

Platform Specialty Products Corp
Form 10-Q
November 07, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 001-36272

(Exact name of Registrant as specified in its charter)

Delaware 37-1744899
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

1450 Centrepark Boulevard, Suite 210 33401
West Palm Beach, Florida
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (561) 207-9600

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes
No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer Accelerated filer Non-Accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Class	November 1, 2016
Common Stock, par value \$0.01 per share	278,470,487 shares

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Glossary of Defined Terms

Terms	Definitions
Platform; We; Us; Our; the Company	Platform Specialty Products Corporation, a Delaware corporation, and its subsidiaries, collectively.
Acquisitions	Agriphar Acquisition, Alent Acquisition, Arysta Acquisition, CAS Acquisition, MacDermid Acquisition, OMG Acquisition and OMG Malaysia Acquisition, collectively.
Agriphar	Percival and its agrochemical business, Agriphar.
Agriphar Acquisition	Acquisition of a 100% interest in Agriphar, completed on October 1, 2014.
AIs	Active ingredients.
Alent	Alent plc, a formerly public limited company registered in England and Wales.
Alent Acquisition	Acquisition of a 100% interest in Alent, completed on December 1, 2015 under the U.K. Companies Act 2006, as amended.
Amended and Restated Credit Agreement	Platform's credit agreement dated April 12, 2007, as amended and/or restated on June 7, 2013, October 31, 2013 (Amendment No. 1), August 6, 2014 (Second Amended and Restated Credit Agreement and the further amendments pursuant to Amendment No. 2), October 1, 2014 (Incremental Amendment No. 1), February 13, 2015 (Amendment No. 3), December 3, 2015 (Amendment No. 4) and October 14, 2016 (Amendment No. 5).
Annual Report	Platform's annual report on Form 10-K for the fiscal year ended December 31, 2015, filed with the SEC on March 11, 2016.
AROs	Asset retirement obligations.
Arysta	Arysta LifeScience Limited, a formerly Irish private limited company.
Arysta Acquisition	Acquisition of a 100% interest in Arysta, completed on February 13, 2015.
Arysta Seller	Nalozo, L.P., an affiliate of the Original Arysta Seller who became the seller in the Arysta Acquisition pursuant to an amendment to the share purchase agreement dated February 11, 2015.
Asset-Lite, High-Touch	Platform's philosophy and business model focused on dedicating extensive resources to research and development and highly technical customer service teams, while limiting investments in fixed assets and capital expenditures.
ASU	Accounting Standards Update.
Board	Platform's board of directors.
CAS	The Chemtura AgroSolutions business of Chemtura.
CAS Acquisition	Acquisition of a 100% interest in CAS, completed on November 3, 2014.
Chemtura	Chemtura Corporation, a Delaware corporation.
Credit Facilities	The First Lien Credit Facility and the Revolving Credit Facility, collectively, available under the Amended and Restated Credit Agreement.
Domestication	Platform's change of jurisdiction of incorporation from the British Virgin Islands to Delaware on January 22, 2014.
EBITDA	Earnings before interest, taxes, depreciation and amortization.
EPS	Earnings per share.
ESPP	Platform Specialty Products Corporation 2014 Employee Stock Purchase Plan, adopted by the Board on March 6, 2014 and approved by Platform's stockholders at the annual meeting held on June 12, 2014.
E.U.	European Union.
Exchange Act	Securities Exchange Act of 1934, as amended.
Exchange Agreement	Exchange Agreement, dated October 25, 2013, between Platform and the fiduciaries of the MacDermid, Incorporated Profit Sharing and Employee Savings Plan.
FASB	Financial Accounting Standard Board.
FCPA	Foreign Corrupt Practices Act of 1977.

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February 2015 Notes Offering	Platform's private offering of \$1.10 billion aggregate principal amount of 6.50% USD Notes due 2022 and €350 million aggregate principal amount of 6.00% EUR Notes due 2023, completed on February 2, 2015.
First Lien Credit Facility	First lien credit facility available under the Amended and Restated Credit Agreement.

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Terms	Definitions
Founder Entities	Mariposa Acquisition, LLC and Berggruen Holdings Ltd. and its affiliates, collectively.
GAAP	Generally accepted accounting principles in the United States.
GBP	Platform's Global BioSolutions Portfolio within its Agricultural Solutions segment, which includes biostimulants, innovative nutrition and biocontrol products.
GVAP	Platform's Global Value Added Portfolio within its Agricultural Solutions segment, which includes products in the herbicides, insecticides, fungicides and seed treatment categories, based on patented or proprietary off-patent AIs.
June 2015 Equity Offering	Platform's underwritten public offering of 18,226,414 shares of its common stock at a public offering price of \$26.50 per share, which closed on June 29, 2015, raising gross proceeds of approximately \$483 million.
LTCB	Platform's Long Term Cash Bonus plan, established in March 2015.
MacDermid	MacDermid, Incorporated, a Connecticut corporation.
MacDermid Acquisition	Platform's acquisition on October 31, 2013 of substantially all of the equity of MacDermid Holdings, which, at the time, owned approximately 97% of MacDermid. As a result, Platform became a holding company for the MacDermid business. Platform acquired the remaining 3% of MacDermid on March 4, 2014, pursuant to the terms of the Exchange Agreement.
MacDermid Europe	MacDermid European Holdings, B.V., a company organized under the laws of the Netherlands and a subsidiary of Platform.
MacDermid Funding	MacDermid Funding LLC, a limited liability company organized under the laws of Delaware and a subsidiary of Platform.
MacDermid Holdings	MacDermid Holdings, LLC which, at the time of the MacDermid Acquisition, owned approximately 97% of MacDermid, a subsidiary of MacDermid Holdings.
MAS Holdings	MacDermid Agricultural Solutions Holdings B.V., a company organized under the laws of the Netherlands and a subsidiary of Platform.
NAV	Net asset value.
NAIP	Netherlands Agricultural Investment Partners LLC, a company organized under the laws of Delaware and a subsidiary of Platform.
NYSE	New York Stock Exchange.
November 2015 Notes Offering	Platform's private offering of \$500 million aggregate principal amount of 10.375% USD Notes due 2021, completed on November 10, 2015.
OMG	OM Group, Inc., a Delaware corporation.
OMG Businesses	OMG's Electronic Chemicals and Photomasks businesses, collectively, other than OMG Malaysia.
OMG Malaysia	OMG Electronic Chemicals (M) Sdn Bhd, a subsidiary of OMG located in Malaysia, acquired separately by Platform in the OMG Malaysia Acquisition.
OMG Acquisition	Platform's acquisition of 100% interest in the OMG Businesses completed on October 28, 2015.
OMG Malaysia Acquisition	Platform's acquisition of 100% interest in OMG Malaysia completed on January 31, 2016.
Original Arysta Seller	Nalozo S.à.r.l., a Luxembourg limited liability company and the original seller in the Arysta Acquisition.
PDH	Platform Delaware Holdings, Inc., a subsidiary of Platform.
PDH Common Stock	Shares of common stock of PDH.
Percival	Percival S.A., a société anonyme incorporated and organized under the laws of Belgium, acquired by Platform on October 1, 2014.
Quarterly Report	This quarterly report on Form 10-Q for the fiscal quarter ended September 30, 2016.

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Retaining Holder	Each Holder of an equity interest of MacDermid Holdings immediately prior to the closing of the MacDermid Acquisition, not owned by Platform, who executed a RHSA.
Revolving Credit Facility	Revolving Credit Facility (in U.S. Dollars or multicurrency) available under the Amended and Restated Credit Agreement.
RHSA	Retaining Holder Securityholders' Agreement, dated as of October 31, 2013, entered into by and between Platform and each Retaining Holder pursuant to which they agreed to exchange their respective interests in MacDermid Holdings for shares of PDH Common Stock, at an exchange rate of \$11.00 per share plus (i) a proportionate share of the \$100 million contingent consideration and (ii) an interest in certain MacDermid pending litigation.

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Terms	Definitions
ROIC	Return on invested capital.
RSUs	Restricted stock units issued by Platform from time to time under the 2013 Plan.
SEC	Securities and Exchange Commission.
Security Agreement	Amended and Restated Pledge and Security Agreement, amended and restated as of October 31, 2013, as amended, supplemented and modified from time to time, entered into by Platform, MacDermid and the guarantors listed therein.
Second Amended and Restated Credit Agreement	Second Amended and Restated Credit Agreement, dated as of August 6, 2014, among, inter alia, Platform, MacDermid Holdings, MacDermid, the subsidiaries of Platform and MacDermid Holdings from time to time parties thereto, the lenders from time to time parties thereto and Barclays Bank PLC, as administrative agent and collateral agent.
Senior Notes	Our 6.00% EUR Notes due 2023, 6.50% USD Notes due 2022 and 10.375% USD Notes due 2021, collectively.
September 2016 Equity Offering	Platform's underwritten offering of 48,787,878 shares of its common stock at a public offering price of \$8.25 per share, which closed on September 21, 2016, raising gross proceeds of approximately \$402.5 million.
Series A Preferred Stock	2,000,000 shares of Platform's Series A convertible preferred stock which were automatically converted from ordinary shares held by the Founder Entities upon the Domestication, and which are convertible into shares of Platform's common stock, on a one-for-one basis, at any time at the option of the Founder Entities.
Series B Convertible Preferred Stock	600,000 shares of Platform's Series B convertible preferred stock issued to the Arysta Seller in connection with the Arysta Acquisition on February 13, 2015, which are convertible into a maximum of 22,107,590 shares of Platform's common stock at the option of the Arysta Seller.
SERP	Supplemental Executive Retirement Plan for executive officers of Platform.
TSR	Total stockholder return.
2013 Plan	Platform Specialty Products Corporation Amended and Restated 2013 Incentive Compensation Plan adopted by the Board on October 31, 2013, as amended on December 16, 2013 and approved by Platform's stockholders at the annual meeting held on June 12, 2014.
2016 Q1 Form 10-Q	Platform's quarterly report on Form 10-Q for the fiscal quarter ended March 31, 2016, as filed with the SEC on May 10, 2016.
2016 Q2 Form 10-Q	Platform's quarterly report on Form 10-Q for the fiscal quarter ended June 30, 2016, as filed with the SEC on August 9, 2016.
6.00% EUR Notes due 2023	Platform's 6.00% senior notes due 2023 denominated in Euros issued in the February 2015 Notes Offering.
6.50% USD Notes due 2022	Platform's 6.50% senior notes due 2022 denominated in U.S. Dollars issued in the February 2015 Notes Offering.
10.375% USD Notes due 2021	Platform's 10.375% senior notes due 2021 denominated in U.S. Dollars issued in the November 2015 Notes Offering.

Part I. Financial Information

Item 1. Financial Statements

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In millions, except income (loss) per share)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015 (as restated)	2016	2015 (as restated)
Net sales	\$890.5	\$597.3	\$2,635.9	\$1,807.3
Cost of sales	515.4	354.6	1,524.1	1,088.8
Gross profit	375.1	242.7	1,111.8	718.5
Operating expenses:				
Selling, technical, general and administrative	274.3	194.8	823.5	593.2
Research and development	20.9	16.6	61.3	47.8
Total operating expenses	295.2	211.4	884.8	641.0
Operating profit	79.9	31.3	227.0	77.5
Other (expense) income:				
Interest expense, net	(98.5)	(52.7)	(289.7)	(143.2)
Loss on derivative contracts	(1.4)	(47.3)	(12.1)	(49.9)
Foreign exchange loss	(10.3)	(36.9)	(56.5)	(19.3)
Other income, net	116.6	1.4	120.4	19.8
Total other income (expense)	6.4	(135.5)	(237.9)	(192.6)
Income (loss) before income taxes and non-controlling interests	86.3	(104.2)	(10.9)	(115.1)
Income tax expense	(20.4)	(35.4)	(65.7)	(59.8)
Net income (loss)	65.9	(139.6)	(76.6)	(174.9)
Net loss (income) attributable to the non-controlling interests	5.9	(0.5)	4.7	(4.0)
Net income (loss) attributable to stockholders	71.8	(140.1)	(71.9)	(178.9)
Gain on amendment of Series B Convertible Preferred Stock	32.9	—	32.9	—
Net income (loss) attributable to common stockholders	\$104.7	\$(140.1)	\$(39.0)	\$(178.9)
Income (loss) per share				
Basic	\$0.45	\$(0.66)	\$(0.17)	\$(0.89)
Diluted	\$(0.15)	\$(0.66)	\$(0.71)	\$(0.89)
Weighted average shares outstanding				
Basic	234.4	210.9	231.2	198.6
Diluted	264.5	210.9	253.3	198.6

See accompanying notes to condensed consolidated financial statements

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)

(In millions)

	Three Months Ended September 30, 2016		Nine Months Ended September 30, 2015	
	2016	2015 (as restated)	2016	2015 (as restated)
Net income (loss)	\$65.9	\$(139.6)	\$(76.6)	\$(174.9)
Other comprehensive (loss) income				
Foreign currency translation adjustments	(0.7)	(350.2)	451.8	(614.0)
Pension and post-retirement plans:				
Tax expense	—	—	—	(0.5)
Pension and post-retirement plan, net of tax	—	—	—	(0.5)
Unrealized (loss) gain on available for sale securities:				
Unrealized holding (loss) gain on available for sale securities	(0.2)	1.0	(2.5)	1.2
Tax benefit	0.1	—	0.8	—
Unrealized (loss) gain on available for sale securities, net of tax	(0.1)	1.0	(1.7)	1.2
Derivative financial instruments revaluation:				
Unrealized hedging gain (loss), net	1.4	(18.1)	(15.4)	(18.1)
Tax benefit	—	6.3	—	6.3
Derivative financial instruments revaluation, net of tax	1.4	(11.8)	(15.4)	(11.8)
Total other comprehensive income (loss), net of tax	0.6	(361.0)	434.7	(625.1)
Other comprehensive loss (income) attributable to the non-controlling interests	9.0	7.2	(12.7)	14.3
Other comprehensive income (loss) attributable to common stockholders	9.6	(353.8)	422.0	(610.8)
Comprehensive income (loss)	75.5	(493.4)	345.4	(785.7)
Comprehensive income attributable to the non-controlling interests	5.9	(0.5)	4.7	(4.0)
Comprehensive income (loss) attributable to stockholders	\$81.4	\$(493.9)	\$350.1	\$(789.7)

See accompanying notes to condensed consolidated financial statements

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In millions, except share and per share amounts)

	September 30, 2016	December 31, 2015
Assets		
Cash and cash equivalents	\$714.1	\$432.2
Restricted cash	0.9	0.3
Accounts receivable, net of allowance for doubtful accounts of \$28.7 and \$14.4 at September 30, 2016 and December 31, 2015, respectively	1,141.0	1,023.0
Inventories	564.3	517.5
Note receivable	—	125.0
Prepaid expenses and other current assets	180.3	172.5
Total current assets	2,600.6	2,270.5
Property, plant and equipment, net	472.7	491.6
Goodwill	4,366.3	4,021.9
Intangible assets, net	3,393.2	3,314.3
Other assets	93.9	91.9
Total assets	\$10,926.7	\$10,190.2
Liabilities and Stockholders' Equity		
Accounts payable	\$394.8	\$450.3
Current installments of long-term debt and revolving credit facilities	81.4	54.7
Accrued salaries, wages and employee benefits	78.0	78.1
Accrued income taxes payable	100.6	65.1
Preferred stock redemption liability	504.0	—
Accrued expenses and other current liabilities	409.4	414.2
Total current liabilities	1,568.2	1,062.4
Long-term debt and capital lease obligations	5,196.9	5,173.6
Long-term retirement benefits, less current portion	75.8	80.5
Long-term deferred income taxes	696.7	678.8
Long-term contingent consideration	75.0	70.7
Other long-term liabilities	253.8	205.0
Total liabilities	7,866.4	7,271.0
Commitments and contingencies (Note 15)		
Redeemable preferred stock - Series B	—	645.9
Stockholders' Equity		
Preferred stock - Series A	—	—
Common stock 400,000,000 shares authorized, 278,420,786 and 229,464,157 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively	2.8	2.3
Additional paid-in capital	3,921.1	3,520.4
Accumulated deficit	(571.6)	(532.7)
Accumulated other comprehensive loss	(464.1)	(886.1)
Total stockholders' equity	2,888.2	2,103.9
Non-controlling interests	172.1	169.4
Total equity	3,060.3	2,273.3
Total liabilities, redeemable preferred shares and stockholders' equity	\$10,926.7	\$10,190.2

See accompanying notes to condensed consolidated financial statements

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In millions)

	Nine Months Ended September 30,	
	2016	2015 (as restated)
Cash flows from operating activities:		
Net loss	\$(76.6)	\$(174.9)
Reconciliation of net loss to net cash flows (used in) provided by operating activities:		
Depreciation and amortization	254.9	176.3
Deferred income taxes	(57.8)	(52.3)
Manufacturer's profit in inventory adjustment	11.7	58.0
Foreign exchange loss	47.8	57.5
Other, net	(53.9)	26.4
Changes in assets & liabilities, net of acquisitions:		
Accounts receivable	(61.9)	(68.5)
Inventories	(34.1)	(63.2)
Accounts payable and accrued expenses	(56.8)	195.6
Other changes in assets and liabilities, net	2.7	(23.8)
Net cash flows (used in) provided by operating activities	(24.0)	131.1
Cash flows from investing activities:		
Change in restricted cash	(0.5)	599.7
Capital expenditures	(32.8)	(32.1)
Investment in registrations of products	(22.4)	(26.2)
Proceeds from disposal of property, plant and equipment	12.5	12.1
Acquisition of businesses, net of acquired cash	1.3	(2,857.9)
Other, net	4.4	(1.4)
Net cash flows used in investing activities	(37.5)	(2,305.8)
Cash flows from financing activities:		
Debt proceeds, net of discount and premium	—	2,085.6
Change in revolving credit facilities, net	18.9	4.7
Repayments of borrowings	(26.0)	(15.5)
Proceeds from issuance of common stock, net	391.5	469.5
Payment of debt financing fees	(0.7)	(45.5)
Change in factored liabilities	(45.5)	(16.8)
Other, net	(0.8)	(1.0)
Net cash flows provided by financing activities	337.4	2,481.0
Effect of exchange rate changes on cash and cash equivalents	6.0	(21.6)
Net increase in cash and cash equivalents	281.9	284.7
Cash and cash equivalents at beginning of period	432.2	397.3
Cash and cash equivalents at end of period	\$714.1	\$682.0
Non-cash Investing Activities		
Settlement of Note Receivable in exchange for OMG Malaysia	\$125.0	\$—
OMG Malaysia Acquisition through the settlement of Note Receivable	\$(125.0)	\$—

See accompanying notes to condensed consolidated financial statements

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PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Unaudited)

(In millions, except share and per share amounts)

	Preferred Stock	Common Stock				Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity	Non- controlling Interests	Total Equity
	Shares	Amount	Shares	Amount	Additional Paid-in Capital					
Balance at December 31, 2015	2,000,000	\$ —	229,464,157	\$ 2.3	\$ 3,520.4	\$(532.7)	\$(886.1)	\$ 2,103.9	\$ 169.4	\$ 2,273.3
Net (loss) income	—	—	—	—	—	(134.8)	—	(134.8)	0.4	(134.4)
Other comprehensive income, net of taxes	—	—	—	—	—	—	298.4	298.4	11.7	310.1
Issuance of common stock to former non-founder director for exercise of stock options	—	—	7,642	—	—	—	—	—	—	—
Conversion of PDH Common Stock into common stock	—	—	16,499	—	0.2	—	—	0.2	(0.2)	—
Issuance of common stock under ESPP	—	—	35,399	—	0.2	—	—	0.2	—	0.2
Equity compensation expense	—	—	—	—	0.9	—	—	0.9	—	0.9
Balance at March 31, 2016	2,000,000	—	229,523,697	2.3	3,521.7	\$(667.5)	\$(587.7)	2,268.8	181.3	2,450.1
Net (loss) income	—	—	—	—	—	(8.8)	—	(8.8)	0.7	(8.1)
Other comprehensive income, net of taxes	—	—	—	—	—	—	114.0	114.0	10.0	124.0
Conversion of PDH Common Stock into common stock	—	—	37,445	—	0.4	—	—	0.4	(0.4)	—
Issuance of common stock under ESPP	—	—	36,104	—	0.2	—	—	0.2	—	0.2

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Equity compensation expense	—	—	—	1.9	—	—	1.9	—	1.9	
Changes in non-controlling interests	—	—	—	—	—	—	—	(0.2)	(0.2)	
Balance at June 30, 2016	2,000,000	—	229,597,246	2.3	3,524.2	(676.3)	(473.7)	2,376.5	191.4	2,567.9
Net income (loss)	—	—	—	—	—	71.8	—	71.8	(5.9)	65.9
Other comprehensive income, net of taxes	—	—	—	—	—	—	9.6	9.6	(9.0)	0.6
Issuance of common stock at \$8.25 per share in the September 2016 Equity Offering	—	—	48,787,878	0.5	402.0	—	—	402.5	—	402.5
Issuance costs in connection with the September 2016 Equity Offering	—	—	—	—	(11.6)	—	—	(11.6)	—	(11.6)
Conversion of PDH Common Stock into common stock	—	—	10,000	—	0.1	—	—	0.1	(0.1)	—
Issuance of common stock under ESPP	—	—	25,662	—	0.2	—	—	0.2	—	0.2
Equity compensation expense	—	—	—	—	2.5	—	—	2.5	—	2.5
Gain on amendment of Series B Convertible Preferred Stock	—	—	—	—	—	32.9	—	32.9	—	32.9
Changes in non-controlling interests	—	—	—	—	3.7	—	—	3.7	(4.3)	(0.6)
Balance at September 30, 2016	2,000,000	\$	−278,420,786	\$ 2.8	\$ 3,921.1	\$ (571.6)	\$ (464.1)	\$ 2,888.2	\$ 172.1	\$ 3,060.3

See accompanying notes to condensed consolidated financial statements

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (continued)
(Unaudited)

(In millions, except share and per share amounts)

	Preferred Stock	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Non- controlling Interests	Total Equity	
	Shares	Amount	Shares							Amount
Balance at December 31, 2014	2,000,000	\$ —	182,066,980	\$ 1.9	\$ 2,812.4	\$(224.1)	\$(130.6)	\$ 2,459.6	\$ 93.0	\$ 2,552.6
Net (loss) income	—	—	—	—	(26.7)	—	(26.7)	0.4	(26.3)	
Other comprehensive loss, net of taxes (as restated)	—	—	—	—	—	(344.4)	(344.4)	(8.7)	(353.1)	
Issuance of common stock to Founder Entities as stock dividend on Series A	—	—	10,050,290	—	—	—	—	—	—	—
Preferred Stock declared on 12/31/14										
Issuance of common stock to former non-founder director for exercise of stock options	—	—	75,000	—	0.9	—	—	0.9	—	0.9
Conversion of PDH Common Stock into common stock	—	—	21,316	—	0.2	—	—	0.2	(0.2)	—
Issuance of common stock under ESPP	—	—	7,986	—	0.1	—	—	0.1	—	0.1
Equity compensation expense	—	—	—	—	0.7	—	—	0.7	—	0.7
Acquisition of non-controlling interest with Arysta Acquisition	—	—	—	—	—	—	—	—	24.6	24.6
Balance at March 31, 2015 (as restated)	2,000,000	—	192,221,572	1.9	2,814.3	(250.8)	(475.0)	2,090.4	109.1	2,199.5

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Net (loss) income—	—	—	—	—	(12.2)	—	(12.2)	3.1	(9.1)	
Other comprehensive income, net of taxes (as revised)	—	—	—	—	—	87.4	87.4	1.6	89.0	
Issuance of common stock at \$26.50 per share in the June 2015 Equity Offering	—	—	18,226,414	0.2	482.8	—	—	483.0	—	483.0
Issuance costs in connection with the June 2015 Equity Offering	—	—	—	—	(14.8)	—	—	(14.8)	—	(14.8)
Conversion of PDH Common Stock into common stock	—	—	406,217	—	4.7	—	—	4.7	(4.7)	—
Issuance of common stock under ESPP	—	—	6,841	—	0.3	—	—	0.3	—	0.3
Equity compensation expense	—	—	—	—	0.6	—	—	0.6	—	0.6
Balance at June 30, 2015	2,000,000	—	210,861,044	2.1	3,287.9	(263.0)	(387.6)	2,639.4	109.1	2,748.5
Net (loss) income (as restated)	—	—	—	—	—	(140.1)	—	(140.1)	0.5	(139.6)
Other comprehensive loss, net of taxes	—	—	—	—	—	—	(353.8)	(353.8)	(7.2)	(361.0)
Issuance of common shares to non-employee	—	—	2,500	—	—	—	—	—	—	—
Conversion of PDH Common Stock into common stock	—	—	6,343	—	—	—	—	—	—	—
Issuance of common stock under ESPP	—	—	9,710	—	0.1	—	—	0.1	—	0.1
Purchase accounting adjustment to non-controlling interest for Arysta Acquisition	—	—	—	—	—	—	—	—	6.4	6.4
Acquisition of remaining interest in Arysta	—	—	—	—	—	—	—	—	(3.3)	(3.3)

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Colombia Equity compensation expense	—	—	—	(0.7)	—	—	(0.7)	—	(0.7)
Balance at September 30, 2015 (as restated)	2,000,000	\$ -210,879,597	\$ 2.1	\$ 3,287.3	\$ (403.1)	\$ (741.4)	\$ 2,144.9	\$ 105.5	\$ 2,250.4

See accompanying notes to condensed consolidated financial statements

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(Unaudited)

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of the Company and Business

Platform Specialty Products Corporation is a global, diversified producer of high-technology specialty chemical products and provider of technical services. The Company's business involves the formulation of a broad range of solutions-oriented specialty chemicals which are sold into multiple industries, including agricultural, animal health, electronics, graphic arts, plating, offshore oil and gas production and drilling. The Company refers to its products as “dynamic chemistries” due to their intricate chemical compositions which are used in a wide variety of niche markets. As further described in Note 19, Segment Information, the Company operates in two segments: Performance Solutions and Agricultural Solutions.

Until the MacDermid Acquisition on October 31, 2013, the Company had neither engaged in any operations nor generated any income. Following the MacDermid Acquisition, on January 22, 2014, the Company was domesticated in Delaware and on January 23, 2014, its common stock, par value \$0.01 per share, began trading on the NYSE under the ticker symbol “PAH.”

Basis of Presentation

These unaudited interim Condensed Consolidated Financial Statements and related information have been prepared in accordance with GAAP for interim financial information and in accordance with the applicable rules and regulations of the SEC. Accordingly, they do not include all of the disclosures required in connection with annual financial statements. These unaudited interim Condensed Consolidated Financial Statements reflect all adjustments that are, in the opinion of management, normal, recurring and necessary for a fair statement of the Company's results of operations. These unaudited interim Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and the related notes thereto included in the Company's Annual Report. The year-end Condensed Consolidated Balance Sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP.

Principles of Consolidation

The accompanying unaudited interim Condensed Consolidated Financial Statements include Platform's accounts and all of its controlled subsidiaries. All subsidiaries are included in the unaudited interim Condensed Consolidated Financial Statements for the entire period or, if acquired, from the date on which the Company obtains control. The Company fully consolidates the income, expenses, assets, liabilities and cash flows of subsidiaries from the date it acquires control or becomes the primary beneficiary up to the date control ceases. All intercompany accounts and transactions have been eliminated in consolidation.

Recently Adopted Accounting Pronouncements

Compensation - Stock Compensation (Topic 718) - In March 2016, the FASB issued ASU No. 2016-09, “Improvements to Employee Share-Based Payment Accounting.” This update changes the accounting treatment related to tax windfall and shortfalls associated with share-based awards. It also eliminates the requirement for entities to estimate future forfeiture rates associated with share-based awards and stipulates the requirement that cash payments made by employers when directly withholding shares for tax-withholdings purposes should be classified as a financing activity in the statement of cash flows. The guidance is effective for fiscal years and interim periods beginning after December 15, 2016 with early adoption permitted. The Company adopted this ASU as of April 1, 2016. This ASU did not have a material impact on the Company's financial statements.

Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40) - In April 2015, the FASB issued ASU No. 2015-05, “Customer's Accounting for Fees Paid in a Cloud Computing Arrangement.” This update provides explicit guidance to customers utilizing a cloud computing solution to help determine whether such an arrangement includes a software license, in which case the accounting applied would be similar to that of other software license arrangements. Otherwise, the arrangement would be accounted for as a service contract. The Company adopted this ASU as of January 1, 2016. This ASU did not have a material impact on the Company's financial statements.

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(Unaudited)

Income Statement – Extraordinary and Unusual Items (Subtopic 225-20) - In January 2015, the FASB issued ASU No. 2015-1, “Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items.” This update eliminates the requirement for entities to identify extraordinary events and transactions, those being both unusual in nature and infrequent in occurrence, and separately classify, present and disclose such items. The guidance is effective prospectively for fiscal years and interim periods beginning after December 15, 2015. The Company adopted this ASU as of January 1, 2016. The Company did not have any extraordinary or unusual income statement items recorded for any periods presented and therefore, this ASU did not have a material impact on the Company's financial statements.

Compensation – Stock Compensation (Topic 718) - In June 2014, the FASB issued ASU No. 2014-12, “Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period (a consensus of the FASB Emerging Issues Task Force).” Under the provisions of this update, a performance target that affects vesting and that could be achieved after the requisite service period are treated as a performance condition. The guidance is effective prospectively for fiscal years and interim periods beginning after December 15, 2015. The Company adopted this ASU as of January 1, 2016. This ASU did not have a material impact on the Company's financial statements as it had no share-based compensation awards that were effected by this pronouncement.

Recently Issued Accounting Pronouncements Not Yet Adopted

Consolidation (Topic 810) - In October 2016, the FASB issued ASU No. 2016-17, "Interests Held through Related Parties that are Under Common Control." This update clarifies how a reporting entity that is the single decision maker of a variable interest entity (VIE) should treat indirect interests in the entity held through related parties that are under common control with the reporting entity when determining whether it is the primary beneficiary of that VIE. The guidance is effective for fiscal years and interim periods beginning after December 15, 2016, with early adoption permitted. The Company is evaluating the impact of this ASU.

Income Taxes (Topic 740) - In October 2016, the FASB issued ASU No. 2016-16, "Intra-Entity Transfers of Assets Other than Inventory." This update stipulates that entities recognize the income tax consequences of intra-entity transfers of assets other than inventory when the transfer occurs. The amendments in this guidance apply to assets other than inventory, for example, intellectual property and property, plant and equipment. The guidance is effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years, with early adoption permitted in the first quarter of an annual reporting period for which financial statements have not been issued or made available for issuance. The Company is evaluating the impact of this ASU.

Statement of Cash Flows (Topic 230) - In August 2016, the FASB issued ASU No. 2016-15, "Classification of Certain Cash Receipts and Cash Payments." This update was issued to reduce the differences in the classification of certain transactions in the statement of cash flows. The update addresses eight specific cash flow issues, including debt prepayment and extinguishment costs, zero coupon bond settlement, contingent consideration payments, insurance claim settlements, company-owned life insurance receipts/payments, distributions from equity method investments, beneficial interests in securitization transactions, and separately identifiable cash flows. The guidance is effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years, with early adoption permitted. The Company does not expect this ASU to have a material impact on its financial statements.

Financial Instruments - Credit Losses (Topic 326) - In June 2016, the FASB issued ASU No. 2016-13, "Measurement of Credit Losses on Financial Instruments." This update introduces new guidance for the accounting for credit losses on certain types of financial instruments, which are to be estimated based on the expected losses. It also modifies the impairment model for available-for-sale debt securities and provides for a simplified accounting model for purchased financial assets with credit deterioration since their origination. The guidance is effective on a modified retrospective basis for fiscal years and interim periods beginning after December 15, 2019 with early adoption permitted for fiscal years and interim periods beginning after December 15, 2018. The Company is evaluating the impact of this ASU.

Investments - Equity Method and Joint Ventures (Topic 323) - In March 2016, the FASB issued ASU No. 2016-07, "Simplifying the Transition to the Equity Method of Accounting." This update simplifies transition accounting when the ownership level or degree of influence held in an investment qualifies that investment for equity method accounting. The guidance is effective prospectively for fiscal years and interim periods beginning after December 15, 2016, with early adoption permitted. The Company does not expect this ASU to have a material impact on its financial statements.

Derivatives and Hedging (Topic 815) - In March 2016, the FASB issued ASU No. 2016-06, "Contingent Put and Call Options in Debt Instruments (a consensus of the FASB Emerging Issues Task Force)." The ASU clarifies guidance around determining whether

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(Unaudited)

call or put options that can accelerate the repayment of principal on a debt or hybrid instrument that are considered embedded derivatives meet the "clearly and closely related" criterion for determining whether the embedded derivative is required to be separated from the host contract and accounted for separately as a derivative. The guidance is effective for fiscal years and interim periods beginning after December 15, 2016 with early adoption permitted. Adoption is required on a modified retrospective basis. The Company does not expect this ASU to have a material impact on its financial statements.

Derivatives and Hedging (Topic 815) - In March 2016, the FASB issued ASU No. 2016-05, "Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships (a consensus of the FASB Emerging Issues Task Force)." This update stipulates that a change in the counterparty of a derivative instrument that has been designated as a hedging instrument under Topic 815 does not, in and of itself, require de-designation of that hedging relationship, provided that all other hedge accounting criteria continue to be met. The guidance is effective for fiscal years and interim periods beginning after December 15, 2016 and provides entities with the option to apply either a prospective or a modified retrospective approach. The Company does not expect this ASU to have a material impact on its financial statements.

Leases (Topic 842) - In February 2016, the FASB issued ASU No. 2016-02, "Leases." The updated guidance applies to capital (or finance) and operating leases, and requires the lessee to recognize a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. The lessee can make an accounting policy choice to not recognize right of use assets and lease liabilities for short-term leases (leases with a lease term of 12 months or less). The guidance is effective for fiscal years and interim periods beginning after December 15, 2018, with early adoption permitted. The Company continues to evaluate the impact of this ASU.

Financial Instruments - Overall (Subtopic 825.10) - In January 2016, the FASB issued ASU No. 2016-1, "Recognition and Measurement of Financial Assets and Financial Liabilities." This update addresses certain aspects of recognition, measurement, presentation, and disclosure of financial assets and liabilities. Provisions of this ASU include, among others, requiring the measurement of certain equity investments at fair value, with changes in value recognized in net income, and simplifying the impairment assessment of certain equity investments. The guidance is effective for fiscal years and interim periods beginning after December 15, 2017. The guidance is effective on a modified retrospective basis, except as it relates to equity securities without a readily determinable fair value, for which it is effective on a prospective basis. Early adoption is only permitted for provisions related to the recognition of changes in fair value of financial liabilities. The Company does not expect this ASU to have a material impact on its financial statements.

Revenue from Contracts with Customers (Topic 606) - In August 2015, the FASB issued ASU No. 2015-14, "Deferral of the Effective Date," which defers the effective date of ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)," for all entities by one year. As a result, the provisions of ASU No. 2014-09 will be effective prospectively for fiscal years and interim periods beginning after December 15, 2017. ASU No. 2014-09 (1) removes inconsistencies and weaknesses in revenue requirements, (2) provides a more robust framework for addressing revenue issues, (3) improves comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets, (4) provides more useful information to users of financial statements through improved disclosure requirements, and (5) simplifies the preparation of financial statements by reducing the number of requirements to which an entity must refer. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB has issued the following amendments and supplements to the guidance of ASU Nos. 2014-09 and 2015-14, all of which become effective for fiscal years and interim periods beginning after December 15, 2017:

• ASU No. 2016-08, "Principal versus Agent Considerations," issued in March 2016. This update improves the operability and understandability of the implementation guidance on principal versus agent considerations.

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ASU No. 2016-10, "Identifying Performance Obligations and Licensing," issued in April 2016. This update provides clarification on the implementation guidance defining when a good or service is separately identifiable from other promises in the contract and on contracts with licenses of intellectual property.

ASU No. 2016-12, "Narrow-Scope Improvements and Practical Expedients," issued in May 2016. This update provides clarification on the collectability criterion, presentation of taxes, non-cash consideration and contract modification guidance espoused in ASU No. 2014-09. This update also clarifies the accounting treatment for completed contracts and retrospective application of the standard to prior reporting periods.

The Company continues to evaluate the impact of ASU Nos. 2014-09, 2015-14 and their subsequent amendments.

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(Unaudited)

Presentation of Financial Statements - Going Concern (Subtopic 205-40) - In August 2014, the FASB issued ASU No. 2014-15, "Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern." This update provides clarification on conditions and events that should be considered by management at each annual and interim reporting period in determining whether there exists substantial doubt as to an entity's ability to continue as a going concern. The guidance is effective for fiscal years and interim periods ending after December 15, 2016 with early adoption permitted. The Company does not expect this ASU to have a material impact on its financial statements.

Out of Period Adjustment

In connection with the preparation of the Company's unaudited interim Condensed Consolidated Financial Statements for the period ended September 30, 2016, the Company identified an error that effected prior periods related to the allocation of expenses to non-controlling interests. On a cumulative basis since the first quarter of 2015, the Company determined \$6.1 million of expenses were not allocated to its non-controlling interests resulting in an overstatement of "Non-controlling Interests" and "Accumulated Deficit" in the Company's Condensed Consolidated Balance Sheets and an understatement of "Net loss attributable to non-controlling interests" and overstatement of "Net loss attributable to stockholders" in the Company's Condensed Consolidated Statements of Operations. Based on an analysis of qualitative and quantitative factors, management has concluded that this error was not material to the Company's unaudited interim Condensed Consolidated Financial Statements for 2015 and 2016 as well as the Company's Annual Report for the year ended December 31, 2015. As a result, the effects of the adjustment were corrected in the unaudited interim Condensed Consolidated Financial Statements for the period ended September 30, 2016.

Restatement

As previously disclosed in the Company's Annual Report, the Company restated its unaudited Condensed Consolidated Statement of Operations for the three and nine months ended September 30, 2015 and its unaudited Condensed Consolidated Balance Sheet as of September 30, 2015 that were previously included in the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2015 to correct an error as a result of improperly recording a benefit on an unrealized loss associated with a foreign currency hedge entered into in connection with the Alent Acquisition for income tax accounting purposes, which resulted in an understatement of income tax expense of \$17.8 million. As a result of the error, "Loss per share" was understated by \$0.08 for the three and nine month periods ended September 30, 2015. In addition, "Prepaid expenses and other current assets" were overstated by \$19.6 million, "Other assets" were understated by \$2.8 million, and "Accrued income taxes payable" was understated by \$1.0 million.

2. ACQUISITIONS OF BUSINESSES

OMG Malaysia Acquisition

On January 31, 2016, the Company completed the OMG Malaysia Acquisition for approximately \$124 million, net of acquired cash and closing working capital adjustments.

The Company acquired OMG Malaysia to further enhance its Performance Solutions segment. OMG Malaysia, which is highly-synergistic with the OMG Businesses, is included in the Company's Performance Solutions business segment.

Alent Acquisition

On December 1, 2015, Platform completed the Alent Acquisition by acquiring all of the issued shares of Alent for approximately \$1.74 billion in cash, net of acquired cash, and 18,419,738 shares of the Company's common stock at \$12.56 per share, issued to Alent shareholders, including Cevian Capital II Master Fund LP, the then largest shareholder of Alent.

The Company acquired Alent to expand its product capabilities and offerings and improve its geographic outreach in surface treatments. Alent is a global supplier of specialty chemicals and engineered materials used primarily in electronics, automotive, industrial applications, and high performance consumable products and services. Alent is included in the Company's Performance Solutions business segment.

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(Unaudited)

OMG Acquisition

On October 28, 2015, Platform completed the OMG Acquisition for approximately \$239 million in cash, net of acquired cash, and purchase price adjustments.

The Company acquired the highly-synergistic OMG Businesses to bolster its Performance Solutions business segment. OMG's Electronic Chemicals business develops, produces and supplies chemicals for electronic and industrial applications. OMG's Photomasks products are used by customers to produce semiconductors and related products. These businesses are included in the Company's Performance Solutions business segment.

Arysta Acquisition

On February 13, 2015, Platform completed the Arysta Acquisition for approximately \$3.50 billion, consisting of \$2.86 billion in cash, net of acquired cash and closing working capital adjustments, and including Arysta Seller transaction expenses paid by Platform, and the issuance to the Arysta Seller of \$600 million of Platform's Series B Convertible Preferred Stock with a fair value of \$646 million. On September 9, 2016, the Company entered into a settlement agreement with the Arysta Seller with respect to certain of its obligations relating to the Company's shares of Series B Convertible Preferred Stock. See Note 11, Stockholders' Equity, under the heading "Series B Convertible Preferred Stock."

The Company acquired Arysta to expand its presence in the agrochemical business, complementing the Agriphar and CAS Acquisitions. Arysta provides products and solutions utilizing globally managed patented and proprietary off-patent agrochemical AIs and biological solutions, or biosolutions, and off-patent agrochemical offerings. Biosolutions includes stimulants, or biostimulants, innovative nutrition and biological control, or biocontrol, products. Arysta is included in the Company's Agricultural Solutions business segment.

Acquisition Net Sales and Net Income (Loss)

Since the dates of their respective acquisitions, net sales contributed by the OMG Malaysia, Alent, OMG and Arysta Acquisitions for the three and nine months ended September 30, 2016 and 2015 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(amounts in millions)	2016	2015	2016	2015
OMG Malaysia	\$8.5	\$—	\$21.4	\$—
Alent	243.9	—	693.0	—
OMG	27.8	—	80.9	—
Arysta	363.7	318.2	1,013.4	837.6
Total	\$643.9	\$318.2	\$1,808.7	\$837.6

Net income (loss) generated by the OMG Malaysia, Alent, OMG and Arysta Acquisitions, excluding corporate allocations, for the three and nine months ended September 30, 2016 and 2015 was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(amounts in millions)	2016	2015	2016	2015
OMG Malaysia	\$1.2	\$—	\$2.3	\$—
Alent	23.7	—	38.8	—
OMG	4.2	—	4.5	—
Arysta	(8.9)	(34.8)	(174.1)	(100.6)
Total	\$20.2	\$(34.8)	\$(128.5)	\$(100.6)

As the integration continues for (1) the OMG Malaysia, Alent and OMG Acquisitions within the Company's Performance Solutions business segment and (2) the Arysta Acquisition within the Agricultural Solutions segment,

discrete results reported by these existing businesses are being effected by the integration process and are becoming less comparable to prior periods.

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(Unaudited)

Purchase Price Allocation

The following table summarizes the consideration transferred and transaction costs incurred to acquire OMG Malaysia, Alent and the OMG Businesses, as well as the applicable amounts of identified assets acquired and liabilities assumed at the applicable acquisition date:

(amounts in millions)	OMG Malaysia	Alent	OMG
Consideration			
Cash, net	\$ (1.3)	\$ 1,507.0	\$ 239.1
Equity instruments	—	231.4	—
Note receivable settlement	125.0	—	—
Total consideration	\$ 123.7	\$ 1,738.4	\$ 239.1
Acquisition costs	\$ 0.5	\$ 29.2	\$ 7.4
Identifiable assets acquired and liabilities assumed			
Accounts receivable	\$ 4.3	\$ 177.4	\$ 33.1
- less uncollectible	—	(1.8)	(1.6)
Accounts receivable - fair value	4.3	175.6	31.5
Inventories	6.4	116.1	13.2
Other current assets	0.2	29.3	1.6
Property, plant and equipment	4.7	192.2	35.1
Identifiable intangible assets	38.3	682.9	77.9
Other assets	—	38.3	0.2
Current liabilities	(3.5)	(181.8)	(21.5)
Non-current deferred tax liability	(10.0)	(139.6)	(13.6)
Other long term liabilities	—	(345.2)	(2.9)
Total identifiable net assets	40.4	567.8	121.5
Goodwill	83.3	1,170.6	117.6
Total purchase price	\$ 123.7	\$ 1,738.4	\$ 239.1

The purchase accounting and purchase price allocation is complete for the OMG Acquisition. During the nine months ended September 30, 2016, the Company increased the environmental reserves by \$1.5 million and reduced non-current accrued tax liability by \$2.6 million. The collective impact of these adjustments resulted in a decrease of \$1.1 million in goodwill.

The purchase accounting and purchase price allocation is substantially complete for the Alent Acquisition with the exception of intangible assets, income taxes, environmental reserves and AROs. The Company is still gathering information to finalize purchase accounting for the Alent Acquisition. During the nine months ended September 30, 2016, the Company updated the environmental reserves, non-current other liabilities and non-current deferred tax assets. The updates resulted in increases in environmental reserves of \$25.6 million and non-current other liabilities of \$2.8 million. The collective impact of these adjustments resulted in an increase of \$0.7 million in non-current deferred tax asset along with corresponding adjustments reflected in goodwill.

The purchase accounting and purchase price allocation is substantially complete for the OMG Malaysia Acquisition with the exception of intangible assets. Subsequent to this acquisition, the Company updated the valuation of inventories, identifiable intangible assets and non-current deferred tax liability. The updated valuations resulted in decreases in inventories of \$0.8 million and identifiable intangible assets of \$20.7 million. The collective impact of the adjustments noted above resulted in a decrease of \$5.1 million in non-current deferred tax liability, with

corresponding adjustments reflected in goodwill.

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PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(Unaudited)

All the measurement period adjustments noted above had an immaterial impact on Condensed Consolidated Statement of Operations for the nine months ended September 30, 2016. There were no measurement period adjustments made for the three months ended September 30, 2016.

The excess of the respective cost of the OMG Malaysia, Alent and OMG Acquisitions over the net of amounts assigned to the fair values of the assets acquired and the liabilities assumed in connection with these acquisitions is recorded as goodwill and represents the value of estimated synergies and the assembled workforces resulting from these acquisitions. Of the \$1.37 billion of goodwill recorded in connection with the OMG Malaysia, Alent and OMG Acquisitions, \$113 million is expected to be deductible for tax purposes as a result of the OMG Malaysia and OMG Acquisitions.

Identifiable intangible assets recorded in conjunction with the OMG Malaysia, Alent and OMG Acquisitions were as follows:

(amounts in millions)	OMG Malaysia		Alent		OMG		Total	
	Fair Value	Weighted average useful life (years)	Fair Value	Weighted average useful life (years)	Fair Value	Weighted average useful life (years)	Fair Value	Weighted average useful life (years)
Customer lists	\$35.0	25.0	\$391.4	14.7	\$49.0	24.3	\$475.4	16.5
Developed technology	3.3	5.0	203.3	10.0	28.0	10.0	234.6	9.9
Tradenames	—	—	85.8	(1) 20.0	0.9	10.0	86.7	18.3
In process - R&D	—	—	2.4	(2) —	—	—	2.4	—
Total	\$38.3	23.3	\$682.9	13.2	\$77.9	19.0	\$799.1	14.3

(1) Includes \$81.4 million of indefinite-lived tradenames which have been excluded from the calculation of weighted average useful life.

(2) Excluded from the calculation of weighted average useful life.

Pro Forma Revenue and Earnings

The following unaudited pro forma summary presents consolidated information of the Company for the three and nine months ended September 30, 2016 and 2015 as if the OMG Malaysia, Alent and OMG Acquisitions had each occurred on January 1, 2015, and as if the Arysta Acquisition had occurred on January 1, 2014:

(amounts in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Pro forma revenue	\$890.5	\$865.5	\$2,638.8	\$2,713.9
Pro forma net income (loss) attributable to stockholders	105.5	(151.8)	(21.8)	(198.5)

For the three and nine months ended September 30, 2016, the Company incurred \$1.3 million and \$14.3 million of acquisition and integration expenses, respectively, related to the OMG Malaysia, Alent, OMG and Arysta Acquisitions, which have been reflected in the pro forma earnings above as if each of these Acquisitions had occurred in 2015. In addition, for the three and nine months ended September 30, 2015, the Company incurred acquisition and integration expenses of \$4.4 million and \$32.2 million, respectively, related to the Arysta Acquisition, which have been excluded from the September 30, 2015 pro forma earnings above. These pro forma amounts have been prepared to reflect fair value adjustments to intangible assets and the related amortization expense, net of tax, from January 1, 2015, as well as the effect of the debt instruments used to fund the Arysta and Alent Acquisitions.

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(Unaudited)

3. INVENTORIES

The major components of inventory were as follows:

(amounts in millions)	September 30, December 31,	
	2016	2015
Finished goods	\$ 355.9	\$ 340.1
Work in process	44.2	28.5
Raw materials and supplies	164.2	148.9
Total inventory, net	\$ 564.3	\$ 517.5

In connection with Platform's various business acquisitions, the value of inventory was increased at the respective dates of acquisition to reflect fair value. For the three months ended September 30, 2016 and 2015, zero and \$1.3 million, respectively, was recorded to "Cost of sales" in the Condensed Consolidated Statements of Operations based on inventory turnover of such acquisitions and purchase price adjustments. For the nine months ended September 30, 2016 and 2015, \$11.7 million and \$58.0 million, respectively, was charged to "Cost of sales" in the Condensed Consolidated Statements of Operations based on inventory turnover of such acquisitions and purchase price adjustments.

4. PROPERTY, PLANT AND EQUIPMENT

The major components of property, plant and equipment, including equipment under capital leases, were as follows:

(amounts in millions)	September 30, December 31,	
	2016	2015
Land and leasehold improvements	\$ 109.2	\$ 107.9
Buildings and improvements	138.1	143.8
Machinery, equipment, fixtures and software	302.4	276.8
Construction in process	27.4	21.4
Assets under capital lease:		
Land and buildings	8.2	6.4
Machinery and equipment	5.3	5.1
Total property, plant and equipment	590.6	561.4
Accumulated depreciation	(111.1)	(64.3)
Accumulated amortization of capital leases	(6.8)	(5.5)
Property, plant and equipment, net	\$ 472.7	\$ 491.6

For the three months ended September 30, 2016 and 2015, the Company recorded depreciation expense of \$18.9 million and \$11.6 million, respectively. For the nine months ended September 30, 2016 and 2015, the Company recorded depreciation expense of \$55.8 million and \$33.7 million, respectively.

In March 2016, the Company entered into a sale agreement for a long-lived asset with a net book value of \$12.1 million in exchange for a cash payment of \$9.3 million, net of estimated selling costs of \$0.2 million. As a result, the Company reduced the net book value of the asset by \$2.8 million, which was recorded in "Selling, technical, general and administrative expense" in the Condensed Consolidated Statements of Operations during the first quarter of 2016. The asset was subsequently sold during the second quarter of 2016.

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(Unaudited)

5. GOODWILL AND INTANGIBLE ASSETS

The changes in the carrying amount of goodwill by segment were as follows:

(amounts in millions)	Performance Solutions	Agricultural Solutions	Total
December 31, 2015	\$ 2,147.2	\$ 1,874.7	\$4,021.9
Addition from acquisitions	66.9	—	66.9
Purchase accounting adjustments	46.3	—	46.3
Foreign currency translation and other	4.6	226.6	231.2
September 30, 2016	\$ 2,265.0	\$ 2,101.3	\$4,366.3

The carrying value of indefinite-lived intangible assets other than goodwill, which consist solely of tradenames, was \$391 million and \$360 million at September 30, 2016 and December 31, 2015, respectively.

During the nine months ended September 30, 2016, the Company found no indications of impairment related to its goodwill and indefinite-lived intangible assets.

Intangible assets subject to amortization were as follows:

(amounts in millions)	Weighted Average Useful Life (years)	September 30, 2016			December 31, 2015		
		Gross Carrying Amount and Foreign Exchange	Accumulated Amortization and Foreign Exchange	Net Book Value	Gross Carrying Amount and Foreign Exchange	Accumulated Amortization and Foreign Exchange	Net Book Value
Customer lists	18.3	\$1,240.5	\$ (117.9)	\$1,122.6	\$1,297.2	\$ (184.0)	\$1,113.2
Developed technology	11.7	2,009.4	(146.7)	1,862.7	2,260.9	(440.4)	1,820.5
Tradenames	8.0	22.2	(5.9)	16.3	24.2	(5.4)	18.8
Non-compete agreements	5.0	1.9	(0.9)	1.0	1.9	(0.5)	1.4
Total	14.1	\$3,274.0	\$ (271.4)	\$3,002.6	\$3,584.2	\$ (630.3)	\$2,953.9

For the three months ended September 30, 2016 and 2015, the Company recorded amortization expense on intangible assets of \$68.0 million and \$50.4 million, respectively. For the nine months ended September 30, 2016 and 2015, the Company recorded amortization expense on intangible assets of \$199 million and \$143 million, respectively.

6. LONG-TERM COMPENSATION PLANS

In June 2014, the Company's stockholders approved the 2013 Plan, which is administered by the compensation committee of the Board, except as otherwise expressly provided in the 2013 Plan. The Board approved a maximum of 15,500,000 shares of common stock (subject to increase in accordance with the terms of the 2013 Plan), which were reserved and made available for issuance under the 2013 Plan.

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(Unaudited)

As of September 30, 2016, a total of 373,434 shares of common stock had been issued and 2,824,164 awarded RSUs and stock options were outstanding under the 2013 Plan.

Nine
Months
Ended
September
30, 2016