Constellium SE

Statutory auditors’ report on the consolidated financial statements

(For the year ended 31 December 2019)

PricewaterhouseCoopers Audit
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This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Statutory auditors' report on the consolidated financial statements

(For the year ended 31 December 2019)

To the annual general meeting
Constellium SE
Washington Plaza
40-44, rue Washington
75008 PARIS

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Constellium SE ("the Group") for the year ended December 31, 2019.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of ethics (code de déontologie) for statutory auditors.

Emphasis of Matter

We draw attention to the matter described in Note 2.2 "Application of new and revised IFRS" to the consolidated financial statements relating to the impacts of the initial application of IFRS 16 "Leases". Our opinion is not modified in respect of this matter.

Justification of Assessments

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the following assessments that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

These assessments were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Goodwill, in the amount of €455m on the balance sheet at December 31st, 2019, has been subject to impairment testing as described in the "Goodwill" and "Impairment of Goodwill" sections of note 2.6 "Principles governing the preparation of the Consolidated Financial Statements" and note 18 "Intangible Assets (including Goodwill)" of the notes to the consolidated financial statements. We have examined the methodology used to perform the impairment tests as well as the forecasted cash flows and underlying assumptions and have verified the information presented in the notes to the financial statements.

As described in the section "Taxes" of note 2.6 "Principles governing the preparation of the Consolidated Financial Statements" and note 20 "Deferred Taxes" of the notes to the consolidated financial statements, deferred tax assets are only recognized to the extent that their future recovery is probable. We have examined the group's tax forecasts, the schedule of reversals of deferred tax assets and liabilities, and the consistency of all the assumptions used to justify the probability of recovery of these deferred tax assets.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verification required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (code de commerce) is included in the Group's information given in the management report, it being specified that, in accordance with Article L.823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The consolidated financial statements were authorized for issue by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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 override of internal control.

- Obtains 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 internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Neuilly-sur-Seine and Paris, March 9, 2020

PricewaterhouseCoopers Audit	RSM Paris
Pierre Marty	Paul Vaillant

CONSOLIDATED INCOME STATEMENT

(in millions of Euros)	Notes	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Revenue	4	**5,907**	5,686	5,237
Cost of sales		**(5,305)**	(5,148)	(4,682)
Gross profit		**602**	538	555
Selling and administrative expenses		**(276)**	(247)	(247)
Research and development expenses		**(48)**	(40)	(36)
Restructuring costs		**(4)**	(1)	(4)
Other gains / (losses) - net	9	**(19)**	154	70
Income from operations		**255**	404	338
Finance costs - net	11	**(175)**	(149)	(260)
Share of income / (loss) of joint-ventures	19	**2**	(33)	(29)
Income before income tax		**82**	222	49
Income tax expense	12	**(18)**	(32)	(80)
Net income / (loss)		**64**	190	(31)
Income attributable to:				
Equity holders of Constellium		**59**	188	(31)
Non-controlling interests		**5**	2	—
Net income / (loss)		**64**	190	(31)

Earnings per share attributable to the equity holders of Constellium

(in Euros per share)	Notes	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Basic	13	**0.43**	1.40	(0.28)
Diluted	13	**0.41**	1.37	(0.28)

The accompanying Notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME / (LOSS)

(in millions of Euros)	Notes	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Net income / (loss)		**64**	190	(31)
Other comprehensive income / (loss)				
Items that will not be reclassified subsequently to the consolidated income statement				
Remeasurement on post-employment benefit obligations		**(61)**	24	12
Income tax on remeasurement on post-employment benefit obligations		**13**	(6)	(8)
Items that may be reclassified subsequently to the consolidated income statement				
Cash flow hedges	24	**(8)**	(25)	46
Net investment hedges	24	**4**	(4)	—
Income tax on hedges	20	**2**	8	(15)
Currency translation differences		**1**	10	(20)
Other comprehensive (loss) / income		**(49)**	7	15
Total comprehensive income / (loss)		**15**	197	(16)
Attributable to:				
Equity holders of Constellium		**10**	195	(15)
Non-controlling interests		**5**	2	(1)
Total comprehensive income / (loss)		**15**	197	(16)

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, 2019	At December 31, 2018
Assets			
Current assets			
Cash and cash equivalents	14	**184**	164
Trade receivables and other	15	**474**	587
Inventories	16	**670**	660
Other financial assets	23	**22**	30
		1,350	1,441
Non-current assets			
Property, plant and equipment	17	**2,056**	1,666
Goodwill	18	**455**	422
Intangible assets	18	**70**	70
Investments accounted for under the equity method	19	**1**	1
Deferred income tax assets	20	**185**	163
Trade receivables and other	15	**60**	64
Other financial assets	23	**7**	74
		2,834	2,460
Total Assets		**4,184**	3,901
Liabilities			
Current liabilities			
Trade payables and other	21	**999**	968
Borrowings	22	**201**	57
Other financial liabilities	23	**35**	60
Income tax payable		**14**	8
Provisions	26	**23**	46
		1,272	1,139
Non-current liabilities			
Trade payables and other	21	**21**	27
Borrowings	22	**2,160**	2,094
Other financial liabilities	23	**23**	29
Pension and other post-employment benefit obligations	25	**670**	610
Provisions	26	**99**	94
Deferred income tax liabilities	20	**24**	22
		2,997	2,876
Total Liabilities		**4,269**	4,015
Equity			
Share capital	28	**3**	3
Share premium	28	**420**	420
Retained deficit and other reserves		**(519)**	(545)
Equity attributable to equity holders of Constellium		**(96)**	(122)
Non controlling interests		**11**	8
Total Equity		**(85)**	(114)
Total Equity and Liabilities		**4,184**	3,901

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 and net investment hedges	Foreign currency translation reserve	Other reserves	Retained losses	Total Equity holders of Constellium	Non-controlling interests	Total equity
At January 1, 2019	3	420	(129)	(8)	3	37	(448)	**(122)**	8	**(114)**
Net income	—	—	—	—	—	—	59	**59**	5	**64**
Other comprehensive (loss) / income	—	—	(48)	(2)	1	—	—	**(49)**	—	**(49)**
Total comprehensive (loss) / income	—	—	(48)	(2)	1	—	59	**10**	5	**15**
Transactions with equity holders										
Share-based compensation	—	—	—	—	—	16	—	**16**	—	**16**
Transactions with non-controlling interests	—	—	—	—	—	—	—	**—**	(2)	**(2)**
At December 31, 2019	3	420	(177)	(10)	4	53	(389)	**(96)**	11	**(85)**

(in millions of Euros)	Share capital	Share premium	Re-measurement	Cash flow hedges and net investment hedges	Foreign currency translation reserve	Other reserves	Retained losses	Total Equity holders of Constellium	Non-controlling interests	Total equity
At January 1, 2018	3	420	(147)	13	(7)	25	(634)	**(327)**	8	**(319)**
Change in accounting policies	—	—	—	—	—	—	(2)	**(2)**	—	**(2)**
At January 1, 2018, restated	3	420	(147)	13	(7)	25	(636)	**(329)**	8	**(321)**
Net income	—	—	—	—	—	—	188	**188**	2	**190**
Other comprehensive income / (loss)	—	—	18	(21)	10	—	—	**7**	—	**7**
Total comprehensive income / (loss)	—	—	18	(21)	10	—	188	**195**	2	**197**
Transactions with equity holders										
Share issuance	—	—	—	—	—	—	—	**—**	—	**—**
Share-based compensation	—	—	—	—	—	12	—	**12**	—	**12**
Transactions with non-controlling interests	—	—	—	—	—	—	—	**—**	(2)	**(2)**
At December 31, 2018	3	420	(129)	(8)	3	37	(448)	**(122)**	8	**(114)**

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

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, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Net income / (loss)		**64**	190	(31)
Adjustments				
Depreciation and amortization	17, 18	**256**	197	171
Finance costs - net	11	**175**	149	260
Income tax expense	12	**18**	32	80
Share of (income) / loss of joint-ventures	19	**(2)**	33	29
Unrealized (gains) / losses on derivatives - net and from remeasurement of monetary assets and liabilities - net		**(33)**	86	(54)
Losses / (gains) on disposal	9	**3**	(186)	3
Other - net		**16**	14	7
Interest paid		**(158)**	(129)	(185)
Income tax paid		**(6)**	(23)	(18)
Change in trade working capital				
Inventories		**57**	(9)	(99)
Trade receivables		**104**	(145)	(91)
Trade payables		**(31)**	(27)	124
Margin calls		**5**	(5)	—
Change in provisions and pension obligations		**(25)**	(58)	(24)
Other working capital		**4**	(53)	(12)
Net cash flows from operating activities		**447**	66	160
Purchases of property, plant and equipment	5	**(271)**	(277)	(276)
Acquisition of subsidiaries net of cash acquired		**(83)**	—	—
Proceeds from disposals, net of cash		**2**	200	2
Equity contribution and loan to joint ventures		**—**	(24)	(41)
Other investing activities		**(1)**	10	23
Net cash flows used in investing activities		**(353)**	(91)	(292)
Net proceeds received from issuance of shares		**—**	—	259
Proceeds from issuance of Senior Notes	22	**—**	—	1,440
Repayment of Senior Notes	22	**(100)**	—	(1,559)
Lease repayments	22	**(86)**	(15)	(13)
Proceeds / (repayments) from revolving credit facilities and other loans	22	**109**	(68)	29
Payment of deferred financing costs and exit fees		**—**	—	(118)
Transactions with non-controlling interests		**(4)**	—	—
Other financing activities		**5**	1	23
Net cash flows (used in) / from financing activities		**(76)**	(82)	61
Net increase / (decrease) in cash and cash equivalents		**18**	(107)	(71)
Cash and cash equivalents - beginning of year		164	269	347
Effect of exchange rate changes on cash and cash equivalents		**2**	2	(7)
Cash and cash equivalents - end of year	14	**184**	164	269

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

NOTE 1 - GENERAL INFORMATION

Constellium is a global leader in the design and manufacture of a broad range of innovative specialty rolled and extruded aluminium products, serving primarily the packaging, aerospace and automotive end-markets. The Group has a strategic footprint of manufacturing facilities located in North America, Europe and China and operates 28 production facilities, 3 administrative centers and 3 R&D centers. The Group has approximately 13,200 employees.

Constellium SE (formerly Constellium N.V.) is a parent company of the Group. On June 28, 2019, the Company was converted from a Dutch public limited liability company (*Naamloze Vennootschap*, N.V.) into a Dutch *Societas Europaea* (SE) and changed its name from Constellium N.V. to Constellium SE. On December 12, 2019, Constellium SE completed the transfer of its head office from the Netherlands to France and became a French *Societas Europaea* (SE). The business address (head office) of Constellium SE is Washington Plaza, 40-44 rue Washington, 75008 Paris, France.

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 SE and its subsidiaries.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

The Consolidated Financial Statements were authorized for issue by the Board of Directors on March 9, 2020.

2.2 Application of new and revised IFRS

The Group has adopted IFRS 16 - *Leases* and IFRIC 23 - *Uncertainty over Income Tax treatment* effective January 1, 2019.

Several other amendments and interpretations apply for the first time in 2019, but do not have any impact on the Consolidated Financial Statements of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 16 - *Leases*

IFRS 16 - *Leases* deals with principles for the recognition, measurement, presentation and disclosures of leases. The standard provides an accounting model, requiring a lessee to recognize assets and liabilities for leases.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and are adjusted for remeasurement of lease liabilities resulting from a change in future lease payments arising from a change in an index or a rate, or a change in the assessment of whether the purchase, extension or termination options will be exercised.

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain

to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes a lease liability measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentive receivables, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the implicit interest rate in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and which do not contain a purchase option. The Group also applies the low-value asset recognition exemption to leases of assets with a value below €5,000. Lease payments on short-term leases and low-value asset leases are recognized as expense on a straight-line basis over the lease term.

The standard replaced IAS 17 - *Leases* and is effective for accounting periods beginning on or after January 1, 2019. The Group adopted IFRS 16 retrospectively with the cumulative effect of initially applying the standard recognized at the initial date of application. The Group elected to apply the practical expedients for low-value assets, short-term leases and lease and non-lease components as a single component. In addition, the Group elected for the relief provision of IFRS 16 and did not apply IFRS 16 to contracts that were not previously identified as containing a lease under IAS 17 and IFRIC 4.

On January 1, 2019, the Group recognized lease liabilities for €102 million and corresponding right-of-use assets for €102 million for leases previously accounted for as operating leases, excluding initial direct costs, based on an average incremental borrowing rate of 7.6% and no cumulative effect adjustment to the opening balance of retained earnings was recognized.

(in millions of Euros)	**Carrying amount December 31, 2018**	**IFRS16 impact**	**Carrying amount January 1, 2019**
Property, plant and equipment	1,666	102	**1,768**
Borrowings	(2,151)	(102)	**(2,253)**

As of December 31, 2018, commitments for leases previously accounted for as operating leases amounted to €133 million. The difference compared to the lease liabilities recognized as of January 1, 2019 is primarily explained by the impact of discounting and the recognition of short-term leases and low-value asset leases on a straight-line basis as expense, partially offset by adjustments as a result of extension options.

IFRIC 23 - *Uncertainty over Income Tax treatment*

This interpretation provides guidance on how to determine an entity's taxable result where there is uncertainty over whether tax positions taken by an entity will be accepted by the tax authority. The recognition criteria is based on the assessment of

whether the tax authority will accept a tax treatment, on a more-likely-than-not basis, assuming that the tax authority has full knowledge of all relevant information. Uncertain tax positions recognized are measured using either (i) the most likely amount between two possible outcomes or (ii) the weighted average amount of several possible outcomes (expected value), depending on which is thought to give a better prediction of the resolution of the uncertainty.

The Group adopted IFRIC 23 using the cumulative effect method of adoption at the date of initial application. There was no cumulative effect adjustment to the opening balance of retained earnings as of January 1, 2019.

The adoption of IFRIC 23 resulted in the reduction of provisions by €20 million to increase Income tax payable and reduce deferred income tax assets and current tax receivables at January 1, 2019.

2.3 New standards and interpretations not yet mandatorily applicable

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

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of ‘material’ across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of material is not expected to have a significant impact on the Group’s Consolidated Financial Statements.

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

2.4 Basis of preparation

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

The Group's financial position, its cash flows, liquidity position and borrowing facilities are described in the Consolidated Financial Statements in NOTE 14 - Cash and Cash Equivalent, NOTE 22 - Borrowings and NOTE 24 - Financial Risk Management.

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

Accordingly, the Group continues to adopt the going concern basis in preparing the Consolidated Financial Statements. Management considers that this assumption is not invalidated by the Group's negative equity at December 31, 2019. This assessment was confirmed by the Board of Directors on March 5, 2020.

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

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

2.6 Principles governing the preparation of the Consolidated Financial Statement

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 are accounted for under the equity method. Investments over which the Group has joint control are accounted for either as joint ventures under the equity method or as joint arrangements in relation to their interest in the joint operation.

Joint venture investments are initially recorded at cost. They are subsequently 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 combinations

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 are included in Other gains / (losses) - net in the Consolidated Income Statement.

Cash-generating units

The reporting units, which generally correspond to industrial sites, are the lowest level of the Group's internal reporting and have been identified as 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 at the operating segment levels 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 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 usually covering a 5-year period. Cash flows beyond this period are estimated using a perpetual long-term growth rate for the subsequent years.

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

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

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

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

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

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 lines in the Consolidated Statement of Financial Position of the year 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 where hedge accounting has not been applied, are presented within Other gains / (losses) - net.

Foreign operations: presentation currency and foreign currency translation

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

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

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

		Year ended December 31, 2019		**Year ended December 31, 2018**		**Year ended December 31, 2017**	
Foreign exchange rate for 1 Euro		**Average rate**	**Closing rate**	**Average rate**	**Closing rate**	**Average rate**	**Closing rate**
U.S. Dollars	USD	**1.1193**	**1.1234**	1.1798	1.1450	1.1273	1.1993
Swiss Francs	CHF	**1.1121**	**1.0854**	1.1546	1.1269	1.1103	1.1702
Czech Koruna	CZK	**25.6698**	**25.4080**	25.6452	25.7240	26.3151	25.5349

Revenue from Contracts with Customers

Under IFRS 15, revenue is recognized in an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group primarily contracts with customers for the sale of rolled or extruded aluminium products. For the majority of our business, performance obligations with customers begin when we acknowledge a purchase order for a specific customer order of product to be delivered in the near-term. These purchase orders are short-term in nature, although they may be governed by long-term multi-year frame agreements.

Revenue from product sales, measured at the fair value of the consideration received or receivable, should be recognized at the point in time when control of the asset is transferred to the customer, generally upon delivery. In certain limited circumstances, the Group may be required to recognize revenue over time for products that have no alternative use and for which the Group has an enforceable right to payment for production completed to date.

Revenue from product sales, net of trade discounts, allowances and volume-based incentives, is recognized for the amount the Group expects to be entitled to, generally upon delivery, and provided persuasive evidence that control has transferred.

Contract liabilities consist of expected volume discounts, rebates, incentives, refunds and penalties and price concessions. Contract liabilities are presented in Trade payables and other.

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

Other gains / (losses) - net

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

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

Interest income and expense

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

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

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

Share-based payment arrangements

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

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

Property, plant and equipment

Recognition and measurement

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

Subsequent costs

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

Depreciation

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

– Buildings 10 – 50 years;

– Machinery and equipment 3 – 40 years;

– 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;

– 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. Classification and measurement

- *Financial assets*

Financial assets are classified either: (a) at amortized cost, (b) at fair value through other comprehensive income (FVOCI), or (c) at fair value through profit or loss (FVPL). The classification depends on the financial asset's contractual cash flow

characteristics and the Group's business model for managing the financial assets. Management determines the classification of Constellium's financial assets at initial recognition.

i. Assets at amortized cost are comprised of other receivables, non-current loans receivable and current loans receivable in the Consolidated Statement of Financial Position. They are held within a business model whose objective is to hold assets in order to collect contractual cash flows provided they give rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding. They are carried at amortized cost using the effective interest rate method, less any impairment. They are classified as current or non-current assets based on their maturity date.

ii. Assets at fair value through OCI are comprised of trade receivables in the Consolidated Statement of Financial Position. The business model is to maintain liquidity for the Group, should the need arise, which leads to sales through factoring agreements that are more than infrequent and significant in value. Therefore, trade receivables are managed under an objective that results in both collecting the contractual cash flows and selling the receivables to the factors. The portfolio of trade receivables is therefore classified as measured at fair value through OCI. Foreign exchange revaluation and impairment losses or reversals are recognized in profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss. These assets are classified as current or non-current assets based on their maturity date.

iii. Assets at fair value through profit or loss are comprised of derivatives except when 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.

- *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.

ii. Impairment of financial assets

Financial assets subject to IFRS 9's expected credit loss model includes: cash and cash equivalents, trade receivables and other and loans to joint ventures.

iii. 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.

Derivatives 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 for accounting purposes, and if so, the nature of the item being hedged.

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's own credit risk. The fair value method used is based on historical probability of default, provided by leading rating agencies.

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'.

The Group did not adopt the disposition of IFRS 9 on hedging and will therefore continue to apply the provisions of IAS 39. 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 in '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.

Leases (Prior to January 1, 2019)

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, that are directly attributable to the production process and production overheads).

Trade account receivables

Recognition and measurement

Trade account receivables are recognized at fair value through OCI since they are managed under an objective that results in both collecting the contractual cash flows and selling the receivables to the factors. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Factoring arrangements

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

Cash and cash equivalents

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

Share capital

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

Trade payables

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

Provisions

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

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

Types of liabilities for which the Group establishes provisions include:

Close down and restoration costs

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

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

Environmental remediation costs

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

Restructuring costs

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

Legal, tax and other potential claims

Provisions for legal claims are made when it is probable that liabilities will be incurred and when such liabilities can be reasonably estimated. For asserted claims and assessments, liabilities are recorded when an unfavorable outcome of a matter is deemed to be probable and the loss is reasonably estimable. Management determines the likelihood of an unfavorable outcome based on many factors such as the nature of the matter, available defenses and case strategy, progress of the matter, views and

opinions of legal counsel and other advisors, applicability and success of appeals, process and outcomes of similar historical matters, amongst others. Once an unfavorable outcome is considered probable, management weights the probability of possible outcomes and the most likely loss is recorded. Legal matters are reviewed on a regular basis to determine if there have been changes in management's judgment regarding the likelihood of an unfavorable outcome or the estimate of a potential loss. Depending on their nature, these costs may be charged to the line 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 the line 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 positions other than income tax 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 year is recognized in the Consolidated Income Statement. This expense is included in Cost of sales, Selling and administrative expenses or Research and development expenses, depending on its nature.

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

The amount charged to the Consolidated Income Statement in respect of these plans is included within the Income / (loss) from operations except for the net Interest costs, which are included within Finance costs - net.

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 Consolidated 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 income tax benefit/(expense) 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 the current year presentation.

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 18 - Intangible Assets (including Goodwill).

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 and its determination requires the application of judgment. Assumptions used and judgments made in determining the defined benefit obligations and net pension costs include discount rates, rates of future compensation increase as well as the criteria considered to determine, in the context of a plan amendment, when the plan amendment has occurred.

Any material changes in these assumptions could result in a significant change in employee benefit expenses recognized in the Consolidated Income Statement or actuarial gains and losses recognized in Equity and prepaid and accrued benefits. Details of the key assumptions made and judgments applied are set out in NOTE 25 - Pensions and Other Post-Employment Benefit Obligations.

Income 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 years 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 tax risks other than income tax, product 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 26 - Provisions.

NOTE 3 - ACQUISITION OF CONSTELLIUM-BOWLING GREEN

Constellium-UACJ ABS LLC was a joint venture in which Constellium held a 51% interest and was created in 2014. The joint venture started its operations in 2016, operating a facility located in Bowling Green, Kentucky and supplying aluminium sheet to the North American automotive industry. At creation date, we determined that, under the terms of the joint venture agreement, we did not control Constellium- UACJ ABS LLC because our existing rights associated with the decision-making process did not give us the ability to direct the relevant activities of the joint venture unilaterally and as a result, Constellium did not have power over the joint venture until January 10, 2019.

The acquisition of 49% of Constellium-UACJ ABS LLC was completed on January 10, 2019, strengthening our position in the North American Auto Body Sheet market. The entity was renamed Constellium Bowling Green LLC ("Bowling Green") and is fully consolidated in 2019.

In accordance with IFRS 3 - *Business combinations*, Constellium has recognized the assets acquired and liabilities assumed, measured at fair value at the acquisition date. The following table reflects the goodwill arising as a result of the allocation of purchase price to the Bowling Green assets acquired and liabilities assumed at January 10, 2019:

(in millions of Euros)	Fair Value
Cash and cash equivalents	4
Trade receivables and other	49
Inventories	65
Property, plant and equipment	165
Deferred tax assets	3
Trade payables and other	(41)
Borrowings	(75)
Net asset acquired at fair value	**170**
Goodwill	24
Total Consideration	**194**

Total consideration includes €87 million of cash consideration paid for the 49% stake in Constellium-UACJ ABS LLC, €69 million for the fair value of Constellium's previously held interest in Constellium-UACJ ABS LLC and €38 million from the effective settlement of preexisting trade receivables with Constellium-UACJ ABS LLC.

Property, Plant and Equipment, Inventories and Borrowings were remeasured at fair value. The €24 million of goodwill is the result of expected synergies and will be amortized over 15 years for tax purposes.

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

Acquisition costs were recognized as expenses in Other gains / (losses) - net in the Consolidated Income Statement (€1 million in 2019).

For the year-ended December 31, 2019, Bowling Green revenue was €333 million and net loss of €48 million.

NOTE 4 - REVENUE

4.1 Disaggregation of revenue

The following table presents our revenue by product line:

(in millions of Euros)	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Packaging rolled products	**2,172**	2,245	2,146
Automotive rolled products	**816**	636	483
Specialty and other thin-rolled products	**151**	169	176
Aerospace rolled products	**863**	773	760
Transportation, Industry and other rolled products	**557**	566	541
Automotive extruded products	**797**	714	614
Other extruded products	**551**	573	504
Other	**—**	10	13
Total Revenue	**5,907**	5,686	5,237

The following table presents our revenue by destination of shipment:

(in millions of Euros)	**Year ended December 31, 2019**	**Year ended December 31, 2018**	**Year ended December 31, 2017**
France	**563**	554	557
Germany	**1,260**	1,339	1,217
United Kingdom	**194**	175	188
Switzerland	**68**	77	123
Other Europe	**1,078**	1,038	940
United States	**2,175**	1,897	1,691
Canada	**89**	107	78
Asia and Other Pacific	**277**	300	270
All Other	**203**	199	173
Total Revenue	**5,907**	5,686	5,237

Revenue is recognized at a point in time, except for certain products representing less than 1% of total revenue with no alternative use for which we have a right to payment.

NOTE 5 - OPERATING SEGMENT INFORMATION

Management has defined Constellium's operating segments based upon the 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.

Packaging and Automotive Rolled Products (P&ARP)

P&ARP produces thin-gauge rolled products for customers in the beverage and closures, automotive, customized industrial sheet solutions and high-quality bright surface product markets. P&ARP operates four facilities, in three countries and had approximately 4,000 employees at December 31, 2019.

Aerospace and Transportation (A&T)

A&T focuses on thick-gauge rolled high value-added products for customers in the aerospace, defense and mass-transportation markets and engineering industries. A&T operates six facilities in three countries and had approximately 4,000 employees at December 31, 2019.

Automotive Structures and Industry (AS&I)

AS&I focuses on specialty products and supplies a variety of hard and soft alloy extruded products, including a range of technically advanced products, to the automotive, rail, industrial, energy and building industries, and to manufacturers of mass transport vehicles and shipbuilders. AS&I operates eighteen facilities in ten countries and had approximately 4,800 employees at December 31, 2019.

Holdings & Corporate

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

Intersegment elimination

Intersegment transactions are conducted on an arm's length basis and reflects market prices.

The accounting principles used to prepare the Group's operating segment information are the same as those used to prepare the Group's Consolidated Financial Statements.

5.1 Segment Revenue

	Year ended December 31, 2019			Year ended December 31, 2018			Year ended December 31, 2017		
(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	3,149	(10)	**3,139**	3,059	(9)	3,050	2,812	(7)	2,805
A&T	1,462	(42)	**1,420**	1,389	(50)	1,339	1,335	(34)	1,301
AS&I	1,351	(3)	**1,348**	1,290	(3)	1,287	1,123	(5)	1,118
Holdings & Corporate (A)	—	—	**—**	10	—	10	13	—	13
Total	5,962	(55)	**5,907**	5,748	(62)	5,686	5,283	(46)	5,237

(A) For the years ended December 31, 2018 and 2017, the Holdings & Corporate segment included revenue from supplying metal to third parties.

5.2 Segment Adjusted EBITDA and reconciliation of Adjusted EBITDA to Net Income

(in millions of Euros)	Notes	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
P&ARP		**273**	243	204
A&T		**204**	152	146
AS&I		**106**	125	120
Holdings & Corporate		**(21)**	(22)	(22)
Adjusted EBITDA		**562**	498	448
Metal price lag (A)		**(46)**	—	22
Start-up and development costs (B)		**(11)**	(21)	(17)
Manufacturing system and process transformation costs		**—**	—	(2)
Bowling Green one-time costs related to the acquisition (C)		**(5)**	—	—
Share based compensation costs		**(16)**	(12)	(8)
Gains on pensions plan amendments (D)	25	**1**	36	20
Depreciation and amortization	17,18	**(256)**	(197)	(171)
Restructuring costs		**(4)**	(1)	(4)
Unrealized gains / (losses) on derivatives	9	**33**	(84)	57
Unrealized exchange (losses) / gains from the remeasurement of monetary assets and liabilities – net	9	**—**	—	(4)
(Losses) / gains on disposals (E)	9	**(3)**	186	(3)
Other (F)		**—**	(1)	—
Income from operations		**255**	404	338
Finance costs - net	11	**(175)**	(149)	(260)
Share of income / (loss) of joint-ventures	19	**2**	(33)	(29)
Income before income tax		**82**	222	49
Income tax expense	12	**(18)**	(32)	(80)
Net income / (loss)		**64**	190	(31)

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

(B) For the years ended December 31, 2019, 2018 and 2017, start-up and development costs include €11 million, €21 million and €16 million, respectively, related to new projects in our AS&I operating segment.

(C) For the year ended December 31, 2019, Bowling Green one-time costs related to the acquisition include the non-cash reversal of the inventory step-up.

(D) For the year ended December 31, 2018, the Group amended one of its OPEB plans in the U.S., which resulted in a €36 million gain. For the year ended December 31, 2017, amendments to certain Swiss pension plans, U.S. pension plans and OPEB resulted in a €20 million gain.

(E) In July 2018, Constellium completed the sale of the North Building assets of its Sierre plant in Switzerland to Novelis and contributed the Sierre site shared infrastructure to a joint-venture with Novelis, in exchange for cash consideration of

€200 million. This transaction also resulted in the termination of the existing lease agreement for the North Building assets which had been leased and operated by Novelis since 2005. For the year ended December 31, 2018, the transaction generated a €190 million net gain (See NOTE 32 - Subsidiaries and Operating Segments).

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

5.3 Segment capital expenditure

(in millions of Euros)	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
P&ARP	**(96)**	(97)	(115)
A&T	**(72)**	(70)	(73)
AS&I	**(97)**	(105)	(83)
Holdings & Corporate	**(6)**	(5)	(5)
Capital expenditures	**(271)**	(277)	(276)

5.4 Segment assets

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

(in millions of Euros)	At December 31, 2019	At December 31, 2018
P&ARP	**1,951**	1,791
A&T	**856**	831
AS&I	**703**	544
Holdings & Corporate	**276**	304
Segment assets	**3,786**	3,470
Deferred income tax assets	**185**	163
Cash and cash equivalents	**184**	164
Other financial assets	**29**	104
Total Assets	**4,184**	3,901

5.5 Information about major customers

No single customer contributed 10% or more to the Group's revenue for the year ended December 31, 2019. Revenue in the P&ARP segment from sales to the Group’s largest customer was €812 million for the year ended December 31, 2018. Revenue in the P&ARP segment from sales to the Group’s two largest customers was €1,364 million for the year ended December 31, 2017. No other single customer contributed 10% or more to the Group’s revenue for 2018 and 2017.

NOTE 6 - INFORMATION BY GEOGRAPHIC AREA

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

(in millions of Euros)	At December 31, 2019	At December 31, 2018
United States	**926**	740
France	**656**	613
Germany	**250**	181
Czech Republic	**106**	84
Other	**118**	48
Total	**2,056**	1,666

NOTE 7 - EXPENSES BY NATURE

(in millions of Euros)	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Raw materials and consumables used	**(3,535)**	(3,561)	(3,197)
Employee benefit expenses	**(1,038)**	(927)	(907)
Energy costs	**(162)**	(140)	(138)
Sub-contractors	**(100)**	(92)	(99)
Freight out costs	**(156)**	(143)	(124)
Professional fees	**(97)**	(74)	(77)
Lease expenses	**(13)**	(31)	(27)
Depreciation and amortization	**(256)**	(197)	(171)
Other operating expenses	**(276)**	(271)	(229)
Other gains / (losses) - net	**(19)**	154	70
Total operating expenses	**(5,652)**	(5,282)	(4,899)

NOTE 8 - EMPLOYEE BENEFIT EXPENSES

(in millions of Euros)	Notes	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Wages and salaries		**(994)**	(889)	(872)
Pension costs - defined benefit plans	25	**(19)**	(20)	(21)
Other post-employment benefits	25	**(9)**	(6)	(6)
Share-based compensation	31	**(16)**	(12)	(8)
Total employee benefit expenses		**(1,038)**	(927)	(907)

NOTE 9 - OTHER GAINS / (LOSSES) - NET

(in millions of Euros)	Notes	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Realized (losses) / gains on derivatives (A)		**(49)**	14	—
Unrealized gains / (losses) on derivatives at fair value through profit and loss - net (A)	5	**33**	(84)	57
Unrealized exchange losses from the remeasurement of monetary assets and liabilities - net	5	**—**	—	(4)
Gains on pension plan amendments (B)	25	**1**	36	20
(Losses) / gains on disposal (C)		**(3)**	186	(3)
Other		**(1)**	2	—
Total other gains / (losses) - net		**(19)**	154	70

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

(B) For the year ended December 31, 2018, the Group amended one of its OPEB plans in the U.S., which resulted in a €36 million gain. For the year ended December 31, 2017, amendments to certain Swiss pension plans, U.S. pension plans and OPEB resulted in a €20 million gain.

(C) In July 2018, Constellium completed the sale of the North Building assets of its Sierre plant in Switzerland to Novelis and contributed the Sierre site shared infrastructure to a joint-venture with Novelis, in exchange for cash consideration of €200 million. This transaction also resulted in the termination of the existing lease agreement for the North Building assets which had been leased and operated by Novelis since 2005. For the year ended December 31, 2018, the transaction generated a €190 million net gain (See NOTE 32 - Subsidiaries and Operating Segments).

NOTE 10 - CURRENCY GAINS / (LOSSES)

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

(in millions of Euros)	Notes	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Included in Revenue	24	**(7)**	2	2
Included in Cost of sales		**1**	2	(4)
Included in Other gains / (losses) - net		**9**	7	(4)
Total		**3**	11	(6)
Realized exchange gains / (losses) on foreign currency derivatives - net	24	**1**	11	(15)
Unrealized gains / (losses) on foreign currency derivatives - net	24	**1**	(3)	17
Exchange gains / (losses) from the remeasurement of monetary assets and liabilities - net		**1**	3	(8)
Total		**3**	11	(6)

See NOTE 23 - Financial Instruments and NOTE 24 - Financial Risk Management for further information regarding the Company's foreign currency derivatives and hedging activities.

Foreign currency translation reserve

(in millions of Euros)	**At December 31, 2019**	**At December 31, 2018**
Foreign currency translation reserve at January 1	**3**	(7)
Effect of currency translation differences	**1**	10
Foreign currency translation reserve at December 31	**4**	3

NOTE 11 - FINANCE COSTS - NET

(in millions of Euros)	**Year ended December 31, 2019**	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Interest received	**—**	7	7
Finance income	**—**	7	7
Interest expense on borrowings (A)	**(124)**	(118)	(147)
Expenses on factoring arrangements	**(19)**	(18)	(16)
Interest expense on leases	**(13)**	(5)	(3)
Net loss on settlement of debt (B)	**—**	—	(91)
Realized and unrealized gains / (losses) on debt derivatives at fair value (C)	**13**	28	(79)
Realized and unrealized exchange (losses) / gains on financing activities - net (C)	**(3)**	(22)	91
Interest cost on pension and other benefits	**(16)**	(15)	(17)
Other finance expenses (D)	**(16)**	(10)	(12)
Capitalized borrowing costs (E)	**3**	4	7
Finance expenses	**(175)**	(156)	(267)
Finance costs - net	**(175)**	(149)	(260)

(A) For the year ended December 31, 2019, the Group incurred mainly (i) €115 million of interest related to Constellium SE Senior Notes and (ii) €7 million of interest expense and fees related to the Muscle Shoals and Ravenswood ABL Facility ("Pan-U.S. ABL"). For the year ended December 31, 2018, the Group incurred (i) €113 million of interest related to Constellium SE Senior Notes, (ii) €4 million of interest expense and fees related to the Pan US ABL.

(B) For the year ended December 31, 2017, net loss on settlement of debt related to (i) the Muscle Shoals Senior Notes redemption in February 2017 for €13 million and (ii) the Constellium SE Senior Notes redemption in November 2017 for €78 million. The total exit fees incurred and paid related to refinancings in 2017 amounted to €88 million.

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

(D) For the year ended December 31, 2018, other finance expenses include a €6 million net loss resulting from the modification of our loan to Constellium-UACJ ABS LLC in February 2018.

(E) Borrowing costs directly attributable to the construction of assets are capitalized. The capitalization rate was 6% for the years ended December 31, 2019, 2018 and 2017.

NOTE 12 - INCOME TAX

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

(in millions of Euros)	**Year ended December 31, 2019**	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Current tax expense	**(32)**	(30)	(26)
Deferred tax expense	**14**	(2)	(54)
Total income tax expense	**(18)**	(32)	(80)

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

(in millions of Euros)	**Year ended December 31, 2019**	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Income before income tax	**82**	222	49
Composite statutory income tax rate applicable by tax jurisdiction	**30.3%**	24.1%	31.9%
Income tax expense calculated at composite statutory tax rate applicable by tax jurisdiction	**(25)**	(53)	(16)
Tax effect of:			
Changes in recognized and unrecognized deferred tax assets (A)	**(10)**	30	(61)
Change in tax laws and rates (B)	**21**	—	(11)
Other	**(4)**	(9)	8
Income tax expense	**(18)**	(32)	(80)
Effective income tax rate	**22%**	14%	163%

(A) For the year ended December 31, 2018, changes mainly relate to non-recurring transactions, especially the gain on the sale of the North Building of the Sierre plant and termination of an existing lease agreement, that generated a significant taxable profit compensated by the use of previously unrecognized tax losses carried forward. For the year ended December 31, 2017, changes mainly relate to unrecognized tax losses carried forward.

(B) For the year ended December 31, 2019, the change in tax laws and rates relates mainly to the application of the Swiss Federal Tax Reform voted in May 2019 and enacted in the Canton where one of our entities is located. For the year ended December 31, 2017, the change in tax laws and rates relates mainly to the decrease in the U.S. income tax rate from 40% to 27% for €16 million and to the gradual decrease in the French tax rate to 25.82% starting 2022.

Our composite statutory income tax rate of 30.3% for the year ended December 31, 2019, 24.1% for the year ended December 31, 2018 and 31.9% for the year ended December 31, 2017 resulted from the statutory tax rates (i) in the United States of 26% in 2019 and 2018, and 40% in 2017, (ii) in France of 34.43% in 2019 and 2018, and 39.2% in 2017 (iii) in Germany of 29%, for each of the last three years (iv) in the Netherlands of 25%, for each of the last three years and (v) in Czech Republic of 19%, for each of the last three years.

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

The increase in our composite tax rate from 24.1% in 2018 to 30.3% in 2019 is mostly related to the gain on the sale of the North Building of the Sierre plant in Switzerland in 2018. The decrease in our composite tax rate from 31.9% in 2017 to 24.1% in 2018 is mostly related to the gain on the sale of the North Building of the Sierre plant.

NOTE 13 - EARNINGS PER SHARE

(in millions of Euros)	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Earnings attributable to equity holders of the parent used to calculate basic and diluted earnings per share	**59**	188	(31)

Number of shares attributable to equity holders of Constellium

(number of shares)	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Weighted average number of ordinary shares used to calculate basic earnings per share	**136,856,978**	134,761,736	110,164,320
Effect of other dilutive potential ordinary shares (A)	**5,788,641**	3,384,178	—
Weighted average number of ordinary shares used to calculate diluted earnings per share	**142,645,619**	138,145,914	110,164,320

(A) For the year ended December 31, 2017 there were 3,291,875 potential ordinary shares that could have a dilutive impact but were considered antidilutive due to negative earnings.

Earnings per share attributable to the equity holders of Constellium

(in Euro per share)	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Basic	**0.43**	1.40	(0.28)
Diluted	**0.41**	1.37	(0.28)

NOTE 14 - CASH AND CASH EQUIVALENTS

(in millions of Euros)	At December 31, 2019	At December 31, 2018
Cash in bank and on hand	**184**	164
Total Cash and cash equivalent	**184**	164

At December 31, 2019, cash in bank and on hand includes a total of €22 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. At December 31, 2018 the amount subject to these restrictions was €18 million.

NOTE 15 - TRADE RECEIVABLES AND OTHER

Trade receivables and other are comprised of the following:

(in millions of Euros)	At December 31, 2019		At December 31, 2018	
	Non-current	**Current**	**Non-current**	**Current**
Trade receivables - gross	**—**	**395**	—	483
Impairment	**—**	**(2)**	—	(2)
Total trade receivables - net	—	**393**	—	481
Income tax receivables	**35**	**22**	28	43
Other taxes	**—**	**35**	—	33
Contract assets	**16**	**2**	28	2
Prepaid expenses	**1**	**8**	1	12
Other	**8**	**14**	7	16
Total other receivables	**60**	**81**	64	106
Total trade receivables and other	**60**	**474**	64	587

15.1 Contract assets

(in millions of Euros)	At December 31, 2019		At December 31, 2018	
	Non-current	**Current**	**Non-current**	**Current**
Unbilled tooling costs	**16**	**—**	26	—
Other	**—**	**2**	2	2
Total Contract assets	**16**	**2**	28	2

15.2 Aging

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

(in millions of Euros)	**At December 31, 2019**	**At December 31, 2018**
Not past due	**380**	453
1 – 30 days past due	**10**	23
31 – 60 days past due	**3**	2
61 – 90 days past due	**—**	2
Greater than 90 days past due	**—**	1
Total trade receivables - net	**393**	**481**

Impairment allowance

Revisions to the impairment allowance arising from changes in estimates are included as either additional allowance or recoveries. An allowance was recognized for €0.4 million during the year ended December 31, 2019 (€1.1 million reversal of allowance recognized during the year ended December 31, 2018).

None of the other amounts included in Other receivables were 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.

15.3 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, 2019	At December 31, 2018
Euro	**126**	177
U.S. Dollar	**251**	284
Swiss franc	**3**	4
Other currencies	**13**	16
Total trade receivables - net	**393**	481

15.4 Factoring arrangements

The Group factors trade receivables in France by entering into factoring agreements with a third party for a maximum capacity of €235 million. This agreement matures on October 29, 2021.

The Group factors trade receivables in Germany, Switzerland and Czech Republic by entering into factoring agreements with a third party for a maximum capacity of €150 million. This agreement matures on October 29, 2021. In addition, the Group sells receivables from one of its German customers under an uncommitted factoring facility whereby receivables sold are confirmed by the customer.

Constellium Automotive USA LLC entered into a factoring agreement which provides for the sale of specific account receivables up to a maximum capacity of $33 million. The facility was amended, on December 10, 2019, to decrease its maximum capacity to $25 million and to extend its maturity to December 10, 2020.

Muscle Shoals entered into a factoring agreement that provides for the sale of specific trade receivables up to a maximum capacity of $375 million. The facility was amended, on September 30, 2019, to decrease its maximum capacity to $300 million and to extend its maturity to September 30, 2021.

Under the Group's factoring agreements, most of the trade receivables are sold without recourse. Where the Group has transferred substantially all the risks and rewards of ownership of the receivables, the receivables are derecognized. Some remaining receivables do not qualify for derecognition under IFRS 9 - *Financial Instruments,* as the Group retains substantially all the associated risks and rewards.

Under the agreements, at December 31, 2019, the total carrying amount of the original assets factored is €574 million (December 31, 2018: €601 million) of which:

- €463 million (December 31, 2018: €446 million) have been derecognized from the Consolidated Statement of Financial Position as the Group transferred substantially all of the associated risks and rewards to the factor;
- €111 million (December 31, 2018: €155 million) were recognized on the Consolidated Statement of Financial Position.

There was no debt due to the factor relating to trade account receivables sold at December 31, 2019 and 2018.

Covenants

The factoring arrangements contain certain customary 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 maintenance financial covenants.

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

The Group was in compliance with all applicable covenants at December 31, 2019 and 2018.

NOTE 16 - INVENTORIES

(in millions of Euros)	At December 31, 2019	At December 31, 2018
Finished goods	**203**	165
Work in progress	**321**	347
Raw materials	**106**	112
Stores and supplies	**74**	67
Inventories write down	**(34)**	(31)
Total inventories	**670**	660

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

NOTE 17 - PROPERTY, PLANT AND EQUIPMENT

(in millions of Euros)	Notes	Land and Property Rights	Buildings	Machinery and Equipment	Construction Work in Progress	Other	Total
Net balance at December 31, 2018		18	217	1,227	194	10	**1,666**
IFRS 16 application		—	82	17	—	3	**102**
Net balance at January 1, 2019		18	299	1,244	194	13	**1,768**
Property, plant and equipment acquired through business combination	3	—	40	120	4	1	**165**
Additions		1	22	81	245	3	**352**
Disposals		—	—	(5)	—	—	**(5)**
Depreciation expense		—	(27)	(208)	—	(11)	**(246)**
Transfer during the year		—	28	203	(242)	11	**—**
Effects of changes in foreign exchange rates		—	4	16	2	—	**22**
Net balance at December 31, 2019		**19**	**366**	**1,451**	**203**	**17**	**2,056**
Cost		35	527	2,407	213	46	**3,228**
Less accumulated depreciation and impairment		(16)	(161)	(956)	(10)	(29)	**(1,172)**
Net balance at December 31, 2019		**19**	**366**	**1,451**	**203**	**17**	**2,056**

(in millions of Euros)	Land and Property Rights	Buildings	Machinery and Equipment	Construction Work in Progress	Other	Total
Net balance at January 1, 2018	14	206	1,089	198	10	**1,517**
Additions	1	5	98	195	4	**303**
Disposals	—	—	(6)	—	—	**(6)**
Depreciation expense	(4)	(13)	(161)	—	(6)	**(184)**
Transfer during the year	6	16	181	(202)	2	**3**
Effects of changes in foreign exchange rates	1	3	26	3	—	**33**
Net balance at December 31, 2018	**18**	**217**	**1,227**	**194**	**10**	**1,666**
Cost	33	349	2,000	200	35	**2,617**
Less accumulated depreciation and impairment	(15)	(132)	(773)	(6)	(25)	**(951)**
Net balance at December 31, 2018	**18**	**217**	**1,227**	**194**	**10**	**1,666**

Right of use assets

Right of use have been included within the same line item as that within which the corresponding underlying assets would be presented if they were owned.

(in millions of Euros)	Buildings	Machinery and Equipment	Other	Total
Net balance at December 31, 2018	24	53	—	**77**
IFRS 16 application (A)	82	17	3	**102**
Net balance at January 1, 2019	106	70	3	**179**
Additions	20	21	2	**43**
Disposals	—	—	—	**—**
Depreciation expense	(11)	(18)	(2)	**(31)**
Transfer during the period	—	(3)	—	**(3)**
Effects of changes in foreign exchange rates	1	1	—	**2**
Net balance at December 31, 2019	**116**	**71**	**3**	**190**
Cost	134	113	5	**252**
Less accumulated depreciation and impairment	(18)	(42)	(2)	**(62)**
Net balance at December 31, 2019	**116**	**71**	**3**	**190**

(A) The IFRS 16 application included assets acquired through finance leases reclassified as right-of-use assets of €77 million and operating leases recognized as right-of-use assets of €102 million at January 1, 2019.

The total expense relating to short-term leases, low value asset leases and variable lease payments that are still recognized as operating expenses was €13 million for the year ended December 31, 2019.

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, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Cost of sales	**(237)**	(184)	(160)
Selling and administrative expenses	**(13)**	(9)	(8)
Research and development expenses	**(6)**	(4)	(3)
Total	**(256)**	(197)	(171)

The amount of contractual commitments for the acquisition of property, plant and equipment is disclosed in NOTE 29 - Commitments.

Impairment tests for property, plant and equipment and intangibles assets

A triggering event was identified at December 31, 2019 for Automotive Structure USA cash-generating units due to the fact that actual operating profit and net cash flows were impacted by higher than expected costs related to operational challenges on some of the newer automotive programs.

In accordance with the accounting policies described in Note 2.6 of the Consolidated Financial Statements, the Automotive Structure USA cash- generating units were tested for impairment at December 31, 2019 and management concluded that no impairment charge was required. No triggering events were identified at December 31, 2019 for our other cash-generating units.

No triggering events were identified at December 31, 2018 and 2017 for our cash-generating units.

NOTE 18 - INTANGIBLE ASSETS (INCLUDING GOODWILL)

(in millions of Euros)	Notes	Goodwill	Technology	Computer Software	Customer relationships	Work in Progress	Other	Total intangible assets (excluding goodwill)
Net balance at January 1, 2019		**422**	22	18	15	13	2	**70**
Intangible assets acquired through business combination	3	**24**	—	—	—	—	—	**—**
Additions		**—**	—	1	—	8	—	**9**
Amortization expense		**—**	(1)	(8)	(1)	—	—	**(10)**
Transfer during the year		**—**	—	7	—	(7)	—	**—**
Effects of changes in foreign exchange rates		**9**	—	1	—	—	—	**1**
Net balance at December 31, 2019		**455**	21	19	14	14	2	**70**
Cost		**455**	87	73	39	16	2	**217**
Less accumulated depreciation and impairment		**—**	(66)	(54)	(25)	(2)	—	**(147)**
Net balance at December 31, 2019		**455**	21	19	14	14	2	**70**

(in millions of Euros)	Goodwill	Technology	Computer Software	Customer relationships	Work in Progress	Other	Total intangible assets (excluding goodwill)
Net balance at January 1, 2018	**403**	24	18	15	9	2	**68**
Additions	**—**	—	2	—	8	1	**11**
Amortization expense	**—**	(3)	(8)	(1)	—	(1)	**(13)**
Transfer during the year	**—**	—	5	—	(5)	—	**—**
Effects of changes in foreign exchange rates	**19**	1	1	1	1	—	**4**
Net balance at December 31, 2018	**422**	22	18	15	13	2	**70**
Cost	**422**	84	65	39	13	3	**204**
Less accumulated depreciation and impairment	**—**	(62)	(47)	(24)	—	(1)	**(134)**
Net balance at December 31, 2018	**422**	22	18	15	13	2	**70**

Impairment tests for goodwill

Goodwill in the amount of €455 million has been allocated to the Group's operating segment Packaging and Automotive Rolled Products ("P&ARP") for €448 million, Aerospace and Transportation ("A&T") for €5 million and Automotive Structures and Industry ("AS&I") for €2 million.

At December 31, 2019, the recoverable amount of our operating segments has been determined based on value in use calculations.

The recoverable amount of the A&T and AS&I operating segments significantly exceeded their carrying value. No reasonable change in the assumptions used could lead to a potential impairment charge.

For the P&ARP operating segment, the terminal value assumes a normative cash flow and a long term growth rate ranging from 0% to 1.5%. The discount rates applied to cash flows projections range between 9% and 9.5%. It was concluded that the carrying value (€1,763 million) did not exceed the recoverable value (€2,653 million) at December 31, 2019. 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 value in use for the P&ARP operating segment are the discount rates and the perpetual growth rates used to extrapolate cash-flows beyond the forecast year.

- 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 year were developed internally and are consistent with external sources of information.

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 5% would result in the recoverable value equaling the carrying value.

- Perpetual growth rate: a decrease in the perpetual growth rate by 9% would result in the recoverable value equaling the carrying value.

NOTE 19 - INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

The acquisition of 49% of Constellium-UACJ ABS LLC was completed on January 10, 2019 and the entity is consolidated since the acquisition date. The remeasurement of the 51% previously held equity interest in Constellium-UACJ ABS LLC at the acquisition date resulted in the recognition of a €2 million profit presented in Share of income / (loss) of joint ventures in the Consolidated Income Statement.

The Group's investment accounted for under the Equity method is Rhenaroll S.A.

(in millions of Euros)	**Year ended December 31, 2019**	**Year ended December 31, 2018**
At January 1	**1**	1
Group share in loss	**—**	(33)
Reclassified to non-current other financial assets (A)	**—**	33
At December 31	**1**	1

(A) At December 31, 2018, the loan to Constellium-UACJ ABS LLC was, in substance, part of Constellium's investment in the joint-venture. Thus, Constellium's accumulated share of the losses of joint-ventures, in excess of the initial investment, was recognized against other financial assets for a cumulative amount of €49 million at December 31, 2018, of which €33 million was recognized during the year ended December 31, 2018.

		Group share of joint venture's net assets		**Group share of joint venture's profit/ (loss)**	
(in millions of Euros)	**% interest**	**At December 31, 2019**	**At December 31, 2018**	**At December 31, 2019**	**At December 31, 2018**
Constellium-UACJ ABS LLC	51.00%	**—**	(49)	—	(33)
Rhenaroll S.A. (A)	49.85%	**1**	1	—	—
Group share		**1**	(48)	—	**(33)**
Reclassified to non-current other financial assets		**—**	49	—	—
Investment in joint venture		**1**	1	—	**(33)**

(A) The Group 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' roll and rollers. Rhenaroll S.A. is a private company with no quoted market price available for its shares. The investment is included in P&ARP segment assets.

Constellium-UACJ ABS LLC financial statements as of and for the year ended December 31, 2018

The information presented hereafter reflects the amounts included in the Consolidated 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, 2018**
Current assets	
Cash and cash equivalents	8
Trade receivables and other	49
Inventories	68
Non-current assets	
Property, plant and equipment	166
Intangible assets	—
Total Assets	291
Current liabilities	
Trade payables and other	79
Borrowings (A)	36
Non-current liabilities	
Borrowings (A)	271
Equity	(95)
Total Equity and Liabilities	291

(A) In February 2018, the shareholders had agreed to modify the terms of their loan to Constellium-UACJ ABS LLC by reducing the interest rate and extending the maturity to March 31, 2023.

(in millions of Euros)	**Year ended December 31, 2018**
Revenue	262
Cost of sales	(309)
Selling and administrative expenses	(10)
Loss from operations	(57)
Finance costs (A)	(7)
Net loss	(64)

(A) Finance costs include a €11 million gain related to the shareholders' loan modification for the year ended December 31, 2018.

NOTE 20 - DEFERRED INCOME TAXES

(in millions of Euros)	At December 31, 2019	At December 31, 2018
Deferred income tax assets	**185**	163
Deferred income tax liabilities	**(24)**	(22)
Net deferred income tax assets	**161**	141

The following tables show the changes in net deferred income tax assets / (liabilities) for the years ended December 31, 2019 and 2018.

(in millions of Euros)	At January 1, 2019	Acquisitions	Recognized in		FX and reclassifications	At December 31, 2019
			Profit or loss	OCI		
Long-term assets	(94)	1	(3)	—	(3)	**(99)**
Inventories	5	—	2	—	1	**8**
Pensions	116	—	(4)	13	2	**127**
Derivative valuation	12	—	(8)	2	—	**6**
Tax losses carried forward (A)	61	—	27	—	(13)	**75**
Other (B)	41	2	—	—	1	**44**
Total	**141**	**3**	**14**	**15**	**(12)**	**161**

(A) The reclassifications resulted primarily from the adoption of IFRIC 23.

(B) Other results mainly from non-deductible provisions and interest.

(in millions of Euros)	At January 1, 2018	Recognized in		FX	At December 31, 2018
		Profit or loss	OCI		
Long-term assets	(76)	(15)	—	(3)	**(94)**
Inventories	4	1	—	—	**5**
Pensions	130	(12)	(7)	5	**116**
Derivative valuation	(20)	22	8	2	**12**
Tax losses carried forward	78	(13)	—	(4)	**61**
Other (A)	23	15	—	3	**41**
Total	**139**	**(2)**	**1**	**3**	**141**

(A) Other results mainly from non-deductible provisions and interest.

Recognized Deferred Tax Assets

Some deferred tax assets in respect of temporary differences and tax losses unused were recognized without being offset by deferred tax liabilities. In accordance with the accounting policies described in Note 2.6 of the Consolidated Financial Statements, a detailed assessment was performed based on expected future performance and taxable income. It concludes that it is more likely than not that the net deferred tax asset balance of €161 million (€141 million at December 31, 2018) will be recoverable.

Unrecognized Deferred Tax Assets

Based on the expected taxable income of the entities, the Group believes that it is more likely than not that a total of €1,009 million (€1,257 million at December 31, 2018) 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 €259 million (€321 million at December 31, 2018) is attributable to the following:

(in millions of Euros)	At December 31, 2019	At December 31, 2018
Expiring within 5 years	**(2)**	(45)
Expiring after 5 years and limited	**(62)**	(89)
Unlimited	**(20)**	(19)
Tax losses	**(84)**	(153)
Long-term assets	**(104)**	(107)
Pensions	**(20)**	(18)
Other	**(51)**	(43)
Deductible temporary differences	**(175)**	(168)
Total	**(259)**	(321)

Substantially all of the tax losses not expected to be used reside in the United States as of December 31, 2019.

As of December 31, 2018, the holding company in the Netherlands was not expecting to generate sufficient qualifying taxable profits in a foreseeable future to utilize its tax losses. At December 31, 2019, these tax losses were forfeited following the transfer of the head office from the Netherlands to France.

The tax loss carryforwards limited to 20 years generated at one of our main operating entities in the United States are not expected to be utilized. Although this entity is expected to be profitable in the medium or long-term, considering notably the anticipated development of the Automotive Body Sheet business, it has significant non-cash depreciation and financial interest expenses that will result in generating additional tax losses in the coming years. Accordingly, it is not probable that 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.

At December 31, 2019 and 2018, most of the unrecognized deferred tax assets on deductible temporary differences on long-term assets and other differences relate to the U.S. An assessment has been performed on the recoverability of the deferred tax assets on deductible temporary differences. The related deferred tax assets on long term assets and on other differences have not been recognized.

NOTE 21 - TRADE PAYABLES AND OTHER

(in millions of Euros)	At December 31, 2019		At December 31, 2018	
	Non-current	Current	Non-current	Current
Trade payables	—	711	—	685
Fixed assets payables	—	43	—	30
Employees' entitlements	—	171	—	160
Taxes payable other than income tax	—	14	—	16
Contract liabilities and other liabilities to customers	6	54	9	68
Other payables	15	6	18	9
Total Other	21	288	27	283
Total Trade payables and other	21	999	27	968

Contract liabilities

(in millions of Euros)	At December 31, 2019		At December 31, 2018	
	Non-current	Current	Non-current	Current
Deferred tooling revenue	2	—	—	—
Advance payment from customers	2	5	7	9
Unrecognized variable consideration (A)	2	46	2	57
Other	—	3	—	2
Total contract liabilities and other liabilities to customers	6	54	9	68

(A) Unrecognized variable consideration consists of expected volume rebates, discounts, incentives, refunds penalties and price concessions.

For the twelve months ended December 31, 2019, €57 million of revenue that related to contract liabilities at December 31, 2018 was recognized. Revenue of €62 million generated in the year ended December 31, 2019 was deferred.

For the twelve months ended December 31, 2018, €55 million of revenue that related to contract liabilities at January 1, 2018 was recognized.

NOTE 22 - BORROWINGS

22.1 Analysis by nature

(in millions of Euros)	December 31, 2019									December 31, 2018
	Nominal Value in Currency		Nominal rate	Effective rate	Nominal Value In Euros	(Arrangement fees)	Accrued interests	Carrying value		Carrying value
Secured Pan-U.S. ABL (due 2022) (A)	$	142	Floating	4.2 %	**127**	—	—	**127**		—
Secured Inventory Based Facility (due 2021) (B)		—	Floating	—	**—**	**—**	**—**	**—**		—
Senior Unsecured Notes										
Constellium SE (Issued May 2014, due 2024)	$	400	5.75 %	6.26 %	**356**	**(3)**	**2**	**355**		348
Constellium SE (Issued May 2014, due 2021)	€	200	4.63 %	5.16 %	**200**	**(1)**	**1**	**200**		300
Constellium SE (Issued February 2017, due 2025)	$	650	6.63 %	7.13 %	**579**	**(10)**	**13**	**582**		568
Constellium SE (Issued November 2017, due 2026)	$	500	5.88 %	6.26 %	**445**	**(6)**	**10**	**449**		440
Constellium SE (Issued November 2017, due 2026)	€	400	4.25 %	4.57 %	**400**	**(6)**	**6**	**400**		399
Unsecured Revolving Credit Facility (due 2021) (C)		—	Floating	—	—	—	—	—		—
Lease liabilities					**187**	**—**	**1**	**188**		73
Other loans (D)					**59**	**—**	**1**	**60**		23
Total Borrowings					**2,353**	**(26)**	**34**	**2,361**		**2,151**
Of which non-current								**2,160**		2,094
Of which current								**201**		57

Constellium SE Senior Notes are guaranteed by certain subsidiaries.

(A) On February 20, 2019, the Pan-U.S. ABL was amended to include Bowling Green and increased to $350 million. The Pan-U.S. ABL was increased to $400 million on May 10, 2019.

(B) On March 15, 2019, the French secured Inventory Based Facility maturity was extended to 2021.

(C) The Unsecured Revolving Credit Facility has a €7 million borrowing base and is provided by Bpifrance Financement, a related party.

(D) Other loans include €36 million of financial liabilities relating to the sale and leaseback of assets that were considered to be financing arrangements in substance.

22.2 Movements in borrowings

(in millions of Euros)	Notes	Year ended December 31, 2019	Year ended December 31, 2018
At December 31, prior period		**2,151**	2,127
IFRS 16 application		102	—
At January 1		**2,253**	2,127
Cash flows			
Repayment of Senior Notes (A)		**(100)**	—
Proceeds / (repayments) from revolving credit facilities and other loans		**109**	(68)
Lease repayments		**(86)**	(15)
Non-cash changes			
Borrowings assumed through business combination	3	**75**	—
Movement in interests accrued or capitalized		**1**	12
New leases and other loans		**75**	28
Deferred arrangement fees, step-up amortization and other		**5**	2
Effects of changes in foreign exchange rates		**29**	65
At December 31		**2,361**	2,151

(A) On August 8, 2019, €100 million of the €300 million outstanding aggregate principal amount of the 4.63% Senior Notes due 2021 were redeemed.

22.3 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, 2019	At December 31, 2018
U.S. Dollar	**1,597**	1,408
Euro	**746**	726
Other currencies	**18**	17
Total borrowings	**2,361**	2,151

Covenants

The Group was in compliance with all applicable debt covenants at and for the years ended December 31, 2019 and 2018.

Constellium SE Senior Notes

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

Pan-U.S. ABL Facility

This facility contains a fixed charge coverage ratio covenant and an EBITDA contribution ratio covenant along with customary affirmative and negative covenants. Evaluation of compliance with the maintenance covenants is only required if the excess availability falls below 10% of the aggregate revolving loan commitment.

NOTE 23 - FINANCIAL INSTRUMENTS

23.1 Financial assets and liabilities by categories

(in millions of Euros)	Notes	At December 31, 2019				At December 31, 2018			
		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	At Fair Value through OCI	Total
Cash and cash equivalents	14	184	—	—	**184**	164	—	—	164
Trade receivables	15	—	—	393	**393**	—	—	481	481
Other financial assets		—	29	—	**29**	74	30	—	104
Total		184	29	393	**606**	238	30	481	749

(in millions of Euros)	Notes	At December 31, 2019				At December 31, 2018			
		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	At Fair Value through OCI	Total
Trade payables and fixed assets payables	21	754	—	—	**754**	715	—	—	715
Borrowings	22	2,361	—	—	**2,361**	2,151	—	—	2,151
Other financial liabilities		—	44	14	**58**	—	79	10	89
Total		3,115	44	14	**3,173**	2,866	79	10	2,955

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

(in millions of Euros)	At December 31, 2019			At December 31, 2018		
	Non-current	Current	Total	Non-current	Current	Total
Derivatives	7	22	**29**	7	23	30
Aluminium and premium future contracts	*1*	*8*	**9**	*2*	*7*	*9*
Energy future contracts	—	—	**—**	—	—	—
Other future contracts	—	—	**—**	—	—	—
Currency commercial contracts	*5*	*12*	**17**	*3*	*12*	*15*
Currency net debt derivatives	*1*	*2*	**3**	*2*	*4*	*6*
Loans (A)	—	—	**—**	67	2	69
Margin call	—	—	**—**	—	5	5
Other financial assets	7	22	**29**	74	30	104
Derivatives	23	35	**58**	29	60	89
Aluminium and premium future contracts	*4*	*10*	**14**	*6*	*38*	*44*
Energy future contracts	—	*1*	**1**	—	—	—
Other future contracts	*2*	*4*	**6**	*5*	*3*	*8*
Currency commercial contracts	*12*	*16*	**28**	*7*	*12*	*19*
Net investment hedge	—	—	**—**	—	*4*	*4*
Currency net debt derivatives	*5*	*4*	**9**	*11*	*3*	*14*
Other financial liabilities	23	35	**58**	29	60	89

(A) At December 31, 2018, Loans corresponds to a loan facility to Constellium-UACJ ABS LLC (See NOTE 19 - Investments Accounted for under the Equity Method).

23.2 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 SE Senior Notes issued in May 2014, February 2017 and November 2017 account for 102%, 104% and 105% respectively of the nominal value and amount to €570 million, €603 million and €887 million, respectively, at December 31, 2019. The fair value was classified as a Level 1 measurement under the fair value hierarchy provided by IFRS 13 – *Fair Value Measurement*.

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

23.3 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 a quoted price (unadjusted) in active markets for identical financial instruments. Level 1 includes aluminium, copper and zinc 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). Level 2 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). Trade receivables are classified as a Level 3 measurement under the fair value hierarchy.

	At December 31, 2019				At December 31, 2018			
(in millions of Euros)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Other financial assets - derivatives	8	21	—	**29**	9	21	—	30
Other financial liabilities - derivatives	19	39	—	**58**	50	39	—	89

There was no material transfer of asset and liability categories into or out of Level 1, Level 2 or Level 3 during the years ended December 31, 2019 and 2018.

NOTE 24 - 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 strategy.

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.

24.1 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 that are converted in Euros in the Consolidated Financial Statements.

Commercial transaction exposures

The Group policy is to hedge committed and highly probable forecasted foreign currency operational transactions. The Group uses foreign exchange forwards and foreign exchange swaps for this purpose.

The following tables outline the nominal value (converted to millions of Euros at the closing rate) of derivatives for Constellium's most significant foreign exchange exposures as at December 31, 2019.

Forward derivative sales	Maturity Year	Less than 1 year	Over 1 year
USD/EUR	2020-2024	**446**	**157**
EUR/CHF	2020-2023	**79**	**35**
Other currencies	2020	**10**	**—**

Forward derivative purchases	Maturity Year	Less than 1 year	Over 1 year
USD/EUR	2020-2024	**473**	**77**
EUR/CHF	2020-2024	**130**	**61**
EUR/CZK	2020	**81**	**—**
Other currencies	2020	**2**	**—**

Forward derivative sales mean that the Group sells currency 1 versus currency 2. Forward derivative purchases mean that the Group buys currency 1 versus currency 2.

In 2016, the Group agreed with a major customer for the sale of fabricated metal products in U.S. Dollars to be supplied from a Euro functional currency entity. In line with its hedging policy, the Group entered into significant foreign exchange derivatives which match related highly probable future conversion sales by selling U.S. Dollars against Euros. The Group designated these derivatives for hedge accounting, with total nominal amount of $233 million, as of December 31, 2019 ($369 million as of December 31, 2018), and maturities of 2020 to 2022.

For hedges that do not qualify for hedge accounting, any mark-to-market movements are recognized in Other gains / (losses) - net.

The table below details the effect of foreign currency derivatives in the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income / (Loss):

(in millions of Euros)	Notes	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Derivatives that do not qualify for hedge accounting				
Included in Other gains / (losses) - net				
Realized gains / (losses) on foreign currency derivatives - net	10	**7**	7	(16)
Unrealized gains / (losses) on foreign currency derivatives - net (A)	10	**2**	(1)	16
Derivatives that qualify for hedge accounting				
Included in Revenue				
Realized (losses) / gains on foreign currency derivatives - net	10	**(6)**	4	1
Unrealized (losses) / gains on foreign currency derivatives - net	10	**(1)**	(2)	1
Included in Other gains / (losses) - net				
Realized gains / (losses) in ineffective portion of derivatives		**—**	—	—
Included in Other comprehensive income / (loss)				
Unrealized (losses) / gains on foreign currency derivatives - net		**(15)**	(23)	48
Gains / (losses) reclassified from cash flow hedge reserve to Consolidated Income Statement		**7**	(2)	(2)

(A) Gains or losses on the hedging instruments are expected to offset losses or gains on the underlying hedged forecasted sales that will be reflected in future years when these sales are recognized.

Financing transaction exposures

When the Group enters into intercompany loans and deposits, the financing is generally provided in the functional currency of the subsidiary. The foreign currency exposure of the Group's external funding and liquid assets is systematically hedged either naturally through external foreign currency loans and deposits or through cross currency basis swaps and simple foreign currency swaps.

At December 31, 2019, the net position hedged related to loans and deposits was $334 million versus the Euro. This comprised of a forward purchase of $415 million versus the Euro, a forward sale of $125 million versus the Euro, both using cross currency basis swaps, and a forward purchase of $44 million versus the Euro using simple foreign exchange forward contracts.

The table below details the effect of foreign currency derivatives in the Consolidated Income Statement:

(in millions of Euros)	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Derivatives			
Included in Finance costs - net			
Realized gains / (losses) on foreign currency derivatives - net	**9**	5	31
Unrealized gains / (losses) on foreign currency derivatives - net	**4**	23	(110)
Total	**13**	28	(79)

In accordance with the Group policy, the net foreign exchange result related to financing activities is expected to be balanced at any time.

Net debt derivatives settled during the year are presented in 'Other financing activities' in the Consolidated Statement of Cash Flows.

Foreign exchange sensitivity on commercial and financing transaction exposures

The largest exposures of the Group are related to the Euro/U.S. Dollar exchange rate. The table below summarizes the impact on profit and Equity (before tax effect) of a 10% strengthening of the U.S. Dollar versus the Euro for non U.S. Dollar functional currency entities.

(in millions of Euros)	Effect on profit before tax	Effect on pretax equity
Trade receivables	**2**	**—**
Trade payables	**(1)**	**—**
Derivatives on commercial transaction (A)	**(4)**	**(23)**
Commercial transaction exposure	**(3)**	**(23)**
Cash in Bank and intercompany loans	**120**	**—**
Borrowings	**(153)**	**—**
Derivatives on financing transaction	**33**	**—**
Financing transaction exposure	**—**	**—**
Total	**(3)**	**(23)**

(A) Gains or losses on the hedging instruments are expected to offset losses or gains on the underlying hedged forecasted sales that will be reflected in future years when these sales are recognized. The impact on pretax equity (€23 million) relates to derivatives hedging future sales spread from 2020 to 2022 which are designated as cash flow hedges.

The amounts shown in the table above may not be indicative of future results since the balances of financial assets and liabilities may change.

Translation exposures

Foreign exchange impacts related to the translation to Euro of net investments in foreign subsidiaries, and related revenues and expenses are not hedged as the Group operates in these various countries on permanent basis (except as described below).

In June 2018, the Group entered into forward contracts with nominal amount of CHF 174 million to hedge the currency risk associated with the translation of the net assets of its Swiss operations into the Group's presentation currency. The Group

designated these derivatives as a net investment hedge. The loss of the net investment hedge realized in 2019 is included in Currency translation differences within Other comprehensive income for €3 million.

Foreign exchange sensitivity

The exposure relates to foreign currency translation of net investments in foreign subsidiaries and arises mainly from operations conducted by U.S. Dollar functional currency subsidiaries.

The table below summarizes the impact on profit and Equity (before tax effect) of a 10% strengthening of the U.S. Dollar versus the Euro (on average rate for profit before tax and closing rate for pretax equity) for U.S. Dollar functional currency entities.

(in millions of Euros)	Effect on profit before tax	Effect on pretax equity
10% strengthening U.S. Dollar/Euro	**(4)**	**16**

The amounts shown in the table above may not be indicative of future results since the balances of financial assets and liabilities may change.

Margin calls

Our financial counterparties may require margin calls should our mark-to-market exceed a pre-agreed contractual limit. In order to protect from the potential margin calls for significant market movements, the Group ensures that financial counterparts hedging the transactional exposure are also hedging the foreign currency loan and deposit exposure. Further, the Group holds a significant liquidity buffer in cash or in availability under its various borrowing facilities, enters into derivatives with a large number of financial counterparties and monitors margin requirements on a daily basis.

At December 31, 2019 and 2018, the margin requirement related to foreign exchange hedges was not material and the Group was not exposed to material margin call risk.

ii. Commodity price risk

The Group is subject to the effects of market fluctuations in the price of aluminium, which is the Group's primary metal input and a significant component of its output. The Group is also exposed to variation in the regional premium and in the price of zinc, natural gas, silver and copper but in a less significant way.

The Group policy is to minimize exposure to aluminium price volatility by passing through the aluminium price risk to customers and using derivatives where necessary. For most of its aluminium price exposure, sales and purchases of aluminium are converted to be on the same floating basis and then the same quantities are bought and sold at the same (market) price. The Group also purchases fixed price aluminium forwards to offset the exposure of LME volatility on its fixed price sales agreements for the supply of metal.

The group also purchases fixed price copper, aluminium premium, silver and zinc forwards to offset the commodity exposure where sales contracts have embedded fixed price agreements for the relevant commodity.

In addition, the Group also purchases natural gas fixed price forwards to lock in energy costs where a fixed price purchase contract is not possible.

At December 31, 2019, the nominal amount of commodity derivatives is as follows:

(in millions of Euros)	Maturity	Less than 1 year	Over 1 year
Aluminium	2020-2023	**283**	**33**
Premium	2020-2021	**11**	**2**
Copper	2020-2022	**10**	**7**
Silver	2020-2021	**6**	**—**
Zinc	2020-2022	**9**	**9**
Natural gas	2020-2021	**5**	**2**

The value of the contracts will fluctuate due to changes in market prices but the hedge strategy helps protecting the Group's margin on future conversion and fabrication activities. At December 31, 2019, these contracts were directly entered into with external counterparties.

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

(in millions of Euros)	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Derivatives			
Included in Other gains / (losses) - net			
Realized (losses) / gains on commodity derivatives - net	**(56)**	7	16
Unrealized gains / (losses) on commodity derivatives - net	**31**	(83)	41

Commodity price sensitivity: risks associated with derivatives

The net impact on earnings and equity of a 10% increase in the market price of aluminium, based on the aluminium derivatives held by the Group at December 31, 2019 (before tax effect), with all other variables held constant was estimated to be a €28 million gain. The balances of such financial instruments may change in future years however, and therefore the amounts shown may not be indicative of future results.

Margin Calls

As the LME price for aluminium falls, the derivative contracts entered into with financial institution counterparties have a negative mark-to-market. The Group's financial institution counterparties may require margin calls should the negative mark-to-market exceed a pre-agreed contractual limit. In order to protect from the potential margin calls for significant market movements, the Group enters into derivatives with a large number of financial counterparties and monitors margin requirements on a daily basis for adverse movements in aluminium prices. At December 31, 2019, there was no margin requirement related to aluminium or any other commodity hedges. At December 31, 2018, the margin requirement related to aluminium or any other commodity hedges was €5 million. Margins call supported by the Group was to be partially offset by advance payments received from customers and the Group was not exposed to any other 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 equivalent 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 23 - Financial Instruments). At December 31, 2019, Group's borrowings were mainly at fixed rate.

Interest rate sensitivity: risks associated with variable-rate financial instruments

The impact on income before income tax for the year 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, 2019, with all other variables held constant, was estimated to be less than €1 million for the years ended December 31, 2019 and 2018. However, the balances of such financial instruments may not remain constant in future years, and therefore the amounts shown may not be indicative of future results.

24.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk with financial institutions and other parties as a result of cash-in-bank, cash deposits, mark-to-market on derivative transactions and customer trade receivables arising from the Group's operating activities. The maximum exposure to credit risk for the year ended December 31, 2019 is the carrying value of each class of financial asset as described in NOTE 23 - Financial Instruments. The Group does not generally hold any collateral as security.

Credit risk related to transactions with financial institutions

Credit risk with financial institutions is managed by the Group's Treasury department in accordance with a Board approved policy. Management is not aware of any significant risks associated with financial institutions as a result of cash and cash equivalent 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, 2019		At December 31, 2018	
	Number of financial counterparties (A)	Exposure (in millions of Euros)	Number of financial counterparties (A)	Exposure (in millions of Euros)
Rated Aa or better	**2**	**83**	2	22
Rated A	**9**	**81**	8	110
Rated Baa	**3**	**5**	2	4
Total	**14**	**169**	12	136

(A) Financial Counterparties for which the Group's exposure is below €0.25 million have been excluded from the analysis.

Credit risks related to customer trade receivables

The Group has a diverse customer base geographically and by industry. The responsibility for customer credit risk management rests with management. Payment terms vary and are set in accordance with practices in the different geographies and end-markets served. Credit limits are typically established based on internal or external rating criteria, which take into account such factors as the financial condition of the customers, their credit history and the risk associated with their industry segment.

Trade receivables are actively monitored and managed, at the business unit or site level. Business units report credit exposure information to Constellium management on a regular basis. Over 82% 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 15 - Trade Receivables and Other for the aging of trade receivables.

24.3 Liquidity and capital risk management

The Group's capital structure includes shareholder's equity, borrowings and various third-party financing arrangements (such as credit facilities and factoring arrangements). Constellium's total capital is defined as total equity plus net debt. Net debt includes borrowings due to third parties less cash and cash equivalents.

Constellium's overriding objectives when managing capital are to safeguard the business as a going concern, to maximize returns for its owners and to maintain an optimal capital structure in order to minimize the weighted cost of capital.

All activities around cash funding, borrowings and financial instruments are centralized within Constellium's Treasury department. Direct external funding or transactions with banks at the operating entity level are generally not permitted, and exceptions must be approved by Constellium's Treasury department.

The liquidity requirements of the overall Company are funded by drawing on available credit facilities, while the internal management of liquidity is optimized by means of cash pooling agreements and/or intercompany loans and deposits between the Company's operating entities and central Treasury.

At December 31, 2019, the borrowing base for the Pan-U.S. ABL facility and the French Inventory Based Facility were $375 million and €82 million respectively. After deduction of amount drawn and letters of credit, the Group had €281 million outstanding availability under these secured revolving credit facilities at December 31, 2019.

At December 31, 2019, liquidity was €516 million, comprised of €184 million of cash and cash equivalents and €332 million of available undrawn facilities, including the €281 million described above.

The tables below show undiscounted contractual financial assets and financial liabilities values by relevant maturity groupings based on the remaining periods from December 31, 2019 and December 31, 2018 respectively to the contractual maturity date.

	At December 31, 2019			At December 31, 2018		
(in millions of Euros)	Less than 1 year	Between 1- 5 years	Over 5 years	Less than 1 year	Between 1 - 5 years	Over 5 years
Financial assets						
Net debt derivatives	**3**	**4**	**—**	5	12	—
Net cash flows from derivative assets related to currencies and commodities	**21**	**9**	**—**	22	12	—
Total	**24**	**13**	**—**	27	24	—

(in millions of Euros)	Notes	At December 31, 2019 Less than 1 year	At December 31, 2019 Between 1 - 5 years	At December 31, 2019 After 5 years	At December 31, 2018 Less than 1 year	At December 31, 2018 Between 1 - 5 Years	At December 31, 2018 After 5 years
Financial liabilities							
Borrowings (A)		**139**	**589**	**1,438**	6	315	1,754
Leases		**40**	**113**	**88**	20	50	16
Interest (B)		**112**	**404**	**85**	114	422	173
Net debt derivatives		**4**	**—**	**—**	3	4	—
Net cash flows from derivative liabilities related to currencies and commodities		**31**	**25**	**—**	56	35	—
Trade payables and other (excluding contract liabilities)	21	**945**	**15**	**—**	900	18	—
Total		**1,271**	**1,146**	**1,611**	1,079	794	1,927

(A) Borrowings include the Pan-U.S. ABL facility, which is considered short-term in nature and is included in the category "Less than 1 year".

(B) Interest disclosed is an undiscounted forecast interest amount and excludes interest on leases.

NOTE 25 - 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.

25.1 Description of the plans

Pension plans

Constellium's pension obligations are in the U.S., Switzerland, Germany and France. Pension benefits are generally based on the employee's service and highest average eligible compensation before retirement and are periodically adjusted for cost of living increases, either by company practice, collective agreement or statutory requirement. U.S., Swiss and France benefit plans are funded through long-term employee benefit funds.

Other post-employment benefits (OPEB)

The Group provides health care and life insurance benefits to retired employees and in some cases to their beneficiaries and covered dependents, mainly in the U.S. Eligibility for coverage depends on certain age and service criteria. These benefit plans are unfunded.

Other long-term employee benefits

Other long term employee benefits mainly include jubilees in France, Germany and Switzerland and other long-term disability benefits in the U.S. These benefit plans are unfunded.

25.2 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, 2019, 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	(10)	10
Germany	(9)	11
Switzerland	(25)	26
United States	(32)	35
Total sensitivity on Defined Benefit Obligations	**(76)**	**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.

25.3 Actuarial assumptions

Pension and other post-employment benefit obligations were updated based on the discount rates applicable at December 31, 2019. The principal actuarial assumptions used at December 31, 2019 and 2018 were as follows:

	At December 31, 2019			At December 31, 2018		
	Rate of increase in salaries	Rate of increase in pensions	Discount rate	Rate of increase in salaries	Rate of increase in pensions	Discount rate
Switzerland	**1.50%**	**—**	**0.15%**	1.50%	—	0.80%
US	**—**	**—**	**—**	—	—	—
Hourly pension	**2.20%**	**—**	**3.15% - 3.25%**	2.20%	—	4.40% - 4.45%
Salaried pension	**3.80%**	**—**	**3.25%**	3.80%	—	4.45%
OPEB (A)	**3.80%**	**—**	**3.20% - 3.40%**	3.80%	—	4.40% - 4.55%
Other benefits	**3.80%**	**—**	**3.00% - 3.20%**	3.80%	—	4.25% - 4.40%
France	**1.50% - 3.50%**	**2.00%**	**—**	1.50% - 2.50%	2.00%	—
Retirements	**—**	**—**	**0.95%**	—	—	1.65%
Other benefits	**—**	**—**	**0.80%**	—	—	1.35%
Germany	**2.75%**	**1.70%**	**1.00%**	2.75%	1.70%	1.70%

(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: 6.40% starting in 2020 decreasing gradually to 4.50% until 2026 and stable onwards and post 65: 5.60% starting in 2020 decreasing gradually to 4.50% until 2026 and stable onwards, and
- Claims costs are based on individual company experience.

For both pension and healthcare plans, the post-employment mortality assumptions allow for future improvements in life expectancy.

25.4 Amounts recognized in the Consolidated Statement of Financial Position

	At December 31, 2019			At December 31, 2018		
(in millions of Euros)	Pension Benefits	Other Benefits	Total	Pension Benefits	Other Benefits	Total
Present value of funded obligation	768	—	**768**	674	—	674
Fair value of plan assets	(445)	—	**(445)**	(380)	—	(380)
Deficit of funded plans	323	—	**323**	294	—	294
Present value of unfunded obligation	127	220	**347**	115	201	316
Net liability arising from defined benefit obligation	450	220	**670**	409	201	610

25.5 Movement in net defined benefit obligations

	At December 31, 2019				
	Defined benefit obligations				
(in millions of Euros)	Pension benefits	Other benefits	Total	Plan Assets	Net defined benefit liability
At January 1, 2019	789	201	**990**	(380)	**610**
Included in the Consolidated Income Statement					
Current service cost	17	7	**24**	—	**24**
Interest cost / (income)	18	8	**26**	(10)	**16**
Past service cost	(2)	1	**(1)**	—	**(1)**
Immediate recognition of gains / (losses) arising over the year	—	2	**2**	—	**2**
Administration expenses	—	—	**—**	2	**2**
Included in the Statement of Comprehensive Income / (Loss)					
Remeasurements due to:					
—actual return less interest on plan assets	—	—	**—**	(54)	**(54)**
—changes in financial assumptions	101	25	**126**	—	**126**
—changes in demographic assumptions	(2)	(2)	**(4)**	—	**(4)**
—experience losses	(3)	(6)	**(9)**	—	**(9)**
Effects of changes in foreign exchange rates	16	3	**19**	(11)	**8**
Included in the Consolidated Statement of Cash Flows					
Benefits paid	(43)	(20)	**(63)**	38	**(25)**
Contributions by the Group	—	—	**—**	(25)	**(25)**
Contributions by the plan participants	4	1	**5**	(5)	**—**
At December 31, 2019	895	220	**1,115**	(445)	**670**

(in millions of Euros)	At December 31, 2018				
	Defined benefit obligations				
	Pension benefits	Other benefits	Total	Plan Assets	Net defined benefit liability
At January 1, 2018	801	250	1,051	(387)	664
Included the Consolidated Income Statement					
Current service cost	18	6	24	—	24
Interest cost / (income)	16	8	24	(9)	15
Past service cost	—	(36)	(36)	—	(36)
Immediate recognition of gains / (losses) arising over the year	—	—	—	—	—
Administration expenses	—	—	—	2	2
Included in the Statement of Comprehensive Income / (Loss)					
Remeasurements due to:					
—actual return less interest on plan assets	—	—	—	26	26
—changes in financial assumptions	(30)	(15)	(45)	—	(45)
—changes in demographic assumptions	(5)	(1)	(6)	—	(6)
—experience losses	(1)	(2)	(3)	—	(3)
Effects of changes in foreign exchange rates	22	9	31	(16)	15
Included in the Consolidated Statement of Cash Flows					
Benefits paid	(35)	(19)	(54)	31	(23)
Contributions by the Group	—	—	—	(23)	(23)
Contributions by the plan participants	3	1	4	(4)	—
At December 31, 2018	789	201	990	(380)	610

25.6 Benefit plan amendments

In the third quarter of 2018, the Group announced a plan to transfer certain participants in the Constellium Rolled Products Ravenswood Retiree Medical and Life Insurance Plan ("the Plan") from a company sponsored program to a third-party health network that provides similar benefits at a lower cost. This change in benefits was accounted for as a plan amendment and resulted in a reduction of the defined benefit obligation and the recognition of a €36 million gain from negative past service cost. In 2019, the defined benefit obligation was adjusted and corresponding past service costs of €3 million were recorded, to reflect delays in the estimated implementation timetable (see 25.7 Ravenswood OPEB dispute).

During the year ended December 31, 2019, the Group decided to terminate the medical care plan for the active participants of one of its French entities effective October 1, 2019. This resulted in both a decrease of the defined benefit obligation and the recognition of a €2 million gain from negative past service cost. In addition, the Group offered lump sum option to Constellium Rolled Products Ravenswood former employees with deferred benefits. This resulted in both a decrease of the defined benefit obligation and the recognition of a €3 million gain from negative past service cost.

25.7 Ravenswood OPEB disputes

The United Steelworkers Local Union 5668 (the "Union") is contesting the OPEB Amendments and filed a lawsuit against Constellium Rolled Products Ravenswood, LLC ("Ravenswood") in a federal district court in West Virginia (the "Court") seeking to enjoin the Plan changes and to compel arbitration. The Court issued an order in December 2018, enjoining Ravenswood from implementing the OPEB Amendments pending resolution in arbitration. In September 2019, the arbitrator issued a decision ruling against Ravenswood and sustaining the Union's grievance. Ravenswood filed a motion to vacate this decision, which is still pending, and will continue to vigorously defend this case. The Group believes it has a strong legal position and that it is probable that Ravenswood will ultimately prevail and be able to implement the OPEB amendments.

Additionally, during 2019, the Union filed a grievance disputing the existing limitation of Ravenswood's liability for the healthcare costs of pre-Medicare retirees. This matter is scheduled to be arbitrated in the coming months and the Group believes it is without merit and intends to defend it vigorously.

25.8 Net defined benefit obligations by country

	At December 31, 2019			At December 31, 2018		
(in millions of Euros)	Defined benefit obligations	Plan assets	Net defined benefit liability	Defined benefit obligations	Plan assets	Net defined benefit liability
France	161	(3)	**158**	151	(3)	148
Germany	144	(1)	**143**	136	(1)	135
Switzerland	299	(214)	**85**	251	(178)	73
United States	510	(227)	**283**	451	(198)	253
Other countries	1	—	**1**	1	—	1
Total	1,115	(445)	**670**	990	(380)	610

25.9 Plan asset categories

	At December 31, 2019			At December 31, 2018		
(in millions of Euros)	Quoted in an active market	Unquoted in an active market	Total	Quoted in an active market	Unquoted in an active market	Total
Cash & cash equivalents	5	—	**5**	6	—	6
Equities	119	51	**170**	95	40	135
Bonds	92	115	**207**	71	110	181
Property	14	37	**51**	10	33	43
Other	—	12	**12**	5	10	15
Total fair value of plan assets	230	215	**445**	187	193	380

25.10 Cash flows

Expected contributions to pension and other benefits amount to €32 million and €18 million, respectively, for the year ending December 31, 2020.

Future benefit payments expected to be paid either by pension funds or directly by the Company to beneficiaries are as follows:

(in millions of Euros)	Estimated benefits payments
Year ended December 31,	
2020	**54**
2021	**51**
2022	**52**
2023	**53**
2024	**58**
2025 to 2029	**289**

At December 31, 2019, the weighted-average maturity of the defined benefit obligations was 14.1 years (2018: 13.3 years).

NOTE 26 - PROVISIONS

(in millions of Euros)	Notes	Close down and environmental remediation costs	Restructuring costs	Legal claims and other costs	Total
At January 1, 2019		83	3	54	**140**
IFRIC 23 application	2	—	—	(20)	**(20)**
Allowance		1	2	6	**9**
Amounts used		(2)	(1)	(4)	**(7)**
Unused amounts reversed		(1)	—	(4)	**(5)**
Unwinding of discounts		4	—	—	**4**
Effects of changes in foreign exchange rates		2	—	—	**2**
Transfer		3	—	(4)	**(1)**
At December 31, 2019		**90**	**4**	**28**	**122**
Current		7	2	14	**23**
Non-Current		83	2	14	**99**
Total Provisions		90	4	28	**122**

(in millions of Euros)	Notes	Close down and environmental remediation costs	Restructuring costs	Legal claims and other costs	Total
At January 1, 2018		81	5	67	**153**
Transfer from provision to contract liability		—	—	(23)	**(23)**
Allowance		3	1	15	**19**
Amounts used		(2)	(2)	(4)	**(8)**
Unused amounts reversed		—	(1)	(6)	**(7)**
Unwinding of discounts		(1)	—	—	**(1)**
Effects of changes in foreign exchange rates		2	—	1	**3**
Transfer		—	—	4	**4**
At December 31, 2018		**83**	**3**	**54**	**140**
Current		5	1	40	**46**
Non-Current		78	2	14	**94**
Total Provisions		83	3	54	**140**

Close down, environmental and remediation costs

The Group records provisions for the estimated present value of the costs of its environmental clean-up obligations and close down and restoration efforts based on the net present value of estimated future costs of the dismantling and demolition of infrastructure and the removal of residual material of disturbed areas, using an average discount rate of 0.28%. A change in the discount rate of 0.5% would change 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, 2019**	**At December 31, 2018**
Litigation (A)	**21**	45
Disease claims (B)	**4**	4
Other	**3**	5
Total Provisions for legal claims and other costs	**28**	**54**

(A) The decrease in provisions for litigation is mainly explained by the €20 million reclassification upon the adoption of IFRIC 23.

(B) 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, 2019, seven cases in which gross negligence is alleged ("faute inexcusable") remain outstanding (six at December 31, 2018), the average amount per claim being less than €0.1 million. The average settlement amount per claim in 2019 and 2018 was less than €0.1 million. It is not anticipated that the resolution of such litigation and proceedings will have a material effect on the future results from continuing operations, financial position, or cash flows of the Group.

Contingencies

The Group is involved, and may become involved, in various lawsuits, claims and proceedings relating to customer claims, product liability, employee and retiree benefit matters and other commercial matters. The Group records provisions for pending litigation matters when it determines that it is probable that an outflow of resources will be required to settle the obligation, and such amounts can be reasonably estimated. In some proceedings, the issues raised are or can be highly complex and subject to significant uncertainties and amounts claimed are and can be substantial. As a result, the probability of loss and an estimation of damages are and can be difficult to ascertain. In exceptional cases, when the Group considers that disclosures relating to provisions and contingencies may prejudice its position, disclosures are limited to the general nature of the dispute.

The Group is currently subject to an arbitration by a customer claiming that Constellium supplied defective products as a result of which the customer alleges it has suffered significant damages. The Group considers that the claim is without merit on both technical and legal grounds and is vigorously defending the action. For this matter and in respect of others which the Group considers are without merit, while it is possible that an unfavorable outcome may result, after assessing the information available, the Group has concluded that it is not probable that a loss has been incurred.

NOTE 27 - NON-CASH INVESTING AND FINANCING TRANSACTIONS

Property, plant and equipment acquired through leases or financed by third parties amounted to €75 million, €28 million and €17 million for the years ended December 31, 2019, 2018 and 2017, respectively. These leases and financings are excluded from the Statement of Cash Flow as they are non-cash investing transactions.

Fair values of vested Restricted Stock Units and Performance Stock Units amounted to €8 million, €8 million and €1 million for the years ended December 31, 2019, 2018 and 2017, respectively. They are excluded from the Statement of Cash flows as non-cash financing activities.

NOTE 28 - SHARE CAPITAL

At December 31, 2019, the share capital amounted to €2,757,348.36 divided into 137,867,418 ordinary shares, each with a nominal value of two cents, fully paid-up and of the same class. All shares have the right to one vote.

		(in millions of Euros)	
	Number of shares	**Share capital**	**Share premium**
At January 1, 2019	135,999,394	3	420
New shares issued (A)	1,868,024	—	—
At December 31, 2019	**137,867,418**	**3**	**420**

(A) Constellium SE issued and granted 1,868,024 ordinary shares to certain employees related to share-based compensation plans.

NOTE 29 - COMMITMENTS

Non-cancellable lease commitments

The future aggregate minimum lease payments under non-cancellable leases not capitalized are as follows:

(in millions of Euros)	**At December 31, 2019**
Less than 1 year	**5**
1 to 5 years	**10**
More than 5 years	**1**
Total non-cancellable lease minimum payments	**16**

Tangible and intangible asset commitments

(in millions of Euros)	**At December 31, 2019**	**At December 31, 2018**
Computer Software	**2**	1
Property, plant and equipment	**89**	123
Total tangible and intangible asset commitments	**91**	124

NOTE 30 - RELATED PARTIES

Subsidiaries and affiliates

A list of the principal companies controlled by the Group is presented in NOTE 32 - Subsidiaries and Operating Segments. Transactions between fully consolidated companies are eliminated when preparing the Consolidated Financial Statements.

Shareholders

On March 28, 2018, Constellium Issoire entered into a three-year €10 million unsecured revolving credit facility with Bpifrance Financement, an affiliate of one the shareholders of Constellium SE, Bpifrance Participations S.A., a related party. At December 31, 2019, the revolving credit facility has a €7 million borrowing base.

Key management remuneration

The Group's key management comprises the Board members and the Executive committee members effectively present during 2019.

Executive committee members are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly reporting to the CEO.

The costs reported below are compensation and benefits for key management:

- Short term employee benefits include their base salary plus bonus;
- Directors' fees include annual director fees, Board and committees' attendance fees;
- Share-based compensation includes the portion of the IFRS 2 expense as allocated to key management;
- Post-employment benefits mainly include pension costs;
- Termination benefits include departure costs.

As a result, the aggregate compensation for the Group's key management is comprised of the following:

(in millions of Euros)	**Year ended December 31, 2019**	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Short-term employee benefits	**9**	9	8
Directors' fees	**1**	1	1
Share-based compensation	**10**	6	4
Post-employments benefits	**—**	—	—
Termination benefits	**—**	—	1
Employer social contribution	**1**	1	1
Total	**21**	17	15

NOTE 31 - SHARE-BASED COMPENSATION

Description of the plans

Performance-Based Restricted Stock Units (equity-settled)

The Company granted Performance Stock Units (PSUs) to selected employees. These units will vest after three years from the grant date if the following conditions are met:

- A vesting condition under which the beneficiaries must be continuously employed by the Company through the end of the vesting period (3 years); and
- For PSUs granted in 2016, a performance condition, contingent on the Total Stockholder Return (TSR) performance of Constellium over the measurement periods compared to the TSR of a specified group of peer companies. PSUs will ultimately vest, depending on the TSR performance at each testing period, based on a vesting multiplier in a range from 0% to 300%;

- For PSUs granted from 2017 to 2019, a performance condition, contingent on the Total Stockholder Return (TSR) performance of Constellium shares over the vesting period compared to the TSR of specified indices. PSUs will ultimately vest based on a vesting multiplier which ranges from 0% to 200%.

The PSUs granted in March 2016, May 2016, August 2016 and November 2016 achieved, respectively, a TSR performance of 115.9%, 98.1%, 191.6% and 223.8% at their first testing period, 229.9%, 217.2%, 282.2% and 148.7% at their second testing period, and 108.4%, 125.4%, 230.4% and 286.4% at their third testing period, which represented respectively 184,469 potential additional shares in 2017, 433,032 potential additional shares in 2018, and 248,230 potential additional shares in 2019.

The PSUs vested respectively in March 2019, May 2019, August 2019 and November 2019 and 684,329 shares, 123,336 shares, 434,256 shares and 516,141 shares were respectively granted to beneficiaries.

The following table lists the inputs to the model used for the PSUs granted in 2019 and 2018:

	Year ended December 31, 2019	Year ended December 31, 2018
Fair value at grant date (in euros)	**10.44**	15.31
Share price at grant date (in euros)	**7.1**	10.27
Dividend yield	**—**	—
Expected volatility (A)	**52%**	75%
Risk-free interest rate (US government bond yield)	**2.29%**	2.6%
Model used	**Monte Carlo**	Monte Carlo

(A) Volatilities for the Company and companies included in indices were estimated based on observed historical volatilities over period equal to PSU vesting period.

Restricted Stock Units Award Agreements (equity-settled)

The Company granted Restricted Stock Units (RSUs) to a certain number of employees' subject to the beneficiaries remaining continuously employed within the Group from the grant date through the end of the vesting period. Vesting period is three years.

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

Equity Awards Plans (equity-settled)

In 2019, our Company Board members were granted two RSU awards. These RSUs vest in equal installments on the earlier of (i) the first anniversary or (ii) the date of the annual general meeting of shareholders of that year, and on the earlier of (i) the second anniversary or (ii) the date of the annual general meeting of shareholders of that year, subject to continued service.

The fair value of RSUs awarded under the plan is the quoted market price at grant date.

Expense recognized during the year

In accordance with IFRS 2, share-based compensation is recognized as an expense over the vesting period. The estimate of this expense is based upon the fair value of a potential ordinary share at the grant date. The total expense related to the potential ordinary shares for the year ended December 31, 2019, 2018 and 2017 amounted to €16 million, €12 million and €8 million respectively.

Movement of potential shares

The following table illustrates the number and movements in potential shares:

	Performance-Based RSU			Restricted Stock Units			Equity Award Plans		
	Potential Shares		Weighted-Average Grant-Date Fair Value per Share	Potential Shares		Weighted-Average Grant-Date Fair Value per Share	Potential Shares		Weighted-Average Grant-Date Fair Value per Share
At January 1, 2018	**3,257,840**	€	8.56	**944,500**	€	7.76	**95,340**	€	5.20
Granted	701,109	€	15.31	595,687	€	10.23	30,709	€	10.27
Over-performance	633,670	€	7.28	—	€	—	—	€	—
Vested	(1,265,635)	€	7.09	(155,000)	€	10.83	(68,136)	€	4.85
Forfeited	(241,820)	€	8.40	(72,663)	€	8.57	—	€	—
At December 31, 2018	**3,085,164**	€	10.45	**1,312,524**	€	8.47	**57,913**	€	8.31
Granted (A)	1,028,342	€	10.44	899,926	€	7.10	73,799	€	8.39
Over-performance (B)	248,230	€	8.94	—	€	—	—	€	—
Vested	(1,758,062)	€	7.97	(106,000)	€	4.55	(42,559)	€	7.60
Forfeited (C)	(84,380)	€	8.02	(39,947)	€	8.31	(9,627)	€	8.71
At December 31, 2019	**2,519,294**	€	12.11	**2,066,503**	€	8.08	**79,526**	€	8.71

(A) For PSUs, the number of potential shares granted is presented using a vesting multiplier of 100%.

(B) When the achievement of TSR performance exceeds the vesting multiplier of 100%, the additional potential shares are presented as over-performance shares.

(C) For potential shares related to PSUs, 84,380 were forfeited following the departure of certain beneficiaries and none were forfeited in relation to the non-fulfilment of performance conditions.

NOTE 32 - SUBSIDIARIES AND OPERATING SEGMENTS

The following Group's affiliates are legal entities included in the Consolidated Financial Statements of the Group at December 31, 2019.

Entity	Country	% Group Interest	Consolidation Method
Cross Operating Segment			
Constellium Singen GmbH (AS&I and P&ARP)	Germany	100%	Full
Constellium Valais S.A. (AS&I and A&T)	Switzerland	100%	Full
AS&I			
Constellium Automotive USA, LLC	U.S.	100%	Full
Constellium Engley (Changchun) Automotive Structures Co Ltd.	China	54%	Full
Constellium Extrusions Decin S.r.o.	Czech Republic	100%	Full
Constellium Extrusions Deutschland GmbH	Germany	100%	Full
Constellium Extrusions Landau GmbH	Germany	100%	Full
Constellium Extrusions Burg GmbH	Germany	100%	Full
Constellium Extrusions France S.A.S.	France	100%	Full
Constellium Extrusions Levice S.r.o.	Slovakia	100%	Full

Constellium Automotive Mexico, S. DE R.L. DE C.V.	Mexico	100%	Full
Constellium Automotive Mexico Trading, S. DE R.L. DE C.V.	Mexico	100%	Full
Astrex Inc	Canada	50%	Full
Constellium Automotive Zilina S.r.o.	Slovakia	100%	Full
Constellium Automotive Nanjing Co Ltd	China	100%	Full
Constellium Automotive Spain SL	Spain	100%	Full
A&T			
Constellium Issoire S.A.S.	France	100%	Full
Constellium Montreuil Juigné S.A.S.	France	100%	Full
Constellium China Limited	China	100%	Full
Constellium Japan KK	Japan	100%	Full
Constellium Rolled Products Ravenswood, LLC	U.S.	100%	Full
Constellium Southeast Asia PTE LTD	Singapore	100%	Full
Constellium Ussel S.A.S.	France	100%	Full
AluInfra Services SA (A)	Switzerland	50%	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 S.A.S.	France	100%	Full
Constellium Muscle Shoals LLC	U.S.	100%	Full
Constellium Holding Muscle Shoals LLC	U.S.	100%	Full
Constellium Muscle Shoals Funding II LLC	U.S.	100%	Full
Listerhill Total Maintenance Center LLC	U.S.	100%	Full
Constellium Metal Procurement LLC	U.S.	100%	Full
Constellium Bowling Green LLC	U.S.	100%	Full
Rhenaroll	France	50%	Equity
Holdings & Corporate			
C-TEC Constellium Technology Center S.A.S.	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 International	France	100%	Full
Constellium Paris S.A.S	France	100%	Full
Constellium Germany Holdco GmbH & Co. KG	Germany	100%	Full
Constellium Germany Verwaltungs GmbH	Germany	100%	Full
Constellium UK Limited	United Kingdom	100%	Full
Constellium U.S. Holdings I, LLC	U.S.	100%	Full
Constellium Switzerland AG	Switzerland	100%	Full
Constellium W S.A.S.	France	100%	Full
Constellium Treuhand UG	Germany	100%	Full
Engineered Products International S.A.S.	France	100%	Full

(A) AluInfra Services SA, the joint venture created with Novelis in July 2018, is consolidated as a joint operation and is immaterial to the Group Consolidated Financial Statements.

NOTE 33 - PARENT COMPANY

Statement of Financial Position of Constellium SE (parent company only).

(in millions of Euros)	At December 31, 2019	At December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	**—**	—
Trade receivables and other	**200**	109
Other financial assets	**37**	38
	237	147
Non-current assets		
Property, plant and equipment	**—**	—
Financial assets	**2,002**	2,106
Investments in subsidiaries	**159**	144
Trade receivables and other	**27**	—
Deferred income tax assets	**1**	2
	2,189	2,252
Total Assets	**2,426**	**2,399**
Liabilities		
Current liabilities		
Trade payables and other	**6**	5
Income tax payable	**45**	21
Other financial liabilities	**33**	33
	84	59
Non-current liabilities		
Borrowings	**1,954**	2,022
Income tax payable	**19**	—
	1,973	2,022
Total Liabilities	**2,057**	**2,081**
Equity		
Share capital	**3**	3
Share premium	**429**	429
Accumulated retained earnings	**(153)**	(239)
Other reserves	**53**	38
Net income	**37**	87
Total Equity	**369**	318
Total Equity and Liabilities	**2,426**	**2,399**

Statement of Comprehensive income / (loss) of Constellium SE (parent company only).

(in millions of Euros)	**Year ended December 31, 2019**	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Revenue	**3**	3	1
Gross profit	**3**	3	1
Selling and administrative expenses	**(19)**	(15)	(5)
Employee benefit expenses	**(3)**	(3)	(1)
Loss from recurring operations	**(19)**	(15)	(5)
Other income	**—**	—	—
Other expense	**(3)**	(3)	—
Loss from operations	**(22)**	(18)	(5)
Financial result - net	**41**	80	(65)
Income / (loss) before income tax	**19**	62	(70)
Income tax	**18**	25	—
Net income / (loss)	**37**	87	(70)
Other comprehensive income / (loss)	**—**	—	—
Total comprehensive income / (loss)	**37**	87	(70)

Statement of Cash Flows of Constellium SE (parent company only)

(in millions of Euros)	**Year ended December 31, 2019**	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Net income / (loss)	**37**	87	(70)
Adjustments			
Finance cost - net	**(41)**	(80)	65
Dividend received	**—**	—	—
Income tax	**(18)**	(25)	—
Interest paid	**(115)**	(102)	(148)
Interest received	**143**	134	149
Changes in working capital	—	—	—
Trade receivables and other	**27**	—	(1)
Income tax paid	**50**	—	—
Trade payables and other	**2**	—	2
Net cash flows from / (used in) operating activities	**85**	14	(3)
Investments in subsidiaries	**—**	(1)	(11)
Current account with subsidiaries and related parties	**(135)**	(13)	180
Loans granted to subsidiaries and related parties	**—**	—	(1,640)
Repayment of loans granted to subsidiaries and related parties	**150**	—	823
Exit fees received from subsidiaries	**—**	—	9
Net cash flows from / (used in) investing activities	**15**	(14)	(639)
Net proceeds received from issuance of shares	**—**	—	259
Proceeds from issuance of Senior Notes	**—**	—	1,440
Payment of deferred financing costs	**—**	—	(29)
Repayment of Senior Notes	**(100)**	—	(949)
Payment of exit fees	**—**	—	(61)
Realized foreign exchange gains / (losses)	**—**	—	(17)
Other	**—**	—	(1)
Net cash flows (used in) / from financing activities	**(100)**	—	642
Net increase in cash and cash equivalents	**—**	—	—
Cash and cash equivalents - beginning of year	**—**	—	—
Effect of exchange rate changes on cash and cash equivalents	**—**	—	—
Cash and cash equivalents - end of year	**—**	—	—

Basis of preparation

The parent company only financial information of Constellium SE, 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, 2019, there were no material contingencies at Constellium SE.

A description of Constellium SE's parent company only borrowings and related maturity dates is provided in NOTE 22 - Borrowings. Other financial liabilities represent interest payable on borrowings.

Non-current financial assets represent loans to Constellium International and Constellium France Holdco, and current other financial assets represent related interest receivables.

NOTE 34 - SUBSEQUENT EVENTS

No subsequent events identified.