements in 2014.

Our composite statutory income tax rate of 24.9% in the year ended December 31, 2016, 38.2% in the year ended December 31, 2015 and 31.0% in the year ended December 31, 2014 resulted from the statutory tax rates (i) in the United States of 40 % in 2016 and in 2015, 43% in 2014, (ii) in France of 34.43% in 2016, 38.0% in 2015 and 2014, (iii) in Germany of 29% in 2016, 2015 and 2014, (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 is mainly impacted by the geographical mix of our pre-tax results.
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 and the 7.2% increase in our composite tax rate from 2014 to 2015 resulted from the change in the weight of profits or losses in higher tax rate jurisdictions in particular France and the United States compared to the weight of profits in lower tax rate jurisdictions most notably in Czech Republic.

NOTE 11 - EARNINGS PER SHARE

(in millions of Euros)	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Earnings attributable to equity holders of the parent used to calculate basic and diluted earnings per share	(4)	(554)	51

Number of shares attributable to equity holders of Constellium

(number of shares)	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Weighted average number of ordinary shares used to calculate basic earnings per share	105,500,327	105,097,442	104,639,342
Effect of other dilutive potential ordinary shares (A)	—	—	687,530
Weighted average number of ordinary shares used to calculate diluted earnings per share	105,500,327	105,097,442	105,326,872

(A) For the years ended December 31, 2016 and December 31, 2015, there were respectively 411,902 and 510,721 potential ordinary shares that could have a dilutive impact but were considered antidilutive due to negative earnings.
For the year ended December 31, 2014, potential dilutive new ordinary shares to be issued are part of Share based compensation plans (see NOTE 28 – Share-Based compensation). There were no instrument excluded from the computation of diluted earnings per share because their effect was antidilutive.

Earnings per share attributable to the equity holders of Constellium

(in Euro per share)	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Basic	(0.04)	(5.27)	0.48
Diluted	(0.04)	(5.27)	0.48

NOTE 12 - CASH AND CASH EQUIVALENTS

(in millions of Euros)	At December 31, 2016	At December 31, 2015
Cash in bank and on hand	347	472
Total Cash and cash equivalents	347	472

At December 31, 2016, cash in bank and on hand includes a total of €7 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 (€12 million at December 31, 2015).

NOTE 13 - TRADE RECEIVABLES AND OTHER

Trade receivables and other are comprised of the following:

	At December 31, 2016		At December 31, 2015	
(in millions of Euros)	Non-current	Current	Non-current	Current
Trade receivables – gross	—	238	—	267
Impairment	—	(3)	—	(3)
Total Trade receivables – net	—	235	—	264
Finance lease receivables	12	6	18	6
Deferred financing costs – net of amounts amortized	—	—	1	2
Deferred tooling related costs	11	—	7	—
Current income tax receivables	—	52	—	39
Other taxes	—	39	—	35
Restricted cash [(A)]	9	—	11	—
Prepaid expenses	6	9	10	9
Other	9	14	6	10
Total Other receivables	47	120	53	101
Total Trade receivables and Other	47	355	53	365

(A) Restricted cash relates 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.

13.1 Aging

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

(in millions of Euros)	At December 31, 2016	At December 31, 2015
Not past due	217	243
1 – 30 days past due	14	18
31 – 60 days past due	3	2
61 – 90 days past due	1	1
Total Trade receivables – net	235	264

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 reversed for €0.8 million during the year ended December 31, 2016 (€0.5 million allowance recognized during the year ended December 31, 2015).
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, 2016	At December 31, 2015
Euro	101	83
U.S. Dollar	115	162
Swiss franc	3	6
Other currencies	16	13
Total trade receivables – net	235	264

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. This agreement matures December 31, 2018.

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 €115 million. These facilities were amended on December 21, 2016 to increase the maximum capacity to €150 million and extend the maturity to October 29, 2021.

In December 2015, 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. On December 13, 2016, the factoring agreement was amended to extend the maturity to December 12, 2017.

On March 16, 2016, Muscle Shoals entered into a new factoring agreement which provides the sale of specific account receivables up to a maximum capacity of $100 million. The facility was amended on June 28, 2016 to increase its capacity to $250 million and further amended on November 22, 2016 to $325 million.

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, as at December 31, 2016, the total carrying amount of the original assets factored is €681 million (December 31, 2015: €529 million) of which:

- €566 million (December 31, 2015: €429 million) derecognized from the Consolidated Statement of Financial Position as the Group transferred substantially all of the associated risks and rewards to the factor;
- €115 million (December 31, 2015: €100 million) recognized on the Consolidated Statement of Financial Position.

At December 31, 2016 and December 31, 2015, there was respectively less than €1 million and no amount due to the factor relating to trade account receivables sold.

Covenants

At December 31, 2016, the factoring arrangements contain certain affirmative 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 restrictive 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, 2016 and December 31, 2015.

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, 2016 and 2015.

(in millions of Euros)	Year ended December 31, 2016 Gross investment in the lease	Unearned interest income	Net investment in the lease	Year ended December 31, 2015 Gross investment in the lease	Unearned interest income	Net investment in the lease
Less than 1 year	7	(1)	6	7	(1)	6
Between 1 and 5 years	12	—	12	19	(1)	18
More than 5 years	—	—	—	—	—	—
Total Finance lease receivables	19	(1)	18	26	(2)	24

NOTE 14 - INVENTORIES

(in millions of Euros)	At December 31, 2016	At December 31, 2015
Finished goods	149	148
Work in progress	299	265
Raw materials	94	91
Stores and supplies	69	59
Adjustments(A)	(20)	(21)
Total inventories	591	542

(A) Includes Net realizable value and slow moving adjustments.

Constellium records inventories at the lower of cost and net realizable value. Any increase / (decrease) 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, 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

(in millions of Euros)	Land and Property Rights	Buildings	Machinery and Equipment	Construction Work in Progress	Other	Total
Net balance at January 1, 2015	1	61	383	183	5	633
Property, plant and equipment acquired through business combination	22	129	438	65	3	657
Additions	—	6	36	340	3	385
Disposals	—	—	(1)	—	—	(1)
Depreciation expense	(4)	(15)	(103)	—	(5)	(127)
Impairment	—	(79)	(276)	(15)	(1)	(371)
Transfer during the period	—	43	244	(289)	2	—
Reclassified as assets held for sale	—	(1)	(3)	—	—	(4)
Effects of changes in foreign exchange rates	2	14	55	12	—	83
Net balance at December 31, 2015	21	158	773	296	7	1,255
Cost	25	258	1,207	310	24	1,824
Less accumulated depreciation and impairment	(4)	(100)	(434)	(14)	(17)	(569)
Net balance at December 31, 2015	21	158	773	296	7	1,255

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

	At December 31, 2016			At December 31, 2015		
(in millions of Euros)	Gross value	Accumulated depreciation	Net	Gross value	Accumulated depreciation	Net
Buildings under finance lease	31	(3)	28	28	(2)	26
Machinery and equipment under finance lease	50	(21)	29	34	(13)	21
Total	81	(24)	57	62	(15)	47

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

(in millions of Euros)	At December 31, 2016	At December 31, 2015
Less than 1 year	13	10
1 to 5 years	36	36
More than 5 years	22	21
Total	71	67

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

(in millions of Euros)	At December 31, 2016	At December 31, 2015
Less than 1 year	10	7
1 to 5 years	35	31
More than 5 years	15	15
Total	60	53

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, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Cost of sales	(147)	(132)	(42)
Selling and administrative expenses	(8)	(8)	(7)
Impairment	—	(452)	—
Total	(155)	(592)	(49)

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 as at December 31, 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, the following triggering events were identified as 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, 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

(in millions of Euros)	Goodwill	Technology	Computer Software	Customer relationships	Work in Progress	Other	Total intangible assets (excluding goodwill)
Net balance at January 1, 2015	11	—	11	—	4	2	17
Intangible assets acquired through business combination and resulting goodwill	395	84	9	37	—	—	130
Additions	—	—	1	—	6	—	7
Amortization expense	—	(5)	(6)	(2)	—	—	(13)
Impairment	—	(60)	—	(21)	—	—	(81)
Transfer during the period	—	—	3	—	(3)	—	—
Effects of changes in foreign exchange rates	37	9	5	4	—	—	18
Net balance at December 31, 2015	443	28	23	18	7	2	78
Cost	443	92	41	41	7	2	183
Less accumulated amortization and impairment	—	(64)	(18)	(23)	—	—	(105)
Net balance at December 31, 2015	443	28	23	18	7	2	78

Acquisition of Wise Entities

On January 5, 2015, Constellium acquired 100% of Wise Metals Intermediate Holdings LLC ("Wise" or "Muscle Shoals"), a private aluminum sheet producer located in Muscle Shoals, Alabama, United States of America. The total consideration, paid in cash, was €370 million. With the acquisition, Constellium has access to 450,000 metric tons (kt) of hot mill capacity from the widest strip mill in North America, reinforcing its position on the can market and positioning Constellium to continue to grow in the North American BiW/ABS market.

In accordance with IFRS 3, 'Business Combination', Constellium has recognized the assets acquired and liabilities assumed, measured at fair value at the acquisition date.

(in millions of Euros)	January 5, 2015
Intangible assets	130
Property, plant and equipment	657
Trade receivables and other	165
Inventories	227
Other financial assets	4
Cash and cash equivalents	22
Total assets acquired	1,205
Borrowings	(997)
Trade payables and other	(155)
Deferred tax liabilities	(15)
Pension and other post-employment benefit obligations	(8)
Other financial liabilities	(2)
Provisions and contingent liabilities	(53)
Total liabilities assumed	(1,230)
Net liabilities assumed	(25)
Goodwill	395
Total cash consideration	370

The valuation resulted in the recognition of intangible assets such as Customer relationships and Technology. Property, plant and equipment, Inventories, Provisions and Borrowings have been remeasured at fair value. The resulting €395 million goodwill is mainly supported by the growing automotive markets (BiW/ABS) in North America. Goodwill is amortized for tax purposes.

Considering the industries served, its major customers and product lines, Muscle Shoals and its related assets and liabilities are included in Packaging and Automotive Rolled Products (P&ARP) operating segment.

Impairment tests for goodwill

Goodwill in the amount of €457 million has been allocated to the Group's operating segment Packaging and Automotive Rolled Products ("P&ARP") for €450 million, Aerospace and Transportation ("A&T") for €5 million and Automotive Structures and Industry ("AS&I") for €2 million.

At December 31, 2016, the recoverable amount of the A&T and AS&I operating segments has been determined based on value in use calculations and significantly exceeded 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 2017-2025 medium and long term business plan approved by the management and reviewed by the Board of Directors. They include the significant capital expenditures for the Automotive Body Sheet (up to 2020) and the related returns. Considering the significant level of future capital expenditure 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 a 9 year period. The terminal value assumes a normative cash flow and a long term growth rate ranging from 0% to 2%. The discount rates applied to cash flows projections range between 11% and 12%. It was concluded that the carrying value (€1,254 million) did not exceed the recoverable value (€1,504 million) as at December 31, 2016. 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 1.5% would result in the recoverable value equaling the carrying value;
- Perpetual growth rate : a decrease in the perpetual growth rate by 4.5 % would result in the recoverable value equaling the carrying value; or
- BIW/ABS shipments: 40% lower shipments in the BIW/ABS US business would result in the recoverable value equaling the carrying value.

NOTE 17 - INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD

(in millions of Euros)	At December 31, 2016	At December 31, 2015
At January 1	30	21
Group share in loss	(14)	(3)
Additions	—	9
Effects of changes in foreign exchange rates	—	3
At December 31	16	30

		Group share of joint venture's net assets		Group share of joint venture's profit/ (loss)	
(In millions of Euro)	% interest	At December 31, 2016	At December 31, 2015	At December 31, 2016	At December 31, 2015
Constellium-UACJ ABS LLC[(A)]	51.00%	15	29	(14)	(3)
Rhenaroll S.A.[(B)]	49.85%	1	1	—	—
Investments in joint ventures		16	30	(14)	(3)

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, joint-venture in which Constellium holds a 51% interest, was created during the fourth quarter of 2014. This joint-venture operates a facility located in Bowling Green, Kentucky and supplies BiW/ABS aluminum 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 amounts to €3 million for the years ended December 31, 2016 and 2015 respectively. The entity's net income was immaterial both in 2016 and 2015.

Both investments accounted for under equity method equal to the Group's share of net assets and 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, 2016	At December 31, 2015
Current assets		
Cash and cash equivalents	6	2
Trade receivables and other	7	—
Inventories	28	2
Non-current assets		
Property, plant and equipment	189	134
Intangible assets	1	—
Total Assets	231	138
Current liabilities		
Trade payables and other	26	19
Borrowings	129	49
Non-current liabilities		
Borrowings	46	14
Equity		
Share capital	66	64
Retained deficit and other reserves	(36)	(8)
Total Equity and Liabilities	231	138

(in millions of Euros)	Year ended December 31, 2016	Year ended December 31, 2015
Revenue	15	—
Cost of sales	(28)	—
Selling and administrative expenses	(8)	(5)
Loss from operations	(21)	(5)
Finance costs	(6)	—
Net Loss	(27)	(5)

The transactions during the year and year-end balances between Group companies which are fully consolidated and Constellium UACJ ABS LLC are shown as below in Group's Consolidated income statement and Consolidated statement of financial position.

(in millions of Euros)	At December 31, 2016	At December 31, 2015
Trades receivables and other - current	10	1
Other financial assets – current	66	25
Total Assets	76	26

(in millions of Euros)	Year ended December 31, 2016	Year ended December 31, 2015
Revenue	13	—
Fees and recharges[(A)]	3	2
Finance income	4	1
Total Income	20	3

(A) 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, 2016	At December 31, 2015
Financial guarantees	15	17
Supplier guarantees	19	21
Total Guarantees	34	38

NOTE 18 - DEFERRED INCOME TAXES

(in millions of Euros)	At December 31, 2016	At December 31, 2015
Deferred income tax assets	252	270
Deferred income tax liabilities	(30)	(10)
Net Deferred income tax assets	222	260

The following tables show the changes in net deferred income tax assets / (liabilities) for the years ended December 31, 2016 and 2015.

(in millions of Euros)	At January 1, 2016	Acquisitions /Disposals	Recognized in		Changes in foreign currency 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.

(in millions of Euros)	At January 1, 2015	Acquisitions /Disposals	Recognized in		Changes in foreign currency exchange rates	Other	At December 31, 2015
			Profit or loss	OCI			
Long-term assets	3	—	(25)	—	(4)	(1)	(27)
Inventories	5	(18)	18	—	(1)	—	4
Pensions	96	—	70	20	6	1	193
Derivative valuation	21	(1)	4	3	—	—	27
Tax losses carried forward	12	—	27	—	1	—	40
Other[(A)]	55	4	(41)	—	6	(1)	23
Total deferred tax assets/ (liabilities)	192	(15)	53	23	8	(1)	260

(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 €1,345 million (€1,160 million at December 31, 2015) 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 €428 million (€369 million at December 31, 2015) is attributable to the following:

(in millions of Euros)		At December 31, 2016	At December 31, 2015
	Expiring in 2017 to 2020	(13)	(6)
	Expiring in 2021 and after limited	(132)	(96)
	Unlimited	(19)	(18)
Tax losses		(164)	(120)
	Long-term assets[(A)]	(193)	(178)
	Pensions	(25)	(23)
	Other	(46)	(48)
Deductible temporary differences		(264)	(249)
Total		(428)	(369)

(A) Of which €186 million relating to Muscle Shoals assets.

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. Although this entity is expected to be profitable in the medium or long term, considering notably the anticipated development of the BiW/ABS 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, 2016 and 2015, 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, 2016		At December 31, 2015	
(in millions of Euros)	Non-current	Current	Non-current	Current
Trade payables	—	627	—	657
Fixed assets payables	—	33	—	42
Employees' entitlements	—	141	—	130
Deferred revenue	40	14	38	13
Taxes payable other than income tax	—	17	—	16
Other payables	19	7	16	9
Total other	59	212	54	210
Total Trade payables and other	59	839	54	867

NOTE 20 - BORROWINGS

20.1 Analysis by nature

(in millions of Euros)	December 31, 2016							December 31, 2015
	Redemption Value	Nominal rate	Effective rate	Face Value	(Arrangement fees) / step-up	Accrued interests	Carrying value	Carrying value
Secured ABL								
Ravenswood (due 2018)	$48	Floating	3.08%	46	—	—	46	23
Muscle Shoals (due 2018)	—	Floating	—	—	—	—	—	99
Senior Secured Notes								
Constellium N.V. [(A)] *(Issued March 2016, due 2021)*	$425	7.88%	8.94%	403	(10)	8	401	—
Muscle Shoals (Issued December 2013 due 2018)	$650	8.75%	7.45%	617	16	2	635	622
Senior Unsecured Notes								
Constellium N.V. (Issued May 2014, due 2024)	$400	5.75%	6.26%	379	(5)	3	377	365
Constellium N.V. (Issued May 2014, due 2021)	€ 300	4.63%	5.16%	300	(4)	2	298	297
Constellium N.V. (Issued December 2014, due 2023)	$400	8.00%	8.61%	379	(6)	14	387	375
Constellium N.V. (Issued December 2014,due 2023)	€ 240	7.00%	7.54%	240	(4)	8	244	244
Senior Unsecured PIK Toggle Notes[(B)] *Muscle Shoals*	—	—	—	—	—	—	—	145
Other loans (including Finance leases)				80	—	—	80	63
Total Borrowings				2,444	(13)	37	2,468	2,233
Of which non-current							2,361	2,064
Of which current							107	169

Constellium N.V. Senior Notes are guaranteed by certain subsidiaries. Muscle Shoals Senior Notes are fully and unconditionally guaranteed jointly and severally by certain Muscle Shoals' subsidiaries.

(A) On March 30, 2016, Constellium N.V. issued a $425 million principal amount of 7.875% Senior Notes due 2021. A portion of the net proceeds was used for general corporate purposes, including investments in Wise Metals Intermediate Holdings LLC and its subsidiaries and the Company's joint venture with UACJ Corporation, capital expenditures and research and development efforts. Deferred arrangement fees amounted to €12 million on issuance date.

(B) On December 5, 2016, the $158 million principal amount of the Senior PIK Toggle Notes was redeemed. The redemption price was 104.875% of the aggregate outstanding principal amount, excluding accrued and unpaid interests.

20.2 Movements in borrowings

(in millions of Euros)	At December 31, 2016	At December 31, 2015
At January 1	2,233	1,252
Borrowings assumed through business combination [A]	—	997
Net Proceeds from issuance of Senior Notes [B]	375	—
Repayments of PIK Toggle notes [C]	(148)	—
(Repayments)/Proceeds from U.S. Revolving Credit Facility and other loans [D]	(69)	(211)
Deferred arrangement fees	(12)	—
Movement in interests accrued or capitalized[E]	15	20
Movement in other financial debts [F]	2	3
Effects of changes in foreign exchange rates	72	172
At December 31	2,468	2,233

(A) Represents the fair value of Muscle Shoals borrowings at January 5, 2015.
(B) The proceeds from the Senior notes issued on March 30, 2016 represented €375 million, converted at the issuance date exchange rate EUR/USD=1.1324.
(C) The redemption of PIK Toggle notes on December 5, 2016 represented €148 million, converted at the redemption date exchange rate EUR/USD=1.0702.
(D) Mainly include repayments of Muscle Shoals ABL Facility.
(E) In December 2015, Muscle Shoals elected to pay the June 2016 coupon interest in-kind. The $8 million in-kind interest was added to the principal amount outstanding and increase it to $158 million.
(F) Other financial debts mainly include the finance lease rent payments offset by new financial leases contracted during the year.

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, 2016	At December 31, 2015
U.S. Dollar	1,887	1,661
Euro	575	568
Other currencies	6	4
Total borrowings	2,468	2,233

Covenants

The Group was in compliance with all applicable debt covenants at and for the years ended December 31, 2016 and 2015.

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.

Ravenswood ABL Facility

This facility contains a minimum availability covenant that requires Constellium Rolled Products Ravenswood, LLC to maintain excess availability of at least the greater of (a) $10 million and (b) 10% of the aggregate revolving loan commitments. It also contains customary events of default.

Muscle Shoals ABL Facility

This facility contains a fixed charge coverage ratio covenant. Evaluation of compliance is only required if Muscle Shoals 's excess availability falls below the greater of (a) $20 million and (b) 10% of the aggregate revolving loan commitment. It also contains customary affirmative and negative covenants, but no maintenance covenants. Substantially all the assets of Muscle Shoals are pledged as collateral for Muscle Shoals financial arrangements including factoring facility.

NOTE 21 - FINANCIAL INSTRUMENTS

21.1 Financial assets and liabilities by categories

		At December 31, 2016				At December 31, 2015		
(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	Total
Cash and cash equivalents	12	347	—	—	347	472	—	472
Trade receivables and finance lease receivables	13	253	—	—	253	288	—	288
Other financial assets		66	100	—	166	25	82	107
Total financial assets		666	100	—	766	785	82	867

		At December 31, 2016				At December 31, 2015		
(in millions of Euros)	Notes	At amortized cost	At Fair Value through Profit and loss	At Fair Value through OCI	Total	At amortized cost	At Fair Value through Profit and loss	Total
Trade payables and fixed assets payables	19	660	—	—	660	699	—	699
Borrowings	20	2,468	—	—	2,468	2,233	—	2,233
Other financial liabilities		—	37	27	64	—	121	121
Total financial liabilities		3,128	37	27	3,192	2,932	121	3,053

	At December 31, 2016			At December 31, 2015		
(in millions of Euros)	Non-current	Current	Total	Non-current	Current	Total
Derivatives	49	51	100	37	45	82
Aluminum future contract	*—*	*6*	*6*	*1*	*3*	*4*
Energy future contract	*—*	*4*	*4*	*—*	*—*	*—*
Other future contract	*—*	*—*	*—*	*—*	*—*	*—*
Currency derivatives contracts	*2*	*11*	*13*	*2*	*27*	*29*
Cross Currency Basis Swaps	*47*	*30*	*77*	*34*	*15*	*49*
Loans (A)	—	66	66	—	25	25
Other financial assets	49	117	166	37	70	107
Derivatives	30	34	64	14	107	121
Aluminum future contract	*4*	*5*	*9*	*5*	*20*	*25*
Energy future contract	*—*	*—*	*—*	*—*	*4*	*4*
Other future contract	*—*	*2*	*2*	*—*	*6*	*6*
Currency derivatives contracts	*26*	*27*	*53*	*9*	*74*	*83*
Cross Currency Basis Swaps	*—*	*—*	*—*	*—*	*3*	*3*
Other financial liabilities	30	34	64	14	107	121

(A) Corresponds to a loan facility to Constellium UACJ ABS LLC.

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, December 2014 and March 2016 account for respectively 95%, 103% and 108% of the nominal value and amount respectively to €646 million, €640 million and €434 million at December 31, 2016.
The fair value of Muscle Shoals Senior Secured Notes accounts for 104% of the nominal value and amount to €641 million at December 31, 2016.

The fair values of other financial assets and liabilities approximate their carrying values, as a result of their liquidity or short maturity.

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 aluminum 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, 2016				At December 31, 2015			
(in millions of Euros)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Other financial assets - derivatives	6	94	—	100	2	80	—	82
Other financial liabilities - derivatives	7	57	—	64	30	91	—	121

There was no transfer into or out of Level 3 during the years ended December 31, 2016 and 2015.

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 transactions 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 (in millions of Euros) of derivatives for Constellium's most significant foreign exchange exposures as at December 31, 2016.

Forward derivatives sales	Maturity Period	Less than 1 year	Over 1 year
USD/EUR	2017-2022	413	457
EUR/CHF	2017-2021	48	14
Other currencies	2017-2019	17	2
Total		478	473

Forward derivatives purchases	Maturity Period	Less than 1 year	Over 1 year
USD/EUR	2017-2021	329	26
EUR/CHF	2017-2021	84	31
CZK/EUR	2017-2018	53	52
Other currencies	2017	—	—
Total		466	109

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 for a total nominal amount of €504 million with maturity 2017-2022.

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 foreign currency derivatives impacts in Consolidated Income Statement and Statement of Comprehensive Income/(Loss):

(In millions of Euros)	Notes	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	(46)	(37)
Unrealized gains / (losses) on foreign currency derivatives - net [(A)]	8	40	(10)
Derivatives that qualify for hedge accounting			
Included in Other Comprehensive Income / (Loss)			
Unrealized gains / (losses) on foreign currency derivatives - net[(B)]		(27)	—

(A) The offsetting gains / (losses) related to the forecasted sales are not yet visible because the sales are not yet recorded in the Consolidated Financial Statements.
(B) As at December 31, 2016, the fair value is fully accounted in Other Comprehensive Income as the hedged sales are spread over 2017 to 2022.

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.
The notional of the cross currency basis swaps amounted to €746 million at December 31, 2016.

The table below details foreign currency derivatives impacts in Consolidated Income Statement:

(In millions of Euros)	Year ended December 31, 2016	Year ended December 31, 2015
Derivatives		
Included in Finance Costs- net		
Realized gain / (loss) on foreign currency derivatives – net	15	32
Unrealized gain / (loss) on foreign currency derivatives – net	30	18
Total	45	50

In accordance with the Group policy, the net foreign exchange result related to financing activities is expected to be balanced at any time, provided the Group does not enter into specific transactions.

Cross currency swaps and liquidity swaps settled during the period are presented in ‘Other financing activities’ in the Consolidated Statement of Cash Flows.

Foreign exchange sensitivity on commercial and financing transactions 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 US Dollar versus the Euro for non US Dollar functional currency entities.

(in millions of Euros)	Effect on profit before tax	Effect on pretax equity
Trade receivables	4	—
Trade payables	(1)	—
Derivatives on commercial transaction[(A)]	(1)	(61)
Commercial transaction exposure	2	(61)
Cash in Bank and intercompany loans	35	—
Borrowings	(130)	—
Derivatives on financing transaction	95	—
Financing transaction exposure	—	—
Total	2	(61)

(A) The impacts on pretax equity relate to derivatives hedging future sales spread from 2017 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 in Euro of net investments in foreign subsidiairies, 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 subsidiairies and arises mainly from operations conducted by US 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)	33

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 call 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, 2016 and 2015, 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 aluminum, which is the Group's primary metal input and a significant component of its output. The Group is also exposed to silver, copper and natural gas but in a less significant way.

The Group strategy is to protect the Group's margin on future conversion and fabrication activities by aligning the price and quantity of physical aluminum purchases with that of physical aluminum sales. When the Group is unable to do so, it enters into derivative financial instruments to pass through the exposure to metal price fluctuations to financial institutions at the time the price is set. Therefore, the Group purchases fixed price aluminum forwards to offset the exposure of LME volatility on its fixed price sales agreements for the supply of metal.

As at December 31, 2016, the nominal amount of commodity derivatives are as follows:

(In millions of Euros)	Maturity	Less than 1 year	Over 1 year
Aluminium	2017-2021	116	42
Premiums	2017-2021	5	12
Copper	2017	3	—
Silver	2017-2018	7	—
Natural gas	2017	20	—

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, 2016, these contracts are directly entered with external counterparties.

The Group does not apply hedge accounting and therefore any mark-to-market movements are recognized in Other gains / (losses) – net.

(In millions of Euros)	Year ended December 31, 2016	Year ended December 31, 2015
Derivatives		
Included in Other gains / (losses) – net		
Realized gains / (losses) on commodity derivatives - net	(16)	(56)
Unrealized gains / (losses) on commodity derivatives - net	31	(10)

Commodity price sensitivity: risks associated with derivatives

The net impact on earnings and equity of a 10% increase or decrease in the market price of aluminum, based on the aluminum derivatives held by the Group at December 31, 2016 (before tax effect), with all other variables held constant was estimated to €15 million gains or losses (€23 million at December 31, 2015). 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 aluminum 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 aluminum prices. At December 31, 2016 and 2015, the margin requirement related to aluminum 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)

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, 2016, with all other variables held constant, was estimated to be less than €1 million for the years ended December 31, 2016 and 2015. 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. At December 31, 2016, 95% of Group's borrowings were at fixed rate.

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 Constellium's operating activities. The maximum exposure to credit risk for the year ended December 31, 2016 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. Constellium 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, 2016		At December 31, 2015	
	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	13	2	12
Rated A	9	369	8	465
Rated Baa	3	16	4	9
Total	15	398	14	486

(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 Constellium 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 92% 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.

The Group has two secured asset-based variable rate revolving credit facilities in Ravenswood and Muscle Shoals for respectively $100 million and $200 million. The borrowing base as at December 31, 2016 amounts to $80 million for Ravenswood and $128 million for Muscle Shoals. Considering the used facility, the Group had €150 million outstanding availability under these U.S. asset based revolving credit facilities at December 31, 2016.
In addition to the cash in bank (See NOTE 12 – Cash and Cash equivalents), the Group had access to €190 million undrawn facilities at December 31, 2016 (including the €150 million described above).

The tables below show undiscounted contractual values by relevant maturity groupings based on the remaining period from December 31, 2016 and December 31, 2015 to the contractual maturity date.

(in millions of Euros)	At December 31, 2016 Less than 1 year	Between 1 and 5 years	Over 5 years	At December 31, 2015 Less than 1 year	Between 1 and 5 years	Over 5 years
Financial assets :						
Cross currency basis swaps	32	82	—	15	35	—
Net cash flows from derivative assets related to currencies and commodities	22	3	—	—	—	—
Total	54	85	—	15	35	—

(in millions of Euros)	Notes	At December 31, 2016 Less than 1 year	Between 1 and 5 years	Over 5 years	At December 31, 2015 Less than 1 year	Between 1 and 5 years	Over 5 years
Financial liabilities:							
Borrowings(A)		54	1,329	999	122	742	1,275
Interests		170	490	125	140	463	196
Cross currency basis swaps		—	—	—	2	—	—
Net cash flows from derivatives liabilities related to currencies and commodities		35	63	3	109	15	—
Trade payables and other (excluding deferred revenue)	19	825	19	—	854	16	—
Total		1,084	1,901	1,127	1,227	1,236	1,471

(A) Borrowings include the U.S. Revolving Credit Facilities which are considered short-term in nature and are included in the category “Less than 1 year” and undiscounted forecasted interests and exclude finance leases.

On February 16, 2017, the Group issued a $650 million senior unsecured notes due 2025, with interest rate 6.625%. The net proceeds were used to repurchase Muscle Shoals 8.75% Senior Secured Notes due 2018. (See Note 32 – Subsequent events). These transactions are not reflected in the table above as they were completed subsequently to December 31, 2016.

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. and Swiss 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 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, 2016, 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	(23)	27
United States	(32)	35
Total sensitivity on Defined Benefit Obligations	(73)	82

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.

23.3 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 as at the balance sheet closing date were as follows:

	At December 31, 2016			At December 31, 2015		
	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	1.65%	—	0.60%	1.75%	—	0.80%
U.S.	3.80%	—	—	3.80%	—	—
Hourly pension	—	—	4.30%-4.35%	—	—	4.55%
Salaried pension	—	—	4.45%	—	—	4.70%
OPEB[(A)]	—	—	4.20%-4.60%	—	—	4.35%-4.85%
Other benefits	—	—	4.05%-4.20%	—	—	4.25%-4.45%
France	1.50%-1.75%	2.00%	—	1.75%-2.25%	2.00%	—
Retirements	—	—	1.60%	—	—	2.35%
Other benefits	—	—	1.30%	—	—	1.95%
Germany	2.75%	1.70%	1.65%	2.75%	1.80%	2.40%

(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: 6.70% starting in 2017 decreasing gradually to 4.50% until 2024 and stable onwards and post 65: 5.80% starting in 2017 decreasing gradually to 4.50% until 2024 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.

23.4 Amounts recognized in the Consolidated Statement of Financial Position

	At December 31, 2016			At December 31, 2015		
(in millions of Euros)	Pension Benefits	Other Benefits	Total	Pension Benefits	Other Benefits	Total
Present value of funded obligation	721	—	721	681	—	681
Fair value of plan assets	(391)	—	(391)	(362)	—	(362)
Deficit of funded plans	330	—	330	319	—	319
Present value of unfunded obligation	132	273	405	121	261	382
Net liability arising from defined benefit obligation	462	273	735	440	261	701

23.5 Movement in net defined benefit obligations

(In millions of Euros)	At December 31, 2016				
	Defined benefit obligations			Plan Assets	Net defined benefit liability
	Pension benefits	Other benefits	Total		
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
Immediate recognition of losses arising over the period	—	1	1	—	1
Past service cost	—	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

(In millions of Euros)	At December 31, 2015				
	Defined benefit obligations			Plan Assets	Net defined benefit liability
	Pension benefits	Other benefits	Total		
At January 1, 2015	742	245	987	(330)	657
Included the Consolidated Income Statement					
Current service cost	19	6	25	—	25
Interest cost / (income)	20	10	30	(10)	20
Past service cost	—	2	2	—	2
Immediate recognition of gains 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	—	—	—	39	39
- changes in financial assumptions	(21)	(10)	(31)	—	(31)
- changes in demographic assumptions	(7)	(4)	(11)	—	(11)
- experience (gains)/losses	(2)	2	—	—	—
Effects of changes in foreign exchange rates	55	27	82	(39)	43
Included in the Consolidated Statement of Cash Flows					
Benefits paid	(34)	(18)	(52)	30	(22)
Contributions by the Group	—	—	—	(28)	(28)
Contributions by the plan participants	5	—	5	(5)	—
Other					
Net defined liability assumed through business combination	27	2	29	(21)	8
Defined Benefit Obligation reclassified as liability held for sale	(2)	—	(2)	—	(2)
At December 31, 2015	802	261	1,063	(362)	701

23.6 Net defined benefit obligations by country

(in millions of Euros)	At December 31, 2016 Defined benefit obligations	Plan assets	Net defined benefit liability	At December 31, 2015 Defined benefit obligations	Plan assets	Net defined benefit liability
France	144	—	144	132	—	132
Germany	147	(1)	146	137	(1)	136
Switzerland	284	(181)	103	265	(169)	96
United States	550	(209)	341	529	(192)	337
Other countries	1	—	1	—	—	—
Total	1,126	(391)	735	1,063	(362)	701

23.7 Plan asset categories

(in millions of Euros)	At December 31, 2016 Quoted in an active market	Unquoted in an active market	Total	At December 31, 2015 Quoted in an active market	Unquoted in an active market	Total
Cash & cash equivalents	4	—	4	3	—	3
Equities	158	—	158	144	—	144
Bonds	82	96	178	81	89	170
Property	10	31	41	10	29	39
Other	5	5	10	4	2	6
Total fair value of plan assets	259	132	391	242	120	362

23.8 Cash flows

Expected contributions to pension and other benefits amount respectively to €27 million and €20 million for the year ended December 31, 2017.

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,	
2017	56
2018	56
2019	57
2020	58
2021	61
2022 to 2026	313

At December 31, 2016, the weighted-average maturity of the defined benefit obligations was 13.2 years (2015: 13.3 years).

23.9 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 restoration 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

(in millions of Euros)	Close down and environmental restoration costs	Restructuring costs	Legal claims and other costs	Total
At January 1, 2015	47	10	53	110
Provisions assumed through business combination	40	—	13	53
Additional provisions	—	7	15	22
Amounts used	(4)	(8)	(8)	(20)
Unused amounts reversed	(2)	(1)	(8)	(11)
Unwinding of discounts	2	—	—	2
Effects of changes in foreign exchange rates	5	—	2	7
At December 31, 2015	88	8	67	163
Current	3	3	38	44
Non-Current	85	5	29	119
Total provisions	88	8	67	163

Close down, environmental and restoration 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 0.87%. A change in the discount rate of 0.5% would impact the provision by €3 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, 2016	At December 31, 2015
Maintenance and customer related provisions[(A)]	14	15
Litigation[(B)]	35	43
Disease claims[(C)]	4	5
Other	3	4
Total provisions for legal claims and other costs	56	67

(A) These provisions include €3 million in 2016 (€4 million in 2015) related to general equipment maintenance, mainly linked to the Group leases. These provisions also include €7 million in 2016 (€6 million in 2015) related to product warranties and guarantees and €4 million in 2016 (€5 million in 2015) related to late delivery penalties. These provisions are expected to be utilized 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, 2016, 11 cases in which gross negligence is alleged ("*faute inexcusable*") remain outstanding (15 at December 31, 2015), the average amount per claim being less than €0.1 million. The average settlement amount per claim in 2016 and 2015 was €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, 2016, 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, 2016	105,476,899	2	162
New shares issued (A)	104,774	—	—
At December 31, 2016 (B)	105,581,673	2	162

(A) Constellium N.V. issued and granted 87,300 Class A ordinary shares to certain employees and 17,474 Class A ordinary shares to its Boards members (see Note 28 – Share-based Compensation).
(B) Constellium N.V. holds 31,394 Class A ordinary shares at December 31, 2016.

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, 2016 (€29 million for the year ended December 31, 2015 and €25 million for the year ended December 31, 2014).

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

(in millions of Euros)	At December 31, 2016	At December 31, 2015
Less than 1 year	17	14
1 to 5 years	40	25
More than 5 years	48	21
Total non-cancellable operating leases minimum payments	105	60

Capital expenditures commitments

(in millions of Euros)	At December 31, 2016	At December 31, 2015
Computer Software	3	1
Property, plant and equipment	85	102
Total capital expenditure commitments	88	103

As at December 31, 2016, the Company has no other significant commitments.

NOTE 27 - RELATED PARTIES

Subsidiaries and affiliates

A list of the principal companies controlled by the Group is presented in NOTE 30 – Subsidiaries and operating segments. Transactions between the 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, 2016, 2015 and 2014. Transactions with these related parties are described in NOTE 17 – Investments accounted for under equity method.

Key management remuneration

The Group's key management comprises the Board members and the Executive committee members effectively present during 2016.

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 the compensation and benefits for the 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 payments include the portion of the IFRS 2 expense.
- 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, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Short term employee benefits	10	8	7
Directors' fees	1	1	1
Share-based payments	2	2	3
Post-employments benefits	—	1	1
Termination benefits	1	1	1
Employer social contribution	2	1	1
Total	16	14	14

NOTE 28 - SHARE-BASED COMPENSATION

Description of the plans

Performance-Based Restricted Stock Units (equity-settled)

In 2015 and 2016, the Company granted Performance-Based restricted stock units (PBRSU) to selected employees. These Performance-Based RSU will vest after two or three years from the grant date if the following two conditions are simultaneously met:
- A vesting condition under which the selected managers must be continuously employed by the Company through the end of vesting period.
- A performance condition, depending on the Total Stockholder Return (TSR) performance of Constellium share over a measurement period compared to the TSR of a specified group of peer companies. Performance shares will ultimately vest, depending on the TSR performance at each anniversary date, based on vesting multiplier in a range from 0 to 3.

The following table lists the inputs to the models used for the Performance-Based RSU granted during the year ended December 31, 2016:

Fair value at grant date (in Euros)	[6.76 – 9.86]
Share price at grant date (in Euros)	[4.46 – 5.61]
Dividend yield	—
Expected volatility	[69% – 71%]
Risk-free interest rate (U.S. government bond yield)	[0.76% – 1.27%]
Model used	Monte Carlo

The PBRSU granted in November 2015 achieved a TSR performance of 118% at its first anniversary, which represents 47,229 potential additional shares that could vest in November 2018 subject to the continued employment of the beneficiaries.

Restricted Stock Units Award Agreements (equity-settled)

The Company grants Restricted Stock Units (RSU) 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 over two or three years depending on the grant date.

In 2016, the Company also granted 150,000 RSU which vest in equal installments on the first two anniversaries of the grant date, subject to their continued employment.

The fair value of RSU awarded under the plans described above is the quoted market price at grant date.

Equity Awards Plans (equity-settled)

Company Board members were granted annually an award of RSU since 2012. These RSU vest in equal installments on the first two anniversaries of the date of grant, subject to their continued service.

The fair value of RSU awarded under the Equity Awards Plan is the quoted market price at grant date.

Free share plan (equity-settled)

In 2013, a free share plan was granted to all employees in the U.S., France, Germany, Switzerland and the Czech Republic. Under this plan, each eligible employee was granted an award of 25 RSU that vested and were settled in Class A ordinary shares on the second anniversary of our initial public offering, subject to the applicable employee remaining employed by the Company or its subsidiaries through that date.
The plan vested in May 2015 and accordingly 185,285 shares were issued and granted to our employees.

Co-investment Plan (equity-settled)

In March 2014, some selected managers who took the opportunity to invest part of their bonus into ordinary shares were granted Performance-Based RSU in an amount equal to a specified multiple of ordinary shares invested as part of this plan. The potential rights associated to each of the 71,490 ordinary shares invested as part of this plan were evaluated using the Monte Carlo method and amounted to €56.50 per share at grant date.

The outstanding rights at December 31, 2016 will vest in May 2017, subject to their continued employment and to the Company share price exceeding the market share 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, 2016, 2015 and 2014 amounted to €6 million, €5 million and €4 million respectively.

Movement of potential shares

The following table illustrates the number and weighted-average fair value of, and movements in, shares during the year (excluding co-investment plan):

	Performance-Based RSU		Restricted Stock Units		Equity Award Plans		Free share plan	
	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	Potential Shares	Weighted-Average Grant-Date Fair Value per Share
At January 1, 2015	—	—	493,412	€14.44	17,636	€17.00	192,800	€10.60
Granted (A)	1,023,000	€7.76	245,500	€15.14	29,202	€11.20	—	—
Vested	—	—	(363,842)	€13.00	(8,816)	€11.30	(185,295)	€10.60
Forfeited	(16,000)	€7.10	(105,570)	€16.79	(3,157)	€11.20	(7,505)	€10.60
At December 31, 2015	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	—	—

(A) For Performance-Based RSU, the number of potential shares granted is presented using a vesting multiplier of 1.

(B) When the achievement of TSR performance exceeds the vesting multiplier of 1, the additional potential share are presented as over performance shares.

(C) For potential shares related to Performance-Based RSU, 214,728 were forfeited following the departure of certain beneficiaries and 64,666 were forfeited in relation to the non-fulfilment of performance conditions.

NOTE 29 - DISPOSALS, ASSETS CLASSIFIED AS HELD FOR SALE

On February 1, 2016, the Group completed the disposal of its plant in Carquefou (France) which was part of its A&T operating segment and was classified as held for sale at December 31, 2015. The disposal gain is nil in 2016. The plant generated revenue of €11 million in 2015.

(in millions of Euros)	At December 31, 2015
Property, plant and equipment	4
Inventories	1
Trade receivables and other	4
Cash and cash equivalents	4
Assets classified as held for sale	13
Pensions and other post-employment benefit obligations	2
Trade payables and other	3
Provisions	8
Liabilities classified as held for sale	13

NOTE 30 - SUBSIDIARIES AND OPERATING SEGMENTS

The following Group's affiliates are legal entities included in the consolidated financial statements of the Group at December 31, 2016.

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 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
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 South East Asia	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 Intermediate Holdings LLC	U.S.	100%	Full
Wise Holdings Finance Corporation	U.S.	100%	Full
Wise Metals Group	U.S.	100%	Full
Wise Alloys, LLC	U.S.	100%	Full
Wise Alloys Finance Corporation	U.S.	100%	Full
Wise Alloys Funding II 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
Constellium Finance S.A.S.	France	100%	Full
Constellium France III	France	100%	Full
Constellium France Holdco S.A.S.	France	100%	Full
Constellium Germany Holdco GmbH & Co. KG	Germany	100%	Full
Constellium Germany Holdco Verwaltungs GmbH	Germany	100%	Full
Constellium Holdco II B.V.	Netherlands	100%	Full
Constellium Holdco III B.V.	Netherlands	100%	Full
Constellium Paris S.A.S	France	100%	Full
Constellium UK Limited	United Kingdom	100%	Full
Constellium U.S. Holdings I, LLC	U.S.	100%	Full
Constellium U.S. Holdings II, LLC	U.S.	100%	Full
Constellium Switzerland AG	Switzerland	100%	Full
Constellium W S.A.S.	France	100%	Full
Engineered Products International S.A.S.	France	100%	Full

NOTE 31 - PARENT COMPANY

Statement of Financial Position of Constellium N.V. (parent company only)

(in millions of Euros)	At December 31, 2016	At December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	—	—
Trade receivables and other	233	48
Other financial assets	33	29
	266	77
Non-current assets		
Property, plant and equipment	—	—
Financial assets	1,508	1,275
Investments in subsidiaries	111	105
	1,619	1,380
Total Assets	1,885	1,457
Liabilities		
Current liabilities		
Trade payables and other	3	4
Other financial liabilities	35	25
	38	29
Non-current liabilities		
Borrowings	1,673	1,254
	1,673	1,254
Total Liabilities	1,711	1,283
Equity		
Share capital	2	2
Share premium	171	171
Accumulated retained earnings	(11)	(11)
Other reserves	18	12
Net (loss) for the year	(6)	—
Total Equity	174	174
Total Equity and Liabilities	1,885	1,457

Statement of Comprehensive Income / (Loss) of Constellium N.V. (parent company only)

(in millions of Euros)	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Revenue	1	—	1
Gross profit	1	—	1
Selling and administrative expenses	(8)	(7)	(7)
Loss from recurring operations	(7)	(7)	(6)
Other income	—	1	—
Other expenses	—	(3)	(18)
Loss from operations	(7)	(9)	(24)
Financial result - net	1	9	2
Loss before income tax	(6)	—	(22)
Income tax	—	—	—
Net loss	(6)	—	(22)
Other comprehensive income	—	—	—
Total comprehensive (loss) / income	(6)	—	(22)

Statement of Cash Flows of Constellium N.V. (parent company only)

(in millions of Euros)	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Net loss	(6)	—	(22)
Adjustments			
Finance costs – net	(1)	(9)	(2)
Dividend received	—	—	19
Interest paid	(95)	(61)	(21)
Interest received	103	74	27
Changes in working capital:			
Trade receivables and other	—	26	(23)
Other financial liabilities	—	(1)	(2)
Trade payables and other	(1)	(44)	40
Net cash flows (used in) / from operating activities	—	(15)	16
Current account with subsidiary (for cash pooling)	(186)	17	108
Loans granted to subsidiary and related parties	(375)	—	(1,153)
Repayment of loans granted to subsidiary and related parties	181	—	97
Net cash flows (used in)/ from investing activities	(380)	17	(948)
Net Proceeds from issuance of Senior Notes	375	—	1,153
Payment of deferred financing costs	(12)	(2)	(27)
Repayment of term loan	—	—	(197)
Realized foreign exchange gains / (losses)	17	—	—
Other	—	—	1
Net cash flows from / (used in) financing activities	380	(2)	930
Net increase in cash and cash equivalents	—	—	(2)
Cash and cash equivalents - beginning of period	—	—	2
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, 2016, there were no material contingencies at Constellium N.V..

A description of Constellium N.V.'s 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. and Constellium France Holdco and current other financial assets represent related interest receivables.
Other financial liabilities represent interest payable on borrowings.

Constellium N.V. received cash dividends from its subsidiary Constellium Holdco II B.V. in the amount of €19.3 million in the year ended December 31, 2014. The dividends received in cash for the year ended December 31, 2014 were declared for the year ended December 31, 2013 and, accordingly were recorded as income for the year ended December 31, 2013.

NOTE 32 - SUBSEQUENT EVENTS

In January 2017, the Muscle Shoals $325 million factoring facility has been amended to extend maturity to January 24, 2018.

On February 16, 2017, the Group issued a $650 million Senior unsecured notes due 2025, with interest rate 6.625%.
The net proceeds were used to repurchase Muscle Shoals 8.75% Senior Secured Notes due 2018.

In connection with the offering, the Muscle Shoals ABL facility has been amended to $170 million and the maturity extended to September 14, 2020.

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Statement of Financial position
(before proposed appropriation of results)

(In thousands of Euros)	*Notes*	*December 31, 2016*	*December 31, 2015*
Non-current assets			
Property, plant and equipment	*3.1*	-	53
Financial assets	*3.2*	1 507 650	1 274 824
Investments in subsidiaries	*3.3*	111 456	105 596
		1 619 106	1 380 473
Current assets			
Other financial assets	*3.2*	33 324	28 573
Trade receivables and other	*4.1*	232 937	48 019
Cash and cash equivalents	*4.2*	35	7
		266 296	76 599
Total Assets		**1 885 402**	**1 457 072**
Equity			
Share capital	*5.1*	2 112	2 110
Share premium	*5.1*	170 589	170 589
Accumulated retained earnings		(11 231)	(11 034)
Other reserves		18 017	12 306
Net (loss) for the year	*5.2*	(6 093)	(195)
Total Equity		**173 394**	**173 776**
Non-current liabilities			
Borrowings	*6*	1 673 135	1 253 599
		1 673 135	1 253 599
Current liabilities			
Other financial liabilities	*6*	35 458	25 772
Trade payables and other	*7*	3 415	3 925
		38 873	29 697
Total Liabilities		**1 712 008**	**1 283 296**
Total Equity and Liabilities		**1 885 402**	**1 457 072**

Statement of Comprehensive income / (loss)

(in thousands of Euros)	*Notes*	*December 31, 2016*	*December 31, 2015*
Revenue	*8.1*	1 317	153
Gross Profit		**1 317**	**153**
Selling and administrative expenses	*8.2*	(8 152)	(7 153)
(Losses) from recurring operations		**(6 835)**	**(7 000)**
Other income		6	528
Other expenses	*8.4*	(27)	(3 106)
(Losses) from operations		**(6 856)**	**(9 578)**
Financial income	*8.5*	164 620	171 990
Financial expense	*8.5*	(163 857)	(162 607)
Financial result - net		**763**	**9 383**
(Loss) before income tax		(6 093)	(195)
Income tax		-	-
Net (loss)		**(6 093)**	**(195)**
Other comprehensive income		-	-
Total comprehensive (loss)		**(6 093)**	**(195)**

Statement of Changes in equity

(In thousands of Euros)

	Share Capital	Share Premium	Accumulated Retained Earnings	Other reserves	Net Income / (loss)	Total Equity
As at January 1, 2015	**2 101**	**170 589**	**11 221**	**6 775**	**(22 246)**	**168 440**
Appropriation of last year net loss			(22 246)		22 246	-
Loss for the year					(195)	(195)
Transaction with the owners						
Share based compensation				5 531		5 531
Capital increase	11		(11)			-
Cancellation of B shares	(2)		2			-
As at January 1, 2016	**2 110**	**170 589**	**(11 034)**	**12 306**	**(195)**	**173 776**
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 December 31, 2016	**2 112**	**170 589**	**(11 231)**	**18 017**	**(6 093)**	**173 394**

Statement of Cash flows

(In thousands of Euros)	*Notes*	*December 31, 2016*	*December 31, 2015*
Cash flows (used in) / from operating activities			
Net (loss) / income		(6 093)	(195)
Adjustments to determine cash flow used in operating activities:			
Finance costs – net	*8.5*	(763)	(9 383)
Depreciation and amortization	*8.2*	53	155
Dividend received		-	-
Interest paid	*6*	(95 528)	(60 998)
Interest received	*3.2*	103 698	74 530
Change in working capital :			
Trade receivables and other	*4.1*	(276)	26 347
Other financial liabilities	*6*	-	(1 291)
Trade payables and other	*7*	(510)	(44 427)
Net cash flows from / (used in)operating activities		**581**	**(15 262)**
Cash flows (used in) / from investing activities			
Current account with subsidiary (for cash pooling)	*4.1*	(186 170)	17 000
Loans granted to subsidiary and related parties	*3.2*	(375 309)	-
Repayment of loans granted to subsidiary and related parties	*3.2*	181 031	-
Net cash flows (used in) / from investing activities		**(380 447)**	**17 000**
Cash flows from / (used in) financing activities			
Proceeds received from Term Loan and Senior Notes	*6*	375 309	-
Financing costs and debt fees	*6 & 8.5*	(12 382)	(1 749)
Purchase of own shares	*Equity*	(149)	-
Realized foreign exchange (FX) gains / (losses)	*8.5*	17 114	-
Other		2	3
Net cash flows from /(used in) financing activities		**379 894**	**(1 746)**
Net increase in cash and cash equivalents		**28**	**(8)**
Cash and cash equivalents - beginning of period	*4.2*	**7**	**28**
Effect of exchange rate changes on cash and cash equivalents			(13)
Cash and cash equivalents – end of period	*4.2*	**35**	**7**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

NOTE 1 - General information

Refer 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 Constellium N.V. (hereafter '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 Company financial statements of Constellium N.V. 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 by the Board of Directors held March 8, 2017.

2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

Application of new standards and revised International Financial Reporting Standards and interpretations:

The following new standards and amendments applied to the Group for the first time in 2016.

- Annual improvements to IFRSs 2012-2014 cycle
- Amendments to IAS 1, 'Disclosure Initiative'
- Amendments to IFRS 11, 'Accounting for Acquisitions of Interests in Joint Operations'
- Amendments to IAS 16 and IAS 38, 'Clarification of Acceptable Methods of Depreciation and Amortization'
- Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'

They do not have any significant impact on the annual consolidated financial statements of the Group nor on the annual financial statements of the Company.

New Standards and interpretations not yet mandatorily applicable:

The Group has not applied the following new, revised and amended 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 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 Group is currently evaluating the impact of the standard on the consolidated financial position and results of operations. 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 Group expects that the adoption will result in an increase to 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, 'Lease' and will be effective for accounting periods beginning on or after January 1, 2019.

The impact of the following standards and interpretations on the Group's results and financial situation is currently being evaluated:

- 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. The standard will be effective for accounting periods beginning on or after January 1, 2018.
- 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. These amendments will be effective for accounting periods beginning on or after January 1, 2017.
- IFRIC 22: 'Foreign Currency Transactions and Advance Consideration'. This interpretation indicates how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The Interpretation applies where an entity either pays or receives consideration in advance for foreign currency-denominated contracts. The amendment is effective for annual periods beginning on or after 1 January 2018.

The following amendments are not expected have any impact on the Group's consolidated financial statements.

- Amendments to IAS 12, 'Recognition of Deferred Tax Assets for Unrealised Losses'. These amendments will be effective for accounting periods beginning on or after January 1, 2017.

- Amendments to IFRS 2, ‘Classification and Measurement of Share-Based Payment Transactions’. These amendments will be effective for accounting periods beginning on or after January 1, 2018.

Annual improvements 2014-2016. The latest annual improvements clarify:

- IFRS 1, ‘First time adoption of IFRS’: Retirement of short-term exemptions. The amendments deletes short-term exemptions covering transition provisions of IFRS 7, IAS 19, and IFRS 10. These transition provisions were available to entities for passed reporting periods and are therefore no longer applicable.
- IFRS 12, ‘Disclosure of Interests in Other Entities’: Clarifying the scope. The amendment clarifies that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarized financial information. Previously, it was unclear whether all other IFRS 12 requirements were applicable for these interests.
- IAS 28, ‘Investments in Associates and Joint Ventures’: Clarifying measurement of investments. IAS 28 allows venture capital organizations, mutual funds, unit trusts and similar entities to elect measuring their investments in associates or joint ventures at fair value through profit or loss (FVTPL). The Board clarified that this election should be made separately for each associate or joint venture at initial recognition.

These improvements will be effective for accounting periods beginning on or after January 1, 2017 for IFRS 12 and January 1, 2018 for IFRS 1 and IAS 28.

2.3 Principles governing the preparation of the financial statements

Investment in subsidiaries

Investments in subsidiaries are accounted for at cost, less any accumulated impairment losses. Costs related to the acquisition of a subsidiary are expensed as incurred.

Impairment of investments in subsidiaries

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 finance income and expenses.

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.

Property, plant and equipment

Recognition and measurement:
Property, plant and equipment acquired by the Company are recorded at cost, which comprises the purchase price, 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. Subsequent to the initial recognition, property, plant and equipment is measured at cost less accumulated depreciation.

Depreciation:
Property, plant and equipment are depreciated over the estimated useful lives of the related assets using the straight-line method. Estimated useful life by category:

- Leasehold improvements 5 years (the term of the lease)
- Equipment 3 – 5 years

Impairment of property, plant and equipment

Property, plant and equipment 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 costs 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).

Financial instruments

(i) Financial assets (other than investments in subsidiaries)
Financial assets are classified as follows: (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:* 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.

(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. 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 Income Statement over the year to maturity 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 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.

(iv) Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured 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 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. As of December 2016, the company had no derivative instruments that are designated for hedge accounting.

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 entitled to an equal profit allocation and 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.

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 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.

Presentation of financial statements

Certain reclassifications may have been made to prior year amounts to conform to current year presentation or with IFRS requirements. Interests paid and received previously presented in Cash flows from / (used in) financing activities have been reclassified in Cash flows from / (used in) operating activities for respectively €(95,528) and 103,698 thousands for period ended December 31, 2016 and €(60,998) and 74,530 thousands for periods ended December 31, 2015. The change of presentation will provide more relevant information about the effects of transactions on the Company cash flows.

2.4 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 consist of investment in Constellium Holdco II B.V. which is fully owned by Constellium N.V.

Investments in affiliates 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. Property, plant and equipment

Property, plant and equipment are comprised as follows:

(in thousands of Euros)	Leasehold improvements	Furniture and Office equipment	Total
Cost at January 1, 2016	776	100	876
Additions	-	-	-
Disposals	-	-	-
Cost at December 31, 2016	776	100	876
Accumulated depreciation and impairment at January 1, 2016	(723)	(100)	(823)
Depreciation	(53)	-	(53)
Impairment	-	-	-
Accumulated depreciation and impairment at December 31, 2016	(776)	(100)	(876)
Net balance at December 31, 2016	-	-	-

3.2. 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 2016**	Loans granted to related parties	Repayments	Reevaluation (foreign exchange)	**Balance at 31st December 2016**
Shareholder loan $400M to Constellium Holdco II B.V. May 07, 2014	(1)	367 412	-	-	12 059	379 471
Shareholder loan €300M to Constellium Holdco II B.V. May 07, 2014	(2)	300 000	-	-	-	300 000
Shareholder loan $400M to Constellium Holdco II B.V. December 19, 2014	(3)	367 412	-	-	12 059	379 471
Shareholder loan €240M to Constellium Holdco II B.V. December 19, 2014	(4)	240 000	-	-	-	240 000
Intragroup loan $425M to Constellium France Holdco March 30, 2016	(5)	-	375 309	(181 031)	14 431	208 709
TOTAL :		**1 274 824**	**375 309**	**(181 031)**	**38 549**	**1 507 650**

Financial assets - current accrued interest income

(in thousands of Euros)	refer to	**Balance at 1st January 2016**	Interest income received	Interest income accounted for	**Balance at 31st December 2016**
Shareholder loan $400M to Constellium Holdco II B.V. May 07, 2014	(1)	3 520	(27 181)	27 217	3 556
Shareholder loan €300M to Constellium Holdco II B.V. May 07, 2014	(2)	2 492	(19 500)	19 446	2 438
Shareholder loan $400M to Constellium Holdco II B.V. December 19, 2014	(3)	14 316	(30 671)	31 052	14 697
Shareholder loan €240M to Constellium Holdco II B.V. December 19, 2014	(4)	8 245	(17 880)	17 830	8 195
Intragroup loan $425M to Constellium France Holdco March 30, 2016	(5)	-	(8 466)	12 904	4 438
TOTAL :		**28 573**	**(103 698)**	**108 449**	**33 324**

- On May 7th 2014, Constellium NV simultaneously entered into the following shareholder loans:

(1) $400,000 thousands maturing on May 15, 2024 bearing a fixed interest rate of 7.50% per annum. The interests are accrued and paid each semester commencing on November 15, 2014. On this basis the interest income amounted to €27,217 thousands in 2016 (2015: €27,594 thousands).

(2) €300,000 thousands maturing on May 15, 2021 bearing a fixed interest rate of 6.50% per annum. The interests are accrued and paid each semester commencing on November 15, 2014. On this basis, the interest income amounted to €19,446 thousands in 2016 (2015: €19,500 thousands).

The purpose of these 2 loans was to enable Constellium Holdco II B.V. to reorganize its indebtedness and the indebtedness of its subsidiaries.

- On December 19th, 2014, Constellium NV simultaneously entered into the following shareholder loans:

(3) $400,000 thousands maturing on January 15, 2023 bearing a fixed interest rate of 8.45% per annum. The interests are accrued and paid each semester commencing on July 15, 2015. On this basis the interest income amounted to €31,052 thousands in 2016 (2015: €30,956 thousands).

(4) €240,000 thousands maturing on January 15, 2023 bearing a fixed interest rate of 7.45% per annum. The interests are accrued and paid each semester commencing on July 15, 2015. On this basis the interest income amounted to €17,830 thousands in 2016 (2015: €17,880 thousands).

The purpose of these 2 loans was to finance investments made by the Company subsidiaries (mainly, acquisition of Wise entities and investments related to Body In White / Automotive Body Structure (ABS) growth project).

- On March 30th, 2016, Constellium NV entered into the following intragroup loan:

(5) $425,000 thousands maturing on April 1st, 2021 bearing a fixed interest rate of 8.60% per annum. The interests are accrued and paid each semester commencing on October 1st, 2016. In the meantime, this loan has been partially repaid for $205,000 thousands. On this basis the interest income amounted to €12,904 thousands in 2016.

Fair value:

The 2014's Company financial assets have been contracted at the same time and symmetrically as the Company's 2014 Senior Notes liabilities (both bear a fixed rate, have the same notional amounts and are in the same currency) and thus, the fair value of these assets are linked to these financial liabilities (refer to Note 6).

The 2016's Company financial asset has been initially contracted at the same time and symmetrically as the Company's 2016 Senior Notes liability (both bear a fixed rate, have the same notional amounts and are in the same currency). In the meantime, the asset has been partially repaid for $205 million, the fair value of the remaining asset of $220 million amounts to €225 million as at December 31, 2016.

3.3. Investments in subsidiaries

As of December 31, 2016, investments consist of:

(in thousands of Euros)	Balance at 1st January 2016	Increase	Balance at 31st December 2016
Constellium Holdco II B.V. (1)	93 155	-	93 155
Investments in indirectly held subsidiaries (2)	12 441	5 860	18 301
TOTAL :	**105 596**	**5 860**	**111 456**

(1) Investment in Constellium Holdco II B.V. for €93,155 thousands.

Name	Registered office	Share in issued capital	2016 Equity, excluding net income (a)	2016 Net income (a)	Total
Constellium Holdco II B.V.	Schiphol-Rijk	100%	8 554	(17 258)	(8 704)
Total			8 554	(17 258)	(8 704)

(a) The amounts are based on Dutch Generally Accepted Accounting Principles as applied by Constellium Holdco II B.V.

Based on Constellium share market value, the estimated fair value of the investment in Constellium Holdco II B.V significantly exceeds its accounting carrying value as of December 31, 2016 and 2015.

(2) Investments in indirectly held subsidiaries relate to share-based payment arrangements for €18,301 thousands. The €5,860 thousands increase relates to the vesting of equity-settled share-based payments to employees of indirectly held subsidiaries and board members. For further details on share-based arrangements, see Note 28 to the Consolidated Financial Statements.

NOTE 4 - Current assets

4.1. Trade receivables and other

(In thousands of Euros)		At December 31, 2016	At December 31, 2015
Prepaid and deferred expenses		38	28
Inter-company receivables		397	66
Cash-pool-current account	1	232 450	46 280
Other current account		-	102
Capitalized arrangement fees	2	-	1 528
Other		52	15
Total Trade receivables and other		**232 937**	**48 019**

(1) Constellium Finance SAS, an indirectly owned subsidiary, serves as a central treasury for Constellium Group and optimizes the internal management of liquidity by means of cash pooling agreements with other Constellium entities.

(2) Following the issuance of Senior Notes in March 2016, the Unsecured Credit Facility was cancelled and the arrangements fees which were not amortized were fully recognized as financial expenses for €1.5 million.

4.2. Cash and cash equivalents

Cash and cash equivalents represent positive bank balances of €35 thousands (2015: €7 thousands).

NOTE 5 - Shareholders' Equity

5.1 Share capital and Share premium

As at December 31, 2016 authorized share capital consists of 400,000,000 ordinary shares.

	Number of shares	*(In thousands of Euros)* Share capital	Share premium
As of January 1, 2016	**105 476 899**	**2 110**	**170 589**
Shares issued (1)	104 774	2	
As of December 31, 2016	**105 581 673**	**2 112**	**170 589**

(1) Constellium N.V. issued and granted 87,300 ordinary shares to certain employees and 17,474 ordinary shares to its Boards members in relation to the vesting share compensation plan.

According to Dutch law and the articles of association of Constellium N.V., the following characterizations, 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.

	At December 31, 2016		**At December 31, 2015**	
	Number of shares	**%**	**Number of shares**	**%**
Free Float	92 703 310	87,80%	92 629 930	87,82%
Bpifrance	12 846 969	12,17%	12 846 969	12,18%
Own shares (1)	31 394	0,03%	-	-
Total	**105 581 673**	**100,0%**	**105 476 899**	**100,0%**

(1) Pursuant to Company's 2013 Equity Incentive Plan, certain employees and officers of the Company were entitled ordinary shares. In connection with this operation, Constellium issued 185,251 shares on May 26, 2015. Some of the participants have indicated that they would like to sell their shares. Constellium agreed to repurchase them under certain conditions, approved by the general meeting of shareholders on June 11, 2015.

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, 2016	At December 31, 2015
Equity according to consolidated statements	(570 192)	(540 174)
Deduct : Non-controlling interest	(8 697)	(10 670)
Add : Retained deficit and other reserves of subsidiary accounted for at cost	743 749	716 086
Difference in treatment of share premium agreement with previous shareholders	8 534	8 534
Equity according to company financial statements	173 394	173 776

in thousands Euros	At December 31, 2016	At December 31, 2015
Net profit / (loss) according to consolidated statements	(3 925)	(552 013)
Deduct : Profit / (loss) of subsidiaries consolidated at cost (1)	(2 168)	551 818
Add : Dividend received from subsidiaries	-	-
Net loss according to company financial statements	(6 093)	(195)

(1) Includes IFRS 2 expense related to share-based payments arrangements which have no impact on Net (loss) / profit according to the company financial statements.

NOTE 6 - Borrowings and other financial liabilities

a) Financial liabilities - Non-current borrowings

(in thousands of Euros)	*refer to*	**Total borrowings at amortized cost at 1st January 2016**	Proceeds received from senior notes net of financing costs	Reevaluation (foreign exchange)	Amortization of financing costs	**Total borrowings at amortized cost at 31st December 2016**
Senior notes $400M from May, 2014 to May, 2024	(1)	361 947	-	12 059	520	374 526
Senior notes €300M from May, 2014 to May, 2021	(2)	294 807	-	-	868	295 675
Senior notes $400M from December, 2014 to January, 2023	(3)	361 316	-	12 059	661	374 036
Senior notes €240M from December, 2014 to January, 2023	(4)	235 529	-	-	501	236 030
Senior notes $425M from March, 2016 to April, 2021	(5)	-	363 528	27 878	1 462	392 868
TOTAL :		**1 253 599**	**363 528**	**51 996**	**4 012**	**1 673 135**

b) Financial liabilities - Current

i) accrued interest expense

(in thousands of Euros)	*refer to*	**Balance at 1st January 2016**	Interest expense paid	Interest expense accounted for	**Balance at 31st December 2016**
Senior notes $400M from May, 2014 to May, 2024	(1)	2 699	(20 838)	20 866	2 727
Senior notes €300M from May, 2014 to May, 2021	(2)	1 773	(13 875)	13 836	1 734
Senior notes $400M from December, 2014 to January, 2023	(3)	13 553	(29 038)	29 399	13 914
Senior notes €240M from December, 2014 to January, 2023	(4)	7 747	(16 800)	16 753	7 700
Senior notes $425M from March, 2016 to April, 2021	(5)	-	(14 976)	22 826	7 850
TOTAL :		**25 772**	**(95 528)**	**103 680**	**33 925**

ii) Other current

(in thousands of Euros)	*refer to*	**Balance at 1st January 2016**	At Fair Value through Profit and loss	**Balance at 31st December 2016**
Derivatives	(6)	-	1 533	1 533

- Refinancing May 7, 2014

On May 7, 2014, the Company successfully completed bond offerings for an aggregate amount of approximately €587 million at spot rate. These private offerings were comprised of:

(1) $400,000 thousands maturing on May 15, 2024 bearing a fixed interest rate of 5.75% per annum. The interests are accrued and paid each semester commencing November 15, 2014. On this basis the interest expense amounted to €20,866 thousands in 2016 (2015: €21,155 thousands).

(2) €300,000 thousands maturing on May 15, 2021 bearing a fixed interest rate of 4.625% per annum. The interests are accrued and paid each semester commencing November 15, 2014. On this basis the interest expense amounted to €13,836 thousands in 2016 (2015: €13,836 thousands).

The Senior Notes are guaranteed on a senior unsecured basis by certain of the subsidiaries. Senior Notes include negative covenants.

The company used a portion of the proceeds from these offerings to repay the outstanding amount due under its existing Term Loan, with the balance being used for general corporate purposes.

Financing cost

In 2014, the Company incurred financing costs linked to the above operations.

Transaction costs, i.e. fees and commissions, are integrated in the effective interest rate calculation of the private offerings. Early repayment fees and interest expenses are included in finance costs as incurred.

Capitalized fees amounted to €12,225 thousands are amortized over the duration of the senior notes. As of December 31, 2016, net capitalized fees recorded in the balance sheet amount to €9,270 thousands.

- Refinancing December 19, 2014

On December 19, 2014, the Company successfully completed bond offerings for an aggregate amount of approximately €566 million at spot rate. These private offerings were comprised of:

(3) $400,000 thousands maturing on January 15, 2023 bearing a fixed interest rate of 8% per annum. The interests are accrued and paid each semester commencing July 15, 2015. On this basis the interest expense amounted to €29,399 thousands in 2016 (2015: €29,308 thousands).

(4) €240,000 thousands maturing on January 15, 2023 bearing a fixed interest rate of 7% per annum. The interests are accrued and paid each semester commencing July 15, 2015. On this basis the interest expense amounted to €16,753 thousands in 2016 (2015: €16,800 thousands).

The Senior Notes are guaranteed on a senior unsecured basis by certain of the subsidiaries. Senior Notes include negative covenants.

The Company used a portion of the proceeds from the Offering to mainly finance the Company's acquisition of Wise Metals Intermediate Holdings LLC.

Financing cost

In 2014, the Company incurred financing costs linked to the above operations.

Transaction costs, i.e. fees and commissions, are integrated in the effective interest rate calculation of the private offerings. Early repayment fees and interest expenses are included in finance costs as incurred.

Capitalized fees amounted to €11,659 thousands are amortized over the duration of the senior notes. As at December 31, 2016, net capitalized fees recorded in the balance sheet amount to €9,405 thousands.

- Refinancing March 30, 2016

On March 30, 2016, Constellium N.V. issued a $425 million “Senior Secured Notes” due 2021 (approximately €375 million at spot rate).

(5) $425,000 thousands maturing on April 1st, 2021 bearing a fixed interest rate of 7.875% per annum. The interests are accrued and paid each semester commencing October 1st, 2016. On this basis the interest expense amounted to €22,826 thousands in 2016.

The Senior Secured Notes are fully and unconditionally guaranteed, jointly and severally, by certain of Constellium N.V. subsidiaries. Senior Secured Notes include negative covenants.

A portion of the net proceeds is used for general corporate purposes, including investment in Wise Metals Intermediate Holdings LLC and its subsidiaries and the joint venture of the Group with UACJ, capital expenditures, research and development efforts. The unused portion has been placed at Constellium Finance SAS level through the cash pooling.

Financing cost

In 2016, the Company incurred financing costs linked to the above operations.

Transaction costs, i.e. fees and commissions, are integrated in the effective interest rate calculation of the private offerings. Early repayment fees and interest expenses are included in finance costs as incurred.

Capitalized fees amounted to €11,781 thousands are amortized over the duration of the senior notes. As at December 31, 2016, net capitalized fees recorded in the balance sheet amount to €10,319 thousands.

- Fair value

The fair value of Constellium N.V. Senior Notes issued in May 2014 and December 2014 account for respectively 95% and 103% of the nominal value and amount respectively to €646 million and €640 million at December 31, 2016.

The 2014’s Company Senior Notes liabilities have been contracted at the same time and symmetrically as the Company’s 2014 financial assets (both bear a fixed rate and have the same notional amounts, in the same currency) and thus, the fair value of these liabilities are linked to these financial assets (refer to Note 3).

The fair value of Constellium N.V. Senior Notes issued in March 2016 account for 108% of the nominal value corresponding to €434 million at December 31, 2016.

The 2016’s Company Senior Notes liabilities has been initially contracted at the same time and symmetrically as the Company’s 2016 financial assets (both bear a fixed rate and have the same notional amounts, in the same currency). The asset has been partially repaid for $205 million; the remaining exposure is a debt of $205 million. This related exposure is hedged through a foreign exchange Basis Swap (see paragraph “Derivatives” below).

The fair values of other financial assets and liabilities approximate their carrying values, as a result of their liquidity or short maturity.

- Derivatives

(6) The company hedges the dollar exposure relating to the principal of its U.S. Dollar Senior Notes, which is not used to finance USD functional currency entities. The principal amounts to $205,000 thousands and is hedged by using foreign exchange Swaps maturing every quarter (in 2016, €17,138 thousands of realized gains and €1,533 thousands of unrealized loss have been booked in the financial result). Realized and unrealized results of these hedging derivatives are recognized within Finance income / (costs) in the Income Statement and offset the unrealized results related to U.S. Dollar Senior Notes revaluation.

- Unsecured Credit Facility

Following the issuance of Senior Notes in March 2016, the Unsecured Credit Facility was cancelled and the arrangements fees which were not amortized were fully recognized as financial expenses for €1,5 million.

- Covenants

The Company was in compliance with all applicable debt covenants at and for the period ended December 31, 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

(In thousands of Euros)	At December 31, 2016	At December 31, 2015
Vendor balance	226	1 012
Accrued expenses	3 189	2 914
Total Trade payables and other	**3 415**	**3 925**

NOTE 8 - Comprehensive income

8.1 Revenue

Revenue of €1,317 thousands (2015: €153 thousands) represents Management Fees invoiced to subsidiaries.

8.2 Selling and administrative expense

Selling and administrative expense can be detailed as follows:

In thousands of Euros	2016	2015
Directors' fees and related expense	1 148	966
Office costs	169	115
Professional fees	3 844	3 227
Audit fees	2 730	2 302
Other	208	388
Depreciation and amortization	53	155
Selling and administrative expense	**8 152**	**7 153**

Similarly to 2015, the company had no employees during the year 2016.

8.3 Auditors Fees

The following audit fees were expensed by the Company and its subsidiaries in the reporting period:

In thousands of Euros

2016	***PricewaterhouseCoopers Accountants N.V.***	***Other PwC network***	***Total PwC 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

2015	***PricewaterhouseCoopers Accountants N.V.***	***Other PwC network***	***Total PwC network***
Audit Fees	77	5 917	5 994
Audit Related Fees	-	305	305
Tax services	-	808	808
Other non-audit services	-	3	3
	77	7 032	7 109

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.

8.4 Other expense

The higher level of professional fees and other expenses in 2015 is linked to the Wise acquisition.

8.5 Finance Result

(In thousands of Euros)		2016	2015
Realized foreign exchange gains (see Note 6.6)		17 622	170
Unrealized foreign exchange gains		38 549	75 896
Interest income accrued		108 449	95 924
Total Finance Income		**164 620**	**171 990**
Realized foreign exchange losses		(508)	(176)
Unrealized foreign exchange losses		(51 996)	(75 896)
Interest expense accrued		(103 680)	(81 098)
Amortization of financing costs	(1)	(5 540)	(3 689)
Change in fair value of net debt derivatives		(1 533)	-
Other finance costs	(2)	(600)	(1 749)
Total Finance Expense		**(163 857)**	**(162 607)**
Finance Result		**763**	**9 383**

(1) As of December 31, 2016, it includes amortization of financing costs related to:

- Unsecured Credit Facility:
  Following the issuance of Senior Notes in March 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. (2015: €1,030 thousands were amortized)
- Senior notes:
  - the May 2014 refinancing for €1,388 thousands (2015: €1,568 thousands);
  - the December 2014 refinancing for €1,162 thousands (2015: €1,090 thousands);
  - the March 2016 refinancing for €1,462 thousands

(2) As of December 31, 2016, it mainly includes the fees incurred in respect to the undrawn Unsecured Credit Facility for €387 thousands (2015: €1,467 thousands).

8.6 Income tax expense

The Company forms a fiscal unity for the corporation tax with its subsidiary, Constellium Holdco II B.V., and Constellium Holdco III B.V, and is therefore separately liable for all tax liabilities.

The net taxable loss recorded by the fiscal unity amounts to €23,079 thousands in 2016 against a loss of €1,863 thousands in 2015.

Accumulated tax losses as of December 31, 2016 amount to €201,849 thousands.

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, 2016.

Under current Dutch tax law, losses incurred by the fiscal unity carry-forward 9 years after the loss is recognized.

The following is a reconciliation of income tax for Constellium N.V., for 2016 and 2015:

In thousands of Euros

	December 31, 2016	December 31, 2015
Loss before income taxes	(6 093)	(195)
Statutory income tax rate applicable	25%	25%
Computed theoritical tax at statutory rate	1 523	49
Other	(32)	-
Permanent differences	(46)	(40)
Net tax impact of loss from tax unity	4 325	457
Income tax, before impairment	**5 770**	**466**
Valuation allowance on deferred tax assets for the year	(5 770)	(466)
Income tax, net	-	-
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, 2016	December 31, 2015
Under 1 year	115	115
Between 1 and 5 years	-	115
Over 5 Years	-	-
Total	**115**	**230**

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, 2016 and 2015.

10.1 Executive Director

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	**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
Pierre Vareille, CEO	**2015**	884 810	525 575	191 265	156 840	1 875	1 760 365

(1) The amount reported as IFRS 2 expense represents the 2016 amortization of the fair value of Restricted Stock Unit (RSU) granted in 2016 and in previous years.

In 2016, Pierre Vareille was not granted any equity awards. Jean-Marc Germain was granted the following in August 2016:

a) a performance-based RSUs award with a target number of shares of 150,000 and a maximum number of shares of 450,000 shares issuable, 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.

(2) Pension represents amounts contributed by the Company during the 2016 fiscal year to the Swiss state as part of the employer overall pension requirements apportioned to the base salary of these individuals.

(3) Other compensation for Pierre Vareille includes effective payments made in 2016 for lunch allowance, vacation balance payment and for a non-compete agreement. Mr Vareille will be entitled to €330,256 in 2017 for amounts due under his non-compete agreement and a portion of the unpaid 2016 bonus, and €256,132 in 2018 for the balance of his unpaid 2016 bonus. Other compensation for Jean-Marc Germain includes 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.

10.2 Non-Executive Directors

For 2016, 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 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 fiscal year to our non-employee directors:

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 (2)	30 000	13 000	14 544	57 544
TOTAL	**609 000**	**229 000**	**319 363**	**1 157 363**

(1) The amount reported as IFRS 2 expense represents the 2016 amortization of the fair value of RSU granted in 2016 and in previous years.

On June 15, 2016, Richard B. Evans was granted 11,062 RSUs and all other non-executive directors were granted 8,850 RSUs each. The estimated fair value at grant date amounted to €4.02 per potential share (corresponding to €44,469 for Richard B. Evans and €35,577 for all other non-executive directors).These RSUs vest 50% on each anniversary date of the grant date.

(2) Prior to her appointment as Board Member on June 15, 2016, Martha Brooks received USD 57,000 as Advisor to the Board.

Further information is provided in the Note 28 “Share-based compensation” of the Consolidated Financial Statements (Equity award Plan).

In Euros

2015

	Annual Director Fees	Board / Committee attendance fees	IFRS 2 Expense 2015 (3)	Total
Richard B. Evans	128 000	32 000	18 034	178 034
Guy Maugis	68 000	29 000	14 428	111 428
Philippe Guillemot	60 000	20 000	24 845	104 845
Werner Paschke	75 000	27 000	24 845	126 845
Michiel Brandjes	60 000	14 000	40 540	114 540
Lori A Walker	60 000	31 000	40 540	131 540
Peter F Hartman	60 000	22 000	40 540	122 540
John Ormerod	60 000	26 000	40 540	126 540
Matthew H. Nord (4)	68 000	25 000	-	93 000
TOTAL	**639 000**	**226 000**	**244 312**	**1 109 312**

(3) The amount reported as Equity Award represents the annual charge related to outstanding RSUs, computed in accordance with IFRS 2.

In June 2015, nine board members were granted an award of 29,202 RSU. The estimated fair value at grant date amounted to €11.19 per potential share. These RSU vests 50% on each anniversary date of the grant date.

(4) Matthew H. Nord left the Board end of 2015. His shares were cancelled.

NOTE 11 - Related parties

There is no transaction with related parties outside of the Constellium group as stated in the Consolidated Financial Statements (note 30).

The following is the statement of financial positions and the statement of comprehensive income / (loss) with related parties.

11.1 Statement of Financial positions with related parties:

(In thousands of Euros)	*December 31 2016*	*December 31 2015*
Non-current assets		
Financial assets	1 507 650	1 274 824
Investments in subsidiaries	111 456	105 596
	1 619 106	1 380 420
Current assets		
Other financial assets	33 324	28 573
Trade receivables and other	232 852	46 448
Cash and cash equivalents	-	-
	266 176	75 021
Total Assets with related parties	**1 885 282**	**1 455 441**
Current liabilities		
Other financial liabilities	1 533	-
Trade payables and other	10	-
	1 543	-
Total Liabilities with related parties	**1 543**	-

11.2 Statement of Comprehensive income / (loss) with related parties:

(In thousands of Euros)	*December 31, 2016*	*December 31, 2015*
Revenue	1 317	153
Gross Profit with related parties	**1 317**	**153**
Selling and administrative expense	(159)	(255)
(Loss) / Profit from recurring operations with related parties	**1 158**	**(102)**
Finance income	164 101	95 962
Finance expense	(1 545)	(4)
Finance result - net with related parties	**162 556**	**95 958**
Total comprehensive income with related parties	**163 714**	**95 856**

NOTE 12 - Financial Risk Management

- Credit Risk: see Note 22-2 within Consolidated Financial Statements.
- Liquidity Risk: see Note 6 “Non-current 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 shareholder loan and senior notes, which represent 80 % of total assets and 89% 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 € 6,093 thousands to retained earnings. The net loss appropriation is not reflected in these financial statements.

NOTE 14 - Subsequent events

On February 16, 2017, the Company issued a $650 million Senior unsecured notes due 2025, with interest rate 6.625%.
The net proceeds was used to repurchase Muscle Shoals 8.75% Senior Secured Notes due 2018.

OTHER INFORMATION

Provisions in the Articles of Association governing the appropriation of profit

Under the article 22 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 2016 financial statements as of

March 8, 2017

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

Independent auditor's report

To: the general meeting of Constellium N.V.

Report on the financial statements 2016

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Constellium N.V. as at 31 December 2016, 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 2016 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 2016;
- the following statements for 2016: the consolidated and company income statement, the consolidated and company statements of comprehensive income, changes in equity and cash flows;
- 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.

Independence

We are independent of Constellium N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective 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 in the impairment assessment of assets and the recoverability of deferred tax assets, we considered these to be key audit matters as set out in the key audit matter section of this report.

Besides the key audit matters, other areas of focus were property, plant and equipment, inventory, revenue recognition, financial instruments used for hedging purposes, pensions and financing. 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, tax and financial instruments in our team.

The outlines of our audit approach were as follows:

Materiality

- Overall group materiality: €30 million
- Components performance materiality: between €7 million and €22.5 million
- Threshold for reporting misstatements: €1 million

Audit scope

- We conducted audit work on ten components.
- The five significant components have been subject to a full scope audit. The other five components were subject to specific audit procedures.
- Site visits were conducted for all significant components, which are located in France, Germany and the United States.

Key audit matters

- Impairment of non-financial assets
- Recoverability of deferred 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’.

We set certain quantitative thresholds for materiality. 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 on our opinion.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group overall materiality	€30 million (2015: €30 million) Overall materiality is the magnitude of an omission or misstatement of financial information that may change or influence the economic decisions of users of the financial statements.
How we determined it	0.63% of total revenues (2015: 0.58%)
Rationale for benchmark applied	We have applied the revenue 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 by increasing the percentage applied to total revenues, which was 0.58% for 2015, to 0.63% for 2016. We considered this materiality level to be appropriate in the light of the common financial information needs of the company's stakeholders.
Component performance materiality	Performance materiality is an amount set at less than the overall materiality used for audit planning and execution purposes to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds the overall materiality. Based on our judgement and audit methodology, we allocate the group performance materiality to each component in our audit scope. The range of performance materiality allocated across components was between €7 million and €22.5 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 the audit committee that we would report to them misstatements identified during our audit above €1 million (2015: €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 enough 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.

Determining factors are the geographic structure of the group, the significance and/or risk profile of group components, entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group components for which an audit or review of financial information or specific balances was considered necessary.

The group's accounting process is structured around 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 consolidation system.

We conducted audit work on ten components of which five qualify as components that are individually financially significant. Those five components are located in the France, Germany and the United States, 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 revenues, cash, borrowings, accruals and provisions, taxes, financial derivatives and pensions) and tested specific transactions over the period.

In total, in performing these procedures, we achieved the following coverage on the financial statement line items:

Revenue	82%
Total assets	85%
Profit before tax	75%

None of the remaining components represented more than 4.5% of total group revenue or total group assets. We performed additional analytical procedures for any remaining component which represented more than 1% of total group revenue.

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 2016, we conducted site visits to all significant components and met with component audit teams, which are located in France, Germany and the United States.

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, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. 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 a separate opinion on these matters or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.

The acquisition of Wise Metals Intermediate Holdings LLC was excluded from the current year list of key audit matters, as this transaction occurred in the year 2015.

Key audit matter	*How our audit addressed the matter*
Impairment of non-financial assets ***Goodwill – note 16*** Goodwill is tested annually for impairment or whenever there is an impairment indicator. The goodwill originating from acquisitions in previous years amounts to €457 million out of which €395 million relates to the acquisition of Wise Metal, which is not monitored at the CGU plant level, but is tested as part of the goodwill amount of €450 million allocated to the higher operating segment level as explained in note 16, Packaging and Automotive Rolled Products (P&ARP). The group performed the annual goodwill impairment test for P&ARP as of 31 December 2016 indicating sufficient headroom. Accordingly, the impairment test carried out at the P&ARP operating segment level did not lead to a goodwill impairment. The assumptions in the impairment test on goodwill include the regular and perpetual growth rate as well as the discount rate. The impairment test on goodwill also includes assumptions in relation to the cash inflows and the significant capital expenditures for the Automotive Body Sheet project and related returns. The projected future cash flows include the significant capital expenditures for the Automotive Body Sheet (up to 2020) and the related returns. Considering the significant level of future capital expenditure needed to address the Automotive Body Sheet market with the related Automotive Body Sheet cash inflows ramping-up from 2018/2019 and reaching a normative level in 2023/2024, cash flows were projected over a nine-year period. As the timing of expenditure and cash inflows are further ahead in the future, the estimation uncertainty of the related assumptions is inherently higher. The impairment test carried out at the P&ARP operating segment level did not lead to a goodwill	Our audit procedures included detailed assessment and challenging of the impairment tests performed by the group. In addition, we tested the operating segment level and cash generating unit identification analysis. We found these impairment tests in alignment with the provisions of IAS 36 *Impairment of assets*. Our valuation specialists assisted us in evaluating and challenging the assumptions and methodologies applied by the group in its impairment test, in particular those relating to the regular and perpetual growth rate and the discount rate. In addition, 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 focused on the adequacy of the group's disclosures regarding those assumptions including the sensitivity analyses (refer to notes 15 and 16). We also reviewed the consistency of the cash inflows and capital expenditures and related returns in the light of group strategy and business plans approved by the board, 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. With the procedures performed above, we determined that the methodologies and assumptions used by the group to assess impairment of goodwill as of 31 December 2016 were reasonable. We tested management's assessment that there were no indications for further impairment charges in addition to those recorded in the previous year,

Key audit matter	*How our audit addressed the matter*
impairment. The assumptions are further disclosed in note 16 to the financial statements. The impairment test is significant to our audit because the assessment process is complex and requires management judgement, and is based on assumptions that are affected by expected future market conditions. ***Property, plant and equipment – note 15*** An impairment review of non-financial assets is performed when there is an indication that these may be impaired. Although no triggering event for an impairment test of non-financial assets was identified in 2016, we focused and followed up on this area in consideration of the impairment charge which was recorded as of 31 December 2015 (€49 million for Constellium Valais and €400 million for Muscle Shoals) as presented in note 15.	but also that no reversal of impairment should be recorded as of 31 December 2016. We determined that the actual performance for the year 2016 and the business plans were comparable and consistent with the previous year's projections used in the impairment testing of these assets. We also reviewed management's assessment of the absence of a triggering event for an impairment test of non-financial assets as of 31 December 2016 performed in accordance with IAS 36.

Key audit matter	How our audit addressed the matter
Recoverability of deferred tax assets The company describes its accounting policies concerning deferred tax asset (DTA) recognition in note 2 and provides details on deferred tax positions and accumulated tax losses in note 18 to the consolidated financial statements. Significant tax losses were incurred in previous years by subsidiaries located in the Netherlands, the United States and Switzerland. Based on the expected taxable income of these subsidiaries and considering the related and inherent risk of uncertainty, the company's recognition of domestic and foreign net deferred tax assets was limited to €221 million. Total unrecognised deferred tax assets amount to €428 million. Due to the inherent level of uncertainty, the potential limitations in the recoverability of deferred tax assets and the significant management judgement involved, we considered the recoverability of deferred tax assets a key audit matter for our audit.	We used the work of our tax specialists to evaluate and test corporate tax positions taken by management and to coordinate local tax issues. We examined the deferred tax asset by jurisdiction and assessed the recoverability through agreeing the forecasted future taxable profits with approved business plan, per entity. We assessed whether the underlying trends and assumptions in the forecasts used were consistent with those used in the impairment tests and found no inconsistencies. We have challenged the underlying assumptions and forecasted revenues and costs, ascertained the inclusion of all required elements in the forecast and recalculated the taxable profits based on the applicable tax rates in the countries the entities reside. We also assessed the past performance against business plans used by the company to determine the future taxable income per jurisdiction. In addition, we have considered the local expiry periods together with any applicable restrictions in recovery for each individual jurisdiction. With the procedures performed above, we determined that the methodologies and assumptions used by the group to assess recoverability of deferred tax assets as of 31 December 2016 were reasonable.

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 all 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 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 pursuant to Part 9 Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were reappointed as auditors of Constellium N.V. following the passing of a resolution by the shareholders at the annual meeting held on 15 June 2016. Our appointment represents a total period of uninterrupted engagement appointment of six 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, 9 March 2017
PricewaterhouseCoopers Accountants N.V.

P.J.R.M. Wijffels RA

Appendix to our auditor's report on the financial statements 2016 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 or review of financial information or specific balances was considered necessary.

We communicate with management and the audit committee 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 and the audit committee 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 and the audit committee, 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.