

# Fourth Quarter and Full Year 2018 Earnings Call

February 21, 2019





# Forward-looking statements

*Certain statements contained in this presentation may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. This presentation may contain “forward-looking statements” with respect to our business, results of operations and financial condition, and our expectations or beliefs concerning future events and conditions. You can identify forward-looking statements because they contain words such as, but not limited to, “believes,” “expects,” “may,” “should,” “approximately,” “anticipates,” “estimates,” “intends,” “plans,” “targets,” “likely,” “will,” “would,” “could” and similar expressions (or the negative of these terminologies or expressions). All forward-looking statements involve risks and uncertainties. Many risks and uncertainties are inherent in our industry and markets. Others are more specific to our business and operations. These risks and uncertainties include, but are not limited to, economic downturn, the loss of key customers, suppliers or other business relationships; disruption to business operations; the inability to meet customer quality requirements; delayed readiness for the North American Auto Body Sheet market, the capacity and effectiveness of our hedging policy activities, failure to retain key employees, and other risk factors set forth under the heading “Risk Factors” in our Annual Report on Form 20-F and as described from time to time in subsequent reports filed with the U.S. Securities and Exchange Commission. The occurrence of the events described and the achievement of the expected results depend on many events, some or all of which are not predictable or within our control. Consequently, actual results may differ materially from the forward-looking statements contained in this presentation. We undertake no obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise, except as required by law.*



## Non-GAAP measures

*This presentation includes information regarding certain non-GAAP financial measures, including Adjusted EBITDA, Adjusted EBITDA per metric ton, Free Cash Flow and Net debt. These measures are presented because management uses this information to monitor and evaluate financial results and trends and believes this information to also be useful for investors. Adjusted EBITDA measures are frequently used by securities analysts, investors and other interested parties in their evaluation of Constellium and in comparison to other companies, many of which present an adjusted EBITDA-related performance measure when reporting their results. Adjusted EBITDA, Adjusted EBITDA per Metric Ton, Free Cash Flow and Net debt are not presentations made in accordance with IFRS and may not be comparable to similarly titled measures of other companies. These non-GAAP financial measures supplement our IFRS disclosures and should not be considered an alternative to the IFRS measures. This presentation provides a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures. We are not able to provide a reconciliation of Adjusted EBITDA guidance to net income, the comparable GAAP measure, because certain items that are excluded from Adjusted EBITDA cannot be reasonably predicted or are not in our control. In particular, we are unable to forecast the timing or magnitude of realized and unrealized gains and losses on derivative instruments, metal lag, impairment or restructuring charges, or taxes without unreasonable efforts, and these items could significantly impact, either individually or in the aggregate, our net income in the future.*

# Jean-Marc Germain

Chief Executive Officer





## FY 2018 Highlights

- ▶ **Total Shipments** of 1.5 million tons up 3% compared to 2017
  - ▶ Successfully executing on our automotive strategy with shipments up 16% YoY
- ▶ **Revenue** increased 9% YoY to €5.7 billion on higher shipments, higher metal prices and improved price and mix
- ▶ **Net income** of €190 million compared to net loss of €31 million in 2017
  - ▶ Includes gain from the sale of the North Building at Sierre in Q3 2018
- ▶ **Adjusted EBITDA** of €498 million increased 11% YoY
  - ▶ Record annual Adjusted EBITDA for each of our three business units
- ▶ **Net Debt / LTM Adjusted EBITDA** of 4.0x down from 4.2x YoY

**Strong Results in 2018; Maintaining 2019 Guidance**



## Q4 2018 Highlights

- ▶ **Total Shipments** of 370 thousand tons up 6% compared to Q4 2017
- ▶ **Revenue** increased 12% YoY to €1.4 billion on higher shipments and improved price and mix
- ▶ **Net loss** of €57 million compared to net loss of €80 million in Q4 2017
- ▶ **Adjusted EBITDA** of €104 million increased 1% YoY
- ▶ **Project 2019** run rate cost savings of €43 million
- ▶ Announced the acquisition of 49% share of Bowling Green JV
  - ▶ Transaction completed in January 2019

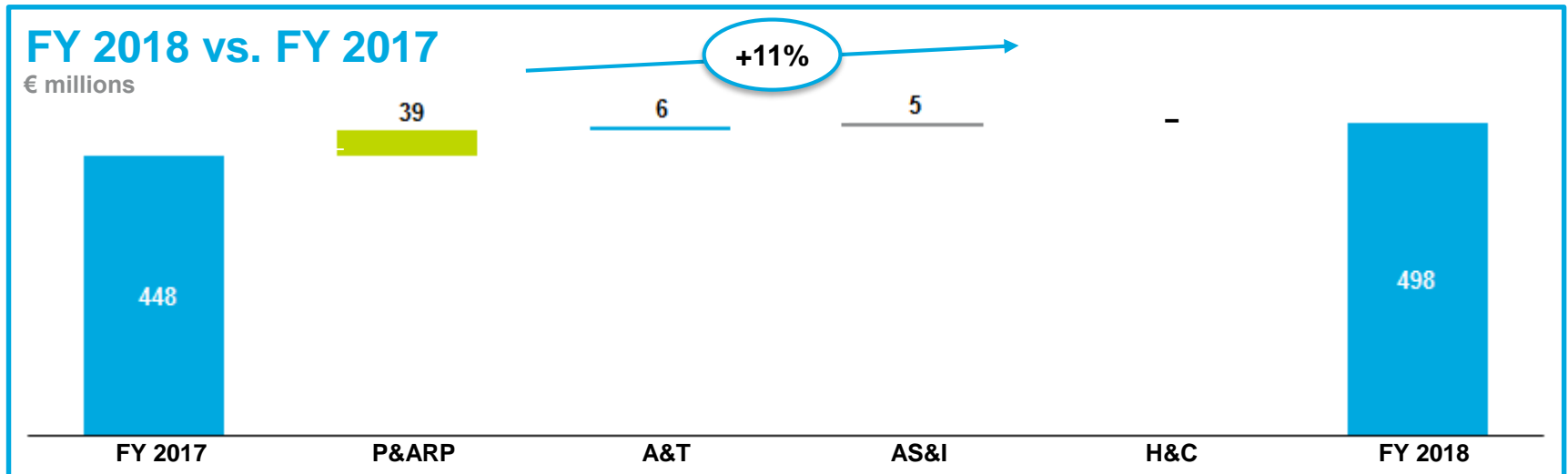
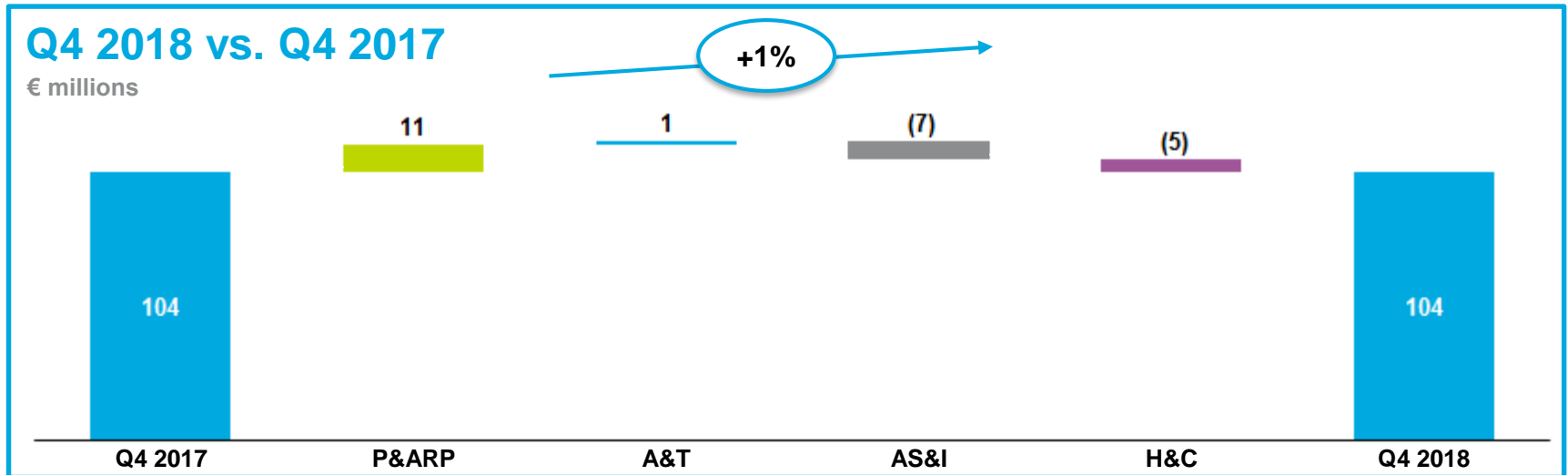
Q4 2018 Results In-line with Guidance Range

**Peter Matt**

Chief Financial Officer



# Adjusted EBITDA Bridges





# Packaging and Automotive Rolled Products

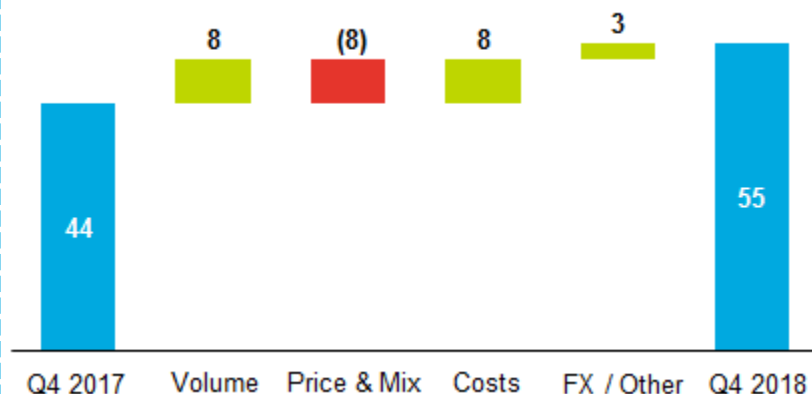
## Q4 2018 Highlights

- Adjusted EBITDA of €55 million
- Automotive shipments up 13% YoY and packaging shipments up 6% YoY
- FT3 ramp up in Neuf-Brisach on track
- Bowling Green integration proceeding; operational performance improving

	Q4 2018	Q4 2017	Var.
Shipments (kt)	254	238	6%
Revenues (€m)	737	666	11%
Adj. EBITDA (€m)	55	44	25%
Adj. EBITDA (€ / t)	219	185	18%

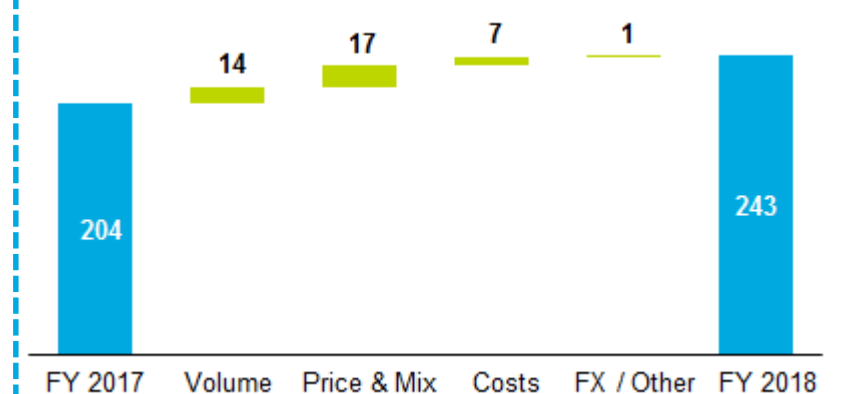
## Q4 Adjusted EBITDA Bridge

€ in millions



## FY Adjusted EBITDA Bridge

€ in millions



# Aerospace and Transportation

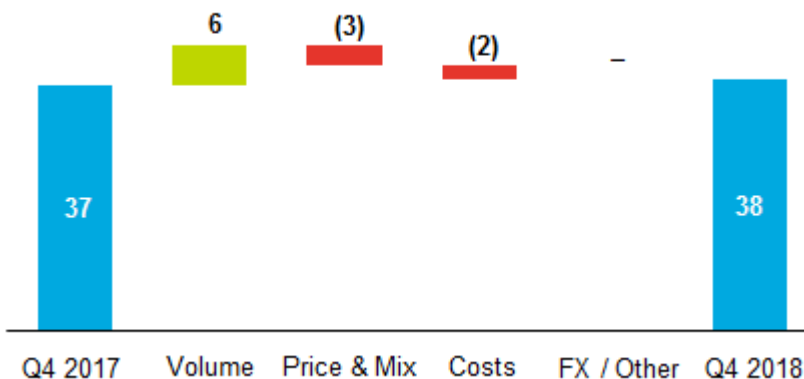
## Q4 2018 Highlights

- Adjusted EBITDA of €38 million
  - Solid operational performance with higher Aerospace and TID shipments
  - Higher costs, largely labor related
- TID shipment performance gradually improving after manufacturing challenges

	Q4 2018	Q4 2017	Var.
Shipments (kt)	59	56	7%
Revenues (€m)	349	319	9%
Adj. EBITDA (€m)	38	37	2%
Adj. EBITDA (€ / t)	643	672	(4)%

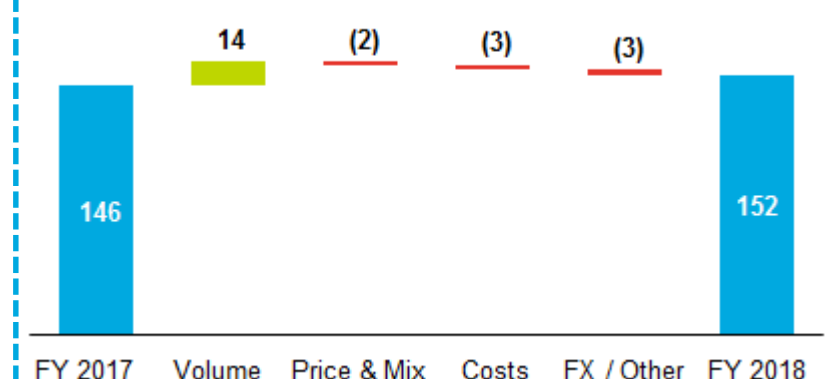
## Q4 Adjusted EBITDA Bridge

€ in millions



## FY Adjusted EBITDA Bridge

€ in millions



# Automotive Structures and Industry

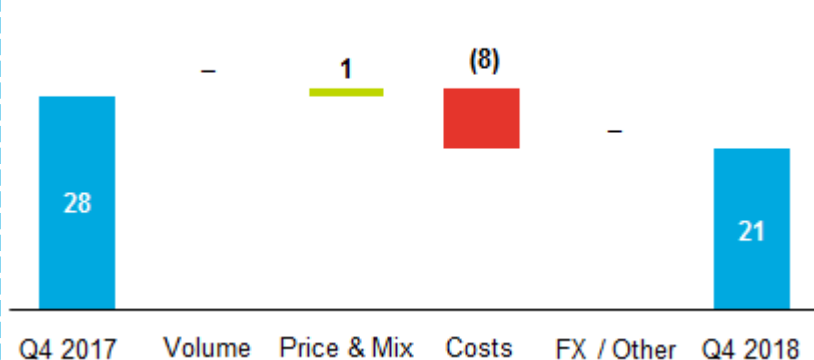
## Q4 2018 Highlights

- Adjusted EBITDA of €21 million
  - Continue to experience higher costs related to maintenance, new product launches and footprint expansion
- Slightly higher Industry shipments
- Nominations of €1.3 billion in 2018

	Q4 2018	Q4 2017	Var.
Shipments (kt)	57	56	1%
Revenues (€m)	324	274	18%
Adj. EBITDA (€m)	21	28	(25)%
Adj. EBITDA (€ / t)	367	493	(25)%

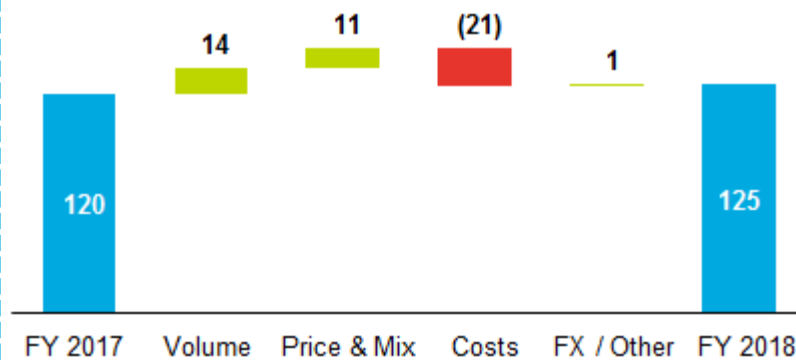
## Q4 Adjusted EBITDA Bridge

€ in millions



## FY Adjusted EBITDA Bridge

€ in millions



# Project 2019

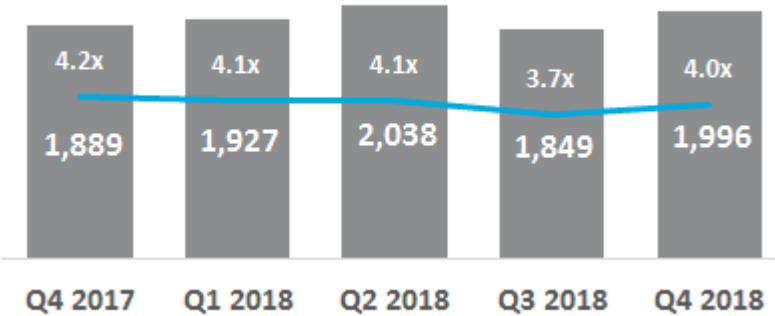
<b>Three Pillars</b>	<b>Cost Reduction</b>	<ul style="list-style-type: none"><li>➤ €43 million of annual run-rate cost savings achieved as of December 31, 2018</li><li>➤ Target of €75 million of annual run-rate cost savings by December 31, 2019</li></ul>
	<b>Working Capital Improvement</b>	<ul style="list-style-type: none"><li>➤ Committed to improvement of working capital turns<ul style="list-style-type: none"><li>➤ Expect working capital investments related to the ramp up of growth projects</li></ul></li></ul>
	<b>Capital Discipline</b>	<ul style="list-style-type: none"><li>➤ Capex guidance of €265 million for 2019<ul style="list-style-type: none"><li>➤ Maintenance spending of €150-175 million</li></ul></li></ul>

Project 2019 continuing to provide benefits

# Net Debt and Liquidity

## Net Debt and Leverage

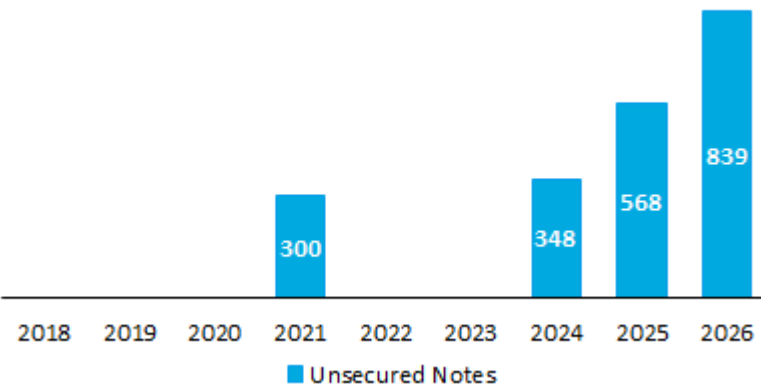
€ in millions



Leverage: Net Debt / LTM Adjusted EBITDA

## Maturity Profile

€ in millions

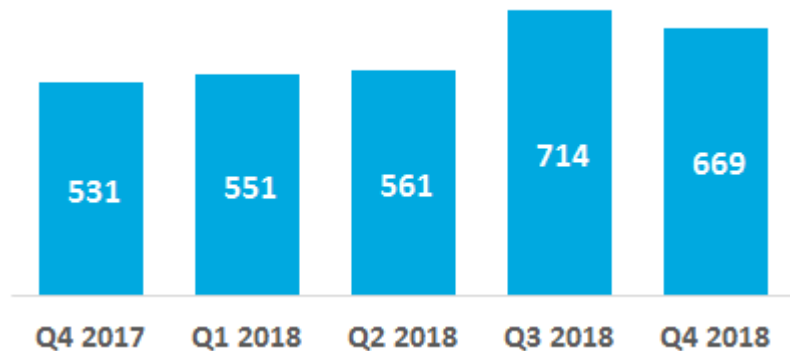


## Debt / Liquidity Highlights

- Remain committed to deleveraging
- Leverage expected to increase temporarily; Net debt to increase from the application of IFRS 16 (~€100-125M) and the Bowling Green acquisition (~€160M) in Q1 2019
- No bond maturities until 2021
- Ample liquidity of over €650 million

## Liquidity

€ in millions



# Jean-Marc Germain

Chief Executive Officer



# End Market Updates

## Automotive:

- ▶ North America: Market SAAR expected to fall slightly in 2019
- ▶ Europe: Market expected to grow slightly YoY in 2019
- ▶ Demand for luxury cars, light trucks, and SUVs remains strong
- ▶ Penetration to drive increased demand for rolled and extruded aluminium products

## Packaging:

- ▶ Market remains stable
- ▶ ABS conversions expected to help North American market balance over the medium to long term
- ▶ Conversion from steel to aluminium driving growth in Europe
- ▶ Increased focus on sustainability expected to benefit demand for aluminium cans

## Aerospace:

- ▶ Sustained OEM build rates
- ▶ OEM backlogs remain near record highs

## Other Markets

### Transportation, Industry and Defense

- ▶ North America: Strong transportation, industry and defense markets
- ▶ Europe: Strong defense market; stable industry market

### Industry (Extrusions)

- ▶ Europe: Strong demand across end markets

# Financial Guidance and Outlook

Based on our current outlook for 2019, we expect:

- ▶ Adjusted EBITDA growth of 8% to 10%
- ▶ Free Cash Flow in excess of €50 million

Targets for 2022:

- ▶ Adjusted EBITDA of over €700 million
- ▶ Net Debt / Adjusted EBITDA of 2.5x

**Focused on delivering on our strategy and increasing shareholder value**



# Q&A

# Appendix



# Net Debt Reconciliation

€ millions	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Borrowings	2,151	2,103	2,184	2,093	2,127
Fair value of cross currency basis swaps, net of margin calls	9	25	20	46	32
Cash and cash equivalents	(164)	(279)	(166)	(211)	(269)
Cash pledged for issuance of guarantees	—	—	—	(1)	(1)
<b>Net Debt</b>	<b>1,996</b>	<b>1,849</b>	<b>2,038</b>	<b>1,927</b>	<b>1,889</b>
LTM Adjusted EBITDA	498	498	495	471	448
Leverage	4.0x	3.7x	4.1x	4.1x	4.2x

# Reconciliation of Net Income to Adjusted EBITDA

€ millions	Three months ended December 31, 2018	Three months ended December 31, 2017
<b>Net loss</b>	<b>(57)</b>	<b>(80)</b>
Income tax expense	2	24
<b>Loss before income tax</b>	<b>(55)</b>	<b>(56)</b>
Finance costs – net	32	120
Share of loss of joint-ventures	10	8
<b>Income / (loss) from operations</b>	<b>(13)</b>	<b>72</b>
Depreciation and amortization	56	46
Restructuring costs	—	1
Unrealized losses / (gains) on derivatives	31	(17)
Unrealized exchange losses / (gains) from remeasurement of monetary assets and liabilities – net	—	1
Losses on pension plan amendments	3	—
Share based compensation costs	3	2
Metal price lag	13	(6)
Start-up and development costs	5	3
Manufacturing system and process transformation costs	—	1
Losses on disposals	5	1
Other	1	—
<b>Adjusted EBITDA</b>	<b>104</b>	<b>104</b>

# Reconciliation of Net Income to Adjusted EBITDA

€ millions	Twelve months ended December 31, 2018	Twelve months ended September 30, 2018	Twelve months ended June 30, 2018	Twelve months ended March 31, 2018	Twelve months ended December 31, 2017
<b>Net income / (loss)</b>	<b>190</b>	<b>168</b>	<b>(28)</b>	<b>(68)</b>	<b>(31)</b>
Income tax expense	32	54	70	57	80
<b>Income / (loss) before income tax</b>	<b>222</b>	<b>222</b>	<b>42</b>	<b>(11)</b>	<b>49</b>
Finance costs – net	149	237	236	239	260
Share of loss of joint-ventures	33	30	28	26	29
<b>Income from operations</b>	<b>404</b>	<b>489</b>	<b>306</b>	<b>254</b>	<b>338</b>
Depreciation and amortization	197	187	177	172	171
Restructuring costs	1	2	2	2	4
Unrealized losses / (gains) on derivatives	84	36	4	25	(57)
Unrealized exchange losses / (gains) from remeasurement of monetary assets and liabilities – net	—	1	(2)	(1)	4
(Gain) / loss on pension plan amendments	(36)	(39)	2	2	(20)
Share based compensation costs	12	11	11	9	8
Metal price lag	—	(19)	(26)	(13)	(22)
Start-up and development costs	21	19	16	16	17
Manufacturing system and process transformation costs	—	1	1	2	2
(Gains) / losses on disposals	(186)	(190)	5	2	3
Other	1	—	(1)	1	—
<b>Adjusted EBITDA</b>	<b>498</b>	<b>498</b>	<b>495</b>	<b>471</b>	<b>448</b>



# Borrowings Table

€ millions	December 31, 2018							December 31, 2017
	Nominal Value in Currency	Nominal Rate	Effective Rate	Nominal Value in Euros	(Arrangement fees)	Accrued Interests	Carrying Value	Carrying Value
<b>Secured Pan US ABL</b> <i>(due 2022)</i>	—	Floating	4.51%	—	—	—	—	65
<b>Secured Inventory Based Facility</b> <i>(due 2019)</i>	—	Floating	—	—	—	—	—	—
<b>Senior Unsecured Notes</b>								
<i>Constellium N.V. (Issued May 2014, due 2024)</i>	\$400	5.75%	6.26%	349	(4)	3	348	332
<i>Constellium N.V. (Issued May 2014, due 2021)</i>	€300	4.63%	5.16%	300	(2)	2	300	298
<i>Constellium N.V. (Issued February 2017, due 2025)</i>	\$650	6.63%	7.13%	568	(12)	12	568	541
<i>Constellium N.V. (Issued November 2017, due 2026)</i>	\$500	5.88%	6.26%	437	(7)	10	440	413
<i>Constellium N.V. (Issued November 2017, due 2026)</i>	€400	4.25%	4.57%	400	(7)	6	399	395
<b>Unsecured Revolving Credit Facility</b> <i>(due 2021)</i>	—	Floating	—	—	—	—	—	—
<b>Other loans (including Finance leases)</b>	—	—	—	94	—	2	96	83
<b>Total Borrowings</b>				<b>2,148</b>	<b>(32)</b>	<b>35</b>	<b>2,151</b>	<b>2,127</b>
<i>Of which non-current</i>							2,094	2,021
<i>Of which current</i>							57	106