Constellium SE

Statutory auditors’ report on the consolidated financial statements

(For the year ended 31 December 2020)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

RSM PARIS
26, rue Cambacérès
75008 Paris

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 2020)

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, 2020.

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 2020 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 requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from January 1, 2020 to the date of our report.

Justification of Assessments

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, 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 €417m on the balance sheet at December 31st, 2020, 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 17 “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 18 “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 approved 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 16, 2021

PricewaterhouseCoopers Audit	RSM PARIS
Pierre Marty	Paul Vaillant

CONSOLIDATED INCOME STATEMENT

(in millions of Euros)	Notes	Year ended December 31, 2020	2019	2018
Revenue	3	**4,883**	5,907	5,686
Cost of sales		**(4,393)**	(5,305)	(5,148)
Gross profit		**490**	602	538
Selling and administrative expenses		**(237)**	(276)	(247)
Research and development expenses		**(39)**	(48)	(40)
Other gains and losses - net	8	**(89)**	(23)	153
Income from operations		**125**	255	404
Finance costs - net	10	**(159)**	(175)	(149)
Share of income / (loss) of joint-ventures		**—**	2	(33)
(Loss) / income before income tax		**(34)**	82	222
Income tax benefit / (expense)	12	**17**	(18)	(32)
Net (loss) / income		**(17)**	64	190
Net (loss) / income attributable to:				
Equity holders of Constellium		**(21)**	59	188
Non-controlling interests		**4**	5	2
Net (loss) / income		**(17)**	64	190

Earnings per share attributable to the equity holders of Constellium (in Euros per share)				
Basic		**(0.15)**	0.43	1.40
Diluted		**(0.15)**	0.41	1.37
Weighted average shares				
Basic		**138,739,635**	136,856,978	134,761,736
Diluted		**138,739,635**	142,645,619	138,145,914

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, 2020	2019	2018
Net (loss) / income		**(17)**	64	190
Other comprehensive (loss) / income				
Items that will not be reclassified subsequently to the consolidated income statement				
Remeasurement on post-employment benefit obligations		**(20)**	(61)	24
Income tax on remeasurement on post-employment benefit obligations	18	**5**	13	(6)
Items that may be reclassified subsequently to the consolidated income statement				
Cash flow hedges	22	**26**	(8)	(25)
Net investment hedges	22	**—**	4	(4)
Income tax on hedges	18	**(7)**	2	8
Currency translation differences		**(18)**	1	10
Other comprehensive (loss) / income		**(14)**	(49)	7
Total comprehensive (loss) / income		**(31)**	15	197
Attributable to:				
Equity holders of Constellium		**(34)**	10	195
Non-controlling interests		**3**	5	2
Total comprehensive (loss) / income		**(31)**	15	197

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, 2020	At December 31, 2019
Assets			
Current assets			
Cash and cash equivalents	13	**439**	184
Trade receivables and other	14	**406**	474
Inventories	15	**582**	670
Other financial assets	21	**39**	22
		1,466	1,350
Non-current assets			
Property, plant and equipment	16	**1,906**	2,056
Goodwill	17	**417**	455
Intangible assets	17	**61**	70
Investments accounted for under the equity method		**1**	1
Deferred tax assets	18	**193**	185
Trade receivables and other	14	**67**	60
Other financial assets	21	**18**	7
		2,663	2,834
Total Assets		**4,129**	4,184
Liabilities			
Current liabilities			
Trade payables and other	19	**905**	999
Borrowings	20	**92**	201
Other financial liabilities	21	**46**	35
Income tax payable		**20**	14
Provisions	24	**23**	23
		1,086	1,272
Non-current liabilities			
Trade payables and other	19	**32**	21
Borrowings	20	**2,299**	2,160
Other financial liabilities	21	**41**	23
Pension and other post-employment benefit obligations	23	**664**	670
Provisions	24	**98**	99
Deferred tax liabilities	18	**10**	24
		3,144	2,997
Total Liabilities		**4,230**	4,269
Equity			
Share capital	26	**3**	3
Share premium	26	**420**	420
Retained deficit and other reserves		**(538)**	(519)
Equity attributable to equity holders of Constellium		**(115)**	(96)
Non-controlling interests		**14**	11
Total Equity		**(101)**	(85)
Total Equity and Liabilities		**4,129**	4,184

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of Euros)	Share capital	Share premium	Re-measurement	Cash flow hedges	Foreign currency translation reserve	Other reserves	Retained losses	Total	Non-controlling interests	Total equity
At January 1, 2020	3	420	(177)	(10)	4	53	(389)	**(96)**	11	**(85)**
Net (loss) / income	—	—	—	—	—	—	(21)	**(21)**	4	**(17)**
Other comprehensive (loss) / income	—	—	(15)	19	(17)	—	—	**(13)**	(1)	**(14)**
Total comprehensive (loss) / income	—	—	(15)	19	(17)	—	(21)	**(34)**	3	**(31)**
Share-based compensation	—	—	—	—	—	15	—	**15**	—	**15**
Transactions with non-controlling interests	—	—	—	—	—	—	—	**—**	—	**—**
At December 31, 2020	**3**	**420**	**(192)**	**9**	**(13)**	**68**	**(410)**	**(115)**	**14**	**(101)**

(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	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**
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	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**
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)**

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, 2020	2019	2018
Net (loss) / income		**(17)**	64	190
Adjustments				
Depreciation and amortization	16, 17	**259**	256	197
Impairment of assets	16, 17	**43**	—	—
Pension and other post-employment benefits service costs	23	**34**	27	(10)
Finance costs - net	10	**159**	175	149
Income tax (benefit) / expense	12	**(17)**	18	32
Share of (income) / loss of joint-ventures		**—**	(2)	33
Unrealized (gains) / losses on derivatives - net and from remeasurement of monetary assets and liabilities - net		**(18)**	(33)	86
Losses / (gains) on disposal	8	**4**	3	(186)
Other - net		**19**	16	14
Change in working capital				
Inventories		**63**	57	(9)
Trade receivables		**36**	104	(145)
Trade payables		**(38)**	(31)	(27)
Other		**(10)**	9	(58)
Change in provisions		**1**	(2)	(2)
Pension and other post-employment benefits paid	23	**(53)**	(50)	(46)
Interest paid		**(140)**	(158)	(129)
Income tax refunded / (paid)		**9**	(6)	(23)
Net cash flows from operating activities		**334**	447	66
Purchases of property, plant and equipment	4	**(182)**	(271)	(277)
Property, plant and equipment grants received		**5**	—	—
Acquisition of subsidiaries net of cash acquired		**—**	(83)	—
Proceeds from disposals, net of cash		**1**	2	200
Equity contributions and loans to joint ventures		**—**	—	(24)
Other investing activities		**—**	(1)	10
Net cash flows used in investing activities		**(176)**	(353)	(91)
Proceeds from issuance of Senior Notes	20	**290**	—	—
Repayment of Senior Notes	20	**(200)**	(100)	—
(Repayments) / proceeds from U.S. revolving credit facilities	20	**(129)**	105	(67)
Proceeds from other borrowings	20	**202**	8	—
Repayments from other borrowings	20	**(10)**	(4)	(1)
Lease repayments	20	**(35)**	(86)	(15)
Payment of financing costs		**(9)**	—	—
Transactions with non-controlling interests		**—**	(4)	—
Other financing activities		**(8)**	5	1
Net cash flows from / (used in) financing activities		**101**	(76)	(82)
Net increase / (decrease) in cash and cash equivalents		**259**	18	(107)
Cash and cash equivalents - beginning of year		184	164	269
Effect of exchange rate changes on cash and cash equivalents		(4)	2	2
Cash and cash equivalents - end of year	13	**439**	184	164

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 29 production facilities, 3 R&D centers and 3 administrative centers. The Group has approximately 12,000 employees.

Constellium SE, a French *Societas Europaea* (SE), is the parent company of the Group. The business address (head office) of Constellium SE is located at 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 on March 11, 2021 by the Board of Directors.

2.2 New and amended standards and interpretations

Several amendments and interpretations apply for the first time in 2020, but had no impact on the Consolidated Financial Statements of the Group.

- Amendments to IAS 1 and IAS 8: *Definition of Material*
- Amendments to IFRS 3: *Definition of a Business*
- Amendments to IFRS 7, IFRS 9 and IAS 39: *Interest Rate Benchmark Reform - Phase 1*

2.3 New standards and interpretations not yet mandatorily applicable

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The following new standards and interpretations have been issued, but are not yet effective. The Group plans to adopt these new standards and interpretations on their required effective dates and does not expect any material impact as a result of their adoption.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- IFRS 9 Financial Instruments: *Fees in the ‘10 per cent’ test for derecognition of financial liabilities*
- Amendments to IFRS 7, IFRS 9 and IAS 39: *Interest Rate Benchmark Reform - Phase 2*
- Amendments to IFRS 16: *COVID-19 Related Rent Concessions*
- Amendments to IAS 16: *Property, Plant and Equipment: Proceeds before Intended Use*
- Amendments to IAS 37: *Onerous Contracts – Costs of Fulfilling a Contract*
- Amendments to IFRS 3: *Reference to the Conceptual Framework*

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 13 - Cash and Cash Equivalents, NOTE 20 - Borrowings and NOTE 22 - Financial Risk Management.

The Group’s forecasts and projections, taking account of reasonably possible changes in operating 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, 2020. This assessment was confirmed by the Board of Directors on March 11, 2021.

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.

2.6 Principles governing the preparation of the Consolidated Financial Statements

Basis of consolidation

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

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

Subsidiaries are 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 its 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 and 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.

Acquisition-related costs are expensed as incurred and are included in Other gains and 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 it 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 costs 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 Other gains and losses - net 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 and 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 their functional currency, which is the currency of the primary economic environment in which they operate.

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 ("OCI") 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 in 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 and 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:

		Average rates			Closing rates		
		Year ended December 31,			At December 31,		
Foreign exchange rate for 1 Euro		**2020**	**2019**	**2018**	**2020**	**2019**	**2018**
U.S. Dollars	USD	**1.1405**	1.1193	1.1798	**1.2271**	1.1234	1.1450
Swiss Francs	CHF	**1.0704**	1.1121	1.1546	**1.0802**	1.0854	1.1269
Czech Koruna	CZK	**26.4337**	25.6698	25.6452	**26.2420**	25.4080	25.7240

Revenue from contracts with customers

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 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 there is 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.

The Group applies the practical expedient for disclosures on performance obligations that are part of contracts that have an original duration of one year or less.

The Group elected the practical expedient on significant financing components if the period of transfer of the product and the payment is one year or less.

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 and losses - net

Other gains and losses - net includes: (i) realized and unrealized gains and losses on derivatives for those contracted where hedge accounting is not applied (ii) unrealized exchange gains and losses from the remeasurement of monetary assets and liabilities, (iii) the ineffective portion of changes in the fair value of derivatives designated for hedge accounting and (iv) impairment charges on assets.

Other gains and losses - net presents other unusual, infrequent or non-recurring items. Such items are 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 expense on short and long-term financing is recorded at the relevant rates on the various borrowing agreements using the effective interest rate method.

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 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 period, 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 interest, directly attributable to the acquisition or construction of 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 their cost 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 and value in use, as 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 Other gains and losses - net in the Consolidated Income Statement.

Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions are complied with.

Government grants relating to the purchase of property, plant and equipment reduce the carrying amount of the asset. They are credited to profit or loss on a straight-line basis over the expected useful lives of the related assets. Government grants relating to costs offset the corresponding expense and are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

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. The 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. 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. Upon derecognition, the cumulative fair value change recognized in OCI is reclassified to profit or loss. 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. 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 those designated as hedging instruments that qualify 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 are 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 is 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.

Derivative financial instruments

Derivatives

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 qualifies for hedge accounting treatment. Derivatives that qualify for hedge accounting are recognized in OCI.

Fair value is the price expected to be received in selling an asset or paid in transferring 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 derivative instruments aggregated by counterparties and takes this into account when estimating the fair value of its derivatives.

Credit Value Adjustments are calculated for asset derivatives based on the 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 the 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 and losses - net.

Hedge accounting

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, at the inception of the hedging transaction, the group documents the relationship between hedging instruments and hedged items, the risk management objective and the 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 OCI and accumulated in Equity. The gain or loss relating to the ineffective portion is recognized immediately in the Consolidated Income Statement in Other gains and 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 (since January 1, 2019)

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. Right-of-use assets are recorded in the asset category to which they relate in Property, plant and equipment. Unless the Group is reasonably certain to obtain ownership of the leased assets at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their 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.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension or termination option. Extension options or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

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. Lease liabilities are presented within Borrowings. 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 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 Group also applies the practical expedients for lease and non-lease components as a single component for vehicles. The Group adopted IFRS 16 retrospectively with the cumulative effect of initially applying the standard recognized on January 1, 2019.

The Group elected 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.

Leases (Prior to January 1, 2019)

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 in Borrowings.

Inventories

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

Weighted-average cost for raw materials, stores, work in progress and finished goods is calculated using the costs experienced in the current period based on normal operating capacity and includes the purchase price of materials, freight, duties and customs, and the costs of production, which includes labor, materials and other costs 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 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 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. In determining whether the Group has transferred substantially all the risks and rewards of ownership, it considers credit risk, late-payment risk, dilution risk, foreign exchange risk and tax risk. Arrangements in which the Group derecognizes receivables result in changes in trade receivables, which are reflected as cash flows from operating activities. 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 Group does not derecognize the receivables, the cash received from the factor is classified as a financing cash inflow, the settlement of the receivables as an operating cash inflow and the repayment to the factor as a financing cash outflow.

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. 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 at the best estimate of expenditures required to settle liabilities of uncertain timing or amount when management determines that i) a legal or constructive obligation exists as a result of past events, ii) it is probable that an outflow of resources will be required to settle the obligation and iii) such amounts can be reasonably estimated. Provisions are measured at the present value of the expected expenditures 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 or the expected timing of expenditure could change. As a result, there could be significant adjustments to provisions, which could result in additional charges or recoveries.

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 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 in Property, plant and equipment. These costs are 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 recorded in 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. Changes in the environmental remediation provisions are recorded in Cost of sales.

Restructuring costs

Provisions for restructuring are recorded when Constellium's management is demonstrably committed to the restructuring plan and the liabilities can be reasonably estimated. The Group recognizes liabilities that primarily include one-time termination benefits, 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 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 recorded in Cost of sales or Other gains and 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 recorded in Cost of sales in the Consolidated Income Statement.

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 are 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 Income / (loss) from operations.

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 less the fair value of plan assets. The defined benefit obligations are assessed using the projected unit credit method. The most significant assumption is the discount rate. The amount recorded in the Consolidated Income Statement in respect of these plans is included within Income / (loss) from operations except for net interest costs, which are included in Finance costs - net.The effects of changes in actuarial assumptions and experience adjustments are presented in the Consolidated Statement of Comprehensive Income / (Loss).

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 are recognized immediately in the Consolidated Income Statement.

Taxation

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 France, the United States, Germany and numerous other jurisdictions. Certain of Constellium's businesses may be included in tax returns in some jurisdictions. 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. Deferred income tax assets are also recognized for operating loss carryforwards and tax credit carryforwards.

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. 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

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. These judgments, estimates and assumptions 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. The Group reviewed its significant assumptions and estimates in light of the uncertainty associated with the COVID-19 pandemic and its potential impact on its business and its financials, detailed in NOTE 4 - Operating segments, NOTE 16 - Property, plant and equipment, NOTE 20 - Borrowings, NOTE 22 - Financial risk management, NOTE 24 - Provisions, and NOTE 27 - Covid-19-related government assistance. However, there remains considerable uncertainty with respect to the duration of the crisis and its potential impact on the overall economy and our business, and there can be no guarantee that our assumptions will materialize or that actual results will not differ materially from estimates.

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 made and judgments applied are set out in NOTE 16 - Property, Plant and Equipment and in NOTE 17 - Intangible Assets and 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, and the criteria considered to determine when a plan amendment has occurred.

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

Significant judgment is also 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. Details of the key assumptions made and judgments applied are set out in NOTE 18 - Deferred Income Taxes.

Provisions

Provisions have been recorded for: (i) close down and restoration costs; (ii) environmental remediation and monitoring costs; (iii) restructuring plans; (iv) legal and other potential claims including provisions for tax risks other than income tax, product warranty and guarantees. These provisions are recorded 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 Consolidated Income Statement in the year in which the revision is made. Details of the key assumptions made and judgments applied are described in NOTE 24 - Provisions.

Business combinations

Determining the fair value of purchased assets and assumed liabilities requires judgement in the selection of valuation techniques and assumptions used. Key assumptions and inputs include the determination of cash flow projections, discount rates, comparable market transactions, replacement costs and related industry indices.

NOTE 3 - REVENUE

	Year ended December 31,		
(in millions of Euros)	**2020**	**2019**	**2018**
Packaging rolled products	**1,960**	2,172	2,245
Automotive rolled products	**663**	816	636
Specialty and other thin-rolled products	**102**	151	169
Aerospace rolled products	**560**	863	773
Transportation, industry, defense and other rolled products	**442**	557	566
Automotive extruded products	**665**	797	714
Other extruded products	**491**	551	573
Other	**—**	—	10
Total Revenue by product line	**4,883**	5,907	5,686

	Year ended December 31,		
(in millions of Euros)	**2020**	**2019**	**2018**
Germany	**1,014**	1,260	1,339
France	**362**	563	554
United Kingdom	**192**	194	175
Switzerland	**52**	68	77
Other Europe	**923**	1,078	1,038
Total Europe	**2,543**	3,163	3,183
United States	**1,941**	2,175	1,897
Asia and Other Pacific	**211**	277	300
All Other	**188**	292	306
Total Revenue by destination of shipment	**4,883**	5,907	5,686

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

NOTE 4 - 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) as defined in NOTE 2 - Summary of Significant Accounting Policies on that basis.

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.

Packaging and Automotive Rolled Products (P&ARP)

P&ARP supplies rolled aluminium products to the packaging market with canstock and closure stock for the beverage and food industry, foil stock for the flexible packaging market and to the automotive market with a number of technically sophisticated applications, such as automotive body sheet and heat exchanger materials. P&ARP operates four facilities in three countries and had approximately 3,900 employees at December 31, 2020.

Aerospace and Transportation (A&T)

A&T supplies rolled aluminium products and very limited volumes of extruded products to the aerospace market, as well as rolled products for transportation, industry and defense end-uses. A&T operates six facilities in three countries and had approximately 3,300 employees at December 31, 2020.

Automotive Structures and Industry (AS&I)

AS&I supplies hard and soft aluminium alloy extruded profiles for a range of high demand industry applications in the automotive, engineering, rail and other transportation end markets, and technologically advanced structural components to the automotive industry. AS&I operates nineteen facilities in ten countries and had approximately 4,600 employees at December 31, 2020.

Holdings & Corporate (H&C)

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 reflect market prices.

4.1 Segment Revenue

	Year ended December 31,								
	2020			2019			2018		
(in millions of Euros)	Segment revenue	Inter-segment elimination	External revenue	Segment revenue	Inter-segment elimination	External revenue	Segment revenue	Inter-segment elimination	External revenue
P&ARP	2,734	(9)	**2,725**	3,149	(10)	3,139	3,059	(9)	3,050
A&T	1,025	(23)	**1,002**	1,462	(42)	1,420	1,389	(50)	1,339
AS&I	1,167	(11)	**1,156**	1,351	(3)	1,348	1,290	(3)	1,287
H&C (A)	—	—	**—**	—	—	—	10	—	10
Total	4,926	(43)	**4,883**	5,962	(55)	5,907	5,748	(62)	5,686

(A) For the year ended December 31, 2018, H&C included revenue from supplying metal to third parties.

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

Constellium's CODM measures the profitability and financial performance of its operating segments based on Adjusted EBITDA. Adjusted EBITDA is defined as income / (loss) from continuing operations before income taxes, results from joint ventures, net finance costs, other expenses and depreciation, 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.

		Year ended December 31,		
(in millions of Euros)	Notes	2020	2019	2018
P&ARP		**291**	273	243
A&T		**106**	204	152
AS&I		**88**	106	125
H&C		**(20)**	(21)	(22)
Adjusted EBITDA		**465**	562	498
Metal price lag (A)		**(8)**	(46)	—
Start-up and development costs (B)		**(5)**	(11)	(21)
Bowling Green one-time cost related to the acquisition (C)		**—**	(5)	—
Share based compensation costs		**(15)**	(16)	(12)
(Losses) / gains on pensions plan amendments (D)	23	**(2)**	1	36
Depreciation and amortization	16, 17	**(259)**	(256)	(197)
Impairment of assets	16, 17	**(43)**	—	—
Restructuring costs	8	**(13)**	(4)	(1)
Unrealized gains / (losses) on derivatives	8	**16**	33	(84)
Unrealized exchange gains from the remeasurement of monetary assets and liabilities – net	8	**1**	—	—
(Losses) / gains on disposals (E)	8	**(4)**	(3)	186
Other (F)		**(8)**	—	(1)
Income from operations		**125**	255	404
Finance costs - net	10	**(159)**	(175)	(149)
Share of income / (loss) of joint-ventures		**—**	2	(33)
(Loss) / income before income tax		**(34)**	82	222
Income tax benefit / (expense)	12	**17**	(18)	(32)
Net (loss) / income		**(17)**	64	190

(A) Metal price lag represents the financial impact of the timing difference between when aluminium prices included within Constellium's Revenue 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) Start-up and development costs, for the years ended December 31, 2020, 2019 and 2018, were related to new projects in our AS&I operating segment.

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

(D) The Group amended one of its OPEB plans in the U.S. in 2018, which resulted in a €36 million gain for the year ended December 31, 2018.

(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 31 - Subsidiaries and Operating Segments).

(F) Other, in the year ended December 31, 2020, includes €2 million of procurement penalties and termination fees incurred because of the Group's inability to fulfill certain commitments due to the COVID-19 pandemic and a €6 million loss resulting from the discontinuation of hedge accounting for certain forecasted sales that were determined to be no longer expected to occur in light of the COVID-19 pandemic effects.

4.3 Segment capital expenditures

	Year ended December 31,		
(in millions of Euros)	**2020**	**2019**	**2018**
P&ARP	**(73)**	(96)	(97)
A&T	**(45)**	(72)	(70)
AS&I	**(61)**	(97)	(105)
H&C	**(3)**	(6)	(5)
Capital expenditures	**(182)**	(271)	(277)

4.4 Segment assets

	At December 31,	
(in millions of Euros)	**2020**	**2019**
P&ARP	**1,733**	1,951
A&T	**765**	856
AS&I	**668**	703
H&C	**274**	276
Segment assets	**3,440**	3,786
Deferred income tax assets	**193**	185
Cash and cash equivalents	**439**	184
Other financial assets	**57**	29
Total Assets	**4,129**	4,184

4.5 Information about major customers

Revenue in the P&ARP segment from sales to the Group’s largest customer was €492 million and €812 million for the years ended December 31, 2020 and December 31, 2018, respectively, and no other single customer contributed 10% or more to the Group’s revenue for 2020 and 2018. No single customer contributed 10% or more to the Group's revenue for the year ended December 31, 2019.

NOTE 5 - INFORMATION BY GEOGRAPHIC AREA

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

	At December 31,	
(in millions of Euros)	**2020**	**2019**
United States	**777**	926
France	**646**	656
Germany	**270**	250
Czech Republic	**97**	106
Other	**116**	118
Total	**1,906**	2,056

NOTE 6 - EXPENSES BY NATURE

	Year ended December 31,		
(in millions of Euros)	2020	2019	2018
Raw materials and consumables used	**(2,832)**	(3,535)	(3,561)
Employee benefit expenses	**(902)**	(1,038)	(927)
Energy costs	**(141)**	(162)	(140)
Sub-contractors	**(89)**	(100)	(92)
Freight out costs	**(122)**	(156)	(143)
Professional fees	**(73)**	(97)	(74)
Lease expenses	**(11)**	(13)	(31)
Depreciation and amortization	**(259)**	(256)	(197)
Other operating expenses	**(240)**	(272)	(270)
Other gains and losses - net	**(89)**	(23)	153
Total operating expenses	**(4,758)**	(5,652)	(5,282)

NOTE 7 - EMPLOYEE BENEFIT EXPENSES

		Year ended December 31,		
(in millions of Euros)	Notes	2020	2019	2018
Wages and salaries		**(855)**	(994)	(889)
Pension costs - defined benefit plans	23	**(23)**	(19)	(20)
Other post-employment benefits	23	**(9)**	(9)	(6)
Share-based compensation	30	**(15)**	(16)	(12)
Total employee benefit expenses		**(902)**	(1,038)	(927)

NOTE 8 - OTHER GAINS AND LOSSES - NET

		Year ended December 31,		
(in millions of Euros)	Notes	2020	2019	2018
Realized (losses) / gains on derivatives (A)		**(35)**	(49)	14
Losses reclassified from OCI as a result of hedge accounting discontinuation (B)		**(6)**	—	—
Unrealized gains / (losses) on derivatives at fair value through profit and loss - net (A)	4	**16**	33	(84)
Unrealized exchange gains from the remeasurement of monetary assets and liabilities - net	4	**1**	—	—
Impairment of assets (C)	16, 17	**(43)**	—	—
Restructuring costs (D)	24	**(13)**	(4)	(1)
(Losses) / gains on pension plan amendments (E)	23	**(2)**	1	36
(Losses) / gains on disposal (F)		**(4)**	(3)	186
Other		**(3)**	(1)	2
Total other gains and losses - net		**(89)**	(23)	153

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

(B) For the year ended December 31, 2020, we determined that a portion of the hedged forecasted sales for the second half of 2020 and 2021, to which hedge accounting was applied, were no longer expected to occur. As a result, the fair value of the related derivatives accumulated in equity was reclassified in the Consolidated Income Statement and resulted in a €6 million loss.

(C) For the year ended December 31, 2020, an impairment charge of €43 million was recognized related to some A&T cash-generating units due to the downturn in the aerospace industry resulting from the COVID-19 pandemic and some AS&I cash-generating units as a result of the review of their long-term business perspectives.

(D) For the year ended December 31, 2020, restructuring costs amounted to €13 million related to headcount reductions in Europe and in the U.S.

(E) The Group amended one of its OPEB plans in the U.S. in 2018, which resulted in a €36 million gain for the year ended December 31, 2018.

(F) 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 31 - Subsidiaries and Operating Segments).

NOTE 9 - CURRENCY GAINS / (LOSSES)

		Year ended December 31,		
(in millions of Euros)	Notes	2020	2019	2018
Included in Revenue	22	**(6)**	(7)	2
Included in Cost of sales		**(2)**	1	2
Included in Other gains and losses - net		**(19)**	9	7
Total		**(27)**	3	11
Realized exchange (losses) / gains on foreign currency derivatives - net	22	**(11)**	1	11
Losses reclassified from OCI as a result of hedge accounting discontinuation	22	**(6)**	—	—
Unrealized (losses) / gains on foreign currency derivatives - net	22	**(8)**	1	(3)
Exchange (losses) / gains from the remeasurement of monetary assets and liabilities - net		**(2)**	1	3
Total		**(27)**	3	11

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

Foreign currency translation reserve

	At December 31,	
(in millions of Euros)	2020	2019
Foreign currency translation reserve at January 1	**4**	3
Effect of currency translation differences	**(17)**	1
Foreign currency translation reserve at December 31	**(13)**	4

NOTE 10 - FINANCE COSTS - NET

(in millions of Euros)	Year ended December 31, 2020	2019	2018
Interest received	**—**	—	7
Finance income	**—**	—	7
Interest expense on borrowings (A)	**(117)**	(124)	(118)
Interest expense on leases	**(10)**	(13)	(5)
Interest cost on pension and other benefits	**(11)**	(16)	(15)
Expenses on factoring arrangements	**(10)**	(19)	(18)
Realized and unrealized (losses) / gains on debt derivatives at fair value (B)	**(32)**	13	28
Realized and unrealized exchange gains / (losses) on financing activities - net (B)	**37**	(3)	(22)
Other finance expenses (C)	**(17)**	(16)	(10)
Capitalized borrowing costs (D)	**1**	3	4
Finance expenses	**(159)**	(175)	(156)
Finance costs - net	**(159)**	(175)	(149)

(A) The Group primarily incurred, for the year ended December 31, 2020, (i) €111 million of interest related to Constellium SE Senior Notes and (ii) €3 million of interest expense and fees related to the Muscle Shoals, Ravenswood and Bowling Green asset based revolving credit facility (“Pan-U.S. ABL”). The Group primarily incurred, for the year ended December 31, 2019, (i) €115 million of interest related to Constellium SE Senior Notes and (ii) €7 million of interest expense and fees related to the Pan U.S. ABL.

(B) 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.

(C) Other finance expenses include mostly the amortization of arrangements fees related to our Senior Unsecured Notes. In addition for the year ended December 31, 2018, a €6 million net loss was incurred resulting from the modification of our loan to Constellium-UACJ ABS LLC in February 2018.

(D) Borrowing costs directly attributable to the construction of assets are capitalized. The capitalization rate was 6% for the years ended December 31, 2020, 2019 and 2018.

NOTE 11 - SHARE OF INCOME / (LOSS) OF JOINT-VENTURES

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 information presented hereafter reflects the amounts included in the Consolidated Financial Statements of Constellium-UACJ ABS LLC for the year ended December 31, 2018, in accordance with Group accounting principles and not the Company’s share of those amounts.

(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 12 - INCOME TAX

(in millions of Euros)	Year ended December 31, 2020	2019	2018
Current tax expense	**(14)**	(32)	(30)
Deferred tax benefit / (expense)	**31**	14	(2)
Total income tax benefit / (expense)	**17**	(18)	(32)

The Group's effective tax rate reconciliation is as follows:

(in millions of Euros)	Year ended December 31, 2020	2019	2018
(Loss) / income before income tax	**(34)**	82	222
Statutory tax rate applicable to parent company (A)	**32.0 %**	34.4 %	25.0 %
Income tax benefit / (expense) calculated at statutory tax rate	**11**	(28)	(55)
Effect of foreign tax rate	**2**	3	2
Changes in recognized and unrecognized deferred tax assets (B)	**15**	(10)	30
Change in tax laws and rates (C)	**—**	21	—
Other	**(11)**	(4)	(9)
Income tax benefit / (expense)	**17**	(18)	(32)
Effective income tax rate	**49 %**	22 %	14 %

(A) The parent company is a French company for the years ended December 31, 2020 and 2019, and was a Dutch company for the year ended December 31, 2018.

(B) For the year ended December 31, 2020, changes mainly related to recognized deferred tax assets on prior-year losses carried forward at one of our main operating entities in the United States, following some clarification on U.S. interest limitation rules in 2020, and the CARES Act. For the year ended December 31, 2018, changes mainly related 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 offset by the use of previously unrecognized tax losses carried forward.

(C) 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.

NOTE 13 - CASH AND CASH EQUIVALENTS

The €439 million cash in bank and on hand at December 31, 2020 included €26 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, 2019, the amount subject to these restrictions was €22 million.

NOTE 14 - TRADE RECEIVABLES AND OTHER

	At December 31,			
	2020		2019	
(in millions of Euros)	Non-current	Current	Non-current	Current
Trade receivables - gross	**—**	**345**	—	395
Impairment	**—**	**(4)**	—	(2)
Total trade receivables - net	—	**341**	—	393
Income tax receivables	**34**	**15**	35	22
Other taxes	**—**	**33**	—	35
Contract assets	**23**	**2**	16	2
Prepaid expenses	**1**	**6**	1	8
Other	**9**	**9**	8	14
Total other receivables	**67**	**65**	60	81
Total trade receivables and other	**67**	**406**	60	474

14.1 Contract assets

	At December 31,			
	2020		2019	
(in millions of Euros)	Non-current	Current	Non-current	Current
Unbilled tooling costs	**9**	**—**	16	—
Other	**14**	**2**	—	2
Total Contract assets	**23**	**2**	16	2

14.2 Aging

	At December 31,	
(in millions of Euros)	2020	2019
Not past due	**333**	380
1 – 30 days past due	**7**	10
31 – 60 days past due	**1**	3
61 – 90 days past due	**—**	—
Greater than 90 days past due	**—**	—
Total trade receivables - net	**341**	**393**

Impairment allowance

Revisions to the impairment allowance arising from changes in estimates are included as either additional allowances or recoveries. An allowance was recognized for €1.9 million and €0.4 million during the years ended December 31, 2020 and 2019, respectively.

None of the amounts included in Other receivables were deemed to be impaired for the years ended December 31, 2020 and 2019.

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.

14.3 Currency concentration

(in millions of Euros)	At December 31, 2020	2019
Euro	**143**	126
U.S. Dollar	**181**	251
Swiss franc	**6**	3
Other currencies	**11**	13
Total trade receivables - net	**341**	393

14.4 Factoring arrangements

The Group factors trade receivables under committed factoring agreements in the United States, France, Germany, Switzerland and the Czech Republic:

- In the United States, Constellium Muscle Shoals LLC is party to a factoring agreement with a maximum capacity of \$300 million and a maturity date in September 2021 and Constellium Automotive USA LLC is party to a factoring agreement with a maximum capacity of \$25 million and a maturity date in December 2021.
- The factoring agreement in place for our entities in France has a maximum capacity of €255 million (including a €20 million recourse line) and a maturity date in December 2023.
- Factoring agreements in place for our entities in Germany, Switzerland and the Czech Republic have a combined maximum capacity of €150 million and maturity dates in December 2023.

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.

These factoring agreements 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. In addition, 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 and for the years ended December 31, 2020 and December 31, 2019.

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, as the Group retains substantially all the associated risks and rewards. At December 31, 2020, the total carrying amount of the original assets factored was €514 million of which €398 million have been derecognized. At December 31, 2019, the total carrying amount of the original assets factored was €574 million of which €463 million have been derecognized.

Amounts due to the factors in respect to trade receivables sold were nil at December 31, 2020 and 2019.

NOTE 15 - INVENTORIES

(in millions of Euros)	At December 31, 2020	2019
Finished goods	**149**	203
Work in progress	**280**	321
Raw materials	**118**	106
Stores and supplies	**80**	74
Inventories write down	**(45)**	(34)
Total inventories	**582**	670

NOTE 16 - PROPERTY, PLANT AND EQUIPMENT

(in millions of Euros)	Land and Property Rights	Buildings	Machinery and Equipment	Construction Work in Progress	Other	Total
Net balance at January 1, 2020	19	366	1,451	203	17	**2,056**
Additions	—	20	76	129	3	**228**
Disposals	—	—	(3)	—	—	**(3)**
Depreciation expense	(1)	(27)	(211)	—	(10)	**(249)**
Impairment	—	(6)	(28)	(8)	—	**(42)**
Transfer and other changes	3	38	139	(189)	5	**(4)**
Effect of changes in foreign exchange rates	(1)	(12)	(63)	(3)	(1)	**(80)**
Net balance at December 31, 2020	**20**	**379**	**1,361**	**132**	**14**	**1,906**
Cost	35	559	2,473	145	48	**3,260**
Less accumulated depreciation and impairment	(15)	(180)	(1,112)	(13)	(34)	**(1,354)**
Net balance at December 31, 2020	**20**	**379**	**1,361**	**132**	**14**	**1,906**

(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	33	—	40	120	4	1	**165**
Additions		1	22	81	245	3	**352**
Disposals		—	—	(5)	—	—	**(5)**
Depreciation expense		—	(27)	(208)	—	(11)	**(246)**
Transfer		—	28	203	(242)	11	**—**
Effect 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**

Right-of-use assets

Right-of-use assets 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 January 1, 2020	116	71	3	**190**
Additions	19	33	1	**53**
Disposals	—	(1)	—	**(1)**
Depreciation expense	(12)	(22)	(2)	**(36)**
Impairment	(4)	(5)	—	**(9)**
Transfer and other changes	(4)	(1)	—	**(5)**
Effect of changes in foreign exchange rates	(3)	(3)	—	**(6)**
Net balance at December 31, 2020	**112**	**72**	**2**	**186**
Cost	142	135	4	**281**
Less accumulated depreciation and impairment	(30)	(63)	(2)	**(95)**
Net balance at December 31, 2020	**112**	**72**	**2**	**186**

The total expense relating to short-term leases, low value asset leases and variable lease payments that are still recognized as operating expenses was €11 million and €13 million for the years ended December 31, 2020 and December 31, 2019, respectively.

(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	—	(3)	—	**(3)**
Effect 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.

Depreciation expense

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

	Year ended December 31,		
(in millions of Euros)	2020	2019	2018
Cost of sales	**(240)**	(237)	(184)
Selling and administrative expenses	**(14)**	(13)	(9)
Research and development expenses	**(5)**	(6)	(4)
Total depreciation expense	**(259)**	(256)	(197)

The amount of contractual commitments for the acquisition of property, plant and equipment is disclosed in NOTE 28 - Commitments.

Impairment tests for property, plant and equipment and intangibles assets

At December 31, 2020, the downturn in the aerospace industry resulting from the COVID-19 pandemic was identified as an indicator of impairment for all the Cash Generating Units ("CGUs") in the A&T segment.

As a result, these CGUs were tested for impairment and their value in use was calculated using discounted cash flows based on a financial forecast for the period 2021-2025 prepared by management and reflecting the following key assumptions:

- Aerospace market demand is expected to be down by approximately 50% in 2021 and 2022 compared to 2019,
- Reductions in costs and capital expenditures are assumed to help partially offset weak demand,
- Profitability and cash-flows are assumed to recover in the 2023 to 2025 period, but remain below 2019 levels,
- The terminal value was determined using a perpetuity growth calculation assuming a long term growth rate of 1.5%,
- A discount rate of 9% is assumed.

This impairment test conclusion to fully impair two CGUs for €16 million (€9 million for the Montreuil-Juigné plant and €7 million for the Ussel plant) was reached in the year ended December 31, 2020.

The Group also tested the sensitivity of two other A&T CGUs to changes in cash flows, in discount rates, and in perpetuity growth rates:

- With cash-flows that are 20% lower from 2021 to 2025, including the terminal year cash flow, the recoverable value would exceed the carrying value for one CGU, and equal the carrying value for the other CGU,
- With an increase in the discount of 275 basis points, the recoverable value of one CGU would exceed the carrying value, and equal the carrying value for the other CGU,
- With a decrease in the perpetual growth rate of 400 basis points, the recoverable value of one CGU would exceed the carrying value, and equal the carrying value for the other CGU.

At December 31, 2020, management also reviewed the CGUs in the AS&I segment and identified an indicator of impairment for two Automotive Structures plants – Nanjing, China and White Georgia, U.S.

In June 2020, one of the main customers of the Nanjing plant announced a suspension of its operations as well as a strategic reorganization and the business prospects were reviewed consequently. The White Georgia plant was tested for impairment due to lower profitability than expected as a result of operational challenges faced in the implementation of a new technology developed for one specific automotive platform leading management to reassess the long-term prospects of the plant.

As a result, these two CGUs were tested for impairment and their value in use was calculated using discounted cash flows and a discount rate of 9%. Based on this analysis the conclusion to fully impair the Nanjing plant for €12 million was reached in the year ended December 31, 2020. The White Georgia plant was partially impaired for €13 million, leading to a carrying value of €11 million at December 31, 2020.

There were no other impairment indicators identified for our other CGUs at December 31, 2020.

At December 31, 2019, a triggering event was identified for the Automotive Structure USA CGUs 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. The Automotive Structure USA CGUs 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 CGUs.

NOTE 17 - INTANGIBLE ASSETS AND GOODWILL

(in millions of Euros)	Technology	Computer Software	Customer relationships	Work in Progress	Other	Total Intangible Assets	Goodwill
Net balance at January 1, 2020	21	19	14	14	2	**70**	**455**
Additions	—	—	—	4	—	**4**	**—**
Amortization expense	(1)	(8)	(1)	—	—	**(10)**	**—**
Impairment	—	(1)	—	—	—	**(1)**	**—**
Transfer	—	4	—	(4)	—	**—**	**—**
Effect of changes in foreign exchange rates	(2)	1	—	(1)	—	**(2)**	**(38)**
Net balance at December 31, 2020	18	15	13	13	2	**61**	**417**
Cost	79	76	37	14	2	**208**	**417**
Less accumulated depreciation and impairment	(61)	(61)	(24)	(1)	—	**(147)**	**—**
Net balance at December 31, 2020	18	15	13	13	2	**61**	**417**

(in millions of Euros)	Notes	Technology	Computer Software	Customer relationships	Work in Progress	Other	Total Intangible Assets	Goodwill
Net balance at January 1, 2019		22	18	15	13	2	**70**	**422**
Intangible assets acquired through business combination	33	—	—	—	—	—	**—**	**24**
Additions		—	1	—	8	—	**9**	**—**
Amortization expense		(1)	(8)	(1)	—	—	**(10)**	**—**
Transfer		—	7	—	(7)	—	**—**	**—**
Effect of changes in foreign exchange rates		—	1	—	—	—	**1**	**9**
Net balance at December 31, 2019		21	19	14	14	2	**70**	**455**
Cost		87	73	39	16	2	**217**	**455**
Less accumulated depreciation and impairment		(66)	(54)	(25)	(2)	—	**(147)**	**—**
Net balance at December 31, 2019		21	19	14	14	2	**70**	**455**

Impairment tests for goodwill

Goodwill in the amount of €417 million has been allocated: €410 million to P&ARP, €5 million to A&T and €2 million to AS&I.

At December 31, 2020, the recoverable amount of our operating segments has been determined based on value in use calculations, using discounted cash-flows.

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 analysis is based on forecasted cash flows that grow to management's estimate of a normalized level by 2025 and then at a long term growth rate of 1.5% thereafter. The discount rate applied to the cash-flow projections is 9%. Based on this analysis, the carrying value of €1,203 million remained below the recoverable value of €2,290 million at December 31, 2020 and therefore there is no goodwill impairment at the P&ARP operating segment.

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.

- The discount rate used represents 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 rate used to extrapolate cash flows beyond the forecast year was developed internally and is consistent with external sources of information.

An increase in the discount rate by 700 basis points or a decrease in the perpetual growth rate by 900 basis points would not lead to a goodwill impairment. With cash-flows that are 40% lower from 2021 to 2025 including the terminal year cash flow, the recoverable value still exceeds the carrying value.

NOTE 18 - DEFERRED INCOME TAXES

(in millions of Euros)	At December 31, 2020	At December 31, 2019
Deferred income tax assets	**193**	185
Deferred income tax liabilities	**(10)**	(24)
Net deferred income tax assets	**183**	161

(in millions of Euros)	At January 1, 2020	Acquisitions	Recognized in Profit or loss	Recognized in OCI	FX	At December 31, 2020
Long-term assets	(99)	—	(16)	—	9	**(106)**
Inventories	8	—	(3)	—	—	**5**
Pensions	127	—	(1)	5	(5)	**126**
Derivative valuation	6	—	(4)	(7)	—	**(5)**
Tax losses carried forward	75	—	49	—	(8)	**116**
Other (A)	44	—	6	—	(3)	**47**
Net deferred income tax assets	**161**	**—**	**31**	**(2)**	**(7)**	**183**

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

(in millions of Euros)	At January 1, 2019	Acquisitions	Recognized in Profit or loss	Recognized in OCI	FX and reclassifications	At December 31, 2019
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**
Net deferred income tax assets	**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.

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 on net deferred tax asset recovery, with specific focus on tax jurisdictions with unused tax losses carried forward.

Management considered that recent losses are not expected to be recurring and do not challenge the profitable long term structure of its business models. In addition, tax planning opportunities are available to increase the taxable profit and the use of tax losses in the period the unused long-term limited and unlimited tax losses can be utilized.

Management concludes that it is more likely than not that the net deferred tax asset balance of €183 million and €161 million at December 31, 2020 and 2019, respectively, 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 €920 million and €1,009 million at December 31, 2020 and 2019, respectively, 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 €224 million and €259 million at December 31, 2020 and 2019, respectively, is attributable to the following:

	At December 31,	
(in millions of Euros)	**2020**	**2019**
Expiring within 5 years	**(3)**	(2)
Expiring after 5 years and limited	**(55)**	(62)
Unlimited	**(23)**	(20)
Tax losses	**(81)**	(84)
Long-term assets	**(91)**	(104)
Pensions	**(16)**	(20)
Other	**(36)**	(51)
Deductible temporary differences	**(143)**	(175)
Total	**(224)**	(259)

Substantially all of the tax losses not expected to be used reside in the United States at December 31, 2020.

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 and 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 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, 2020 and 2019, 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 19 - TRADE PAYABLES AND OTHER

	At December 31,			
	2020		2019	
(in millions of Euros)	Non-current	Current	Non-current	Current
Trade payables	**—**	**626**	—	711
Fixed assets payables	**—**	**27**	—	43
Employees' entitlements	**—**	**143**	—	171
Taxes payable other than income tax	**—**	**15**	—	14
Contract liabilities and other liabilities to customers	**3**	**81**	6	54
Other payables	**29**	**13**	15	6
Total Other	**32**	**279**	21	288
Total Trade payables and other	**32**	**905**	21	999

Contract liabilities and other liabilities to customers

	At December 31,			
	2020		2019	
(in millions of Euros)	Non-current	Current	Non-current	Current
Deferred tooling revenue	**2**	**—**	2	—
Advance payment from customers	**—**	**2**	2	5
Unrecognized variable consideration (A)	**1**	**72**	2	46
Other	**—**	**7**	—	3
Total contract liabilities and other liabilities to customers	**3**	**81**	6	54

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

Revenue of €31 million that related to contract liabilities at December 31, 2019 was recognized in the year ended December 31, 2020. Revenue of €60 million generated in the year ended December 31, 2020 was deferred.

Revenue of €57 million that related to contract liabilities at January 1, 2019 was recognized in the year ended December 31, 2019. Revenue of €62 million generated in the year ended December 31, 2019 was deferred.

NOTE 20 - BORROWINGS

20.1 Analysis by nature

(in millions of Euros)	At December 31, 2020							2019
	Nominal Value in Currency		Nominal rate	Nominal Value in Euros	(Arrangement fees)	Accrued interests	Carrying value	Carrying value
Secured Pan-U.S. ABL (due 2022)	$	—	Floating	—	—	—	**—**	127
Secured U.S. DDTL (due 2022) (A)	$	—	Floating	**—**	**—**	**—**	**—**	—
Secured PGE French Facility (due 2026) (B)	€	180	Floating	**180**	**—**	**—**	**180**	—
Secured German Facility (due 2022) (C)	€	—	2.000 %	**—**	**—**	**—**	**—**	—
Secured Inventory Facility (due 2021)	€	—	Floating	**—**	**—**	**—**	**—**	—
Senior Unsecured Notes (D)								
Issued May 2014 and due 2024	$	400	5.750 %	**326**	**(3)**	**2**	**325**	355
Issued May 2014 and due 2021	€	—	4.625 %	**—**	**—**	**—**	**—**	200
Issued February 2017 and due 2025	$	650	6.625 %	**530**	**(8)**	**12**	**534**	582
Issued November 2017 and due 2026	$	500	5.875 %	**407**	**(5)**	**9**	**411**	449
Issued November 2017 and due 2026	€	400	4.250 %	**400**	**(5)**	**6**	**401**	400
Issued June 2020 and due 2028 (E)	$	325	5.625 %	**265**	**(6)**	**1**	**260**	—
Unsecured Revolving Credit Facility (due 2021) (F)	€	—	Floating	—	—	—	—	—
Unsecured Swiss Facility (due 2025) (G)	CHF	20	1.180 %	**18**	**—**	**—**	**18**	—
Unsecured German Facility (due 2022) (C)	€	—	2.120 %	**—**	**—**	**—**	**—**	—
Lease liabilities				**194**	**—**	**1**	**195**	188
Other loans (H)				**66**	**—**	**1**	**67**	60
Total Borrowings				**2,386**	**(27)**	**32**	**2,391**	**2,361**
Of which non-current							**2,299**	2,160
Of which current							**92**	201

(A) The Pan-U.S. ABL was amended on April 24, 2020 to include a delayed draw term loan (the “U.S. DDTL”) of up to the lesser of $166 million and 50% of the net orderly liquidation value of certain eligible equipment (the Pan-U.S. ABL and the U.S. DDTL are collectively referred to as the “U.S. revolving credit facilities").The U.S. revolving credit facilities were further amended on September 25, 2020 to, among other things, extend the delayed draw term loan commitment expiration date to May 1, 2021.

(B) On May 13, 2020, one of our French entities entered into a fully committed term loan with a syndicate of banks (the “PGE French Facility”) for an aggregate amount of up to €180 million, of which 80% is guaranteed by the French State. Bpifrance Financement, a related party, provided €30 million of the PGE French Facility. The PGE French Facility will mature no earlier than May 20, 2021, and the borrower has the option to extend the PGE French Facility for up to five years. The facility bears interest at an annual rate equal to EURIBOR (floored at zero) plus a margin of 1.3% per annum in the first year, increasing by 0.50% per annum annually thereafter. The cost of the French State guarantee initially equals to 0.5% per annum of the total amount of the loan and will step up to 1% for each of the second and third years and to 2% for each of the fourth, fifth and sixth years. The PGE French facility has been recorded at amortized cost assuming a two-year draw resulting in an effective interest rate of 2.5%.

(C) On July 15, 2020, two of our German entities entered into two credit facilities of €25 million each of which 80% is guaranteed by the German State.

(D) Senior Unsecured Notes have been issued by Constellium SE and are guaranteed by certain subsidiaries.

(E) On June 30, 2020, Constellium SE issued $325 million of 5.625% Senior Notes due 2028. Deferred arrangement fees were €6 million. A portion of the net proceeds from the issuance was used to repurchase the remaining €200 million of the 4.625% Senior Notes due 2021.

(F) The Unsecured Revolving Credit Facility of one of our French entities has a €3 million borrowing base and is provided by Bpifrance Financement, a related party.

(G) On May 22, 2020, Constellium Valais entered into an uncommitted revolving credit facility for an amount of CHF20 million, of which 85% is guaranteed by the Swiss state. This facility may be terminated by either party at any time.

(H) Other loans include €44 million of financial liabilities relating to the sale and leaseback of assets that were considered to be financing arrangements in substance.

20.2 Securities against borrowings and covenants

Assets pledged as security

Constellium has pledged assets and financial instruments as collateral against certain of its borrowings.

Pan-U.S. ABL and U.S. DDTL (" U.S. revolving credit facilities")

Obligations under these facilities are, subject to certain permitted liens, secured by substantially all assets of Ravenswood, Muscle Shoals, and Bowling Green.

PGE French Facility

Obligations under the PGE French Facility are secured by pledges of (i) the shares of Constellium Issoire S.A.S. and Constellium Neuf-Brisach S.A.S. owned by Constellium France Holdco S.A.S., and (ii) certain French bank accounts of Constellium International S.A.S., Constellium Issoire S.A.S. and Constellium Neuf-Brisach S.A.S.

Secured German Facility

Obligations under the Secured German Facility are secured by a charge on the land of the Constellium Singen GmbH.

French Inventory Facility

Obligations under the Secured Inventory Facility of Constellium Issoire S.A.S. and Constellium Neuf-Brisach S.A.S. (the “French Inventory Facility”) are secured by possessory and non-possessory pledges of the eligible inventory of Constellium Issoire S.A.S. and Constellium Neuf-Brisach S.A.S.

Lease liabilities

Lease liabilities are generally secured as the rights to the leased assets recognized in the financial statements revert to the lessor in the event of default.

Covenants

The Group was in compliance with all applicable debt covenants at and for the years ended December 31, 2020 and 2019.

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 restrictions on dividends 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 and U.S. DDTL (" U.S. revolving credit facilities")

These facilities contain 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.

PGE French Facility

The PGE French Facility contains a net debt leverage covenant and an interest coverage ratio covenant with semi-annual testing dates beginning on June 30, 2021.

The PGE French Facility also contains customary terms and conditions, including, amongst other things, negative covenants and limitations on incurring additional indebtedness, on selling assets, on certain corporate transactions and reorganizations, on making loans and advances and on entering into certain derivative transactions.

Unsecured German Facility

The unsecured German Facility has an interest coverage covenant applicable if the facility is drawn.

20.3 Movements in borrowings

		At December 31,	
(in millions of Euros)	**Notes**	**2020**	**2019**
At December 31, prior period		**2,361**	2,151
IFRS 16 application		—	102
At January 1		**2,361**	2,253
Cash flows			
Proceeds from issuance of Senior Notes		**290**	—
Repayment of Senior Notes (A)		**(200)**	(100)
(Repayments) / proceeds from U.S. revolving credit facilities		**(129)**	105
Proceeds from other borrowings		**202**	8
Repayments from other borrowings		**(10)**	(4)
Lease repayments		**(35)**	(86)
Payment of deferred financing costs		**(6)**	—
Non-cash changes			
Borrowings assumed through business combination	33	**—**	75
Movement in interests accrued or capitalized		**(1)**	1
Changes in leases and other loans		**62**	75
Deferred arrangement fees		**5**	5
Effects of changes in foreign exchange rates		**(148)**	29
At December 31		**2,391**	2,361

(A) On August 8, 2019, €100 million of the €300 million outstanding aggregate principal amount of the 4.625% Senior Notes due 2021 were redeemed. On June 30, 2020, the remaining €200 million were redeemed.

20.4 Currency concentration

	At December 31,	
(in millions of Euros)	**2020**	**2019**
U.S. Dollar	**1,602**	1,597
Euro	**757**	746
Other currencies	**32**	18
Total borrowings	**2,391**	2,361

NOTE 21 - FINANCIAL INSTRUMENTS

21.1 Financial assets and liabilities by categories

		At December 31,							
		2020				2019			
(in millions of Euros)	Notes	At amortized cost	At Fair Value through Profit and loss	At Fair Value through OCI	Total	At amortized cost	At Fair Value through Profit and loss	At Fair Value through OCI	Total
Cash and cash equivalents	13	439	—	—	**439**	184	—	—	184
Trade receivables	14	—	—	341	**341**	—	—	393	393
Other financial assets		3	40	14	**57**	—	29	—	29
Total		442	40	355	**837**	184	29	393	606

		At December 31,							
		2020				2019			
(in millions of Euros)	Notes	At amortized cost	At Fair Value through Profit and loss	At Fair Value through OCI	Total	At amortized cost	At Fair Value through Profit and loss	At Fair Value through OCI	Total
Trade payables and fixed assets payables	19	653	—	—	**653**	754	—	—	754
Borrowings	20	2,391	—	—	**2,391**	2,361	—	—	2,361
Other financial liabilities		—	85	2	**87**	—	44	14	58
Total		3,044	85	2	**3,131**	3,115	44	14	3,173

21.2 Fair values

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, November 2017 and June 2020 account for 102%, 102%, 103% and 108% respectively of the nominal value and amount to €333 million, €543 million, €830 million and €285 million, respectively, at December 31, 2020.

All derivatives are presented at fair value in the Consolidated Statement of Financial Position. The fair values of the other financial assets and liabilities approximate their carrying values, as a result of their liquidity or short maturity.

	At December 31,					
	2020			2019		
(in millions of Euros)	Non-current	Current	Total	Non-current	Current	Total
Aluminium and premium future contracts	1	18	**19**	*1*	*8*	*9*
Other future contracts	1	1	**2**	—	—	—
Currency commercial contracts	16	17	**33**	*5*	*12*	*17*
Currency net debt derivatives	—	—	**—**	*1*	*2*	*3*
Margin call (A)	—	3	**3**	—	—	—
Other financial assets - derivatives	**18**	**39**	**57**	**7**	**22**	**29**
Aluminium and premium future contracts	3	6	**9**	*4*	*10*	*14*
Energy future contracts	—	—	**—**	—	*1*	*1*
Other future contracts	—	1	**1**	*2*	*4*	*6*
Currency commercial contracts	4	28	**32**	*12*	*16*	*28*
Currency net debt derivatives	34	11	**45**	*5*	*4*	*9*
Other financial liabilities - derivatives	**41**	**46**	**87**	**23**	**35**	**58**

(A) At December 31, 2020, the €3 million margin call asset position was related to foreign currency derivatives.

21.3 Valuation hierarchy

The following table provides an analysis of financial instruments measured at fair value, grouped into levels based on the degree to which the fair value is observable:

- Level 1 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 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. The present value of future cash flows based on the forward or on the spot exchange rates at the balance sheet date is used to value foreign exchange derivatives.
- Level 3 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,							
	2020				2019			
(in millions of Euros)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Other financial assets - derivatives	20	37	—	**57**	8	21	—	29
Other financial liabilities - derivatives	9	78	—	**87**	19	39	—	58

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, 2020 and 2019.

NOTE 22 - FINANCIAL RISK MANAGEMENT

The Group's financial risk management strategy focuses on minimizing the cash flow impacts of volatility in foreign currency exchange rates and metal prices, 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, commodity price and interest rate risks; (ii) credit risk and (iii) liquidity and capital management risk.

The Group's financial institution counterparties may require margin calls should the mark-to-market of our derivatives hedging foreign exchange and commodity price risks exceed a pre-agreed contractual limit. In order to protect from 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. In addition, the Group (i) ensures that financial counterparts hedging transactional exposure are also hedging foreign currency loan and deposit exposures and (ii) holds a significant liquidity buffer in cash or in availability under its various borrowing facilities.

22.1 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 has the following foreign exchange risk: i) transaction exposures, which include commercial transactions related to forecasted sales and purchases and on-balance sheet receivables/payables resulting from such transactions and financing transactions related to external and internal net debt, and ii) translation exposures, which relate to net investments in foreign entities that are converted in Euros in the Consolidated Financial Statements.

i. 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 at December 31, 2020.

Forward derivative sales	Maturity Year	Less than 1 year	Over 1 year
USD/EUR	2021-2025	**508**	**246**
EUR/CHF	2021-2024	**82**	**26**
EUR/CZK	2021	**21**	**—**
Other currencies	2021	**6**	**—**

Forward derivative purchases	Maturity Year	Less than 1 year	Over 1 year
USD/EUR	2021-2024	**624**	**61**
EUR/CHF	2021-2025	**128**	**44**
EUR/CZK	2021-2022	**85**	**29**
Other currencies	2021	**—**	**—**

The Group has agreed to supply a major customer with fabricated metal products from a Euro functional currency entity and invoices in U.S. Dollars. The Group entered into significant foreign exchange derivatives that matched related highly probable future conversion sales. The Group designates these derivatives for hedge accounting, with a total nominal amount of $330 million and $233 million at December 31, 2020 and December 31, 2019 respectively, with maturities ranging from 2021 to 2025.

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, 2020	2019	2018
Derivatives that do not qualify for hedge accounting				
Included in Other gains and losses - net				
Realized (losses) / gains on foreign currency derivatives - net	9	**(4)**	7	7
Unrealized (losses) / gains on foreign currency derivatives - net (A)	9	**(9)**	2	(1)
Derivatives that qualify for hedge accounting				
Included in Other comprehensive income / (loss)				
Unrealized gains / (losses) on foreign currency derivatives - net		**20**	(15)	(23)
Gains / (losses) reclassified from cash flow hedge reserve to Consolidated Income Statement		**6**	7	(2)
Included in Revenue (B)				
Realized (losses) / gains on foreign currency derivatives - net	9	**(7)**	(6)	4
Unrealized gains / (losses) on foreign currency derivatives - net	9	**1**	(1)	(2)
Derivatives discontinued from hedge accounting				
Included in Other gains and losses - net				
Losses reclassified from OCI as a result of hedge accounting discontinuation (C)	9	**(6)**	—	—

(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.

(B) Derivatives that qualify for hedge accounting are included in Revenue when the related customer invoices have been issued.

(C) In the year ended December 31, 2020, we determined that a portion of the hedged forecasted sales for 2020 and 2021, to which hedge accounting was applied, was no longer expected to occur. As a result, the fair value of the related derivatives accumulated in equity was reclassified in the Consolidated Income Statement and resulted a €6 million loss.

ii. 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, 2020, the net position hedged related to loans and deposits was $518 million versus the Euro. This comprised of a forward purchase of $565 million versus the Euro using cross-currency basis swaps, and a forward sale of $47 million versus the Euro using simple foreign exchange forward contracts.

(in millions of Euros)	Year ended December 31, 2020	2019	2018
Derivatives			
Included in Finance costs - net			
Realized gains on foreign currency derivatives - net	**7**	9	5
Unrealized (losses) / gains on foreign currency derivatives - net	**(39)**	4	23
Total	**(32)**	13	28

In accordance with the Group policy, total realized and unrealized gains or losses on foreign currency derivatives are expected to offset the net foreign exchange result related to financing activities, both included in Finance costs - net.

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	(2)	
Derivatives on commercial transactions (A)	23	(30)
Net commercial transaction exposure	23	(30)
Cash in Bank and intercompany loans	123	
Borrowings	(170)	
Derivatives on financing transactions	47	
Net financing transaction exposure	—	—
Total	**23**	**(30)**

(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 of €30 million relates to derivatives hedging future sales spread from 2021 to 2025 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.

iii. Translation exposures

Foreign exchange impacts related to the translation of net investments in foreign subsidiaries from functional currency to Euro, and of the 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 a nominal amount of CHF174 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. A loss of €3 million related to these forward contracts was included in Currency translation differences within Other comprehensive income since 2019.

Foreign exchange sensitivity on translation exposures

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	3	30

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

iv. Foreign exchange margin calls

At December 31, 2020, the margin requirement related to foreign exchange hedges amounted to €3 million paid as collateral to counterparties. At December 31, 2019, the margin requirement related to foreign exchange hedges was not material and the Group was not exposed to material margin call risk.

22.2 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 regional premiums 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 these commodities.

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, 2020, the nominal amount of commodity derivatives is as follows:

(in millions of Euros)	Maturity	Less than 1 year	Over 1 year
Aluminium	2021-2024	**238**	**30**
Premium	2021-2025	**7**	**6**
Copper	2021-2022	**4**	**4**
Silver	2021	**2**	**—**
Natural gas	2021-2022	**4**	**1**
Zinc	2021-2023	**4**	**5**

The value of the contracts will fluctuate due to changes in market prices but our hedging strategy helps protect the Group's margin on future conversion and fabrication activities. At December 31, 2020, 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 and losses - net.

	Year ended December 31,		
(in millions of Euros)	2020	2019	2018
Derivatives			
Included in Other gains and losses - net			
Realized (losses) / gains on commodity derivatives - net	**(31)**	(56)	7
Unrealized gains / (losses) on commodity derivatives - net	**25**	31	(83)

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, 2020 (before tax), with all other variables held constant, was estimated to be a €27 million gain. The balances of such financial instruments may change in future years, and therefore these amounts may not be indicative of future results.

Commodity Margin Calls

At December 31, 2020 and 2019, there was no margin requirement related to aluminium or any other commodity hedges.

22.3 Interest rate risk

Interest rate risk refers to the risk that the value or cash flows of financial instruments with variable rates will fluctuate. 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 earning interest at variable interest rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. At December 31, 2020, the Group's borrowings were mainly at fixed rates.

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

The impact on income before income tax 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, 2020 and 2019, with all other variables held constant, was estimated to be approximately €1 million for the years ended December 31, 2020, and 2019. However, the balances of such financial instruments may not remain constant in future years, and therefore these amounts may not be indicative of future results.

22.4 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, 2020 is the carrying value of each class of financial asset as described in NOTE 21 - Financial Instruments. The Group does not generally hold any collateral as security.

i. 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,			
	2020		2019	
	Number of financial counterparties (A)	Exposure (in millions of Euros)	Number of financial counterparties (A)	Exposure (in millions of Euros)
Rated Aa or better	**3**	**120**	2	83
Rated A	**8**	**282**	9	81
Rated Baa	**2**	**20**	3	5
Total	**13**	**422**	14	169

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

ii. 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 14 - Trade Receivables and Other for the aging of trade receivables.

22.5 Liquidity and capital risk management

The Group's capital structure includes shareholder's equity, borrowings and various third-party financing 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, 2020, the borrowing base for the U.S revolving credit facilities, the French Inventory Facility, and the German Facilities were €396 million, €74 million, and €50 million, respectively. After deduction of amounts drawn and letters of credit, the Group had €514 million outstanding availability under these revolving credit facilities.

At December 31, 2020, liquidity was €981 million, comprised of €439 million of cash and cash equivalents and €542 million of available undrawn facilities, including the €514 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, 2020 and 2019, respectively, to the contractual maturity date.

	At December 31,					
	2020			2019		
(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	—
Net cash flows from derivative assets related to currencies and commodities	**33**	**13**	—	21	9	—
Total	**33**	**13**	—	24	13	—

(in millions of Euros)	Notes	At December 31, 2020 Less than 1 year	2020 Between 1 - 5 years	2020 After 5 years	2019 Less than 1 year	2019 Between 1 - 5 Years	2019 After 5 years
Financial liabilities							
Borrowings (A)		**10**	**1,089**	**1,093**	139	589	1,438
Leases		**41**	**110**	**94**	40	113	88
Interest (B)		**114**	**398**	**60**	112	404	85
Net debt derivatives		**10**	**30**	**—**	4	—	—
Net cash flows from derivative liabilities related to currencies and commodities		**32**	**7**	**—**	31	25	—
Trade payables and other (excluding contract liabilities)	19	**824**	**29**	**—**	945	15	—
Total		**1,031**	**1,663**	**1,247**	1,271	1,146	1,611

(A) At December 31, 2019, borrowings include the Pan-U.S. ABL, which is considered short-term in nature and is included in the category "Less than 1 year".

(B) Interest disclosed is an undiscounted forecasted interest amount that excludes interest on leases.

NOTE 23 - PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Group operates a number of pensions, other post-employment benefits and other long-term employee benefit plans. Some of these plans are defined contribution plans and some are defined benefit plans, with assets held in separate trustee-administered funds. Benefits paid through pension trusts are sufficiently funded to ensure the payment of benefits to retirees when they become due.

Actuarial valuations are reflected in the Consolidated Financial Statements as described in NOTE 2.6 - Principles governing the preparation of the Consolidated Financial Statements.

23.1 Description of the plans

Pension plans

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

Other post-employment benefits (OPEB)

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

Other long-term employee benefits

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

23.2 Description of risks

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 that aims to reduce the volatility of returns and achieve a matching of the underlying liabilities to minimize the long-term costs. This is achieved by investing in a diversified selection of asset classes.

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 assets 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, 2020, impacts of the change on the defined benefit obligation of a 50 basis points increase / decrease in the discount rates are calculated by using a proxy based on the duration of each scheme:

(in millions of Euros)	50 bp increase in discount rates	50 bp decrease in discount rates
France	(11)	11
Germany	(9)	10
Switzerland	(26)	28
United States	(33)	33
Total sensitivity on Defined Benefit Obligations	**(79)**	**82**

Longevity risk

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the plan's liability.

23.3 Actuarial assumptions

Pension and other post-employment benefit obligations were updated based on the discount rates applicable at December 31, 2020.

	At December 31,					
	2020			2019		
	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%**	**—**	**0.00%**	1.50%	—	0.15%
U.S.	**—**	**—**	**—**	—	—	—
Hourly pension	**2.20%**	**—**	**2.45% - 2.65%**	2.20%	—	3.15% - 3.25%
Salaried pension	**3.80%**	**—**	**2.55%**	3.80%	—	3.25%
OPEB (A)	**3.80%**	**—**	**2.50% - 2.80%**	3.80%	—	3.20% - 3.40%
Other benefits	**3.80%**	**—**	**2.20% - 2.55%**	3.80%	—	3.00% - 3.20%
France	**1.50% - 3.50%**	**2.00%**	**—**	1.50% - 3.50%	2.00%	—
Retirements	**—**	**—**	**0.50%**	—	—	0.95%
Other benefits	**—**	**—**	**0.40%**	—	—	0.80%
Germany	**2.50%**	**1.50%**	**0.55%**	2.75%	1.70%	1.00%

(A) The other main financial assumptions used for the OPEB healthcare plans, which are predominantly in the U.S. were:
- Medical trend rate: i) pre-65: 6.25% starting in 2020 decreasing gradually to 4.50% in 2029 and stable onwards and ii) post-65: 6.00% starting in 2020 decreasing gradually to 4.50% in 2029 and stable onwards, and
- Claims costs are based on company experience.

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

23.4 Amounts recognized in the Consolidated Statement of Financial Position

	At December 31,					
	2020			2019		
(in millions of Euros)	Pension Benefits	Other Benefits	Total	Pension Benefits	Other Benefits	Total
Present value of funded obligation	772	—	**772**	768	—	768
Fair value of plan assets	(458)	—	**(458)**	(445)	—	(445)
Deficit of funded plans	314	—	**314**	323	—	323
Present value of unfunded obligation	134	216	**350**	127	220	347
Net liability arising from defined benefit obligation	448	216	**664**	450	220	670

23.5 Movement in net defined benefit obligations

	At December 31, 2020				
	Defined benefit obligations				
(in millions of Euros)	Pension benefits	Other benefits	Total	Plan Assets	Net defined benefit liability
At January 1, 2020	895	220	**1,115**	(445)	**670**
Included in the Consolidated Income Statement					
Current service cost	21	7	**28**	—	**28**
Interest cost / (income)	13	6	**19**	(8)	**11**
Past service cost	—	2	**2**	—	**2**
Immediate recognition of gains 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	—	—	**—**	(28)	**(28)**
—changes in financial assumptions	51	16	**67**	—	**67**
—changes in demographic assumptions	(6)	(4)	**(10)**	—	**(10)**
—experience losses	(4)	1	**(3)**	—	**(3)**
Effects of changes in foreign exchange rates	(27)	(17)	**(44)**	20	**(24)**
Included in the Consolidated Statement of Cash Flows					
Benefits paid	(41)	(18)	**(59)**	34	**(25)**
Contributions by the Group	—	—	**—**	(28)	**(28)**
Contributions by the plan participants	4	1	**5**	(5)	**—**
At December 31, 2020	906	216	**1,122**	(458)	**664**

(in millions of Euros)	At December 31, 2019				
	Defined benefit obligations				
	Pension benefits	Other benefits	Total	Plan Assets	Net defined benefit liability
At January 1, 2019	789	201	990	(380)	610
Included 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 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

23.6 Benefit plan amendments

In 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 resulted in the recognition of a gain of €36 million from negative past service cost, which was reduced by €3 million in 2019 and €2 million in 2020 to reflect delays in the estimated implementation timetable (see 23.7 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 a 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.

23.7 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 “District Court”) seeking to enjoin the Plan changes and to compel arbitration. The District 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 in the District Court to vacate this decision, which was denied in June 2020. In July 2020, Ravenswood appealed that denial to the Fourth Circuit Court of Appeals and that court decision is still pending. The Group intends to continue to vigorously defend this matter as it believes it has a strong legal position and 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. An arbitration was held in August 2020, briefs were submitted and the arbitrator issued his decision on November 4, 2020 denying the Union's grievance. The Union had until February 2, 2021 to appeal such decision but it did not, thus this matter is now considered fully closed.

23.8 Net defined benefit obligations by country

	At December 31,					
	2020			2019		
(in millions of Euros)	Defined benefit obligations	Plan assets	Net defined benefit liability	Defined benefit obligations	Plan assets	Net defined benefit liability
France	168	(5)	**163**	161	(3)	158
Germany	143	(1)	**142**	144	(1)	143
Switzerland	310	(223)	**87**	299	(214)	85
United States	500	(229)	**271**	510	(227)	283
Other countries	1	—	**1**	1	—	1
Total	1,122	(458)	**664**	1,115	(445)	670

23.9 Plan asset categories

	At December 31,					
	2020			2019		
(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	8	—	**8**	5	—	5
Equities	109	64	**173**	119	51	170
Bonds	106	103	**209**	102	105	207
Property	8	46	**54**	14	37	51
Other	1	13	**14**	1	11	12
Total fair value of plan assets	232	226	**458**	241	204	445

23.10 Cash flows

Expected contributions to pension and other benefit plans amount to €24 million and €15 million, respectively, for the year ending December 31, 2021.

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,	
2021	**49**
2022	**48**
2023	**49**
2024	**53**
2025	**52**
2026 to 2030	**275**

The weighted-average maturity of the defined benefit obligations was 14.2 years and 14.1 years at December 31, 2020 and 2019, respectively.

NOTE 24 - PROVISIONS

(in millions of Euros)	Close down and environmental remediation costs	Restructuring costs	Legal claims and other costs	Total
At January 1, 2020	90	4	28	**122**
Allowance	2	13	7	**22**
Amounts used	(1)	(10)	(1)	**(12)**
Unused amounts reversed	(2)	(1)	(7)	**(10)**
Unwinding of discounts	2	—	—	**2**
Effects of changes in foreign exchange rates	(3)	—	—	**(3)**
Transfer	—	—	—	**—**
At December 31, 2020	**88**	**6**	**27**	**121**
Current	7	4	12	**23**
Non-Current	81	2	15	**98**
Total Provisions	**88**	**6**	**27**	**121**

(in millions of Euros)	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	—	—	(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**

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. At December 31, 2020, the average discount rate was negative. An increase in the discount rate by 500 basis points would not change the provision by more than €1 million.

These provisions are expected to be settled over the next 40 years depending on the nature of the disturbance and the technical remediation plans.

Restructuring costs

For the year ended December 31, 2020, restructuring costs amounted to €13 million related to headcount reductions in Europe and in the U.S.

Legal claims and other costs

(in millions of Euros)	At December 31, 2020	2019
Litigation	**21**	21
Disease claims (A)	**5**	4
Other	**1**	3
Total Provisions for legal claims and other costs	**27**	**28**

(A) 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 developing 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, 2020, seven cases in which gross negligence is alleged ("faute inexcusable") remain outstanding (seven at December 31, 2019), the average amount per claim being around €0.3 million. The average settlement amount per claim in 2020 was around €0.7 million and in 2019 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 was subject to an arbitration by a customer claiming that Constellium had supplied defective products as a result of which the customer alleged it had suffered significant damages. The Group considered that this claim was without merit on both technical and legal grounds and believed it was not probable that the claim would result in a loss. This matter was satisfactorily resolved in 2020.

NOTE 25 - NON-CASH INVESTING AND FINANCING TRANSACTIONS

Property, plant and equipment acquired through leases or financed by third parties amounted to €66 million, €75 million and €28 million for the years ended December 31, 2020, 2019 and 2018, 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 €14 million, €8 million and €8 million for the years ended December 31, 2020, 2019 and 2018, respectively. They are excluded from the Statement of Cash flows as non-cash financing activities.

NOTE 26 - SHARE CAPITAL

Share capital amounted to €2,799,253.44 at December 31, 2020, divided into 139,962,672 ordinary shares, each with a nominal value of two cents and fully paid-up. All shares are of the same class and have the right to one vote.

		(in millions of Euros)	
	Number of shares	**Share capital**	**Share premium**
At January 1, 2020	137,867,418	3	420
New shares issued (A)	2,095,254	—	—
At December 31, 2020	**139,962,672**	**3**	**420**

(A) Constellium SE issued and delivered 2,095,254 ordinary shares to certain employees and directors related to share-based compensation plans.

For the year ended December 31, 2020, there were 6,402,289 potential ordinary shares that could have a dilutive impact but were considered antidilutive due to negative earnings.

NOTE 27 - COVID-19-RELATED GOVERNMENT ASSISTANCE

In the year ended December 31, 2020, the Group received government assistance in various forms, including government-guaranteed facilities in France, Germany, and Switzerland (see NOTE 20 - Borrowings), as well as subsidies to compensate for the cost of employees furloughed as a result of the COVID-19 pandemic in various jurisdictions. These subsidies were recognized where there was reasonable assurance that they would be received and all attached conditions would be complied with. For the year ended December 31, 2020, COVID-19-related subsidies in the amount of €22 million were accounted for as a deduction of employee benefit expenses.

NOTE 28 - COMMITMENTS

Non-cancellable lease commitments

Non-cancellable lease commitments relate to the future aggregate minimum lease payments under non-cancellable leases still recognized as expense.

	At December 31,	
(in millions of Euros)	**2020**	**2019**
Less than 1 year	**6**	5
1 to 5 years	**11**	10
More than 5 years	**5**	1
Total non-cancellable lease minimum payments	**22**	16

Tangible and intangible asset commitments

	At December 31,	
(in millions of Euros)	**2020**	**2019**
Computer Software	**1**	2
Property, plant and equipment	**48**	89
Total tangible and intangible asset commitments	**49**	91

NOTE 29 - RELATED PARTIES

Subsidiaries and affiliates

A list of the principal companies controlled by the Group is presented in NOTE 31 - Subsidiaries and Operating Segments. Transactions between consolidated companies are eliminated when preparing the Consolidated Financial Statements.

Shareholders

One of our French entities entered into a fully committed term loan facility with a syndicate of banks (the "PGE French Facility") on May 13, 2020 for an aggregate amount of up to €180 million, of which 80% is guaranteed by the French State. Bpifrance Financement, an affiliate of one of the shareholders of Constellium SE, Bpifrance Participations S.A., provided €30 million of the PGE French Facility.

On March 28, 2018, Constellium Issoire entered into a three-year, €10 million unsecured revolving credit facility with Bpifrance Financement. At December 31, 2020, the availability under this revolving credit facility amounted to €3 million.

Key management remuneration

The Group's key management comprises the Board members and the Executive committee members effectively present in 2020.

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 retainers fees, committee membership fees, chair fees and cash paid in lieu of RSU grant for 2020;
- 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:

	Year ended December 31,		
(in millions of Euros)	2020	2019	2018
Short-term employee benefits	**9**	9	9
Directors' fees	**1**	1	1
Share-based compensation	**10**	10	6
Post-employments benefits	**—**	—	—
Termination benefits	**—**	—	—
Employer social contribution	**1**	1	1
Total	**21**	21	17

NOTE 30 - SHARE-BASED COMPENSATION

Description of the plans

Performance-Based Restricted Stock Units (equity-settled)

The Company has periodically granted Performance Stock Units (PSUs) to selected employees. These units 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; 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. These PSUs have vested, 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 2020, a performance condition, contingent on the 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 in March 2019, May 2019, August 2019 and November 2019 of 684,329 shares, 123,336 shares, 434,256 shares and 516,141 shares, respectively, were granted to beneficiaries.

The PSUs granted in July 2017 achieved a TSR performance of 186.8%. These PSUs vested in July 2020 and 1,458,985 shares were granted to beneficiaries.

The following table lists the inputs to the valuation model used for the PSUs granted in 2020 and 2019:

	April 2020 PSUs	May 2019 PSUs
Fair value at grant date (in euros)	**6.65**	10.44
Share price at grant date (in euros)	**4.64**	7.1
Dividend yield	**—**	—
Expected volatility (A)	**63 %**	52 %
Risk-free interest rate (US government bond yield)	**0.36 %**	2.29 %
Model used	**Monte Carlo**	Monte Carlo

(A) Volatilities for the Company and companies included in indices were estimated based on observed historical volatilities over a period equal to the 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. The 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 non-executive 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.

In 2020, no RSU awards were granted to our non-executive Company Board members.

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, 2020, 2019 and 2018 amounted to €15 million, €16 million and €12 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, 2019	**3,085,164**	€	10.45	**1,312,524**	€	8.47	**57,913**	€	8.31
Granted	1,028,342	€	10.44	899,926	€	7.10	73,799	€	8.39
Over-performance	248,230	€	8.94	—	€	—	—	€	—
Vested	(1,758,062)	€	7.97	(106,000)	€	4.55	(42,559)	€	7.60
Forfeited	(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
Granted (A)	1,049,839	€	6.65	910,047	€	4.64	—	€	—
Over-performance (B)	677,944	€	11.52	—	€	—	—	€	—
Vested	(1,458,985)	€	11.52	(589,655)	€	7.50	(46,614)	€	8.94
Forfeited (C)	(193,765)	€	10.94	(154,984)	€	7.37	—	€	—
At December 31, 2020	**2,594,327**	€	10.17	**2,231,911**	€	6.88	**32,912**	€	8.39

(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, 193,765 were forfeited following the departure of certain beneficiaries and none were forfeited in relation to the non-fulfilment of performance conditions.

NOTE 31 - SUBSIDIARIES AND OPERATING SEGMENTS

The following Group's affiliates are legal entities included in the Consolidated Financial Statements of the Group at December 31, 2020.

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

Constellium Extrusions Landau GmbH	Germany	100 %	Consolidated
Constellium Extrusions Burg GmbH	Germany	100 %	Consolidated
Constellium Extrusions France S.A.S.	France	100 %	Consolidated
Constellium Extrusions Levice S.r.o.	Slovakia	100 %	Consolidated
Constellium Automotive Mexico, S. DE R.L. DE C.V.	Mexico	100 %	Consolidated
Constellium Automotive Mexico Trading, S. DE R.L. DE C.V.	Mexico	100 %	Consolidated
Astrex Inc	Canada	50 %	Consolidated
Constellium Automotive Zilina S.r.o.	Slovakia	100 %	Consolidated
Constellium Automotive Nanjing Co Ltd	China	100 %	Consolidated
Constellium Automotive Spain SL	Spain	100 %	Consolidated
Constellium UK Limited	United Kingdom	100 %	Consolidated
A&T			
Constellium Issoire S.A.S.	France	100 %	Consolidated
Constellium Montreuil Juigné S.A.S.	France	100 %	Consolidated
Constellium China Limited	China	100 %	Consolidated
Constellium Japan KK	Japan	100 %	Consolidated
Constellium Rolled Products Ravenswood, LLC	U.S.	100 %	Consolidated
Constellium Ussel S.A.S.	France	100 %	Consolidated
AluInfra Services SA (A)	Switzerland	50 %	Consolidated
P&ARP			
Constellium Deutschland GmbH	Germany	100 %	Consolidated
Constellium Rolled Products Singen GmbH KG	Germany	100 %	Consolidated
Constellium Property and Equipment Company, LLC	U.S.	100 %	Consolidated
Constellium Neuf Brisach S.A.S.	France	100 %	Consolidated
Constellium Muscle Shoals LLC	U.S.	100 %	Consolidated
Constellium Holding Muscle Shoals LLC	U.S.	100 %	Consolidated
Constellium Muscle Shoals Funding II LLC	U.S.	100 %	Consolidated
Listerhill Total Maintenance Center LLC	U.S.	100 %	Consolidated
Constellium Metal Procurement LLC	U.S.	100 %	Consolidated
Constellium Bowling Green LLC	U.S.	100 %	Consolidated
Rhenaroll	France	50 %	Equity
Holdings & Corporate			
C-TEC Constellium Technology Center S.A.S.	France	100 %	Consolidated
Constellium Finance S.A.S.	France	100 %	Consolidated
Constellium France III	France	100 %	Consolidated
Constellium France Holdco S.A.S.	France	100 %	Consolidated
Constellium International	France	100 %	Consolidated
Constellium Paris S.A.S.	France	100 %	Consolidated
Constellium Germany Holdco GmbH & Co. KG	Germany	100 %	Consolidated
Constellium Germany Verwaltungs GmbH	Germany	100 %	Consolidated
Constellium U.S. Holdings I, LLC	U.S.	100 %	Consolidated
Constellium US Intermediate Holdings LLC	U.S.	100 %	Consolidated
Constellium Switzerland AG	Switzerland	100 %	Consolidated
Constellium Treuhand UG	Germany	100 %	Consolidated
Engineered Products International S.A.S.	France	100 %	Consolidated

(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 32 - PARENT COMPANY

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

(in millions of Euros)	At December 31, 2020	2019
Assets		
Current assets		
Cash and cash equivalents	**—**	—
Trade receivables and other	**172**	200
Other financial assets	**34**	37
	206	237
Non-current assets		
Property, plant and equipment	**—**	—
Financial assets	**2,011**	2,002
Investments in subsidiaries	**173**	159
Trade receivables and other	**38**	27
Deferred income tax assets	**15**	1
	2,237	2,189
Total Assets	**2,443**	**2,426**
Liabilities		
Current liabilities		
Trade payables and other	**6**	6
Income tax payable	**13**	45
Other financial liabilities	**30**	33
	49	84
Non-current liabilities		
Borrowings	**1,901**	1,954
Income tax payable	**77**	19
	1,978	1,973
Total Liabilities	**2,027**	**2,057**
Equity		
Share capital	**3**	3
Share premium	**429**	429
Accumulated retained earnings	**(116)**	(153)
Other reserves	**68**	53
Net income	**32**	37
Total Equity	**416**	369
Total Equity and Liabilities	**2,443**	**2,426**

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

(in millions of Euros)	Year ended December 31, 2020	2019	2018
Revenue	3	3	3
Gross profit	**3**	3	3
Selling and administrative expenses	**(14)**	(19)	(15)
Employee benefit expenses	**(3)**	(3)	(3)
Loss from recurring operations	**(14)**	(19)	(15)
Other income	**—**	—	—
Other expense	**—**	(3)	(3)
Loss from operations	**(14)**	(22)	(18)
Financial result - net	**31**	41	80
Income before income tax	**17**	19	62
Income tax benefit	**15**	18	25
Net income	**32**	37	87
Other comprehensive income / (loss)	**—**	—	—
Total comprehensive income	**32**	37	87

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

	Year ended December 31,		
(in millions of Euros)	**2020**	**2019**	**2018**
Net income	**32**	37	87
Adjustments			
Finance cost - net	**(31)**	(41)	(80)
Dividends received	**—**	—	—
Income tax benefit	**(15)**	(18)	(25)
Change in working capital			
Trade receivables and other	**(2)**	27	—
Trade payables and other	**—**	2	—
Interest paid	**(114)**	(115)	(102)
Interest received	**139**	143	134
Income tax received	**18**	50	—
Net cash flows from operating activities	**27**	85	14
Investments in subsidiaries	**—**	—	(1)
Current account with subsidiaries and related parties	**29**	(135)	(13)
Loans granted to subsidiaries and related parties	**(290)**	—	—
Repayment of loans granted to subsidiaries and related parties	**150**	150	—
Exit fees received from subsidiaries	**—**	—	—
Net cash flows (used in) / from investing activities	**(111)**	15	(14)
Net proceeds received from issuance of shares	**—**	—	—
Proceeds from issuance of Senior Notes	**290**	—	—
Repayment of Senior Notes	**(200)**	(100)	—
Payment of exit fees	**—**	—	—
Payment of deferred financing costs	**(6)**	—	—
Realized foreign exchange gains / (losses)	**—**	—	—
Other financing activities	**—**	—	—
Net cash flows from / (used in) financing activities	**84**	(100)	—
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, 2020, 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 20 - 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 33 - 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 consolidated since 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 and 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 was €48 million.

NOTE 34 - SUBSEQUENT EVENTS

In the first quarter of 2021, Constellium SE completed a $500 million offering of 3.750% Senior Sustainability-Linked Notes due 2029. The net proceeds from the offering, together with cash on hand, were used to repurchase or redeem the $650 million of 6.625% Senior Notes due 2025, and to pay related fees and expenses.

In the first quarter of 2021, the Secured Inventory Facility maturity date was extended to April 2023.